

MANUAL FOR DEVELOPING SOCIAL ENTERPRISES



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INTRODUCTION

What Is A Social Enterprise?

Social enterprises are businesses that trade in the market in order to fulfill social aims. They bring people and communities together for economic development and social gain. Social enterprises have three common characteristics:

1 : Enterprise Orientated. They are directly involved in the production of goods and the provision of services to a market. They seek to be viable trading concerns, making a surplus from trading.

2 : Social Aims. They have explicit social aims such as job creation, training and provision of local services. They have ethical values including a commitment to local capacity building. They are accountable to their members and the wider community for their social, environmental and economic impact.

3 : Social Ownership. They are autonomous organisations with a governance and ownership structure based on participation by stakeholder groups (users or clients, local community groups, etc) or by trustees. Profits are used for the benefit of the community.

There are many different types of social enterprises that cover a wide range of forms and functions. They include local community organisations, mutual organisations such as co-operatives, development trusts

and large-scale companies that operate nationally or internationally. There is no single legal entity that applies to social enterprises. They can be industrial and provident societies, companies limited by guarantee, community interest companies, registered charities, companies limited by shares and unincorporated organisations. The following is a selective list of the different types of enterprise:

Community Businesses - Social enterprises that have a strong geographical definition and focus on local markets and local services

Social Firms - Provide employment and training to people with disabilities and other disadvantaged groups

Intermediate Labour Market Companies - Provide training and work for the long-term unemployed

Development Trusts - Key actors in community based regeneration

Credit Unions - Provide access to finance

Co-operatives - Associations of persons united to meet common economic and social needs through jointly owned enterprises

Employee Owned Businesses - Create and rescue jobs as part of economic development strategies

Charities' Trading Arms - Enable charities to meet their objectives in innovative ways, such as Fair Trade companies.

This manual is intended as a guide for those wishing to set up or develop social enterprises and can be used independently or with the assistance of a Community Development Officer or Business Counsellor. The different sections can be used independently of the manual for those looking for guidance on a specific issue.

Please note that the information contained within this manual is intended for guidance only and does not constitute or substitute legal advice. The application and impact of laws can vary widely depending upon the specific facts involved. Please make sure that you take appropriate advice on all issues involving company and employment law and insurance requirements.

Information was correct at the time of going to print, but it is advisable to contact appropriate bodies (which have been identified within the manual wherever possible) to ensure that you have the latest versions.

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