

# What is a mutual?

The range of terms used to describe the likes of mutuals, co-operatives, social enterprises and employee-owned businesses can be confusing and often overlapping. Here are a few brief descriptions of some key terms.

## **MUTUAL**

In a public sector context, mutuals are businesses that are owned by their members. They can operate as employee owned, co-operative or wider social enterprises. They can include or participate a variety of commercial arrangements, including joint ventures with government or other parties.

## **EMPLOYEE OWNERSHIP**

Employee ownership refers to companies where employees own a significant or controlling stake in the business. Employee ownership can involve a direct shareholding where individual shares are owned by employees, or indirectly where shares are held in a trust for the benefit of employees.

## **CO-OPERATIVE**

Co-operatives are businesses that are fully or majority owned by their members – who may be employees, consumers, others in the community or a mix of these. Co-operatives work on one member, one vote – rather than one share, one vote – and sign up to an agreed set of values and principles.

## **SOCIAL ENTERPRISE**

A social enterprise is any business or service with primarily social objectives whose surpluses are principally reinvested for that purpose in the community,

rather than being driven by the need to maximise profit for shareholders and owners.

### **JOINT VENTURE (JV)**

The term 'joint venture' describes a range of different commercial arrangements between two or more separate businesses, organisations or public bodies. A JV can be a contractual arrangement, or separate legal entity, under which a new business is created in which the parties work together, sharing the risks and benefits arising.