

Cooperatives are user-owned and user-controlled businesses formed to benefit a group of members. Cooperatives are designed to reward use, encourage users to commit to using the services, and encourage users to voice opinions about how the business is doing.

What is a worker cooperative?

A worker cooperative is a business that is owned and controlled by its workers, who constitute the members of the cooperative. The two central characteristics of worker cooperatives are:

- workers own the business, and they participate in its financial success based on their labor contribution to the cooperative
- workers have representation on and vote for the board of directors, adhering to the principle of one worker, one vote

In addition to their economic and governance participation, worker-owners often manage the day-to-day operations through various management structures. The worker cooperative sector in the United States is represented by the US Federation of Worker Cooperatives (<http://usworker.coop>) and an international apex organization, CICOPA (<http://cicopa.coop>), represents the global worker cooperative community.

What is a multi-stakeholder cooperative?

A multi-stakeholder cooperative is a cooperative that has more than one class of members. For example, a grocery store might have consumer members and worker members. The different classes of members might have different rights to participate in the surplus (or profits) of the company, and different roles in decision-making. Multi-stakeholder cooperatives can come in many different forms and structure the business in a variety of ways. A recent trend is the development of multi-stakeholder food coops in local food systems.

How many worker cooperatives are there in the US?

U.S., researchers and practitioners conservatively estimate that there are over 751 worker cooperatives in the United States, employing approximately 7,000 worker owners and generating over \$550 million in annual revenues. The number of workers cooperatives has grown steadily over the past 20 years and is made up of both well-established businesses and new, growing ones, including some businesses that have been sold to their employees by their owners.

How big is the typical worker cooperative?

Most worker cooperatives in the United States are small businesses, with between 5 and 50 workers, but there are a few notable larger enterprises with between 150 and 500 workers. The largest worker cooperative in the United States is Cooperative Home Care Associates (CHCA), a home care agency with over 2,000 workers based in the Bronx, New York.

What industries are worker cooperatives in?

Any business can be a worker-owned and -controlled business. Worker co-ops have been successful in different sectors and industries. Examples are:

- Service - housecleaning, day labor, restaurants, taxis, childcare
- Retail - grocery stores, bakeries, bookstores, bike shops
- Health care - nursing, home health care, clinics, bodywork
- Skilled trades - printing, plumbing, woodworking, contracting
- Manufacturing and engineering - machine parts, fabricating
- Technology - web hosting, networking, voice and data systems
- Education - charter schools, teacher/student/parent-run schools
- Media and the arts - designers, galleries, performers, publishers

Where are worker cooperatives geographically in the United States?

Worker cooperatives exist across the country, with the greatest concentrations in the Northeast, the West Coast and the Upper Midwest.

Is there a standard legal form that worker cooperatives take?

There is no uniform cooperative code in the United States, and definitions and incorporation guidelines vary from state to state. As a result, worker cooperatives can incorporate in a number of different ways. In states where there are cooperative incorporation codes, such as Massachusetts and California, businesses can incorporate as worker cooperatives. In states where there are no such laws, a worker cooperative can incorporate as a C corporation, S corporation, LLC, flexible purpose corporation, or any other corporate form, if the company meets the minimum requirements of operating as a worker cooperative.

What is the difference between a worker cooperative and an employee-owned (ESOP) company?

Although the term employee-owned can be used to describe many different business structures (including worker cooperatives), it is most used to describe companies with an employee stock ownership plan (ESOP). An ESOP is a federally governed benefit plan (like a 401(k) or profit-sharing plan) that can be used to share an ownership stake with employees. While an ESOP company can be 100% owned by its employees and operate according to worker cooperative principles, very few ESOP companies currently qualify as worker cooperatives. The National Center for Employee Ownership has extensive resources on ESOPs available on their website, <http://www.nceo.org>.

What is the difference between a collective and a cooperative?

A collective is a general term for groups where management decisions are made democratically, usually by some form of consensus. The term can apply to businesses, nonprofits, or volunteer groups, including worker cooperatives. Collectives are often organizations that do not have ownership buy-in or profit-sharing. Cooperative is a more formal term signifying that the entity is a member-benefit organization designed to meet community needs, with economic participation and democratic governance by members. In addition to worker cooperatives, which are found in many industries and sectors across the economy, there are also sector-specific cooperative forms, such as housing cooperatives, agricultural producer cooperatives, consumer cooperatives, and credit unions.

How do worker cooperatives fit into other social or economic movements?

With their emphasis on people before profit, creating community, and equitable compensation and participation, worker cooperatives are a concrete example of using business as a force for social good. Additionally, a large percentage of existing cooperatives in the U.S. were specifically developed to meet the needs of people who lack access to business ownership or even sustainable work options. As a result, worker cooperatives can be defined as social enterprises and are often associated with larger movements, including the new economy movement (which is also referred to as the alternative economy, the fourth sector, or the social sector economy), the solidarity economy, as well as various causes from immigration rights to labor rights.

FAQ's sourced from The Democracy at Work Institute (DAWI) institute.coop

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