

What Is a Worker Cooperative?

One of the best-kept secrets in this country is the growing economy of worker cooperatives and democratic workplaces. Thousands of people work in them, thousands more patronize them. They are a growing and hopeful part of a movement to go not just against but beyond the corporate model of exploitation and abandonment, to create a real economic alternative for people who need good jobs the most. But what *are* they, exactly?

A worker cooperative is a business entity that is owned and controlled by the people who work in it. Worker cooperatives thrive in many industries and regions.

Worker-Owned

Workers own the business together. They usually invest with a *buy-in* amount of money when they begin working. At the end of each year, worker-owners are paid a portion of the money the business makes after expenses. In conventional businesses this money is called *profit*, in co-ops it is called *surplus*, and it can be distributed based on hours worked, seniority, or other criteria.

Worker-Controlled

In a worker cooperative, decisions are made democratically, by the people who do the work (usually following the principle of "one worker, one vote") instead of by one person or group people that holds all the power. Worker-control can take many forms depending on the size and type of the business. Some ways to make decisions democratically include:

- * an elected board of directors
- * elected managers
- * management job roles
- * no management at all
- * decisions made by consensus (everyone agrees)
- * decisions made by majority vote
- * any combination of the above

There are as many ways to make decisions democratically as there are businesses in the world; each worker-owned business creates the structure that is best suited to it.

What kinds of businesses are worker co-ops?

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

Democratic Workplaces: The Nuts and Bolts

There are many businesses and workplaces that are controlled by - and/or share profits among - their workers, that are not formally worker cooperatives. In general these are called democratic workplaces. Here's a quick look at some different forms of worker-ownership and workplace democracy:

Cooperatives

A specific legal definition in which the workers are defined as members and owners of the cooperative. These member-owners are entitled to a vote, and to a share of the profits of the business (called *patronage*).

Collectives

General term for groups with democratic decision-making. Collectives can be anything from businesses incorporated as regular corporations on paper but with democracy in practice, to all or partly volunteer-run groups. Often they do not have ownership buy-in or profit-sharing.

LLCs

Partnerships between a group of individuals who share ownership and management of a business, and are protected from debt as if they were a corporation.

Democratic ESOPs

(Employee Stock Ownership Plans)

Usually for larger businesses, employees hold ownership stock and share profits, and there is some form of democratic decision-making.

Staff-controlled nonprofits

Nonprofits that are not owned by anyone, but the people who work in them agree to make decisions democratically

Community-controlled enterprises

Can be anything from a volunteer community group to a business that exists for the benefit of the community. The people who work in the group make the decisions.

The one feature all these structures have in common is that decisions are made together by the workers.