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## What Is a Worker Cooperative?

A worker cooperative is a values-driven business that puts worker and community benefit at the core of its purpose. The two central characteristics of worker cooperatives are:

- workers own the business and they participate in its financial success on the basis of 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. For more information about worker cooperatives, visit our [FAQ page \(http://institute.usworker.coop/worker-](http://institute.usworker.coop/worker-)

[cooperative-faq](#)) and the [US Federation of Worker Cooperatives website](#) (<http://usworker.coop>).

## A brief history of worker cooperatives in the United States

Though we don't yet have comprehensive data on the nature and scope of worker cooperatives in the U.S., researchers and practitioners estimate that there are **300-400 democratic workplaces** in the United States, employing around **7,000 people** and generating over **\$400 million in annual revenues**. The number of worker cooperatives has grown steadily over the past 20 years, and is made up of both well-established businesses and new, growing ones, increasingly including some businesses that have been sold to their employees by their owners.

Any business can be a worker-owned and -controlled business. In the U.S., worker cooperatives tend to be concentrated in the service and retail sectors. Common industries include:

- accommodation and food service
- health care
- manufacturing and engineering
- technology, and
- design.

Many of the worker cooperatives in existence today were inspired by the Mondragon Cooperatives in Spain, which enabled the Basques to lift themselves out of poverty and build what is today Spain's 7th largest corporation, a worker cooperative.

Worker cooperatives are currently experiencing a surge in popularity, marked by industry and sector concentrations and the growth of a support infrastructure that includes financing, technical assistance providers and trade associations at the local, regional and national levels. Interest in worker cooperatives as a job creation and wealth-building strategy is also on the rise, with community organizations, cities, and small business advocates seeing potential in the form to build a more inclusive economy.

This recent growth in the worker cooperative sector can be traced back to the 1970s and 1980s, when all of today's largest worker cooperatives were founded, as part of an

explosion in alternative economic forms. Those cooperatives that survived have thrived, and have helped seed new growth through investment of capital and expertise in a second wave of worker cooperative development starting in the late 1990s. By 2000, several worker cooperative development organizations had begun to have success using the form as means to create good jobs for low- and moderate-income workforces, from home care to housecleaning.

In 2004, the [U.S. Federation of Worker Cooperatives \(http://usworker.coop\)](http://usworker.coop) (USFWC) was formed as the national membership organization for worker cooperatives, an outgrowth of local and regional organizing across the country. In 2013, the USFWC launched the Democracy at Work Institute, to advance a strategic vision for growth in the worker cooperative sector, and to expand the promise of worker cooperatives to new communities while keeping this new growth grounded in worker cooperatives themselves.

## Worker cooperative facts and figures

- Number of worker cooperatives in the United States: 300-400
- Total number of people working at worker cooperatives in the United States: 7,000
- Total annual revenues generated by worker cooperatives: \$400 million
- Average size of a worker cooperative: 50 people (the median is 10 people)
- Largest worker co-op: Cooperative Home Care Associates (CHCA) with over 2,000 workers
- Number of worker cooperatives formed since the start of the 21st century: over 150
- Percentage of worker cooperatives that began as traditional for-profit enterprises: 26%
- Percentage of worker cooperatives that have annual revenues over \$1 million: 31%
- Average annual profit margin for a worker cooperative: 6.4%
- Worker cooperatives structures: 46% incorporate under cooperative statutes, 26% operate as LLCs and the remainder are C-corporations, partnerships, and other.

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