

# **Preliminary Census of Worker Cooperatives in the United States**

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## **Purpose**

The purpose of this study is to get as current and accurate a count as possible of the worker cooperatives and democratic workplaces in the United States. Some previous counts were done in the 2000s, and most recently the University of Wisconsin Center for Cooperatives' study of the economic impact of cooperatives included worker cooperatives. But there were issues with all of these studies, and moreover none of them gathered data on longevity. This preliminary census gathers basic contact information, industry and sector information, and also attempts to gather data on size and longevity of existing cooperatives. This size/longevity data is important now for drawing some basic conclusions about the state of worker cooperatives, and it will be critical to assembling a longitudinal study in the future.

## **Methods**

We compiled several data sets to arrive at the final verified set. These include (1) USFWC's own data, gathered from members, events, inquiries and public contact, and word of mouth (2) extant data from partner data-sharing organizations in the Data Commons Cooperative (3) extant data from studies done in the mid-2000s at Southern New Hampshire University by Dr. Christina Clamp.

We verified the existence of the cooperatives through internet research and direct phone calls, in the process also collecting data about the year founded and current number of worker-owners. In this process we erred on the side of conservatism, discarding over a hundred possible/suggested enterprises whose existence or worker cooperative status could not be absolutely verified. Thus our final count is likely an undercount, and further work is needed to verify these "grey area" enterprises, numbering nearly half as many as the verified worker cooperatives.

Due to the multiplicity of statutes by state, the variety of incorporation forms taken by worker cooperatives, and the lack of standardization around the form, we have included in this count a diversity of legal forms. Our basic criteria for inclusion derive from the cooperative principles, and include some form of member democratic control and member economic participation (generally distribution of surplus, and/or member equity). We chose to include democratic workplaces that may lack a member-ownership component, often called "collectives," as long as members had some form of economic participation in the enterprise, via compensation or surplus distribution or "profit-sharing." Often these enterprises have some stipulation that they are community benefit or community resources, and upon dissolution assets would be given to the cooperative community. We have also included multistakeholder and "hybrid" cooperatives in which a different class of member may hold ownership additionally or even exclusively. Finally, we have

generally excluded artisan cooperatives, where the relationship of the individual to the cooperative bears more resemblance to a producer/marketing cooperative than employment.

Following is a brief discussion of the number, size, sector and industry concentrations and common practices of American worker cooperatives in 2012.

## Findings Regarding Worker Cooperatives Currently in Existence in the U.S.

### Number, Type and Longevity

Our 2012 count of worker cooperatives and democratic workplaces (hereafter abbreviated as WCDW's) was 254. We believe that this figure undercounts the true number by anywhere from 10 to 40% of the actual total number of worker cooperatives in the United States, most of them new enterprises, simply because we have not developed a systematic and reliable method of tracking startups.

**FIGURE 1a. ENTERPRISE SIZE IN NUMBER OF WORKER-OWNERS**

Large (250+)	4
Medium (50-250)	9
Small (15-50)	60
Very small (<15)	180

### Size

The overwhelming majority of the enterprises we counted can be classified as “very small” based on the number of worker-owners they employ.

### Sector

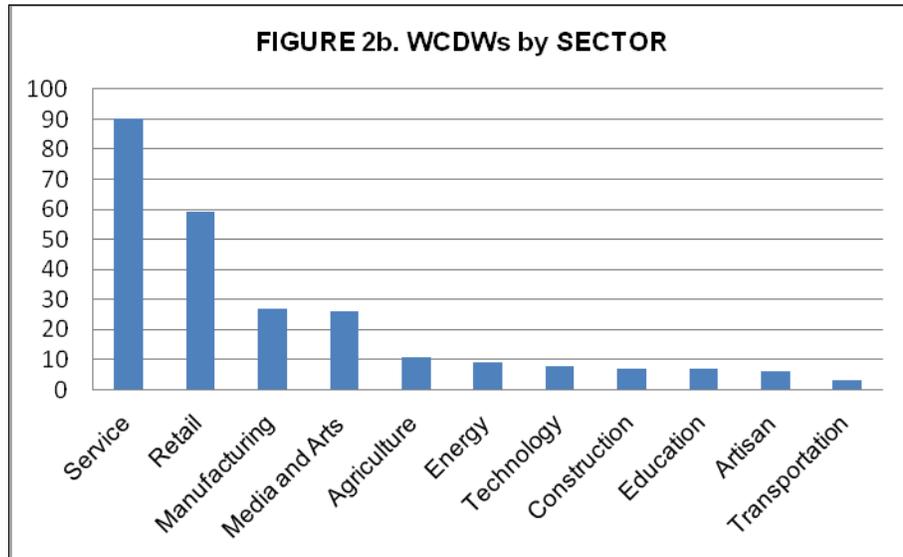
A clear majority of WCDW enterprises are in the Service sector. It is important to note that Service sector enterprises run the gamut from low-wage jobs in janitorial and home care, to highly-compensated professionals and consultants. It also includes a number of enterprises devoted to health and wellness, an industry concentration that emerges in the following section.

**FIGURE 2a. GROWTH IN WCDWs BY SECTOR**

SECTOR	WC/DWs	% STARTED AFTER 2000
<b>Service</b>	88	<b>70%</b>
Retail	59	48%
Manufacturing	27	33%
Media and Arts	26	38%
<b>Agriculture</b>	11	<b>82%</b>
<b>Energy</b>	9	<b>89%</b>
<b>Technology</b>	10	<b>80%</b>
Construction	7	42%
Education	7	14%
Artisan	6	16%
Transportation	3	67%

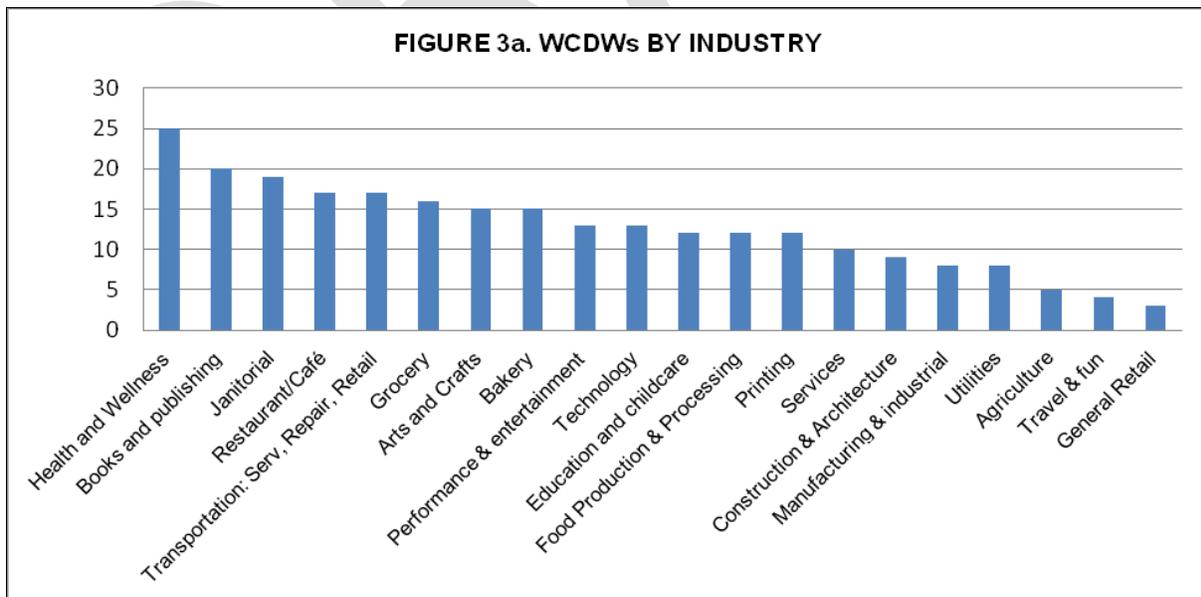
Retail was the second-largest sectoral category, across a variety of industries with concentrations in food, books, and bicycles. The authors were surprised by the third most frequent category, Manufacturing. This category contains some industry concentrations, such as printers and food manufacturers, commonly associated with worker cooperatives, but also comprises a higher number of heavy manufacturing (machining, textiles, metalworks) enterprises than expected. Finally, there is a significant concentration in media and the arts (mostly performing arts), which grows

larger if we include artisan enterprises. Growth sectors for WCDWs include energy, technology, agriculture and the service sector, with a supermajority of WCDWs in all of these sectors having been founded in the last twelve years.



**Industry**

Industry data show an even distribution of worker cooperatives across several industries, with strongest representation in Health and Wellness, Publishing, and Housecleaning (labeled Janitorial below, but properly referring to house cleaning, not commercial janitorial services).



The data also reveal interesting trends in worker cooperative development and growth. In Figure 3b, by looking at the % of worker cooperatives in each industry that were started after 2000, we can see distinct patterns: industries in which the majority of the worker cooperatives are new, and those in which the majority predate 2000. Closer inspection of the data reveals that of the worker cooperatives started before 2000, there were two waves, the 1990s and the 1970s. For instance, printing, publishing, grocery and construction cooperatives date mostly from the 1970s; manufacturing, performance and health&wellness cooperatives date primarily from the 1990's.

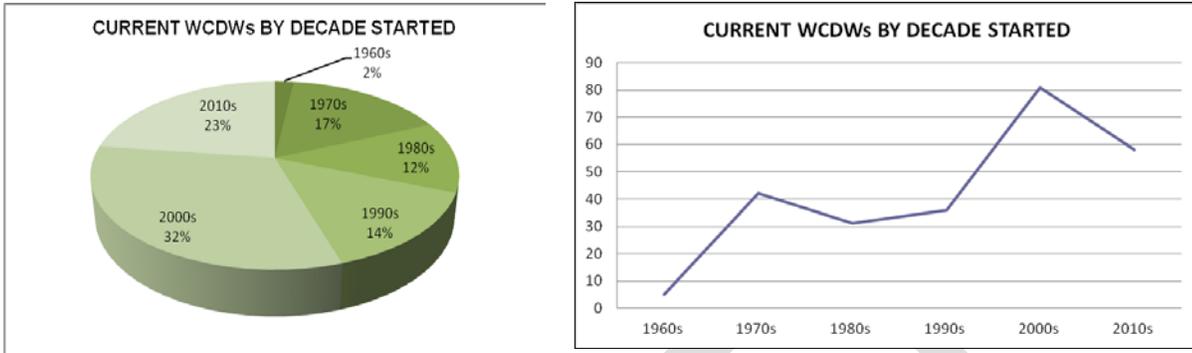
**FIGURE 3b. WCDWs BY INDUSTRY WITH GROWTH INFORMATION**

	INDUSTRY	% STARTED AFTER 2000	TOTAL NUMBER WCDWs
<b>Growing industries for WCDWs</b>	Agriculture	100%	5
	Utilities	88%	8
	Technology	85%	13
	Janitorial	79%	19
	Travel & fun	75%	4
	Services	70%	10
	Food Production and Processing	67%	12
	Restaurant/Café	65%	17
<b>Possibly Growing</b>	Transportation: Service, Repair, Retail	59%	17
	Health and Wellness	56%	25
	Construction & Architecture	56%	9
	Bakery	53%	15
	Education and childcare	50%	12
	Grocery	50%	16
<b>Declining</b>	Arts and Crafts	40%	15
	Printing	33%	12
	Retail	33%	3
	Books and publishing	25%	20
	Manufacturing & industrial	25%	8
	Performance and entertainment	23%	13

**Longevity**

We also looked at the overall composition of the currently existing worker cooperative community, to get a sense of their longevity. This data gives us only a partial view; to really know about longevity we would need to know how many of the total cooperatives started in the 1970s still exist today, and how this compares to national averages for small business. What we can say is that a substantial portion of today's worker cooperatives (31%) have been around for more than 20 years, and that many have been around for more than 30 years. Not coincidentally, these tend to be the larger cooperatives. Other parts of this study explore these cooperatives and their longevity in greater detail.

We can also confidently assert that there has been significant growth in worker cooperatives in the last 5-10 years. Keeping in mind that we are not yet 2 years into the 2010 decade, it is remarkable that 23 % of today’s worker cooperatives were started in the past two years, and 55% in the past 12 years.



## Conclusions and Further research

This data is preliminary, the methodology scattershot and the results not yet subject to rigorous analysis. But it is a start. We now have a basic, verified data set to build out and on. A few directions could be next:

- **Longitudinal study**  
 There is a crying need for historical data on entry and exit for worker cooperatives. Without this information, it is quite difficult to draw any credible conclusions about success, sustainability, or even about overall growth of the sector. For instance, 23% of today’s worker cooperatives were started in the past two years, but did a comparable number also close their doors? Is there true growth or simply a cycle of replacement? Without longitudinal data, we cannot answer this question effectively.
- **Impact**  
 The clear next stage of this work is to measure the economic impact of worker cooperatives – both on their members and on their communities. This research would involve gathering further financial data on the cooperatives (assets, revenues) as well their members (household earnings, assets, generational wealth transfer) and undertaking some formal economic analysis of the data, multipliers, etc.
- **Lack of Formal Equity Mechanisms**  
 Upon preliminary analysis it appears that at least 25% of the cooperatives and democratic workplaces included in this study do not have formal member equity mechanisms. That is, they may not have an ownership structure through which members invest an initial equity

contribution and then receive a portion of the surplus as owners. Making a more accurate determination of specific ownership structures across the sector would require more detailed and intensive research; it is difficult to say with certainty much about ownership until we can collect equity data from the cooperatives counted here.

Among the few cooperatives in the study in the “Medium” and “Large” categories, meaning those with over 50 and 200 workers respectively, 95% of them have relatively sophisticated and intentional member equity structures. They also tend to be among the longer-lived cooperatives. There is an undeniable correlation between growth at the enterprise level and thoughtful, flexible equity structures.

- Demand

As mentioned earlier, recent growth trends in worker cooperative sector point increasingly to the need to articulate a more clear and consistent method for member ownership entry and transfer in the worker co-op sector. Specifically, two of the highest growth areas are: (1) low-wage workers looking to build assets via cooperative structures, and (2) increasingly sophisticated tech and energy ventures that will require significant capital and may return significant reward to member-owners. Both types of cooperatives have a need for intentional member equity structures in order to meet their own organizational objectives. Moreover both are operating within conditions that may place substantial financial pressures on the cooperative, and must be equipped to deal with those.

Additionally, a surprising number of WCDWs – 16 of 254, or 6% of the total – we found are actually organized as multi-stakeholder cooperatives, either formally with multiple membership classes or informally as “hybrid” cooperatives. The latter most often takes the form of a consumer cooperative with a democratically organized staff. Understanding the equity structures within these hybrids is important for understanding the sector practice as it currently stands, but also for explaining it to others as greater numbers of people and communities express interest in the multi-stakeholder model.