

Worker Cooperative Development in the US: Top-Down vs. Bottom-Up Approaches

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U.S Worker Cooperatives Today

- Approximately 450 worker cooperatives
 - Employ about 6,700 workers
 - Close to \$500 million in annual revenue
- Geographic clustering in San Francisco Bay Area, New York, Puerto Rico
- Demographic concentration: Women and Latinx
- Largest industries are home care and housecleaning
- Wages are generally higher than in comparable industries
- Dividends are significant

Challenges that Limit Worker Cooperative Development in the U.S.

- Major limitations (Abell 2014):
 - Cultural factors: Individualism
 - Lack of business experience, understanding of how to run a business
 - Difficulty of obtaining capital
 - Lack of experience with democratic practices and/or ideological challenges
 - Lack of supportive infrastructure
- Absence of a national legal framework
 - Different states have different laws—some are supportive, some present barriers

Development Models: Top-down (Developer-Led) Development

- Performs all business development work necessary to start up the business, from determining the type of enterprise to securing financing to negotiating contracts and so on
- Recruits workers only once preliminary work is complete
- Provides extensive training and on-going support services
- Cooperatives are developed within an association, pay developer (association) fees
- Net assets of the businesses are pooled in a development fund which is used to support the development of new cooperatives
- Examples: Arizmendi (SF Bay Area), Evergreen (Cleveland)
 - Modeled after Mondragon

Development Models: Bottom-Up

- Incubator model: Provide training and support for a limited period of time
- Ideologically-oriented organizations
 - Promote the idea of worker cooperatives as a model for democracy, worker autonomy, social change
 - Recruit people to form cooperatives and provide training
 - Cooperatives are fully independent, may or may not continue association
- Social service organizations
 - Use worker cooperatives as a means to address community needs
 - Business development may be a collaborative effort
 - Focus is on creating stable, dignified employment in a hostile environment
- Examples: Center for Family Life, Prospera

Worker Cooperatives as a Model for Community-Based Economic Development in Low-Income Communities

- Primary challenges for cooperative development in low-income communities:
 - Financing: Lack of assets and lack of access to traditional financing
 - Lack of business experience and knowledge
 - Lack of work skills
 - History of exclusion and subordination
- Successful development requires:
 - Acquiring financing
 - Business training
 - Training in democratic governance and (maybe) management
 - On-going support

Advantages and Disadvantages of Developer-Led Development

- Advantages

- Better access to funding, including from municipal sources and traditional funders
- Ability to choose cooperative members for the start-up phase
- Off-loads administrative and some managerial tasks so the coop members can focus on the business
- Can provide a strong hand in training and development to promote cooperative and democratic values

- Disadvantages

- Workers may not have a strong sense of ownership
- Imposition of vision and values that are foreign to the community may undermine goals
- Lower level of commitment by workers

Advantages and Disadvantages of Grassroots Development

- Advantages

- Workers have buy-in from the beginning and a stronger sense of ownership
- Lower cost for development (for support organization)
- Strong sense of ownership and commitment

- Disadvantages

- More limited financing options may mean fewer options for business type
- Less control by developer means more control by those who have less experience
- If not connected to an association, availability of on-going support may be limited
- Not necessarily more democratic

Hybrid Model: Developer-Led with Grassroots Elements

- Spontaneous development of cooperatives is unlikely in low-income communities
- Developer engages with local community to recruit members
 - Members participate in business planning
 - Business planning takes place alongside training
- Developer retains a strong role in the cooperative
 - Developer provides on-going support, back-office services
 - Association model helps to promote development of more cooperatives
- Association may include outside board members so the community itself has a seat at the table

Identifying the Core Mission and Values

- Approaches to cooperative development (Abell, 2014)
 - Industry transformation (CHCA)
 - Single-industry franchise model to establish an alternative ecosystem (Arizmendi, Prospera)
 - Place-based clusters of diverse cooperatives to support a community (CFL)
 - Economic development focus with an anchor strategy (Evergreen)
- Need for democratic participation
 - Requires training: democracy does not come naturally for most people
- Meeting the needs of the community
 - Decent, stable jobs may be more important than autonomy and democracy

THANK YOU!
QUESTIONS?