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29 October 2016

Online at <https://mpra.ub.uni-muenchen.de/74816/>

MPRA Paper No. 74816, posted 1 November 2016 13:53 UTC

US Worker Co-Operatives and Their Spans of Management, Decision Making, and Governance: An Exploratory Analysis

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Abstract

Much has been written over the years about worker co-operatives as an alternative to traditional forms of business organization and ownership. The literature has mostly covered the issues of whether worker co-ops are more productive, more profitable and/or have a longer existence than traditional firms. This paper tries to fill some gaps in the literature by covering topics rarely if ever mentioned in writings on worker co-ops by exploring their spans of management, their decision making with regard to investment and hiring, and the governance input from their local communities. The results from a recent survey are interesting from an organizational behavior or institutional perspective in that worker co-ops show themselves generally to be different from most of their counterparts.

Key words: entrepreneurship, community, small business, span of management, worker co-operatives,

JEL Codes: P13, R11

Acknowledgements: The author would like to thank the United States Federation of Worker Co-operatives and the University of Wisconsin Democracy at Work Institute for use of an e-mail list. He would also like to thanks Dr. Richard Wolff of the New School for Social Research for his suggestions on some of the questions included in the survey for this paper.

Introduction

There is a vast literature on worker co-operatives and their presence in different nations over time. Worker co-operatives as a business organization are probably as old as many other traditional, legal forms of business (proprietorships, partnerships, and corporations, for example)¹ and yet comprise only a small portion of most businesses in most countries (Pencavel, Pistaferri, and Schivardi 2006, Wolf 2012, Ranis 2016). This is especially true in the United States where co-ops have their smallest numbers in the developed world. There are probably only around 200 to 300 or so in existence in the US (Democracy at Work Institute 2015, Ranis 2016).

In an older set of studies, Thornley (1981) finds mixed results with regard to the success of worker coops in the UK, France and Italy and writes that many of the longer lasting ones are confined to sectors of the economy that were quasi-governmental. Gamson and Levin (1984) note the short lives of most US worker cooperatives and make recommendations on how their survival rates can be raised. These authors also identify a lack of governmental policy support that are available to other types of firms (most importantly different types of worker training by schools) which would otherwise help worker cooperatives to succeed over the long haul. Jackall and Levin (1984) and Whyte and Blasi (1980) also note that worker access to unemployment benefits to buy firms for worker coop use would be a boost to the number of worker coops in the US as well as an avenue to solving US unemployment problems. Wolff (2012) cites the Marcora laws of Italy as an example of where laid off workers can have access to unemployment benefits in a lump sum in order to purchase a business with other laid off workers.

According to more recent writings, most co-ops (in the US or elsewhere) tend to be more productive and efficient (Pencavel 2001 and 2012, Perotin 2015); tend to have lower ratios of managerial

¹ Marcuse (2015) writes that co-ops have long been viewed as a form of true socialism and an alternative to capitalism, although the pursuit of profit is often an explicit goal of many cooperatives. However, although capitalist in nature, profit seeking cooperatives supposedly avoid worker exploitation in that the workers are also owners most of the time.

to lower level worker pay² (Pencavel 2001, Perotin 2015, Ranis 2016, Wolff 2012); and tend to have lower employee turnover and layoff rates and higher morale when compared to their counterparts (Wolff 2012, Ranis 2016). Some writers have speculated that worker coops could be an alternative to welfare state capitalism (Thomas and Logan 1982, Pencavel 2001). However, worker co-ops have challenges with regard to obtaining financing and capital from banks and from staying away from outside investors, and can have risk averse employees, and so supposedly can suffer from under investment (Pencavel 2001, Adder 2010, US Small Business Administration n.d.). This in turn may be one key reason why most co-ops are so small and why there are so few co-ops in many nations throughout the globe and why co-ops do not invest as heavily as they should in new equipment and technology (Adder 2010, Pencavel 2001 and 2012).³ Additionally, a few argue that some co-ops under invest because many forms of new equipment and technology could be “labor-saving”, and yet many co-ops are formed as a way of saving the jobs of employees of a firm about to close and/or have as a goal the retention of as many jobs as possible of worker-owners (Pencavel 2001, Ranis 2016). That is, any labor saving investments are often avoided because these innovations could result in a co-op possibly having unnecessary labor, which would also mean unnecessary owners since co-ops are mostly started by and composed of worker-owners. Also some worker co-ops have had to face a dilemma that comes with expansion and growth in that a decision must be made as to whether new employees to the firm should be worker-owners or just workers who have no stake in ownership and perhaps no or little voting rights in the co-op. The scenario of adding more workers who have little or no ownership or say in the co-op is often called “degeneration” because the co-op is thought to be moving toward a more traditional form of private sector ownership where owners and workers are separate (Pencavel 2001 and 2012). Finally, although Rothschild and Whitt (1986) in their survey of five worker collective in California find that worker co-ops have generally high levels of morale, comradery, and beliefs in mission, freedom in creativity, and freedom from too

² Although overall worker pay is lower on average when compared to other comparable firms (Pencavel, Pistaferri, and Schivardi 2006).

³ However, Perotin (2015) finds few differences at the international level between typical worker co-ops and most private sector firms with regard to capital intensiveness and employment size. She also claims that most retain a higher degree of their profits than their non-coop counterparts.

much supervision, they also find less satisfaction among worker co-op members with regard to the efficiency of decision making in their firms, their levels of job security, and work pressure and stress that comes from competitors. Stress for members is also found to emanate from the responsibilities of being both a worker and owner, and having to work in a close-knit operation where everyone knows everyone else's business.

A lot of research shows the employees of many co-ops tend to be very homogeneous with regard to their education, skills and backgrounds (Pencavel 2001 and 2012). These characteristics are noted as reasons why some co-ops form more easily than others and can last over a longer period of time than others. That is, it often appears that a more homogenous group can persevere over time more easily than a more heterogeneous one. Rothschild and Whitt (1986) note that co-op formation often involves a certain amount of self-selection on the part of co-op members in that many of them are idealistic. Again, and perhaps more importantly, is the fact that some nations support the formation of worker co-ops through legislation which grants tax breaks to existing co-ops or gives grants to the unemployed to help them form worker co-ops. Often the laid off workers are those who have already been together for some time and know each other and have been thrown out of work by their employer either going bankrupt or closing a facility. According to Wolff (2012), in this way Italy and other European governments have traditionally been more supportive of co-ops than many other governments. Ranis (2016) writes about how Mondragon, a huge worker co-operative in Spain, has received tax breaks and trade protection from the Spanish government over the years. He also cites instances of one form of government support or another for co-ops in Argentina and under market reforms recently enacted in Cuba.

In the US, government support for worker co-ops has so far been limited to local government initiatives in mostly California, New York, and a few other states, which could be another reason for the small number of co-ops in the US (Alperovitz 2011, Ranis 2016). Ranis (2016), however, still believes that worker co-ops can still thrive and grow in numbers in the US in the future if local communities use the legal concept of "eminent domain" and take over assets from employers exiting a community (and/or

bankrupting) and in turn sell these to the employees after compensating the exiting the firm. According to Ranis, eminent domain has been used before and upheld by courts as a means for local economic development in addition to local public interests in health, sanitation and safety. For many years, eminent domain has been used to condemn and clean up toxic sites and to take over areas prone to flooding. Recently, local governments have been permitted to use it to take over areas in the name of economic development, such as building or expanding ports or expanding industrial parks. To save jobs and its tax base, a local government can take and have taken over property if it serves a compelling interest and yields a public benefit. In this case, private property rights can be trumped by community interests through eminent domain if a public interest is served by the government's taking of private property. Of course, property owners have to be justly compensated.

Many scholars have implied to one degree or another the notion that because worker co-ops practice democratic decision making, the span of management or number of managers per employees at a co-op should be less than that of comparable firms (Wolff 2012). Campbell (2011) notes the major principles of worker participation that characterize the Mondragon conglomerate in which all employees have a say in management through a culture of participation and the elections of managers.⁴ In fact, some have criticized the private sector in the US as having too many managers when compared to other nations (Gordon 1996) and/or have argued that the main reason for so many managers is that owners do not have enough confidence in the employees in their firms, and so managers are hired to oversee and monitor workers (Braverman 1974, Marglin 1974, and Gordon 1996). However, there has been little measurement regarding the implicit assumption on co-ops having fewer managers per employee. Also, among most writers, democratic decision making is a given characteristic of co-ops, yet details on how most co-ops make democratic decisions (majority vote, consensus, elections of boards of directors and/or management teams, etc.) are not well known and documented. Next, whether many co-ops forego labor

⁴ Ranis (2016), however, points out that over the last few years, Mondragon has experienced some degeneration and has taken on more employees who are not owners and have less say in the corporation than worker-owners. In an earlier study, Thomas and Logan (1982) found that the benefits of the Mondragon form of organization as a worker coop outweighed any costs with regard to efficiency and firm growth.

saving investments in technology or new equipment in order to avoid losing employees has only been explored in a few studies of certain co-ops, but has not been researched systematically (Pencavel 2001). Finally, many writers such as Wolff (2012) and Ranis (2016) have written about certain co-ops, whether in the US or elsewhere, being involved in their communities and how such involvement is a key to the long term survival of and proliferation of co-ops. MacLeod (1997) and Cheney (1999) believe that the Mondragon conglomerate has been successful in part because of its community base, origins, and involvement as well as its employee ownership and participation. At the same time, communities are usually noted as being supportive of local co-op aims and objectives. Yet not much is known about how common co-op participation is in US communities where co-ops exist, especially if community groups have a presence on co-op boards or co-op management teams. This exploratory paper attempts to provide some preliminary findings and information on these issues.

Methods and Results

During the period of September 6, 2016 to September 30, 2016, an e-mail survey and any follow up or reminder messages to any non-respondents were sent via Survey Monkey to 231 worker co-ops which are members of the US Federation of Worker Co-operatives (<https://usworker.coop/home/>). Around 40 to 50 respondents answered most of the questions of the survey for a response rate of approximately 16 to 21%, which should insure some degree of confidence in the results for some questions. A copy of the survey is provided in the Appendix.

Table 1 shows the descriptive statistics for some of the characteristics of the co-ops responding to the survey. As can be seen, most of the co-ops are very small. In fact, since the data are skewed by one co-op which had over 2,000 employees, perhaps the median is a better indicator of how most of the co-ops appear in reality. The median number of employees is around ten⁵ with around two who are not also owners. Using the median, about 1 in 10 is a manager, and only 8 co-ops out of around 50 responded that

⁵ This corresponds to what the Democracy at Work Institute found in one of their surveys from 2013 (2015).

they have a board of directors. These boards typically have around 7 or 8 members. Given the small size of the co-ops in general, one would not expect that many to have boards.

(Insert Table 1 around here)

More elaboration is probably needed on the number of managers or supervisors per co-op. According to the US Bureau of Labor Statistics (BLS) (2015), in May 2015 about 5% of all occupations in the US were those of managers. The question in the survey for this paper asked respondents how many employees of the co-op are in a management or supervisory position and have subordinates reporting to them. The results of the survey show for all 50 firms that there are 208 managers to 3,343 owners and employees (not owners), which at 6.2% is not so much different from the US average of around 5%. However, using 2015 BLS data on an industry by industry level, some of the co-ops of the 47 that identified their principal type of industry showed managerial levels higher than the national averages for certain industries (see Table 2). This is a surprise given the co-ops' small sizes and due to the fact that co-ops are supposed to be more democratic than other types of firms which would imply less supervisors per employee. Even using the overall medians of 1 manager/supervisor per firm and 10 employees per firm would yield 10% for the overall level of management intensity. Of course, if one uses the mode from Table 2, then the typical span of management at co-ops is basically zero. In general, and for the question of how management intensive or what is the overall span of management for co-ops, the survey shows mixed results, although the large portion of firms reporting no managers at all (23 out of 47 answering the question) would indicate that many have no or very few managers, something that would be likely expected in a participatory and democratic work setting.

(Insert Table 2 around here)

With regard to how strategic decisions are made in co-ops, Table 3 shows that a majority (around 75%) of the firms either use some type of majority voting or consensus formation. Only around 17 to 18% reported that strategic decisions are made by a board or a top management team. In this case, and in considering that so many co-ops reported having zero management, one can conclude that most of the

worker co-ops are more like “worker collective” forms of co-ops. Table 4 indicates that a monthly meeting to make decisions is the norm in the workers co-ops. Weekly meetings are the second most common frequency of meetings.

(Insert Tables 3 and 4 around here)

Table 5 shows some interesting results for those who advocate worker co-op involvement and community input through having community representatives on co-op boards or management teams. Of the eight firms who indicated that they have boards of directors or management teams, only two said that they had a board member(s) or member(s) of a management team who represented community interests or a community group(s). Only one co-op had an active community organization(s) in that co-op’s strategic decision making (see Table 6). Table 7 shows that of two co-ops with community input, one representative does not have any veto power over co-op decisions whereas the other one does. Finally, only one co-op with a board answered the question of whether workers can over-ride or ignore board or top management decisions with an answer of “Disagree” (Table 8). In summary, not many co-ops appear to have boards or top management teams (8 out of 50), and of those, community groups only appear to have a great deal of influence in one co-op’s decision making.

(Insert Tables 5, 6, 7 and 8 around here)

Around two-thirds of the co-ops indicated that capital decisions are made in such a way so as to avoid making labor extraneous or redundant (see Table 9), and slightly over 70% either agree or disagree with the statement that employment stability and avoiding layoffs or cuts in hours take priority over profitability (Table 10). Finally, Table 11 displays the results of answers to the question of whether co-ops try to avoid layoffs and terminations when faced with a downturn in business by reducing jobs and/or hours worked. More than 80% of the respondents either agreed or strongly agreed that this was the case in their firm. The notion that co-ops are created to save jobs as a first priority of co-op worker-members appears to be supported by these results.

(Insert Tables 9, 10, and 11 around here)

Additionally co-ops were asked about whether competition from non-cooperatives was a concern and into which US Census Bureau 3 digit NAICS industry would they classify their main business operations (Tables 12 and 13 respectively). Around 55% of the co-ops indicated that competition from non-coops was a concern on their part by indicating either “Agree” or “Strongly Agree” to the question. As can be seen from Table 13, most of the co-ops were in a wide variety of industries with those industries having the highest frequencies of co-ops as including food services and drinking places, food and manufacturing and other types of manufacturing (textiles, wood products, machinery), different forms of retailing, different forms of personal and home services, and professional services. Some of these industries require a lot of investment in equipment and technology whereas others do not.

Discussion

In this exploratory research, it appears that worker co-ops that responded to the survey do uphold or believe in the values of job retention of worker-members even if it means the sacrifice of productivity enhancing investment (at the cost of labor) or greater profits. In general, their span of or intensity of management appears to be the same as or much less (many indicating 0 managers) than their private sector counterparts, although some reported higher than average numbers. Many worried about competition from their non-coop private sector counterparts. The discouraging news for those who advocate for more worker co-operatives in the US is the lack of those co-ops responding that they have a representative or several representatives from the local community who serve as board or top management members, although only around 8 co-ops had boards. This is not to say that co-ops are not involved in their local communities, and worker-members could be active in their local communities in different roles and in different civic organizations. However, one purpose of the survey was to assess how much formal input and support community groups give to co-operatives. It was thought that a typical mechanism for this would be through community representatives serving on co-op boards, and in

that way community organizations would be providing some guidance and direction to the co-ops. This was not found to be the case. More research would have to be done to discover whether co-ops want and/or have this type of community input, and if so, to what degree. As pointed out earlier, many believe that unless co-ops gain political and social support in their local communities, then their futures are limited in that they will never gain any type of political clout that may help their long term interests and survival. Such clout can also serve to help with the proliferation of other co-operatives throughout the US. Of course, many co-ops may be choosing other forms of community input and support rather than having community board members. In fact, if the survey results from this paper may be generalized, most do not have boards or top management teams in the first place.

Although the official unemployment rate in the United States as of September 2016 was around 5.0% (US Bureau of Labor Statistics 2016), the underemployment rate (unemployment rate + the portion of the labor force working part time yet wanting to work full time + those wanting to work but who have given up looking for work) measured around 9.7% (Shierholz 2016). Perhaps more importantly, after hovering at around two-thirds of the civilian labor force for several decades, the US employment rate is now around 63%, although some credit the drop in the rate to the retirement of many members of the baby-boomer generation (Kiersz 2016). Yet at the same time, despite a wave of baby-boomer retirements, those members of the civilian labor force in their twenties (the millennial generation, who now make up the largest age group in the US) have struggled in the labor market and make up a disproportionate number of the underemployed (Gandel 2016). Therefore, perhaps not all of the drop in the civilian labor participation rate may be due to large number of baby boomer retirements.

The drop in the civilian labor force participation rate could signal other problems in the US economy, such as a low job growth rate since the last recession. If employers are not generating enough jobs and hiring at a rate to absorb all of those able, willing and wanting to work, then perhaps one alternative path to gaining a livelihood for many individuals is through self-employment or by joining together with others to form a worker cooperative. Wolff (2014) believes that this may be the future for

many who have been marginalized in the search for meaningful and gainful employment, and along with Stern, Wood, and Hammer (1979), MacLeod (1997), Alperovitz (2011), and Ranis (2016), believes that worker co-ops are one possible solution to the disinvestment by large companies of their capital and facilities in many communities throughout the US. This disinvestment is occurring in many regions even though many operations are still profitable (Stern, Wood, and Hammer 1979, Ranis 2016, Wolff 2012). The problem is that in the eyes of many private sector investors, many of these operations may not be profitable enough, and so they are moved elsewhere, usually where labor costs are lower, whether in the US, or more and more frequently, overseas. Although entrepreneurship is very challenging, small start-up businesses can be successful, especially if a group of people with similar or homogeneous goals and objectives can collectively share their talents and resources to form a business. Their chances of success may be higher than if one individual tries by himself or herself whether with or without employees. For many regions in the US, an increase in the presence of worker co-ops may also help these communities economically when they faced with capital disinvestment and the resultant job losses (and tax revenue losses) usually associated with such disinvestment.

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Table 1 – Descriptive Statistics

	Mean (std. deviation)	Median	Responses
Number of Employees per Co-op	68.2 (313.4)	10	n=50
Number of Employees who are not Owners	30.5 (163.4)	2	n=48
Number of Managers / Supervisors per firm	4.3 (7.7)	1	n=49
Number on Board of Directors	8.5 (4.9)	7	n=8

Table 2—Managerial Levels by Industry

<u>3 Digit NAICS Code for Co-ops</u>	<u>Co-op % Mgrs.</u>	<u>US National Average %</u>
221 Utilities	0.00%	1.5%
236 Construction of Buildings	33.30%	11.5%
238 Specialty Trade Contractors	0.00%	4.4%
238 Specialty Trade Contractors	33.30%	4.4%
238 Specialty Trade Contractors	16.70%	4.4%
238 Specialty Trade Contractors	37.50%	4.4%
311 Food Manufacturing	0.00%	3.4%
311 Food Manufacturing	18.30%	3.4%
311 Food Manufacturing	0.00%	3.4%
311 Food Manufacturing	71.40%	3.4%
311 Food Manufacturing	0.00%	3.4%
313 Textile Mills	26.10%	3.9%
321 Wood Product Manufacturing	0.00%	3.5%
333 Machinery Manufacturing	0.00%	6.7%
445 Food and Beverage Stores	20.00%	1.8%
445 Food and Beverage Stores	0.00%	1.8%
451 Sporting Goods, Hobby, Musical Instrument, and Book Stores	58.30%	2.8%
451 Sporting Goods, Hobby, Musical Instrument, and Book Stores	0.00%	2.8%
451 Sporting Goods, Hobby, Musical Instrument, and Book Stores	40.00%	2.8%
485 Transit and Ground Passenger Transportation	11.40%	1.9%
512 Motion Picture and Sound Recording Industries	0.00%	3.6%
518 Data Processing, Hosting, and Related Services	0.00%	9.1%

541 Professional, Scientific, and Technical Services	0.00%	8.4%
541 Professional, Scientific, and Technical Services	60.00%	8.4%
541 Professional, Scientific, and Technical Services	0.00%	8.4%
562 Waste Management and Remediation Services	10.00%	4.9%
722 Food Services and Drinking Places	100.00%	2.3%
722 Food Services and Drinking Places	0.00%	2.3%
722 Food Services and Drinking Places	50.00%	2.3%
722 Food Services and Drinking Places	17.90%	2.3%
722 Food Services and Drinking Places	0.00%	2.3%
722 Food Services and Drinking Places	0.00%	2.3%
813 Religious, Grant-making, Civic, Professional, and Similar Organizations	14.30%	9.9%
Other (please specify)	66.70%	
Other (please specify)	1.40%	
Other (please specify)	8.50%	
Other (please specify)	50.00%	
Other (please specify)	0.00%	
Other (please specify)	0.00%	
Other (please specify)	0.00%	
Other (please specify)	0.00%	
Other (please specify)	77.80%	
Other (please specify)	0.00%	
Other (please specify)	0.00%	
Other (please specify)	80.00%	
Other (please specify)	0.00%	
Other (please specify)	41.70%	
Overall Percentage	20.10%	4.3%

Table 3

Our co-op makes all strategic decisions (product, pricing, capital investment, wages and benefits, etc.) through:

Answer Options	Response Percent	Response Count
Majority (51% or more) vote of worker-members or worker-owners without regard to each member's seniority, hours worked, and/or amount of ownership.	39.1%	18
Majority (51% or more) vote of worker-members or worker-owners with some consideration of each member's seniority, hours worked, and/or amount of ownership. That is, a member votes his/her shares, hours worked, and/or number of years served in the firm.	6.5%	3
Through a board or top management team or another entity elected by worker-members or worker-owners by some type of voting scheme.	17.4%	8
Other (please specify)	37.0%	17
	<i>answered question</i>	46
	<i>skipped question</i>	5

Other responses:

*Modified Consensus (Consensus minus 1) of worker-owners without regard to each member's seniority, hours worked, and/or amount of ownership.

*A large portion of our workforce is unionized so wages and benefits for that group are done through a collective bargaining process...outside of the unionized workforce the decisions are made "through a board or top management team or another entity elected by worker-members or worker-owners by some type of voting scheme.

*The board of directors makes all decisions about wages and all board decisions are by majority vote.

*Consensus

*Consensus: Consent of all worker-members or worker-owners without regard to each member's seniority, hours worked, and/or amount of ownership.

*consensus

*Formal consensus (100%) of members and prospective members without regard to each member's seniority, hours worked, and/or amount of ownership.

*consensus

*Consensus of the full worker-ownership body.

*Through a vote of all members, with 100% of the vote needed to pass.

*Consensus (-1)

*Primarily a majority decision making process without regard for seniority, etc. however, we strive for consensus and have only once had a decision occur that wasn't consensual and instead required the majority vote. Following that decision the dissenting member left, so you might say it's always consensus based

*consensus decision making process of worker-owners, input welcome by other members, fall back is super majority

*We use Holacracy for governance.

*consensus among worker owners and 2 non-worker owner board members

- *Consensus of all members
- *consensus among worker owners

Table 4

Our co-op makes strategic decisions (product, pricing, capital investment, wages and benefits, etc.) through:

Answer Options	Response Percent	Response Count
Weekly meetings of members (all members or a quorum of members).	19.0%	4
Monthly meetings of members (all members or a quorum of members).	57.1%	12
Quarterly meetings of members (all members or a quorum of members).	0.0%	0
Once a year meetings of members (all members or a quorum of members).	4.8%	1
No pre-determined meeting dates or schedule. Co-op members meet whenever needed on different issues..	0.0%	0
Other (please specify)	19.0%	4
	<i>answered question</i>	21
	<i>skipped question</i>	30

Other responses:

- *biweekly meetings of members
- *Bi monthly
- *Most day-to-day decisions are made by elected managers with informal consultation with other members as needed. Monthly meetings cover larger issues
- *bi-weekly meetings of a quorum of members

Table 5

Our board or top management team has a representative or several representatives from a community organization or community organizations or other types of organization(s) who are not worker-owners or worker-members of the co-op nor representatives of creditors or outside investors, etc.

Answer Options	Response Percent	Response Count
Yes	12.5%	1
No	75.0%	6
Other (please specify)	12.5%	1
	<i>answered question</i>	8
	<i>skipped question</i>	43

Other responses:

Our board has 3 outside seats (of 6), but our board does not make most of the strategic decisions you described earlier. Our board sets benchmarks for budget, capital, compensation etc., but our 2 Executive Directors make most decisions (products, pricing, salary & benefits). We have a separate Management Team (about 7 Department Directors) who advise the Eds

Table 6

Please indicate your level of agreement or disagreement with the following statement. "The representative(s) of the community organization(s) and/or other group(s) actively participate(s) in the co-op's strategic decision making."

Answer Options	Response Percent	Response Count
Strongly Disagree	0.0%	0
Disagree	0.0%	0
Neither Agree/Disagree	0.0%	0
Agree	0.0%	0
Strongly Agree	100.0%	1
Other (please specify)	0.0%	0
	<i>answered question</i>	1
	<i>skipped question</i>	50

Table 7

Please indicate your level of agreement or disagreement with the following statement. "The representative(s) of a (the) community group(s) has/have veto power over strategic decisions made by the co-operative. That is, that individual has or those individuals have the power to negate any decisions made by or undertaken by the workers."

Answer Options	Response Percent	Response Count	
Strongly Disagree	50.0%	1	
Disagree	0.0%	0	
Neither Agree/Disagree	0.0%	0	
Agree	50.0%	1	
Strongly Agree	0.0%	0	
Other (please specify)	0.0%	0	
	<i>answered question</i>		2
	<i>skipped question</i>		49

Table 8

Please indicate your level of agreement or disagreement with the following statement. "Worker-members can override decisions made by the board or top management by vote or can choose to ignore board or top management decisions."

Answer Options	Response Percent	Response Count	
Strongly Disagree	0.0%	0	
Disagree	100.0%	1	
Neither Agree/Disagree	0.0%	0	
Agree	0.0%	0	
Strongly Agree	0.0%	0	
Other (please specify)	0.0%	0	
	<i>answered question</i>		1
	<i>skipped question</i>		50

Table 9

Please indicate your level of agreement or disagreement with the following statement. "If funding/financing is available, capital investment decisions in plant, equipment, and technology are undertaken without regard to how these investments will impact current or future employment/staffing levels at the co-op. That is, investment decisions are undertaken regardless of whether the new investment results in the need for less or more labor in terms of hours or people."

Answer Options	Response Percent	Response Count
Strongly Disagree	34.8%	16
Disagree	32.6%	15
Neither Agree/Disagree	10.9%	5
Agree	15.2%	7
Strongly Agree	4.3%	2
Other (please specify)	2.2%	1
	<i>answered question</i>	46
	<i>skipped question</i>	5

Other responses:

Our mobile catering business does not yet have many opportunities to employ "labor eliminating/saving" technology. In cases where we have, a dough mixer for example, it has been to fill a shortage of labor. No consideration was given to hypothetical future employees who might want to mix dough by hand.

Table 10

Please indicate your level of agreement or disagreement with the following statement. "At our co-op, employment stability and avoiding layoffs or cuts in hours take priority over profitability."

Answer Options	Response Percent	Response Count
Strongly Disagree	2.2%	1
Disagree	10.9%	5
Neither Agree/Disagree	13.0%	6
Agree	28.3%	13
Strongly Agree	43.5%	20
Other (please specify)	2.2%	1
	<i>answered question</i>	46
	<i>skipped question</i>	5

Other responses:

We have a very curious situation as a seasonal catering business. It is incumbent on members to have winter work. We are actively seeking to remedy this situation because it greatly discourages those who are not able to work in the winter or otherwise commit to living on half a year's wages.

Table 11

Please indicate your level of agreement or disagreement with the following statement. "If faced with a downturn in business, and if necessary, hours or wages are reduced in the co-op in order to avoid laying off or terminating the employment of worker-members."

Answer Options	Response Percent	Response Count
Strongly Disagree	0.0%	0
Disagree	4.4%	2
Neither Agree/Disagree	4.4%	2
Agree	33.3%	15
Strongly Agree	48.9%	22
Other (please specify)	8.9%	4
	<i>answered question</i>	45
	<i>skipped question</i>	6

Other responses:

*It truly depends on how bad the downturn is...we have implemented both options at different times depending on how deep the hole was/is. In one case we across the board reductions was sufficient and in another case we had to lay staff off because further reducing hours/wages was not an option.

*Wages have never been reduced, we just now for the first time in 28 years have decided to close one day a week.

*agree in spirit but in practice - we'd implement a hiring and salary freeze first, then layoff temps, before cutting wages or hours.

*don't know never had a downturn

Table 12

Please indicate your level of agreement or disagreement with the following statement. "Our co-op coop members worry about competition from non-coop enterprises producing same or similar products."

Answer Options	Response Percent	Response Count
Strongly Disagree	8.9%	4
Disagree	17.8%	8
Neither Agree/Disagree	15.6%	7
Agree	40.0%	18
Strongly Agree	15.6%	7
Other (please specify)	2.2%	1
	<i>answered question</i>	45
	<i>skipped question</i>	6

Other responses:

*We worry about competition but in general coop or non-coop is not the key competitive (dis)advantage.

Table 13

Using the drop down tab below, please choose the industrial code which best reflects your firm's main area of business.

Answer Options	Response Percent	Response Count
221 Utilities	2.3%	1
236 Construction of Buildings	2.3%	1
238 Specialty Trade Contractors	9.1%	4
311 Food Manufacturing	11.4%	5
313 Textile Mills	2.3%	1
321 Wood Product Manufacturing	2.3%	1
333 Machinery Manufacturing	2.3%	1
442 Furniture and Home Furnishings Stores	2.3%	1
445 Food and Beverage Stores	4.5%	2
451 Sporting Goods, Hobby, Musical Instrument, and Book Stores	6.8%	3
485 Transit and Ground Passenger Transportation	2.3%	1
512 Motion Picture and Sound Recording Industries	2.3%	1
518 Data Processing, Hosting, and Related Services	2.3%	1
541 Professional, Scientific, and Technical Services	6.8%	3
562 Waste Management and Remediation Services	2.3%	1
722 Food Services and Drinking Places	13.6%	6
813 Religious, Grant-making, Civic, Professional, and Similar Organizations	2.3%	1
814 Private Households	4.5%	2
Other (please specify)	18.2%	8
	<i>answered question</i>	44
	<i>skipped question</i>	7

Other responses:

- *Elder care and companionship
- *Home Health/Personal Care Services
- *Supportive Home Care
- *Cleaning Services (home or business)
- *IT support, data recovery, computer repair, etc.
- *web development
- *Translation and interpretation
- *Commercial composting services

Appendix

Dear Sir/Madam:

You are invited to participate in this survey about worker co-operatives so as to help business educators and researchers better understand the decision making processes at these unique institutions. Your participation in the survey on behalf of your enterprise should take no more 10 minutes. We are truly grateful for your participation.

Human Subjects Statement: This survey does not ask any questions about or to individuals or human subjects. Questions answered are about institutions. Nonetheless, if at any time you feel uncomfortable as a spokesperson for the institution in answering the questions, please feel free to stop and discontinue the survey. Your answers are anonymous and confidential. You are under no obligation to complete the survey. If you have any questions on the survey, please contact Dr. Thomas Lambert at either tlambert@simmonscollegeky.edu or 502-776-1443, XT. 181.

1. How many people (full and part time) does your worker co-op have?
2. Of that number, approximately how many are in supervisory or managerial positions in which they have subordinates reporting to them?
3. Of the total number of people working at the worker co-op, approximately how many people are not worker-owners or worker-members? That is, how many are regular employees with no voting and/or ownership rights?
4. Our co-op makes all strategic decisions (product, pricing, capital investment, wages and benefits, etc.) through
 1. Majority (51% or more) vote of worker-members or worker-owners without regard to each member's seniority, hours worked, and/or amount of ownership.
 2. Majority (51% or more) vote of worker-members or worker-owners with some consideration of each member's seniority, hours worked, and/or amount of ownership. That is, a member votes his/her shares, hours worked, and/or number of years served in the firm.
 3. Through a board or top management team or another entity elected by worker-members or worker-owners by some type of voting scheme.
 4. Another method.
5. (If answer to 4 is "1" or "2")
Our co-op makes strategic decisions (product, pricing, capital investment, wages and benefits, etc.) through
 1. Weekly meetings of members (all members or a quorum of members).
 2. Monthly meetings of members (all members or a quorum of members).
 3. Quarterly meetings of members (all members or a quorum of members).

4. Once a year meetings of members (all members or a quorum of members).

6. (If answer to 4 is "3").

How many positions do you have for a board or top management team?

7. (If answer to 4 is "3").

Our board or top management team has a representative or several representatives from a community organization or community organizations or other types of organization(s) who are not worker-owners or worker-members of the co-op **nor** representatives of creditors or outside investors.

1. Yes
2. No.

8. (If answer to 7 is "1").

Please indicate your level of agreement or disagreement with the following statement. The representative(s) of the community organization(s) and/or other group(s) actively participate(s) in the co-op's strategic decision making.

1. Strongly Disagree
2. Disagree
3. Neither Agree/Disagree
4. Agree
5. Strongly Agree.

9. (If answer to 7 is "1"). The representative(s) of a (the) community group(s) has/have veto power over strategic decisions made by the co-operative. That is, that individual has or they have the power to negate any decisions made by the workers.

1. Strongly Disagree
2. Disagree
3. Neither Agree/Disagree
4. Agree
5. Strongly Agree.

10. (If answer to 7 is "1"). Worker-members can override decisions made by the board.

1. Strongly Disagree
2. Disagree
3. Neither Agree/Disagree
4. Agree
5. Strongly Agree.

11. Please indicate your level of agreement or disagreement with the following statement.

If funding/financing is available, capital investment decisions in plant, equipment, and technology are undertaken without regard to how these investments will impact current or

future employment/staffing levels at the co-op. That is, investment decisions are undertaken regardless of whether the new investment results in the need for less or more labor.

1. Strongly Disagree
2. Disagree
3. Neither Agree/Disagree
4. Agree
5. Strongly Agree.

12. Please indicate your level of agreement or disagreement with the following statement.

At our co-op, employment stability and avoiding layoffs or cuts in hours take priority over profitability.

1. Strongly Disagree
2. Disagree
3. Neither Agree/Disagree
4. Agree
5. Strongly Agree.

13. Please indicate your level of agreement or disagreement with the following statement.

If faced with a downturn in business, and if necessary, hours or wages are reduced in the co-op in order to avoid laying off or terminating the employment of worker members.

1. Strongly Disagree
2. Disagree
3. Neither Agree/Disagree
4. Agree
5. Strongly Agree.

14. Please indicate your level of agreement or disagreement with the following statement.

Our co-op coop members worry about competition from non-coop enterprises producing same or similar products.

1. Strongly Disagree
2. Disagree
3. Neither Agree/Disagree
4. Agree
5. Strongly Agree.

15. From the list below, please choose the industrial code which reflects your firm's area of business.

- | | |
|-----|-----------------------------------|
| 111 | Crop Production |
| 112 | Animal Production and Aquaculture |
| 113 | Forestry and Logging |
| 114 | Fishing, Hunting and Trapping |

115	Support Activities for Agriculture and Forestry
211	Oil and Gas Extraction
212	Mining (except Oil and Gas)
213	Support Activities for Mining
221	Utilities
236	Construction of Buildings
237	Heavy and Civil Engineering Construction
238	Specialty Trade Contractors
311	Food Manufacturing
312	Beverage and Tobacco Product Manufacturing
313	Textile Mills
314	Textile Product Mills
315	Apparel Manufacturing
316	Leather and Allied Product Manufacturing
321	Wood Product Manufacturing
322	Paper Manufacturing
323	Printing and Related Support Activities
324	Petroleum and Coal Products Manufacturing
325	Chemical Manufacturing
326	Plastics and Rubber Products Manufacturing
327	Nonmetallic Mineral Product Manufacturing
331	Primary Metal Manufacturing
332	Fabricated Metal Product Manufacturing
333	Machinery Manufacturing
334	Computer and Electronic Product Manufacturing
335	Electrical Equipment, Appliance, and Component Manufacturing
336	Transportation Equipment Manufacturing
337	Furniture and Related Product Manufacturing
339	Miscellaneous Manufacturing
423	Merchant Wholesalers, Durable Goods
424	Merchant Wholesalers, Nondurable Goods
425	Wholesale Electronic Markets and Agents and Brokers
441	Motor Vehicle and Parts Dealers
442	Furniture and Home Furnishings Stores
443	Electronics and Appliance Stores
444	Building Material and Garden Equipment and Supplies Dealers
445	Food and Beverage Stores
446	Health and Personal Care Stores
447	Gasoline Stations
448	Clothing and Clothing Accessories Stores
451	Sporting Goods, Hobby, Musical Instrument, and Book Stores
452	General Merchandise Stores
453	Miscellaneous Store Retailers
454	Nonstore Retailers
481	Air Transportation
482	Rail Transportation
483	Water Transportation
484	Truck Transportation
485	Transit and Ground Passenger Transportation
486	Pipeline Transportation

487	Scenic and Sightseeing Transportation
488	Support Activities for Transportation
491	Postal Service
492	Couriers and Messengers
493	Warehousing and Storage
511	Publishing Industries (except Internet)
512	Motion Picture and Sound Recording Industries
515	Broadcasting (except Internet)
517	Telecommunications
518	Data Processing, Hosting, and Related Services
519	Other Information Services
521	Monetary Authorities-Central Bank
522	Credit Intermediation and Related Activities
523	Securities, Commodity Contracts, and Other Financial Investments and Related Activities
524	Insurance Carriers and Related Activities
525	Funds, Trusts, and Other Financial Vehicles
531	Real Estate
532	Rental and Leasing Services
533	Lessors of Nonfinancial Intangible Assets (except Copyrighted Works)
541	Professional, Scientific, and Technical Services
551	Management of Companies and Enterprises
561	Administrative and Support Services
562	Waste Management and Remediation Services
611	Educational Services
621	Ambulatory Health Care Services
622	Hospitals
623	Nursing and Residential Care Facilities
624	Social Assistance
711	Performing Arts, Spectator Sports, and Related Industries
712	Museums, Historical Sites, and Similar Institutions
713	Amusement, Gambling, and Recreation Industries
721	Accommodation
722	Food Services and Drinking Places
811	Repair and Maintenance
812	Personal and Laundry Services
813	Religious, Grantmaking, Civic, Professional, and Similar Organizations
814	Private Households
921	Executive, Legislative, and Other General Government Support
922	Justice, Public Order, and Safety Activities
923	Administration of Human Resource Programs
924	Administration of Environmental Quality Programs
925	Administration of Housing Programs, Urban Planning, and Community Development
926	Administration of Economic Programs
927	Space Research and Technology
928	National Security and International Affairs

Thanks so much for your time and answers to the survey. This is valuable to us in learning more about worker co-ops.

Best regards,

Thomas E. Lambert, PhD