

## Value and Challenges of the Worker Co-op Model

By Simon Kinsey, CWCF Intern

A cursory glance at worker cooperative history reveals the worker cooperative model to be remarkably flexible. Just in Canada, we have seen examples of people turning to worker cooperatives to save their jobs, to create new jobs, to provide a service to their community, to pursue greater autonomy, to experiment with subversive forms of property ownership, to escape the wage-labour market, and to build an alternative form of economic activity.<sup>1</sup> Such diversity of interests, however, is anchored by the fundamental commonalities of the worker cooperative model: [worker-member ownership and democratic member control](#). Regardless of the motivations behind a given worker cooperative, adherence to these two principles inherently generates a distinct experience of work when compared to the standard wage-labour model. Noting that there is a great deal of variation in terms of how these principles can look in practice, it is worth taking a moment here to identify some general strengths and challenges that come with worker-member ownership and democratic member control.

Worker-member ownership fundamentally reshapes relationships within the workplace. In a traditional firm, the economic interests of the owner(s) are inherently in tension with the economic interests of their employees. This is not the fault of any particular individual, and should not be understood merely as personal greed that simply has to be reined in; it is rather an unavoidable tension of the wage-labour relationship. Simply put, in a competitive market businesses have to make money. To make money, businesses have to provide a good or service,

---

<sup>1</sup> Examples of worker cooperatives in Canada can be found in *More Than Just a Job: Worker Cooperatives in English Canada* (Ottawa: Steel Rail Publishing, 1986); the *Co-operative Secretariat's* "Worker Co-operative Success Stories" (2000); and the CWCF's *Worker Co-op Profiles* hosted on the CWCF website.

which is typically accomplished by hiring labour. In crude business terms, labour becomes an “input cost,” which businesses are incentivized – by the need to make money in a competitive market – to keep as low as possible while maximizing the productivity of the input (labour). In concrete terms, this means that businesses, regardless of the personal desires of their owners, are compelled to keep wages as low as possible while making sure that their employees are as productive as possible. One does not need to be particularly imaginative to foresee the negative consequences that this can have for workers.

Conversely, worker-member ownership restructures the workplace by converting an inherently adversarial relationship between employer and employee into a collaborative project among worker-members. This conversion can have a dramatic effect on the wellbeing of not just the workers and the workplace, but also on the broader community. [Marcelo Vieta, for instance, has outlined this transformative capacity in his extensive research into Argentina’s \*empresas recuperadas por sus trabajadores \(ERTs\)\*, which are enterprises that have been converted into worker cooperatives in reaction to the economic crises brought about by the failures of Argentinian neoliberal restructuring. For Vieta, workers involved in ERTs undergo transformations from “mostly acquiescent or self-interested employees to cooperative and self-managed workers.” No longer limited by the adversarial tension between owner and worker, the ERTs have become workplaces defined by learning, mutual obligations, solidarity, pay equity, and the absence of hierarchical surveillance. As the interests of the firm have become aligned with the interests of the workers, the interests of the community in which the workers live have become integrated into the ERTs’ purview. This is demonstrated most clearly in the ERTs’ practices of providing community spaces and housing projects, as well hosting cultural events.](#)

While ERTs represent somewhat radical interpretations of the worker cooperative model, having been founded through workers occupying their failing workplaces during economic crises, they foreground the human element of labour that is often obscured by the wage-labour relationship and offer concrete examples of the transformative potential that worker cooperatives can bring to workers, their workplaces, and their communities.

Turning to democratic member control, we can see worker cooperatives as nodes of viable egalitarian practice. For many people, the term “democracy” has become a shorthand for political elections. While having a say in who gets to hold political power is undoubtedly a necessary condition of democracy, stopping there limits democracy to an event that happens once every few years, rather than a social practice that we exercise in our daily lives. Indeed, when we think about the way we spend much of our time, we find a remarkable lack of democracy. For many of us, much of our waking lives are dominated by work, and while it may seem dramatic upon first read, it is descriptively accurate to refer to the traditional workplace as an authoritarian institution. In a typical firm, power is concentrated at the top of a strict hierarchy, and our daily practices are largely outside of our own control. In contrast, the worker cooperative model integrates democracy into daily workplace practices.

Two main outcomes can be identified from this integration. First, the types of decisions made by worker members in a democratic process tend to be more socially desirable than those made by private owners. This somewhat intuitive point has been outlined by [Joyce Rothschild](#): “Plainly, working individuals would not choose to put downward pressure on their own wages, and they would not choose to outsource their own jobs. Owners, not workers, make such decisions. The

growing class disparities we see in our society can be most directly addressed by altering who is involved in making economic decisions.” Second, daily engagement in democratic practices enhances workers’ capacity to be engaged citizens outside of the workplace. As Rothschild outlines, the connection between economic democracy and political engagement was identified as early as the 1860s by John Stuart Mill, and has since been validated by contemporary studies of worker-member behaviour. Democratic practice, unsurprisingly, leads to a better democracy.

If worker cooperatives offer such great outcomes, one might ask, why are there not more of them? Worker cooperatives indeed have and continue to confront several challenges. These challenges, however, don’t necessarily arise from inherent flaws within the worker cooperative model, but are rather a consequence of the broader socioeconomic system in which worker cooperatives have to operate. First and foremost, one should not expect to find abundant worker cooperative development amongst a population that is unfamiliar with the model. For example, in a 1988 study of the challenges facing the development of worker cooperatives in Canada, Christopher Axworthy and David Perry identified education as a space that generates a bias in favour of hierarchical business organization, often alongside the omission of material on alternative models, if not outright hostility. The results are twofold: 1) a lack of the technical training necessary to make alternative models viable; and 2) a general lack of awareness that such alternative models are even possible.<sup>2</sup> Such problems persist today, as outlined in [the Canadian Centre for the Study of Co-operatives’ 2023 report on issues facing cooperatives in](#)

---

<sup>2</sup> Axworthy and Perry conducted two studies on worker cooperatives for the University of Saskatchewan’s Centre for the Study of Co-operatives in the 1980s. The issue of education was highlighted in their second report titled “Co-operatives and Worker Ownership: Issues Affecting the Development of Worker Cooperatives in Canada” (1988).

Canada, which cited a lack of awareness of the co-operative model as the “most pressing and important challenge facing the co-operative sector.”

Further, even when the education hurdle has been overcome, worker ownership has long been inhibited by a lack of access to capital. For instance, banks have historically been hesitant to offer loans to worker cooperatives due to their unfamiliarity with the model and uncertainty around liability.<sup>3</sup> Economist Michael A. Conte has characterized such challenges as problems of uncertainty regarding the status of worker cooperatives in particular countries, noting the disparity between the relative abundance of worker cooperatives in countries with well-developed cooperative support networks, such as Italy and France, and the comparatively sparse worker cooperative sectors in countries without such networks. In our own country, it is therefore unsurprising that Quebec, the province that has historically received the greatest institutional support, has also maintained the strongest network of worker cooperatives.

Finally, worker cooperative members are confronted with two simultaneous tensions in a capitalist economy. First, they must adapt their ideals to the practical necessity of maintaining a viable business in a competitive market economy. Put succinctly by the managing director of a Vancouver-based worker co-op in the 1980s, “if we fail as a business, then we certainly fail as a co-op.” Second, they must learn democratic cooperation in an economy that otherwise instills individualist decision-making practices. The difficulty of this dynamic was again articulated by a 1980s worker cooperative member, this time in Winnipeg, who lamented the failure of his cooperative bakery:

---

<sup>3</sup> The prevalence of such problems is clearly demonstrated in the interviews Constance Mungall conducts in *More Than Just a Job* (see above).

Once you are actually involved in a conflict your emotions take over and you can't be rational; you try to be but it's difficult. Where do we learn these things? Maybe it's something that has to be learned early in life, and we're not being taught that... So maybe it has nothing to do with collectives, but is general in society.<sup>4</sup>

Characteristic of their aforementioned flexibility, worker cooperatives confront and adapt to the economic system in which they operate. The result of these tensions in the context of capitalism has been described by Joel Schoening as "Cooperative Entrepreneurialism," which refers to the necessary pragmatic concessions made by worker cooperative members in order for them to pursue their idealistic interests. Put simply, worker-members cannot only be good businesspeople nor be strictly egalitarian idealists; they must learn how to be both. While the result can often be a "more stabilizing, rather than revolutionary force in a capitalist society than some scholars would like to think," Schoening argues, worker cooperatives nonetheless "offer workers the power to be self-employed and to be able to disengage from the wage labour market. A more powerful skill is hard to imagine."<sup>5</sup>

---

<sup>4</sup> Both quotes in this paragraph come from Constance Mungall's *More Than Just a Job* (see above).

<sup>5</sup> These ideas appear in Schoening's study titled "Cooperative Entrepreneurialism: Reconciling Democratic Values with Business Demands at a Worker-Owned Firm" which appears in *Worker Participation: Current Research and Future Trends*, edited by Vicki Smith (Cambridge: Cambridge University Press, 2006).