

How worker-owner cooperatives can be used to build inclusive economies

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Boda boda operators in Mombasa County in December last year. Worker-owner cooperatives can work for various kinds of businesses, including boda boda transport.

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What you need to know:

- Any type of business can be worker-owned and controlled by a cooperative.
- A worker cooperative puts worker and community benefit at the centre of its business.

A worker-owner cooperative is owned and self-managed by the workers using an established democratic governance structure where decisions are made either directly by every worker-owner or through an elected management.

Worker cooperatives are emerging as organizational models in response to changes in the world of work. Any type of business — bakeries, restaurants, boda boda — can be worker-owned and

controlled by a cooperative. These cooperatives provide ways of organising work with less reliance on the employer and increased collaboration among workers.

A worker cooperative puts worker and community benefit at the centre of its business. There are two key characteristics of such cooperatives: workers participate in its financial success on the basis of their labour contribution; and workers have representation on and vote for the board members.

The primary purpose of a worker cooperative is to provide employment to members using an enterprise that follows cooperative principles and values. When new workers join, they are encouraged to buy shares or pay membership fee after a probation period. The cooperative is designed to provide benefits to all employees/members as established in its bylaws and policies, often in proportion to hours worked and with limited return on shares and member loans.

Many worker cooperatives have drawn inspiration from the Mondragon cooperatives in Spain, which provided the Basques a path out of poverty and enabled them to build the country's seventh largest corporation. In the United States, there are over 400 worker-owned cooperatives in diverse industries, with a gross revenue of \$467.5 million in 2017.

Wealth-building strategies

In spite of little presence in Kenya, in other regions worker-owner cooperatives are surging in popularity. This surge is aided by infrastructure like financing, technical assistance providers and trade associations at local, regional and national levels. Through worker cooperatives, we can create new jobs and establish them as wealth-building strategies for creating an inclusive economy.

The benefits of worker cooperatives are many. Every cooperative member — whether in leadership or not — has a single vote. Conversely, in traditional businesses, decisions are made by the largest shareholders with the aim of maximising their own benefit. For worker-owned cooperatives, individual and collective success are intertwined.

Second, because employees own the business, worker cooperatives' productivity is higher than in conventional businesses. Members combine their diverse skills, interests and experiences to achieve mutual goals like creating jobs for themselves, providing a community service and increasing democracy in the workplace. The third benefit relates to job security. When there is economic or market downturn, worker-owner cooperatives agree to reduce wages rather than cut jobs. When business picks up, they readily respond to make up for lost pay.

Lastly, worker-owner cooperatives easily apply Cooperative Principle No.6—Cooperation among cooperatives — to attain diversity. For example, a boda boda worker-owner cooperative can with another of mechanics, who in turn could be linked to one for spares outlets. The approach easily works across industries.

Despite the many benefits, the worker-owner cooperative's greatest asset is also its Achilles heel. Because each member has a voice, reaching consensus can be challenging. Then, there is the

problem of “if it belongs to us all, then it doesn’t belong to me”. Consequently, workers develop a “clock-in-clock-out” approach to work, thus denting productivity.

In sum, these cooperatives provide the best possible employment conditions for members and give customers and the community a service or product at a fair price, ensuring sustainability. Thus, worker-owner cooperatives have an opportunity to practice Cooperative Principle No.7—Concern for community.

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