

The worker cooperative code

workers
.coop

3rd edition

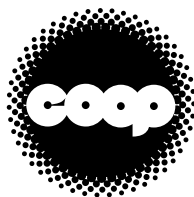
Dedicated to people around the world who are taking control and ownership of their working lives.



COOP



CO-OP



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What is the worker cooperative code?

The purpose of this code is to help people set up, maintain and renew strong worker cooperative enterprises. It sets out what workers should expect, and work together to achieve, as members of a co-op.

It's designed to help people create and defend decent jobs, with a culture of equality and respect at work; where people benefit fairly from their labour, and take collective control of their working lives.

The booklet is written by people who've been where you are now – or, perhaps, where you'd like to be. It sums up what we think a worker cooperative should look and feel like. It isn't a detailed manual. There are other places where you can find resources or dedicated advice and support, such as the workers.coop website and forum, or local and international solidarity networks.

We hope you will make practical use of the insights contained here. We also hope that that you'll be inspired to create a change, and to share your experiences.

Worker cooperatives are radical, ethical and a force for creating a world based on cooperation.

Join us.

The first edition of this code was written by the Worker Cooperative Council and published by Cooperatives UK in 2006. The second edition was in 2012. This revised and updated third edition was produced by workers.coop, the federation for worker-led cooperatives, in 2023.

What is a worker cooperative?

Worker cooperatives are groups of workers who democratically control and collectively own the businesses they work in. The workers form the co-op's membership. Worker co-ops around the world run small and large enterprises. They might have two members, or thousands.

Worker co-ops trade in goods and services, and have diverse forms. They work across most sectors of the economy, from creative industries, technology, manufacturing and logistics; to services of public interest such as care, education and environmental management.

Whatever their trade or activity, all worker co-ops exist to provide the best possible conditions of work and standards of production, to improve the lives of workers and their communities. Successful worker cooperatives have one thing in common: they apply the values of cooperation – autonomy, democracy, equality, equity and solidarity.

Cooperatives share seven internationally agreed principles, acting together to 'build a better world through cooperation'. The seven principles are our starting point for the code.

“Worker cooperatives have the objective of creating and maintaining sustainable jobs and generating wealth, in order to improve the quality of life of the worker-members, dignify human work, allow workers' democratic self-management and promote community and local development.”

CICOPA World Declaration on Worker Cooperatives

How worker cooperatives are governed

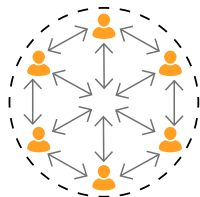
A worker co-op's governance and management structure is an expression of its history and personality. For instance, it may have come from one person's idea; a shared project among friends; a conflict between private owners and their workers; a peaceful handover; or a workplace occupation.

It will also be shaped by relevant laws. In the UK for instance, a worker co-op can be a company, a society, or a partnership. It might operate as an 'unincorporated' association, or even begin informally inside another type of organisation.

Don't be confined by the methods of private investor-owned businesses. Learn from others, try new things, share 'what works'. Here are some examples of worker co-op democracy, although in practice these 'archetypes' can be blended.

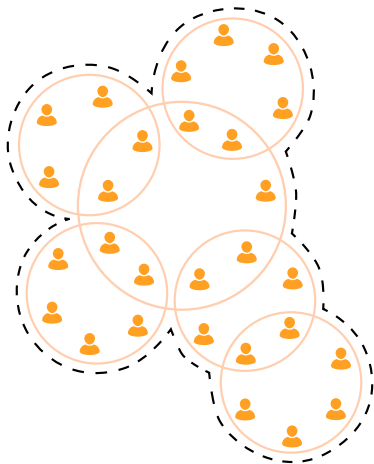
The collective

When people first come together to form a small worker co-op, governance, management and operations are often not separate spheres. All members are effectively directors, managers and team colleagues. Some members may take a lead on particular areas or activities, but roles change depending on the circumstances.



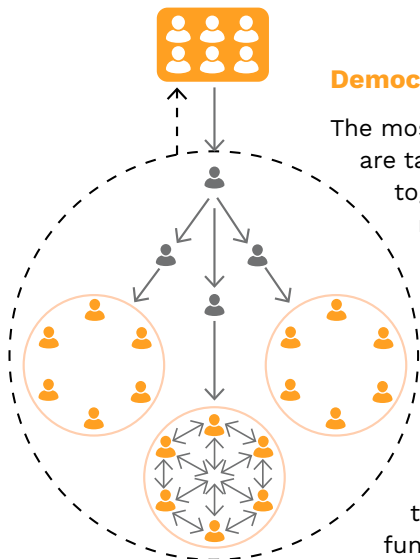
Self-managing or 'sociocratic' teams

As they grow, some co-ops develop semi-independent teams running different areas of the business. They are self-managing within their own remit, while overlapping or electing people to a coordinating circle.



Democratic hierarchy

The most important decisions are taken by the members together, but they also elect members to a board or committee, and lend that group the authority to manage the organisation day to day. In larger cooperatives, there may be more than one level of management, but everyone understands that 'management is a function, not a status'.




Cooperative


Work team


Decision making


Elected body


Member


Manager

Worker cooperatives around the world

There are some 400 worker cooperatives in the UK, from three-person architecture practices to multi-million pound wholesale and distribution businesses.

In the Basque country, the Mondragon worker cooperatives were founded in the 1950s, during a period of economic and political repression. Mondragon is now the 7th largest business group in Spain. Elsewhere in Spain, there are 20,000 worker cooperatives.

In Italy, 14,000 networked social and worker co-ops provide 50% of social services. Cooperatives make up 30% of the economy in many northern Italian towns, and many of those are worker co-ops.

In Argentina, workers took over abandoned factories after the political upheaval of 2001. These 'empresas recuperadas' and other worker cooperatives now account for 10% of GDP. All over the Americas, people are choosing a cooperative path for economic development and social justice.

Worker cooperatives are spreading in South Africa, Korea, USA and elsewhere as people realise they can bring production under worker-community control. Governments such as Brazil, France and Japan have passed special laws to enable the growth of worker cooperatives.

Wherever they exist, worker cooperatives are an expression of the resilience, solidarity, organising capacity and imagination of working class communities.

How to use this code

This booklet is deliberately short. Instead of providing details about policies and procedures, or telling you how to set one up, it focuses on the core features of a well-run worker co-op, in a way that combines essential business and cooperative principles.

If you are already involved in a worker co-op, you may want to use it as a health check, looking at those areas where your cooperative works well – or less well. Or you could use it as a way to theme discussions between members.

Many people starting worker cooperatives use the Code as a checklist to build a healthy co-op running an effective, ethical trading enterprise.

If you aren't a cooperative member, you could see it as a shorthand guide to what worker cooperation aims at.

workers.coop is continuously collating detailed information, examples and learning tools to publish on our website. Please add any resources you have developed or found useful, so that others can benefit.

<https://workers.coop/resources>

1st Principle

Voluntary and open membership

Cooperative membership is open to all workers able and willing to accept the responsibilities of membership. Worker cooperatives function best as an inclusive team of members with long-term collective interests in the success of the business.

Your cooperative should:

- Provide all workers with meaningful information about membership and how to join.
- Provide members with an agreed set of rights and responsibilities, usually as a member job description or membership agreement.
- Include a probationary period and membership training for workers who want to become members.
- Offer membership to all workers who are able and willing to accept the responsibilities of membership.
- Ensure the majority of workers are members and the majority of members are workers.

2nd Principle

Democratic member control

Cooperatives are democratic organisations controlled by their members, setting policies and making decisions. Members serving as elected representatives are accountable to the wider membership. Worker cooperatives succeed when all members participate in transparent, fair decision making; but also where members are given delegated authority to act on behalf of the collective.

Your cooperative should:

- Ensure all members actively participate in the management of the business and long-term planning.
- Effectively communicate, both between the cooperative and its members and among members themselves.
- Collectively agree and delegate authority to individual members to act on behalf of the cooperative when and where it's necessary.
- Ensure there are democratic processes, or democratic accountability, in all governance and management functions.
- Regularly review its governance and business management processes as it grows and develops.

3rd Principle

Member economic participation

Members contribute equitably to, and democratically control, the capital and finances of their cooperative. Members decide how to use surpluses (profits).

Worker cooperatives should provide the pay and other benefits that members need and want, managing the business to provide them and protect its future.

Your cooperative should:

- Allocate a percentage of surpluses to collectively owned financial reserves and capital.
- Ensure that members are enabled to invest in the cooperative if they want to. If members have individual investments, they do not attract additional voting rights.
- Have a planned and agreed pay and benefits structure, including non-financial benefits.
- Aim to offer pay and benefits sufficient to sustain long term employment and membership, to enable the cooperative to retain the required skills and experience.
- Ensure that any surplus in the form of pay and benefits is distributed fairly and equitably between members, relative to their contribution.

4th Principle

Autonomy and independence

Cooperatives are independent, self-help organisations controlled by their members. If they raise capital from external sources, they must maintain their cooperative autonomy.

Worker cooperatives should actively plan and manage their cooperative to be a successful business and avoid becoming over dependent on any funder, supplier or customer.

Your cooperative should:

- Have good financial controls and management, including cash flow forecasts and internal audits of all parts of the business.
- Actively manage and assign responsibilities for your operations, personnel, marketing and other business functions.
- Understand and control risks, both internal and external, facing your cooperative.
- Build your capability to identify and take advantage of business opportunities.
- Invest in equipment, premises and technology sufficient to achieve agreed working conditions, efficient operations and longer term development.
- Benchmark cooperative and business performance against recognised performance standards, including this code.

5th Principle

Education, training and information

Cooperatives provide education and training for their members and employees so they can contribute effectively to the development of their cooperatives. They inform the general public about the nature and benefits of cooperation.

Worker cooperative members should become multi-skilled, so they can participate fully in the management and development of the cooperative.

Your cooperative should:

- Assess the technical, management and cooperative skills needed to achieve your long term plans and replace key members who leave.
- Ensure all prospective members, members and elected representatives receive training in membership and cooperative skills.
- Encourage members in specialist roles to obtain technical skills and professional development for current and future needs.
- Develop and share management skills and techniques to permit efficient cooperative business co-ordination.
- Educate business partners, customers and the public about the nature and benefits of cooperative forms of business.

6th Principle

Cooperation among cooperatives

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, regional, national and international structures. Principle 6 is the key to business success for cooperatives, enabling us to ethically outperform the privately owned opposition.

Your cooperative should:

- Network with cooperatives in your locality and industry to share intelligence, understand each others' business needs and goals, and support each other.
- Trade with other cooperatives whenever possible.
- Find and refer new business opportunities to other cooperatives you know and trust.
- Collaborate with other cooperatives to achieve economies of scale, share costs, access to business opportunities and joint long-term development.
- Practice fair and honest commercial competition between cooperatives.
- Join workers.coop and participate in regional, national and international cooperative activities to promote, develop and grow the cooperative system.

Principle 7

Concern for community

Cooperatives work for the sustainable development of their communities, through working according to policies approved by their members.

Cooperative businesses are rooted in community. By building good relations with your local and wider communities, you will create goodwill and opportunities for your cooperative and members.

Your cooperative should:

- Actively manage the environmental performance of your business, to reduce harmful impacts.
- Embrace cooperative ethics in your dealings with customers, suppliers and other parties.
- Operate high health and safety and worker welfare standards.
- Engage positively with the communities in which you trade and operate, locally and globally, and promote the cooperative system.
- Seek out, involve and learn from diverse groups in society, and work to break down social division.

So how did your cooperative measure up?

What do you do well?

What can be improved?

Where can you get advice, share and learn?

The answer to these questions will determine the quality of the business you work in, the benefits you get, and how you go about making positive changes.

Remember, it's your cooperative, so 'be the change you want to see'.

**We can't wait to see
what kind of future you
choose to build for your
cooperative, and wish
you every success.**

workers.coop

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