



STATE OF THE SECTOR

OF WORKER COOPERATIVES AND DEMOCRATIC WORKPLACES 2025

Published by:
*The Democracy at Work Institute and
The U.S. Federation of Worker Cooperatives*



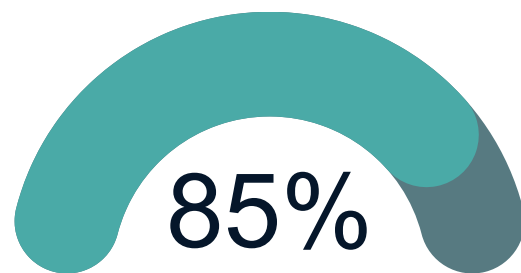
STATE OF THE SECTOR

of Worker Cooperatives & Democratic Workplaces

Covering two years of sector developments, the State of the Sector of Worker Cooperatives and Democratic Workplaces is a report on collectively owned and democratically managed workplaces in the United States and its territories. This research is a co-production of the Democracy at Work Institute and the U.S. Federation of Worker Cooperatives, drawing on the latest sector developments collected through the Worker Cooperative Business Census, conducted every two years. While the number of responses (242 firms) is not fully representative of our field, this research is essential to understanding and supporting the growth of worker-owned and democratic workplaces. To capture and illustrate the experience of worker-owners, we also collected qualitative data.



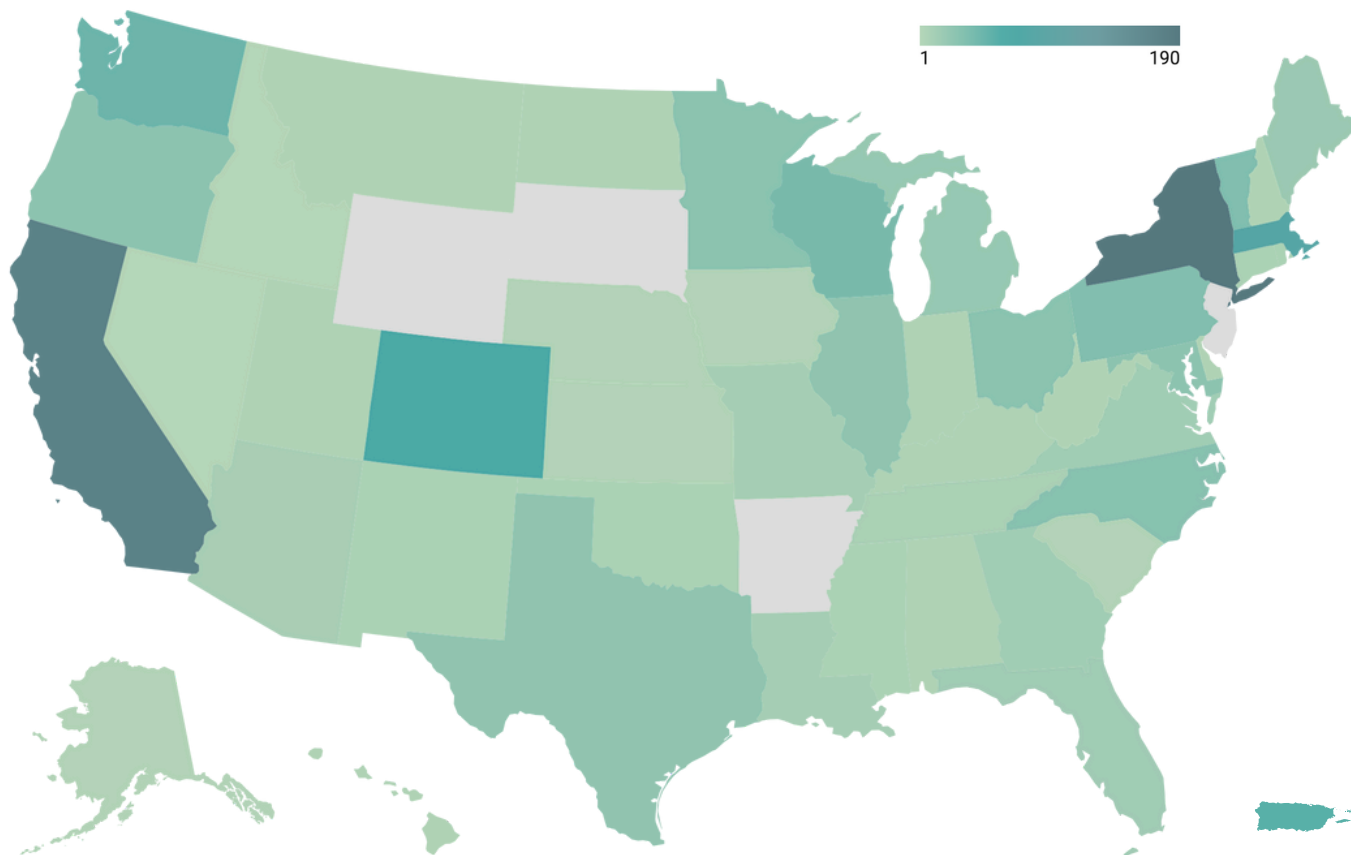
Who responds to this census:



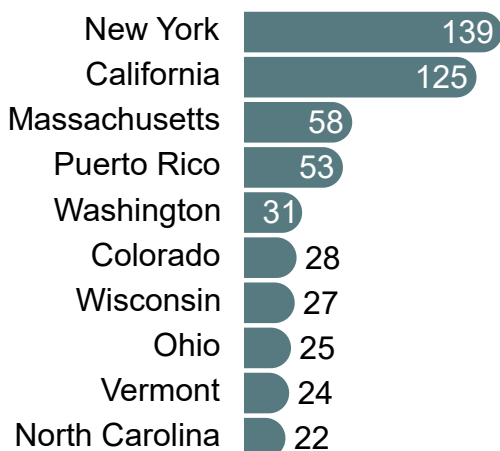
- Worker Cooperatives = 85%
- Democratic Workplaces = 15%

A total of 242 firms participated in the survey. Respondents included worker cooperatives and democratic workplaces. We define democratic workplaces as organizations that involve employees in decision-making, from startups to established businesses, and conventional businesses in the process of converting to worker ownership. The proportion of democratic workplaces has grown slightly; historically, they have been around 10% of respondents, this year they accounted for 15%.

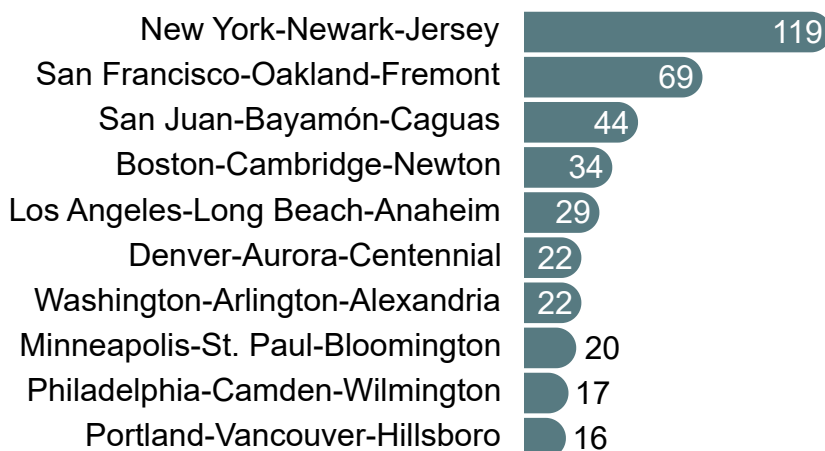
Worker Co-ops and Democratic Workplaces across the United States and Puerto Rico



Top 10 States & Territories



Top 10 Cities By MSA (Metropolitan Statistical Area)



*Updated in February, 2026

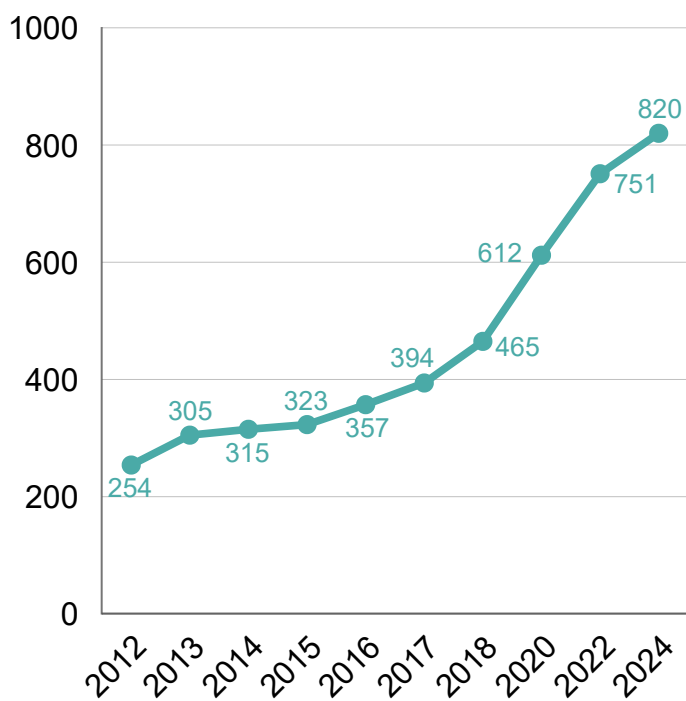
In aggregate, rural counties are home to 54 worker-owned or democratic firms, placing them sixth when compared to state-level concentrations across the U.S.

Worker Co-ops and Democratic Workplaces are growing through the years

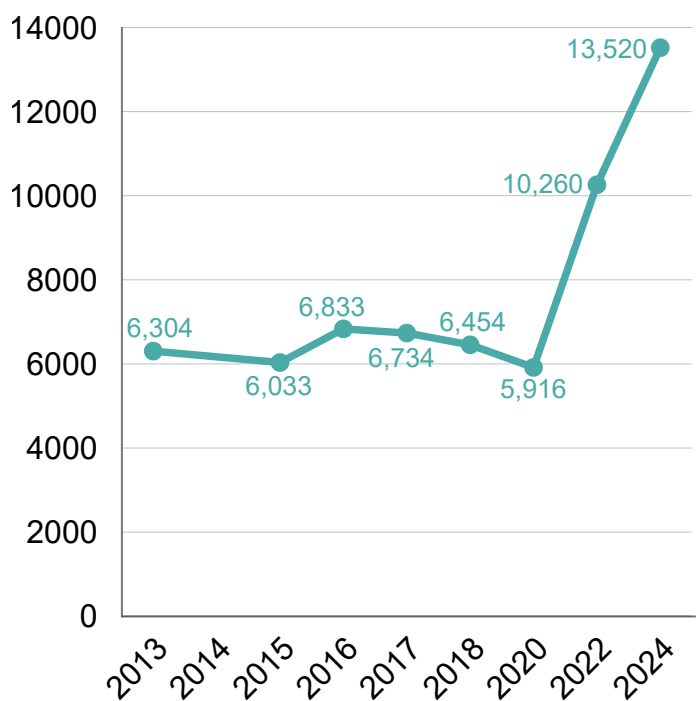
Worker Cooperatives and Democratic Workplaces are growing every year in both interest and formation. Worker Cooperatives and Democratic Workplaces have shown 34% growth since 2020 while more than doubling the workforce in these businesses. According to the U.S. Chamber of Commerce, traditional small businesses only grew 13% since 2019. Currently there are an **estimated 1,300 worker cooperatives and democratic workplaces, employing 16,000 workers.**

We identified 820 firms that employ an estimated 13,520 workers.

Number of Firms



Size of Workforce

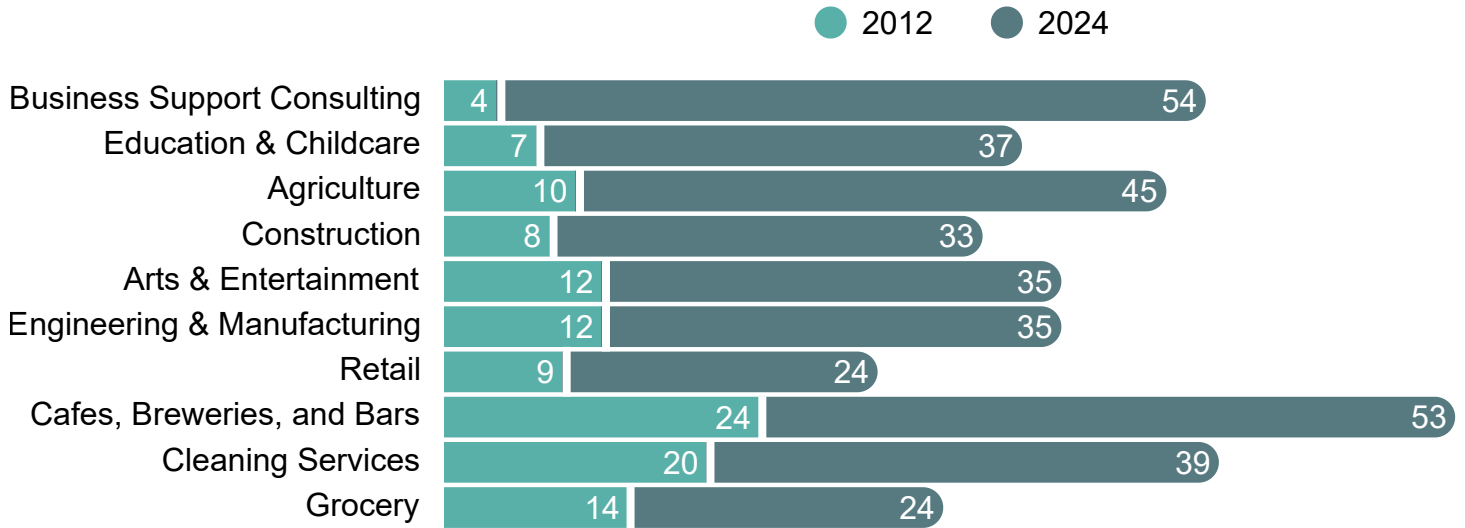


The sharp increase in worker counts reflects both recovery from a pandemic-related dip in 2020 and the subsequent creation of a handful of very large worker cooperatives that have between 1 and 3 thousand workers, in particular drivers cooperatives. Most worker cooperatives remain very small but the general trend in the field of the growing workforce is important to note since they point to meaningful sector growth.

Drivers of Worker Co-op Formation

Top 10 growing industries

Businesses are ordered from top to bottom by growth, with the **highest growth at the top and the lowest at the bottom**. Bar segments represent the number of businesses in each category that were identified in either 2012 or 2024.



Principal Reason for Starting as a Worker Cooperative

61% of respondents reported that they were drawn to their job because it offered the opportunity to work in or start a worker cooperative or democratic workplace.

We asked, worker-owners answered...

Why start a co-op?

"The cooperative model fits our values. We see cooperative models as the future for workplaces. The work we do it about helping people sustain the work they love and the world needs, this work doesn't happen in isolation. Our members were experienced consultants who had previous experience as solo entrepreneurs and no longer wanted to work alone."



Businesses Are Converting to The Worker Cooperative Model

When a traditional business transitions ownership to a worker cooperative, this is typically called a "conversion" - conversions are driven by both exiting owners as well as the workers themselves. **29% of respondents had their origins as a conversion.**

Business Conversions and Who Drives Them

Worker-driven conversions now account for a larger share of total conversions, reflecting growth compared to the last census. We began asking this in 2023 and we will continue to monitor the drivers of conversions in future surveys.



We asked, worker-owners answered...

Why take on a conversion to a worker co-op as a worker?

"It largely had to do with our desire to offer benefits etc, corresponding with our shift towards salaries, more equitable pay structures and a desire to run a truly cooperative business".

Why would owners start the conversion process?

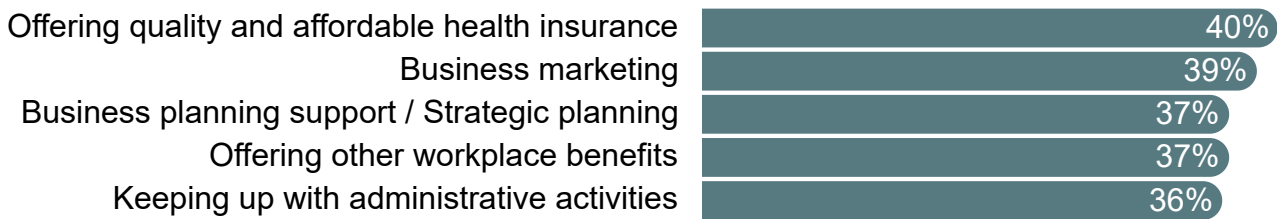
"The top three reason were that I realized I need help and wanted others to take ownership in their work. I knew that we were living in an era where wealth creation was much more difficult, as 9/10th of the pie goes to the top 1%. As a disabled vet receiving disability and still being able and allowed to work, I was uniquely positioned to help create a vessel. My wife and I aren't planning on having children. So the business will need others to carry it forward and co-ownership is that vessel".



What the sector needs to thrive

To understand what worker cooperatives need to succeed, we asked businesses to identify their most pressing needs, sources of funding, and support networks. The **charts on this page show the percentage of respondents who answered each question and selected each option.** Businesses could select more than one response.

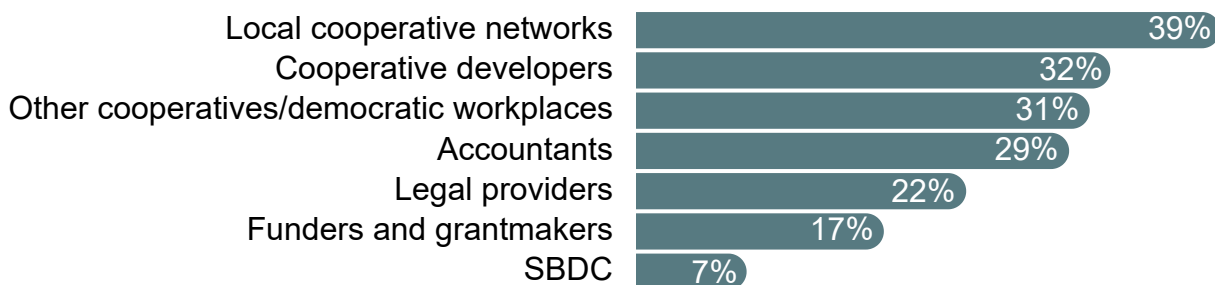
The biggest needs for support



Most common sources of funds



Most common supporting organizations



Respondents most often pointed to natural disasters, especially hurricanes, alongside economic policies like taxes and tariffs, as key external factors negatively impacting their firms.

Networks Are Core to the Success of Worker Co-ops and Democratic Workplaces



Percentage of Firms that are Part of Networks

Nearly three-quarters (71.5%) of respondents were members of networks, associations, or related organizations in 2024.

We asked, worker-owners answered...

Why choose to be part of a network?

“Most of them provide support and/or peer support in some key aspect of our business. Some of them offer trainings, professional development opportunities or conferences in which we participate. We access dental and vision insurance through USFWC. many offer the change to network and learn from peer businesses.”

What's your outlook for the future?

“We feel it is bright. However, we have operated with thin margins for a long time due to being more committed to our mission than profit, and with the instability due to climate, economic, and social upheavals we are more at risk. We pivoted our business model [...] which has taken up much of our internal capital. We are now focused on increasing our cash flow and our gross profit margins now, having moved through the lions share of the business development period, and hope to get to a stable financial place where we can compensate ourselves better in the coming years.”

Financial Snapshot of the sector

Top-to-Bottom Pay in Co-ops vs. Median U.S. Businesses

Among survey respondents, the median top-to-bottom pay ratio was just 1.44. In 2024, CEOs in the U.S. were paid 281 times more than the typical worker, according to the Economic Policy Institute.

\$ The full grid of dollar signs represents the average U.S. CEO-to-worker pay ratio in 2024 (281:1)

\$ The teal dollar sign shows the median top-to-bottom pay ratio in worker cooperatives (1.44:1) for scale



Median Characteristics of Worker Cooperatives and Democratic Workplaces

- 8 workers
- 6 years in operation
- \$875 worker share cost

Amount of Firms Sharing Profits with Workers

64% of the businesses surveyed have issued a patronage distribution to their workers within the past five years, reflecting the prevalence of profit-sharing practices in the sector.

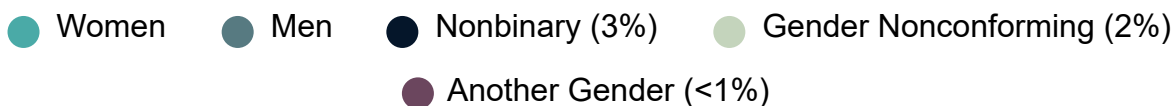
Together, these 820 businesses generated an estimated \$805 million in revenue in 2024, demonstrating the growing impact and power of this sector.

Workforce Composition of the Sector

Race and Ethnicity of Workers



Gender Distribution



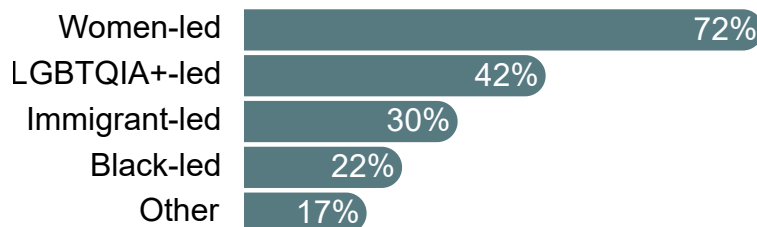
Worker Ownership Among Respondents

Nearly eight in ten workers (79%) are member-owners, while the remaining 21% are non-owner employees.



Leadership Representation

Nearly three-quarters of the sector identified as women-led. Businesses were asked to self-identify their leadership representation, with the option to select more than one category.



Seven percent of businesses completing our survey reported having a unionized workforce (above the 2024 U.S. private-sector union membership rate of 5.9%, according to the U.S. Bureau of Labor Statistics). This alignment reflects growing interest in models that combine worker ownership with collective bargaining, a trend increasingly visible through initiatives such as the [Union-Coop Council](#).

We asked, worker-owners answered...

How has worker ownership changed your life?

"It has permanently changed my frame of reference, so much that as long as I have an able body that can work I want to continue to do all I can to support all co-ops, but especially worker co-ops. We know that workers who are invested in their business feel empowered, feel connected to their mission, and that collectively we can accomplish much more than one can alone. I appreciate that the sky is the limit for our co-workers and that together with consent we are bringing something forth that we hope will endure beyond the years we put into this cooperative."



*DAWI and USFWC staff at the
2024 Worker Co-op Conference*

Acknowledgement

Thank you to all 242 worker cooperatives and democratic workplaces that participated in this year's census. This report is not possible without participation from firms across the U.S. and Puerto Rico. Additionally, the success of our biennial survey is dependent upon the partnership of cooperative development organizations and cooperative membership organizations who help identify worker cooperatives and encourage participation. These organizations include: Cooperative Development Institute, ICA Group, MadWorc, the Network of Bay Area Cooperatives, New York City Network of Worker Cooperatives, the Philadelphia Area Cooperative Alliance, Fidecoop, La Liga de Cooperativas, Ministry of Velocity, Tierra Fertil and Center for Economic Democracy. *Access the data: the de-identified dataset from this work and all of the previous years of the Enterprise Census is made available through [this application process](#).*

Help identify worker cooperatives

Think we're missing a worker cooperative in our count? Let our verification team know at census@usworker.coop. You can also visit the USFWC directory to find a worker cooperative at usworker.coop/directory.

Become a Federation Member!

USFWC members have access to a wide range of benefits and services designed to support business growth, promote democratic governance and management best practices, and foster ongoing worker-owner/member development. Visit usworker.coop/join to learn more.

Strengthen your workplace!

Effective management unlocks talent and distributes leadership, increases job satisfaction, and cultivates collaboration in the workplace. The School for Democratic Management at DAWI gives you tools you can use right away to build the culture that your company needs. Get started on our new platform at democraticmanagement.org!

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