Promoting Worker Cooperatives as Drivers of Economic Growth within the Social and Solidarity Economy

By

Tindi Sitati[1] Mike Kipngeno[2]

[1]*Collaboration Learning and Adapting (CLA) Officer, USAID/CLEAR+ Global Communities, P.O Box 1661 – 000606 Karen, Nairobi, E-mail: dsitati@globalcommunities.org*

[2]*Senior Cooperatives Officer, USAID/CLEAR+ Global Communities, P.O. Box P.O Box 1661 – 000606 Karen, Nairobi, E-mail: mkipngeno@globalcommunities.org*

Abstract

Achieving Sustainable Development Goal (SDG) 8, which emphasizes sustained, inclusive economic growth, full and productive employment, and decent work for all, is crucial for sustaining socio-economic development. The social and solidarity economy (SSE), as defined by UN resolution A/77/L.60, includes cooperatives, mutuals, associations, foundations, and social enterprises that prioritize collective interests over profit. Within this framework, worker cooperatives play a vital role in addressing these objectives. This paper examines the potential of worker cooperatives to drive economic growth, particularly within the context of Kenya, East Africa. Entrepreneurs, especially those in startups who are youth, face numerous obstacles, including difficulties in securing funding, limited resources, and intense competition. Additionally, regulatory hurdles and compliance issues complicate the formalization processes of these businesses. The worker cooperative model offers a collective approach where resources, skills, and efforts are pooled, thereby enhancing access to capital and fostering an environment conducive to skill development and innovation. This business model ensures democratic ownership and equitable profit distribution, addressing key challenges faced by young entrepreneurs. This paper explores the role of worker cooperatives in driving economic growth within the social and solidarity economy (SSE), focusing on the challenges faced by youth entrepreneurs in Kenya. It highlights how the worker cooperative model, characterized by democratic ownership and equitable profit distribution, can provide sustainable business solutions by enhancing access to capital, fostering innovation, and promoting skill development. Through case studies from the USAID Cooperative Development Program – CLEAR, FundiTech Service Worker Cooperative and Women in Sustainable Energy & Entrepreneurship (WISEe), the paper demonstrates the effectiveness of worker cooperatives in overcoming financial and regulatory barriers, formalizing businesses, and creating employment opportunities. The findings emphasize the importance of supportive legal frameworks, capacity-building programs, and targeted financial mechanisms to foster the growth and sustainability of worker cooperatives for the growth of the economy in Kenya.

Keywords: Worker cooperatives, social solidarity economy, economic growth, youth employment, Kenya

Introduction

Achieving Sustainable Development (SDG) Goal 8 is crucial for sustaining socio-economic development. Within the social and solidarity economy (SSE), as defined by UN resolution A/77/L.60, cooperatives, mutuals, associations, foundations, and social enterprises prioritize collective interests over profit. This paper examines the potential of worker cooperatives, a key component of SSE, to drive economic growth, particularly focusing on the context of Kenya. Startup entrepreneurs in Kenya, who are mostly youth, encounter numerous obstacles that hinder their ability to establish and sustain successful businesses. These challenges include difficulties in securing adequate funding, limited access to resources, and intense competition from both established

companies and other startups. Additionally, regulatory hurdles and compliance issues complicate the formalization of traditional businesses. This paper delves into these specific challenges and examines how the worker cooperative model can offer viable solutions by providing a supportive and collaborative business environment.

Overview of Sustainable Development Goal (SDG) 8

Sustainable Development Goal (SDG) 8 aims to promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all. This goal is a critical component of the United Nations' 2030 Agenda for Sustainable Development, which was adopted by all United Nations Member States in 2015[16]. SDG 8 targets several key areas, including improving resource efficiency in consumption and production, achieving higher levels of economic productivity through diversification, technological upgrading, and innovation, and promoting policies that encourage entrepreneurship and job creation[17].

Socio-economic development and decent work are fundamental for achieving broader social and economic objectives. Decent work, as defined by the International Labour Organization (ILO), involves opportunities for work that are productive and deliver a fair income, security in the workplace, and social protection for families, better prospects for personal development, and social integration[18]. It also includes freedom for people to express their concerns, organize, and participate in the decisions that affect their lives, and equality of opportunity and treatment for all women and men.

Ensuring decent work is essential for reducing poverty and promoting sustainable development. It contributes to economic growth by increasing productivity and fostering innovation (ILO, 2020).[19] Moreover, decent work promotes social inclusion and stability, which are necessary for sustainable economic growth. In the context of the social and solidarity economy (SSE), enterprises such as worker cooperatives play a significant role in promoting decent work by providing fair wages, job security, and equitable working conditions (Aspen Institute, 2022).

Social and Solidarity Economy (SSE)

The Social and Solidarity Economy (SSE) encompasses enterprises, organizations, and other entities engaged in economic, social, and environmental activities aimed at serving the collective and/or general interest. These entities operate based on principles of voluntary cooperation, mutual aid, democratic and/or participatory governance, autonomy, and the primacy of people and social purpose over capital in the distribution and use of surpluses and/or profits.

[16] UNEP. (2017, October 2). GOAL 8: Decent work and economic growth. UNEP - UN Environment Programme. https://www.unep.org/explore-topics/sustainable-development-goals/why-do-sustainable-development-goals-matter/goal-8

[17] United Nations. (2023). Economic Growth - United Nations Sustainable Development. United Nations Sustainable Development; United Nations. https://www.un.org/sustainabledevelopment/economic-growth/

[18] United Nations. (2015). Employment, decent work for all and social protection | department of economic and social affairs. Sdgs.un.org. https://sdgs.un.org/topics/employment-decent-work-all-and-social-protection

[19] Decent work and the 2030 Agenda for sustainable development | International Labour Organization. (2024, January 28). Www.ilo.org. https://www.ilo.org/topics/decent-work-and-2030-agenda-sustainable-development

Components of SSE:

1. **Cooperatives:** Member-owned and democratically controlled enterprises that operate for the benefit of their members.
2. **Mutuals:** Organizations providing insurance, banking, or other services to their members, who are also the owners.
3. **Associations:** Groups formed for a common purpose, often non-profit, focusing on social, cultural, or community goals.
4. **Foundations:** Non-profit entities that manage donated funds to support various social, educational, or charitable activities.
5. **Social Enterprises:** Businesses that prioritize social objectives alongside financial performance, reinvesting profits into their social mission.

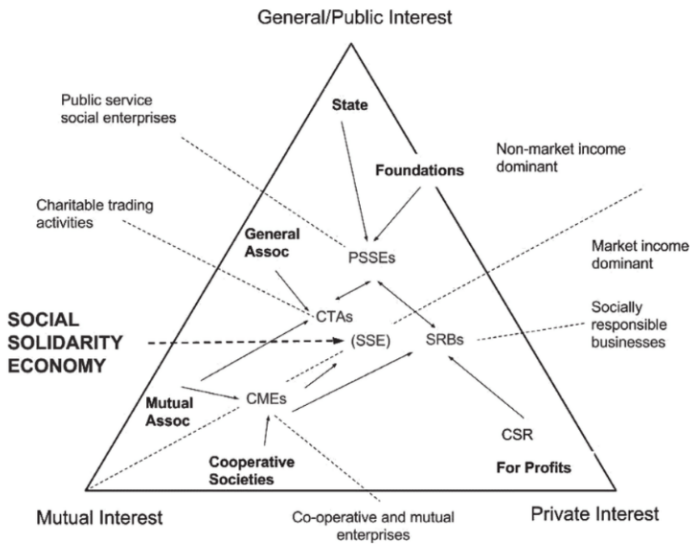

Figure 20: The logics of the social solidarity economy. Image from Rory Ridley-Duff

UN Resolution A/77/L.60 on SSE:

Adopted on April 18, 2023, the UN General Assembly's resolution A/77/L.60, titled "Promoting the Social and Solidarity Economy for Sustainable Development," officially recognizes the SSE's role in achieving the Sustainable Development Goals (SDGs). The resolution encourages member states to develop strategies, policies, and programs to support the SSE, including creating legal frameworks, incorporating SSE contributions into national statistics, and providing fiscal and public procurement incentives. The resolution highlights the SSE's potential to promote democracy, social justice, and sustainable development[20].

Challenges Facing Entrepreneurs (Especially Youth in Startups) in Kenya

One of the most significant challenges for youth entrepreneurs in Kenya is securing adequate funding. Access to finance remains a major hurdle, with many young entrepreneurs struggling to obtain loans or investment due to a lack of collateral and credit history. According to a study by the World Bank, only about 23% of small and medium-sized enterprises (SMEs) in Kenya have access to formal credit[21]. This limited access to finance forces many young entrepreneurs to rely on personal savings or informal lending sources, which are often insufficient to meet their business needs.

[20] New UN resolution on social and solidarity economy | Division for Inclusive Social Development (DISD). (n.d.). Social.desa.un.org. https://social.desa.un.org/sdn/new-un-resolution-on-social-and-solidarity-economy

[21] Muthuri, J. N., Gul, M., & Mwangi, R. M. (2024, April 7). Young Kenyans are not finding work: how universities can do a better job of training entrepreneurs. The Conversation. https://theconversation.com/young-kenyans-are-not-finding-work-how-universities-can-do-a-better-job-of-training-entrepreneurs-221886

In addition to funding difficulties, young entrepreneurs also face limited resources in terms of infrastructure, technology, and skilled labor. Many startups operate with minimal resources, making it challenging to compete with established companies that have more significant financial and operational capabilities. This resource gap often leads to higher operational costs and lower productivity, further constraining the growth potential of youth-led businesses [22].

Competition from established companies and other startups is another economic barrier. The Kenyan market is highly competitive, with numerous businesses vying for market share. Young entrepreneurs often find it difficult to differentiate their products or services and attract customers. This intense competition can be discouraging and may lead to the failure of many youth-led enterprises[23]. Navigating the regulatory environment in Kenya poses another significant challenge for young entrepreneurs. The process of registering a business, obtaining necessary licenses, and complying with various regulations can be complex and time-consuming. According to the World Bank's Doing Business Report, Kenya ranks 56th out of 190 economies in terms of ease of doing business [24]. While this is a relatively good ranking, the specific challenges faced by youth entrepreneurs include bureaucratic red tape and high compliance costs. Regulatory hurdles such as lengthy approval processes and inconsistent enforcement of regulations can delay business operations and increase costs. For instance, obtaining construction permits or environmental clearances can take several months, during which time entrepreneurs may incur additional expenses without generating revenue. These delays and costs can be particularly burdensome for young entrepreneurs with limited financial resources [25].

Compliance with government regulations is another area where young entrepreneurs face difficulties. Many youth-led businesses operate in the informal sector, where adherence to formal regulatory requirements is often lax. Transitioning from informal to formal operations requires significant effort and resources, including understanding and implementing tax obligations, labor laws, and industry-specific regulations. The lack of knowledge and support in navigating these requirements can hinder the growth and sustainability of youth-led enterprises

Worker Cooperatives

Characteristics and Principles

Worker cooperatives are unique business entities characterized by democratic ownership, mutual assistance, and collective decision-making. Unlike traditional businesses, worker cooperatives are owned and controlled by the workers themselves. This democratic ownership means that each worker has an equal stake in the business, regardless of their role or seniority. The principle of "one worker, one vote" is central to these

[22] Business Startup Mistakes to Avoid in Kenya. (n.d.). Nexin Startups. Retrieved July 29, 2024, from https://www.nexinstartups.com/startup-mistakes-to-avoid/

[23] International, W. (2023, October 5). Challenges Facing Entrepreneurs in Kenya and How To Mitigate Them. Wylde Website. https://www.wyldeinternational.com/post/challenges-facing-entrepreneurs-in-kenya-and-how-to-mitigate-them-1

[24] Muthuri, J. N., Gul, M., & Mwangi, R. M. (2024, April 7). Young Kenyans are not finding work: how universities can do a better job of training entrepreneurs. The Conversation. https://theconversation.com/young-kenyans-are-not-finding-work-how-universities-can-do-a-better-job-of-training-entrepreneurs-221886

[25] Kiptoo, K. (2022, December 8). Entrepreneurs in Kenya; their biggest challenges and how to avoid. TechGuy. https://techguy.co.ke/challenges-faced-by-entrepreneurs-in-kenya-and-how-to-avoid-them

cooperatives, ensuring that all members have an equal say in key decisions, from strategic planning to daily operations [26].

Mutual assistance is another core principle of worker cooperatives. Members support each other to achieve common goals, fostering a sense of community and shared responsibility. This collaborative approach not only enhances productivity but also promotes a supportive work environment where workers are motivated to contribute to the cooperative's success.

Collective decision-making is integral to the functioning of worker cooperatives. Decisions are made through democratic processes, often involving all members in discussions and votes. This inclusive approach ensures that diverse perspectives are considered, leading to more balanced and equitable outcomes. It also empowers workers, giving them a sense of ownership and accountability for the cooperative's performance.

Comparison with Traditional Business Models

Worker cooperatives differ significantly from traditional business models in several ways. In traditional businesses, ownership and control are typically concentrated in the hands of a few individuals or shareholders, who may not be directly involved in the day-to-day operations. This separation can lead to conflicts of interest between owners and workers, with decisions often driven by profit maximization rather than the well-being of employees (U.S. Federation of Worker Cooperatives, 2020).

In contrast, worker cooperatives prioritize the interests of their members, who are both owners and workers. Profits are distributed based on labor contribution rather than capital investment, aligning financial rewards with the effort and commitment of the workers. This model promotes fairness and reduces income inequality within the organization[27].

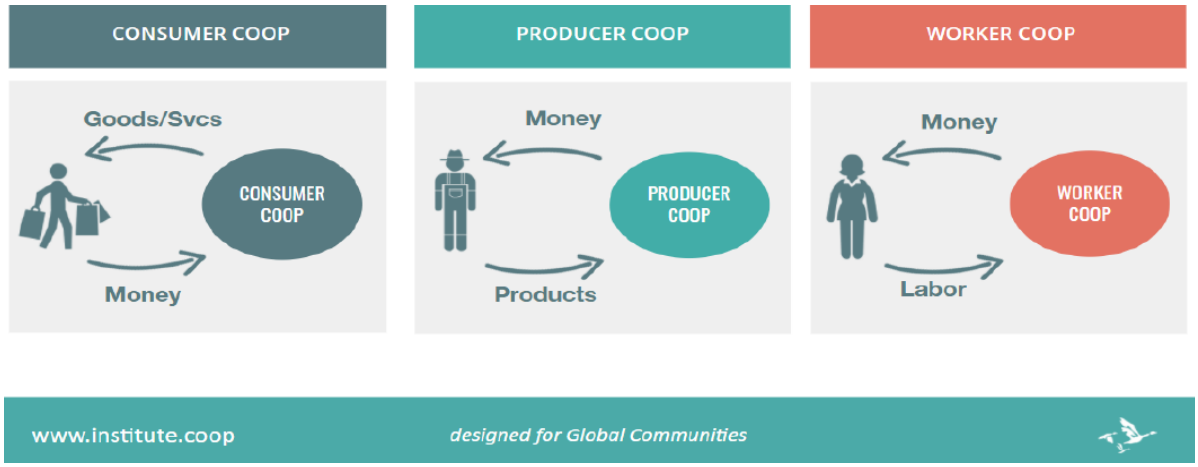

Figure 21 Worker Cooperatives compared to other cooperative models

[26] Worker Ownership – U.S. Federation of Worker Cooperatives. (n.d.). https://www.usworker.coop/what-is-a-worker-cooperative/

[27] Worker cooperatives. (n.d.). The Democracy Collaborative. Retrieved July 29, 2024, from https://democracycollaborative.org/publications/worker-cooperatives

Moreover, traditional businesses often operate under hierarchical structures, with decision-making authority concentrated at the top. Worker cooperatives, on the other hand, embrace flat organizational structures that encourage participation and collaboration. This democratic governance model can lead to higher levels of job satisfaction and employee engagement, as workers feel more valued and involved in the cooperative's success [28].

Relevant Sectoral Information about Worker Cooperatives Globally

Worker cooperatives are prevalent in various sectors across the globe, with notable examples in the United States, Spain, and the United Kingdom.

In the United States, there are over 900 worker cooperatives employing more than 10,000 people. These cooperatives are concentrated in sectors such as retail, services, manufacturing, and skilled trades. The U.S. Federation of Worker Cooperatives highlights the role of these entities in creating sustainable jobs and promoting economic justice [29].

Spain is home to one of the most famous worker cooperatives, Mondragon Corporation, which operates in industries ranging from manufacturing to finance and retail [30]. Mondragon is a testament to the scalability and resilience of the cooperative model, employing over 80,000 people and generating significant economic impact.

In the United Kingdom, worker cooperatives are also gaining traction, particularly in the creative industries, technology, and social care sectors. The UK Cooperative College provides support and training to help these cooperatives thrive, emphasizing the importance of democratic governance and member participation.

Worker Cooperatives in Kenya: A Path to Economic Empowerment

The cooperative movement in Kenya traces its roots back to 1908 when the first cooperative society was registered. Initially, these cooperatives were established by white settlers, primarily focusing on developing and marketing agricultural crops in the region. The Kenyan government formally entered the cooperative arena by enacting the first Co-operative Ordinance. This legislation aimed to regulate cooperative operations and provide a framework for their functioning. In 1946, a significant shift occurred when Africans were allowed to participate in cooperatives. The colonial government recognized the importance of African involvement in the economy through cooperative ventures. Consequently, a new Co-operative Societies' Ordinance was enacted. By the time Kenya gained independence in 1963, approximately 1000 registered cooperatives were operating in the country. These cooperatives continued to evolve, adapting to changing economic, social, and political contexts. Presently, Kenya boasts more than 22,883 registered cooperative societies, demonstrating their enduring significance in the nation's development. These cooperatives empower communities, foster economic growth, and promote collective ownership and decision-making.

Local Economic Growth through Cooperatives

[28] Worker cooperatives. (2019, January 30). TheNextSystem.org. https://thenextsystem.org/learn/stories/worker-cooperatives

[29] Worker Ownership – U.S. Federation of Worker Cooperatives. (n.d.). https://www.usworker.coop/what-is-a-worker-cooperative/

[30] Worker Ownership – U.S. Federation of Worker Cooperatives. (n.d.). https://www.usworker.coop/what-is-a-worker-cooperative/

Kenya boasts the strongest cooperative sector in Africa, commanding approximately 43% of the country's GDP. With over 15,000 registered cooperatives and around 12 million members, the sector plays a pivotal role in employment, providing jobs for over 300,000 individuals and creating self-employment opportunities. Savings and Credit Cooperatives (SACCOs) within the cooperative sector have particularly thrived, mobilizing savings exceeding Kshs 230 billion. These cooperatives actively fund small-scale and informal enterprises, contributing significantly to economic activities and employment, especially at the county level.

In collaboration with the National Government, the Private sector, and other stakeholders, County Governments are dedicated to strengthening and fostering growth in the cooperative sector. Cooperatives in Kenya are integral to national development, spanning various sectors such as agriculture, financial services, trade, and manufacturing. As of June 2020, there were over 25,000 registered cooperatives with more than 14 million members, mobilizing savings totalling over 7.8 billion Kenyan Shillings (US$ 63 million).

Notably, 63% of Kenyans derive their livelihoods directly or indirectly from cooperatives, underscoring their central role in the country's socio-economic development. The Kenyan Government's commitment to cooperatives is evident through the establishment of a Ministry dedicated to SMEs and cooperatives, emphasizing social solidarity groups and cooperatives as key contributors to economic growth, providers of business development services, and facilitators of financial inclusion.

Worker cooperatives in Kenya have emerged as a viable solution to economic challenges, particularly in the provision of affordable housing and the realization of broader socio-economic agendas [31]. These cooperatives, owned and managed by their members, operate under principles of democracy, equity, and mutual benefit. They are critical in fostering inclusive economic growth and addressing pressing social issues.

Worker cooperatives play a crucial role in tackling Kenya's housing deficit. The cooperative model allows members to pool their resources to purchase land, secure financing, and construct affordable homes. This approach not only provides housing but also creates jobs, fosters community cohesion, and ensures that housing projects are aligned with the needs of the members. For example, cooperatives in Nairobi have successfully developed housing projects that provide affordable homes and improve living standards for many Kenyans.

The cooperative movement in Kenya is governed by the Co-operative Societies Act, which provides a general framework for the registration, regulation, and management of cooperatives. However, the lack of specific legislation for worker cooperatives has been a challenge. [32]Efforts by organizations such as Global Communities, through the USAID-funded Cooperative Leadership, Engagement, Advocacy, and Research (CLEAR) Program, aim to create a supportive legal environment. These efforts include developing model bylaws and integrating worker cooperatives into national and county legislation to ensure they operate efficiently and transparently.

[31] Worker cooperatives are key to provision of affordable housing. (2024, February 6). Nation. https://nation.africa/kenya/blogs-opinion/blogs/worker-cooperatives-are-key-to-provision-of-affordable-housing-4516136

[32] "Worker Cooperatives" key to actualization of the Hustlers Agenda - Sacco Review| The Leading Newspaper for Co-operative Movement in Kenya. (2023, August 25). https://saccoreview.co.ke/worker-cooperatives-key-to-actualization-of-the-hustlers-agenda/

Worker cooperatives have a significant economic and social impact in Kenya. They provide decent employment opportunities, promote social inclusion, and enhance the bargaining power of workers. By ensuring fair wages, safe working conditions, and democratic decision-making processes, worker cooperatives improve the quality of life for their members. Moreover, they contribute to local economies by keeping profits within the community and supporting local businesses.

For instance, youth-focused cooperatives have been instrumental in addressing high unemployment rates among young people. These cooperatives offer training, skills development, and stable employment, helping young people secure a better future. Similarly, housing cooperatives in urban areas not only provide affordable housing but also contribute to urban development and reduce the strain on public housing resources.

Challenges and Opportunities

Despite their benefits, worker cooperatives in Kenya face several challenges. One of the primary hurdles is financial constraints [33]. Access to capital is crucial for the growth and sustainability of cooperatives, yet many struggle to secure financing for large projects. Additionally, effective governance is critical for the success of cooperatives. Issues such as leadership conflicts, lack of transparency, and mismanagement can undermine member trust and cooperative success.

There are numerous opportunities to support and expand worker cooperatives in Kenya. Technological integration can significantly enhance cooperative operations, from member management to marketing. Digital platforms can help cooperatives reach broader audiences, improve efficiency, and provide members with better access to resources and information.

Policy support from the government is also essential. Continued government backing through favourable policies, funding, and infrastructure development can foster the growth of worker cooperatives. Initiatives like the Hustlers Agenda, which focuses on empowering small and medium-sized enterprises, can benefit significantly from the cooperative model. Additionally, regional cooperation among African countries can strengthen the cooperative movement by facilitating the exchange of best practices and creating networks that enhance competitiveness.

Case Studies

Global Communities and USAID Cooperative Development Program (CLEAR) Supporting Worker Cooperatives for Youth Economic Empowerment

The Cooperative Leadership Engagement Advocacy and Research Plus (CLEAR+) project, funded by USAID and implemented by Global Communities, aims to foster the development of worker cooperatives, particularly focusing on youth employment in Kenya and Guatemala. The project's objectives include advocating for worker cooperatives to create sustainable job opportunities, enhancing the cooperative enabling environment through improved business strategies and performance facilitated by local Business Service Providers (BSPs) using a market systems approach (MSA), and integrating core principles such as gender equality and positive

[33] Creating Enabling Environment to Foster Growth of Worker Cooperatives in Kenya | Business News Africa. (2023, May 19). Financial Fortune Media. https://www.financialfortunemedia.com/creating-enabling-environment-to-foster-growth-of-worker-cooperatives-in-kenya/

youth development (PYD) into cooperative development. By leveraging local resources and fostering a supportive environment, CLEAR seeks to strengthen cooperative systems and promote economic growth in these regions.

A common misconception about cooperatives is that they are solely agricultural. However, the cooperative model can be applied to a variety of sectors. Recognizing this, CLEAR+ was designed to specifically target young professionals in the service sector and the gig economy. This includes sectors like transportation, tourism, mechanics, and construction, which are often populated by young professionals. The worker cooperative model is particularly suitable for these industries, as it allows members to share risks and resources while maintaining self-ownership.

The CLEAR Plus initiative focuses on engaging young professionals and providing them with the tools to form successful cooperatives. By leveraging a market systems approach, CLEAR Plus Project, launched in October 2023 in Kenya, supports the inception, startup, and registration processes for cooperatives. This approach fosters relationships between cooperatives and professional service providers, who are trained in the cooperative model and can offer ongoing support.

Lessons learned from the implementation of worker cooperatives by Global Communities – CLEAR+ are being applied in new contexts, such as Guatemala. In Kenya, significant efforts were made to build awareness and buy-in for the cooperative model. This experience will inform similar strategies in Guatemala, where the CLEAR Plus program will continue to work with partners like the Democracy at Work Institute to adapt materials to the local context.

A key aspect of CLEAR Plus is its focus on local development. By employing a market systems approach, the program ensures that cooperatives are supported by local service providers who can offer long-term coaching and mentoring. This minimizes the direct intervention from global organizations, allowing local entities to sustain cooperative development independently.

CLEAR Plus Project implementation is also inclusive by targeting sectors where women and youth are prevalent, such as tourism and the artisanal sector. Many women in these sectors are already working as independent entrepreneurs and could benefit significantly from forming cooperatives. By focusing on these groups, CLEAR Plus ensures that the benefits of cooperatives are widely distributed and that vulnerable populations receive the support they need.

One of the main lessons being carried forward to Guatemala is the importance of working with business service providers. By engaging these providers in the cooperative model, the CLEAR Plus project ensures that support systems are sustainable. These providers can offer the necessary coaching and mentoring, allowing cooperatives to thrive long after the program has ended.

Worker Cooperatives Case Studies in Kenya

Case Study 1: FundiTech Service Worker Cooperative in Kenya

In the bustling construction sector of Kenya, FundiTech Service Cooperative has emerged as a beacon of success and innovation. Established in December 2017, FundiTech was formed by a group of skilled artisans and technicians who sought to professionalize their trade and secure sustainable, decent work in the industry. Initially, these artisans were part of an informal association, struggling to find consistent and reliable work. Recognizing the potential of the cooperative model, they came together to form

FundiTech, aiming to provide quality service delivery while upholding democratic business principles. The cooperative quickly gained traction, bringing together professionals from various specialties within the construction value chain.

One of the key factors behind FundiTech's success is their focus on continuous improvement and capacity building. Through the support of programs like Global Communities' CLEAR initiative, FundiTech members have received training in business planning, financial management, governance, and gender equity. This comprehensive support has empowered them to enhance their business acumen and adopt a growth-oriented mindset.

Moreover, FundiTech has played a crucial role in redefining the construction industry in Kenya. By providing a platform for certified builders and construction trade workers, the cooperative ensures that clients receive reliable and high-quality workmanship. This not only boosts the reputation of the cooperative but also contributes to the overall development of the construction sector in Kenya.

FundiTech's success story is a shining example of how worker cooperatives can transform lives and communities. By leveraging the cooperative model, FundiTech has created a sustainable business that benefits its members and the broader community. Their journey underscores the potential of worker cooperatives to drive economic development and promote equitable growth in Kenya and beyond.

Case Study 2: Women-Founded Cooperative Leads Solar Energy Innovation in Kenya

One phone call changed Jacinta's future. In 2015, a college friend told her about a renewable solar energy training program provided by Arizona University and funded by the United States Agency for International Development (USAID). She left her career as an engineer and aviation teacher in Mombasa County, Kenya, to pursue the opportunity.

Jacinta and the five women in her class completed the solar training program in 2016. Upon graduation, they recognized the challenges of working in a male-dominated field. Rather than get discouraged, they decided to stick together and form a cooperative.

In 2017, the group formalized the Women in Sustainable Energy & Entrepreneurship (WISEe) worker cooperative. WISEe provides members with solar photovoltaic (PV) system installation and entrepreneurship training. Additionally, they learn about saving and credit groups and receive assistance from the county cooperative office.

WISEe's first project was to install solar energy boxes in schools. We Share Solar, an American non-governmental organization, provided Jacinta and her colleagues with solar panels. The cooperative installed solar products in 10 schools not scheduled to be connected to the national power grid.

Through the partnership with Global Communities, WISEe has seen a tremendous growth in our business structures and how we conduct services - Jacinta, WISEe member

Wanting to provide members with additional benefits and services, WISEe engaged with Global Communities' Cooperative Leadership, Engagement, Advocacy and Research (CLEAR) Program,

funded through USAID's Cooperative Development Program. The objective of establishing a CLEAR membership was to strengthen the business acumen and performance of cooperative businesses while integrating and empowering youth and women within the cooperative's structure. WISEe members received training on cooperative development including capacity building, financial management, governance and marketing. WISEe is working to update its strategic business plan with support from Global Communities to benefit the cooperative's expanding membership. As part of this initiative, WISEe has started a successful intervention with digital marketing and bulk messaging.

Since 2017, WISEe has grown from its 10 founding members to over 50 and has two employees. WISEe serves as a beacon of hope for aspiring women entrepreneurs. Their commitment to sustainability, community empowerment and innovative business practices has positioned them as a leader in the cooperative sector. Through strategic partnerships and a focus on continuous improvement, WISEe is dedicated to making a positive impact on the environment and society, paving the way for a brighter future for all.

This case study was originally published on the Global Communities website

Driving Change: Youth-Led Worker Cooperative Transforming Kenya's Automotive Industry

Rooted in the energy of youth, the Transparency Auto Worker Cooperative was created in 2022 through a collective vision of former automotive engineering students from Eastlands College of Technology (ECT) in Nairobi County, Kenya. The cooperative, which currently supports 22 active members, is a response to the pressing challenges of unemployment faced by youth aged 18 to 35 in the East African country.

"The worker cooperative model is important to the college, because we are able to empower the students that come through after they attain technical skills," said Roy Munyalo, manager of the Informal Sector Business Institute.

The Transparency Auto Worker Cooperative specializes in various automotive services including oil changes, diagnostic services, wheel alignment, engine maintenance, bodywork and electrical repairs, striving to provide services needed by the community at an affordable rate.

Motivated to take control of their own destinies and generate income, students decided to unite forces and establish a worker cooperative that not only allowed them to become business owners but also channel their skills into ventures aligned with their passions. In Kenya, youth make up 35% of the population with a 67% unemployment rate, the highest rate in the country. Amid the country's challenging job market, the cooperative became a platform for these automotive enthusiasts to transform their expertise into meaningful income-generating opportunities.

"The cooperative allows us to be our own bosses. It allows youth to have clear job opportunities and jobs that we can do with passion," said John Karika, Secretary of the Transparency Auto Worker Cooperative.

The Transparency Auto Worker Cooperative gained official registration status from Nairobi County with support from Global Communities' Cooperative Leadership, Engagement, Advocacy and Research

(CLEAR) Program. CLEAR is funded through the United States Agency for International Development's Cooperative Development Program.

"We chose the local cooperative model, because we saw it fit our needs through teamwork," said Kamau Njenga, chairperson of the Transparency Auto Worker Cooperative. "Decisions are made through a panel of membership, [and] we as the business owners are able to determine the challenges that effect us because we are the ones working in the cooperative."

Through CLEAR, cooperative members were trained on governance, member sensitization, leadership, marketing and the principles of the cooperative model. The auto workers were also taught how to make informed decisions that align with their cooperative's goals and values. By learning about proper governance, they established a transparent decision-making process to ensure accountability within their businesses.

Through member sensitization and leadership training, auto workers create a culture of inclusivity and participation within their cooperative. These applicable lessons strengthen their sense of community and encourage active engagement in cooperative activities and initiatives.

"Here, you get the freedom to tell your client what is right and what is wrong, what to do and what not to do," said Mike Kamau, ECT student and member of the Transparency Auto Worker Cooperative. "Out there, you get a side hustle, and your supervisor tells you what to work on."

The cooperative's business model has played a vital role in building the confidence of its young members as they navigate the complexities of running a business. In the process, these members have also expanded their social networks, creating a ripple effect of positive impact within the community.

"I really appreciate the work the Transparency Auto Worker Cooperative does," said Wanjiku Njoroge, a client of the cooperative. "They are efficient, affordable and their service is very good."

This case study was originally published on the Global Communities website

Findings from Global Communities Development Efforts and Worker Cooperatives Case Studies in Kenya

To promote the popularity of worker cooperatives in Kenya and Africa, it is crucial to go beyond awareness and sensitization by providing education, capacity building, and training. Although worker cooperatives are gaining momentum in the region, the model is still new and not widely understood. There are opportunities to introduce this business model and equip participants with essential operational insights. Recognizing that a lack of awareness poses a significant challenge for startup cooperatives, CLEAR extended its efforts beyond awareness initiatives by offering direct technical assistance, training, and business support to partner cooperatives. This assistance aims to cultivate a growth-oriented mindset and enhance business acumen. The program focuses on five key dimensions—Marketing, Production, Membership, Governance, and Management—to increase cooperative income, strengthen democratic values, and promote equality in both business and communities.

To advance its objectives and transition to a market systems approach, cooperative development programs like CLEAR are evolving into facilitators. They enable Business Advisory Service Providers (BASPs) to offer direct business advisory services to cooperatives, fostering market-oriented growth. This shift addresses the challenge

of limited market sector training and consulting support in areas such as finance, strategy, and business performance. Empowering BASPs involves activities like conducting Business Advisory Services (BAS) Mapping Assessments, facilitating cooperative training, and organizing networking and mentoring events. These capacity-building initiatives aim to establish connections, foster market innovations, and enhance resilience in the cooperative sector. CLEAR BASPs collaborate with cooperatives to develop business documents, establish HR policies, devise digital marketing solutions, and implement bulk SMS communication systems. Government stakeholders support cooperatives by facilitating registration and formulating bylaws.

Training is essential to promote the worker cooperative model, especially in environments where it is not well known. Localizing the training and integrating the curriculum into local institutions ensures sustainability and broader impact. During its 5-year implementation, CLEAR collaborated with the Cooperative University of Kenya (CUK) and the Democracy at Work Institute (DAWI) to advance worker cooperative education and training. This collaboration resulted in the launch of the Worker Cooperative Business Course at CUK, which includes modules such as Worker Cooperative as Democratic Workplace, Popular Education for Members, Effective Meeting Facilitation, Open Book Management, Financial Statements & Storytelling, Effective Decision Making, and Member Compensation. The initial cohort included 26 students, with 16 women and 9 men from CUK's faculty. Since then, two more cohorts have completed this curriculum. To ensure widespread dissemination of knowledge, county cooperative officers—responsible for registering, nurturing, and mentoring worker cooperatives—participated in a validation workshop for the curriculum, where they reviewed and provided input on the modules. The goal is to expand the curriculum's reach to both government and non-government actors involved in the cooperative sector at national and county levels.

The interest in worker cooperatives in Kenya is growing, but the model remains relatively unexplored as a strategy for economic development. One significant challenge is the absence of distinct legal structures to guide newly formed worker cooperatives, particularly during registration and operationalization. Initially, these cooperatives were advised to register as marketing or Savings and Credit Cooperatives (SACCOs) due to their popularity and the limited information available on worker cooperatives. To address this issue, CLEAR provided training to county cooperative officials to equip them with knowledge about the worker cooperative business model, enabling them to offer proper legal guidance. Additionally, CLEAR collaborated with the State Department for Cooperatives (SDC) to develop model bylaws and foster public-private dialogue. This collaboration enhanced understanding and support for worker cooperatives at both national and county levels. The CLEAR program, working with the State Department for Cooperatives, the Council of Governors, and county governments, has contributed to creating an enabling environment for worker cooperatives. This effort resulted in the official recognition of the worker cooperative model in the National Cooperative Policy, adopted as Sessional Paper No. 4 of 2020. This recognition allows counties to customize regulations according to their specific needs.

Conclusion

Worker cooperatives hold significant potential to drive economic growth by fostering inclusive and sustainable business models. These cooperatives can empower workers, enhance productivity, and contribute to equitable wealth distribution. Addressing youth challenges in Kenya is crucial, as the youth represent a substantial portion of the population and are key to the country's future prosperity. By providing opportunities for education, employment, and entrepreneurship, we can harness their potential and drive socio-economic development.

From a policy and practice perspective, it is essential to create an enabling environment that supports the growth of worker cooperatives and addresses youth challenges. This includes implementing supportive

legislation, providing access to finance, and promoting capacity-building initiatives. The broader impact on the social and solidarity economy is profound, as these efforts can lead to more resilient and inclusive communities.

Future research should focus on exploring innovative models of worker cooperatives, assessing their long-term impact on economic growth, and identifying best practices for addressing youth challenges. Additionally, further studies should investigate the role of technology in enhancing the efficiency and reach of cooperatives, as well as the potential for scaling successful models across different regions.

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