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Introduction

At least since the 1911 publication of Robert Michels's *Political Parties,* the process by which organizational democracy yields to oligarchy has been accepted – however regretfully – as inevitable. Organizations with no bosses and no followers, organizations in which all members have an equal say in running things, have largely escaped the notice of organizational analysts. Though democratic organizations have long existed, detailed study of them has been displaced by the assumption that they are fragile, short-lived structures or that they will eventually come under the control of one or a few leaders, thus losing their defining characteristic. This expectation has become a cornerstone of twentieth-century social science.

Today in the United States we are witnessing the birth and life of scores of grass-roots organizations – organizations calling themselves "collectives," "cooperatives," and "alternative institutions" – that aspire to be radically democratic in purpose and in practice. These organizations provide us with a unique opportunity to take a fresh empirical look at the supposed inevitability of oligarchy and bureaucracy. This book examines the nature, possibilities, and limits of direct democracy in such organizations. We develop a theory of democratic organizations and show how this theory is applicable to a broad range of directly democratic and related organizations.

This subject is relevant to anyone who would hope to live and work in a democratic society; it is relevant also to anyone who has written off the possibility of organizational democracy as utopian. These anomalous organizations reject bureaucracy and attempt to fashion an alternative, providing a natural laboratory for evaluating long-held assumptions about the universality of hierarchy and bureaucracy. To the extent that these organizations succeed, they promise to broaden our theory of organizations and to provide concrete models of alternative organizational practices.

Grounded in empirical observation of collectivist organizations in many different domains, this book has two major theoretical aims. The first is to try to construct a systematic, definitive model of the organizational properties of collectivist or cooperative organizations. *We define a collective or a cooper-*

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ative as any enterprise in which control rests ultimately and overwhelmingly with the member–employees–owners, regardless of the particular legal framework through which this is achieved.[1] It is the priority given to democratic methods of control that is the essential characteristic of the contemporary cooperative. Since the right to govern rests ultimately with the collectivity of members and delegated authority is accountable to the group as a whole, members also call their enterprises "collectives." In the nineteenth century lexicon, these enterprises would have been called "producers' cooperatives." The term remains technically correct but the participants themselves seldom use this designation.[2] Although the terms *collectives, cooperatives,* and, more recently, *alternative institutions* have been used historically to denote a range of organizational types, we are interested in the central characteristic they all have in common – direct, democratic control by the members. For this reason, we often use these designations interchangeably.

The second theoretical goal of this work is to discover those conditions that undermine or support the most essential characteristic of cooperatives: decision-making procedures based on participatory democracy.

Cooperatives are important organizations. Throughout their long history in the United States and Europe, they have often formed the cutting edge of movements for social change and organizational innovation. They also carry forward and attempt to put into practice long-held dreams of people, dreams with deep roots in the social theory and philosophy of Western society. They are thus organizations that look to both the past and the future. Part I of the book examines the origins of alternative organizations and shows how they are one strand of a broad social movement currently producing several related types of democratically oriented workplaces.

In spite of the historic legacy of cooperatives, they are not organizations of a bygone era. The United States is currently experiencing the largest and most vital burgeoning of cooperatives in its history. Yet, ironically, we know next to nothing about cooperatives, particularly the specifics of their internal structures, processes, and conditions of operation. The case studies that exist are often descriptive and idiosyncratic. Mainstream organizational theory and research have almost entirely ignored these organizational forms. Ecological studies of the distribution and duration of cooperatives reveal general demographic patterns but little of their internal functioning. We are sorely in need of a theoretical model for understanding collectives and cooperatives *as organizations*. In Part II, we attempt to construct a general theory of democratic organizations. Chapter 3 begins the section by detailing the structural features that define the democratic organization.

Nothing is more central in the values of Western society than the ideals of

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democracy and equality. Visions of direct democracy can be traced back to ancient Greece, resurfacing in many subsequent eras. Yet organizational democracy has been an elusive goal, rarely achieved in practice and chronicled mostly in the breach. The most interesting thing about cooperatives is that they are attempting to achieve something most social science tells us is impossible: viable participatory democracy. Our research on cooperatives convinces us that although they do not always succeed, neither do they always fail. We argue that the creation of organizational democracy is *conditional*. In Chapters 4 and 5 of Part II, we identify specific conditions, some internal to the organization and others external, appearing to favor, or in their absence to undermine, organizational democracy.

In discovering these conditions we hope to advance organizational theory and help to clarify matters for cooperative members. Cooperatives, like all organizations, embrace multiple and often competing goals. The desire for internal democracy, though central, is usually coupled with other legitimate goals. The nexus of these goals places the cooperative in numerous binds. For every condition we identify as supporting democracy, we show the structural dilemma this condition raises for the organization.

We hope this book will help both organizational theorists and practitioners in cooperatives to identify the organizational features essential to the collectivist form, the conditions that promote direct democracy within the organization, and the inherent trade-offs that go with the pursuit of democracy. Identification, however, will not make the necessary choices any easier for members.

Part III draws out the general significance of organizational democracy for the individual and for society. In Chapter 6 we examine not only our own cases, but the existing research literature on worker satisfaction in cooperative-type organizations. Here we reach some unexpected conclusions concerning the effects of democracy on the individual member. Chapter 7 looks at the future of democratic organizations and specifically asks how they perform economically vis-à-vis more conventional forms. We consider what role the government may play in their development, and what kind of evolution and life span we may expect of them in view of historical precedents. The final chapter provides a more philosophical overview of how autonomy and democracy in the workplace may help to transform the relationship between work and play.

As the first step in the analysis, it is necessary to understand the origins and nature of contemporary cooperatives. They are radically different from conventional organizations not only in their form and aims, but also in their unique intellectual and historical roots. For this reason, Chapter 1 begins by

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pointing out how certain classical ideas have shaped contemporary cooperatives. Included here are the writings of Rousseau, Bakunin, and Marx. Consciously or unconsciously, members of cooperatives try to put into practice these venerable ideas. However, according to the work of Weber and Michels and the considerable body of research and theory following from their tradition, the prospects for organizational democracy are extremely remote. This tradition forces us to take seriously the forces of bureaucratization, specialization, and oligarchization confronting would-be democratic organizations. Chapter 1 therefore also examines the Weber/Michels challenge, and then looks at the cultural and economic forces that have favored the rise of the recent wave of cooperatives in the United States. Chapter 2 describes the specific organizations that we have studied and the analytical methods we have used.

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Part I

Origins and types of alternative organizations

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1. Cooperatives in the late twentieth century: the democratic impulse and the challenge of oligarchy

By dinner time that summer afternoon the weekly edition of the *Community News* had been delivered to the racks and newstands and most of the newspaper's staff had gone home for the day. John and Ann remained in the office, sharing the last of the coffee and casually examining the latest issue. For the past several months, John had worked as a reporter covering political affairs in the area. Ann, a photographer, had been in her present job for almost two years. Anyone at the paper, if asked, would have been quick to say both of them had been doing fine work and were well liked. The unusual amount of attention they were giving at that moment to a just-printed edition may have been due to the realization this might be the last time – at least for a good while – they would be doing their present jobs at the paper.

Although he would probably not have admitted it, John was proud to see that the story on the incorporation controversy, into which he had poured so much time and effort, was the week's lead. He didn't want it to be too obvious to Ann, but he was privately admiring his story's prominent position. Ann was more open with her feelings. She had two photos on the front page and another on page 4. She rested her index finger on the photo of the mayor, who was shouting in anger at a contrary City Council member. A slight smile came to her lips.

"This photo really is effective," she said, half to herself. Then her eyes fastened more critically on the page. "But maybe next time a little less backlighting. . . ."

John said he thought the photo was great as it was.

"Yeah," she brightened, "I love doing photography."

He knew how she felt.

Had anyone been there to ask them, Ann and John would have also agreed they liked working at the *Community News*. It was not like other newspapers. Indeed it was unlike any other organization for which they had ever worked. Here, Ann and John and the others had a real say in how the paper would be run. Instead of having bosses at the top and workers at the bottom, the *News* was run democratically, as a collective. Whatever functional role they might

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be playing at the time – reporter, photographer, proofreader, ad salesperson – everyone had an opportunity to attend weekly meetings at which all important matters of internal policy, finances, news coverage, and the like were jointly decided by a process of consensus. The meetings were sometimes long and sometimes tedious, but most people left afterward feeling their voices had been heard and they were committed to the decisions that had been reached. It was *their* newspaper in a profound way, and all were proud of what they had accomplished together. Most had never had another job they liked nearly as well, nor a job that seemed so important to the community. Although conflicts and unhappiness occasionally erupted, as in any work group, morale was generally high.

A few weeks before, John and Ann had been at the meeting in which all had agreed jobs at the newspaper should be rotated periodically. This would give everyone a chance to develop new skills, would introduce some variety, would equitably distribute the dull and exciting aspects of specific jobs, and would help everyone to develop a healthy sense of all that is required to operate a newspaper. Just as important, it would prevent the growth of a bureaucratic hierarchy. No one wanted that to happen. So they, along with the others, had heard all the arguments for and against the idea of job rotation, and had agreed it should be done.

There had been considerable talk around the paper about the upcoming rotation, and everyone was curious about what was involved in the various jobs. Most people appeared to be excited about breaking old routines and learning some new skills. John was among these. Even though he liked his reporting job and was good at it, he felt he would like the more technical side of the process as well. Maybe layout or pasteup, things he now knew little about. And that would probably work out fine for the paper since he was aware of three other people who wanted to switch out of production. John did not have any trouble listing his first and second job choices. His sheet of paper was in the box with all the rest, and he had been comparing notes with others and joining in the speculation about who might be moving into what job.

John said he had to be going in order to get home on his bike before the sun went down.

Ann folded the paper.

They noted they would see each other early Saturday morning at the meeting. A yellow piece of paper on the bulletin board above the desk announced that job rotations would be worked out at the meeting.

As he started toward the door, John light-heartedly commented: "Well, I guess we'll soon know what we'll be doing next week!"

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He stopped, noticing what he took to be a troubled look cross Ann's face.

"I haven't put down my choices yet," she said softly.

He was surprised.

She said she'd thought about it a long time, but just couldn't come up with anything she thought she would enjoy nearly as much as being a photographer. She took out a cigarette. He had rarely seen her smoke before.

Lowering his backpack and claiming the corner of the desk opposite her, he reminded her of the reasons why it was the best thing to do, and of the careful consensus the group had reached.

As he talked, her cigarette made increasingly frequent trips to the ashtray.

"I'm not saying I don't agree with the principle," she interrupted, "I really do. It's just that I'm not sure what I want to do next. . . ." Her voice trailed off and she was quiet for a while.

Then, as if exploring a new idea, she said, "I guess I've been worried. I'm good at what I do. It's kind of scary to think about giving that up. Photography is a challenge and I'd like to learn to do it even better, not have to start all over again at something else."

Another silence.

She wondered if other people didn't share some of her feelings.

He said he'd not heard any real doubts expressed, but there might be some.

"Well, I know we're all committed to this and everyone wants to see it work, but once in a while I wonder," she added, suddenly rising from the desk and declaring in mock-dramatic humor, "if this is any way to run a newspaper!"

They both laughed.

This vignette, based on actual events at one of the organizations we studied, illustrates several of the general themes this book addresses. We are concerned with understanding what collectives are, how they work, what principles they follow, what possibilities and options they seem to present, what problems and limits they face, and what their impact may be on individuals and the larger society.

What is most unusual about the above story is not the existence of individual doubts and ambivalences. These exist in all organizations. What is most striking is the fact that this particular organization, this collective, was trying to do things that almost no other type of organization even attempts: to conduct itself as a pure democracy, deliberately rotating organizational roles among its members. These are bold steps.

The information contained in the story is suggestive, but incomplete. Where did such ideas and practices originate? Not simply in this particular

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organization, for it is virtually identical in form with other cooperatives and collectives around the United States. More precisely, then, we need to know the source from which this whole class of organizations draws its inspiration. To find the answer, we must go far beyond the origins of the *Community News*. We must seek the beginnings of the ideas that gave birth to these organizations – and ultimately to dilemmas such as Ann's – in history.

The historical legacy

The idea of workers cooperatively producing goods or services is not new. In the United States, for example, workers' cooperatives have a long history, dating back to the revolutionary period. The historical record from 1790 to 1940 reveals more than 700 producers' cooperatives. These co-ops have not been randomly distributed in time, but have appeared in distinct waves – the 1840s, the 1860s, the 1880s and the 1920s–30s. What is intriguing is that these four historical periods immediately followed major movements for social change; the pattern of these events suggests a connection between social movements and cooperative formation (Aldrich and Stern, 1978).

In part, producers' cooperatives in the nineteenth century represented efforts by workers to retain highly skilled craft production in the face of increasing mechanization and standardization in industry. In addition, they attempted to put into practice the age-old ideals of democracy, equality, and community, turning direct control over the means and the product of production to the producers.

After a 50-year hiatus, a new, fifth wave of cooperatives has arisen in the United States. The thousands of cooperatives created in local communities since 1970 make the current wave larger than any previous one in American history. In fact, the past decade has seen the emergence of more cooperatives than the rest of American history combined. This latest wave, too, comes on the heels of some of the largest and most vigorous social movements in U.S. history: the civil rights, antiwar, environmental, women's, and student movements of the 1960s and 1970s.

Most contemporary cooperatives are involved in high-quality craft production, retail sales, or the provision of human services. They are made up largely of college-educated young people who were active in, or who were influenced by, the social movements of the 1960s and 1970s. Unlike the nineteenth century artisans, they are not trying to maintain a former state of autonomy, but hope to create entirely new (for them) opportunities and conditions of work and community life. The development of cooperatives in the 1970s appears to be the natural outgrowth of counter-cultural values and sentiments developed and expressed in the social movements of the 1960s. It was

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a short step from insisting that blacks, women, and the Vietnamese be given control over the conditions of their own lives to insisting on the same for oneself. In the 1970s, as the people who had taken part in these social movements graduated from college, they came to focus on the institutions that most touched their day-to-day lives – the community and the workplace. They created community-oriented workplaces such as alternative newspapers, arts and handicrafts shops, food co-ops, publishing houses, restaurants, health clinics, legal collectives, natural foods bakeries, auto repair cooperatives, and retail stores.

These organizations continue to spread at a remarkable rate. A national directory (Gardner, 1976) lists some 5,000 alternative organizations and estimates that about 1,000 new ones are created yearly. A recent estimate (Jackall and Crain, 1984) places the number of producer co-ops at over 1,000, with a median size of 6.5 employees/firm. Other researchers estimate at least 1,300 alternative schools (Moberg, 1979, p. 293), between 5,000 and 10,000 food co-ops (Zwerdling, 1979, p. 90), and several thousand communes (Moberg, 1979, p. 285).

With a few notable exceptions, most of the worker co-ops contain no more than 10 or 20 members, but taken together they account for the employment of thousands of people. Since they often choose to remain small so they can retain their democratic structure, members may create additional co-ops in an area if the market is too large for one. And as each co-op has a demonstration effect, it often spawns another. Most have been organized at the grass-roots level without the aid of government agencies, banks, or other established institutions.

The apparently sudden growth of collectivist organizations in the 1970s is understandable only if we recognize that one such organization spawns another, and that they are manifestations of a social movement. Five thousand alternative organizations do not represent 5,000 isolated, independent social inventions. They derive from, and for the most part they continue to identify with, larger movements seeking societal change.

Since collectivist organizations are oriented toward goals of social or personal change, they can be considered social movement organizations (Zald and Ash, 1966). Their development, however, has not been directed by some centralized leadership with clearly defined means, ends, and dogma. There has been a great deal of spontaneity and experimentation in local cooperative enterprises. And yet, because they are part of a movement, the basic organizational forms that have developed from place to place are virtually identical.

Contemporary co-ops represent attempts to build organizations that are parallel to, but outside of, established institutions and that fulfill social needs (for food, health care, education, etc.) without using bureaucratic authority.

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