

# **Workplace Democracy Comes of Age: Creating Diversity and Economic Growth**

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Since Marx and Weber, the problem of work under capitalism has been a primary object of critique in sociology as well as in popular movements for social change. As dreams of a Workers' revolution faded, some turned their attention to experiments in worker control within capitalist economies. The hope was that democratic workplaces—labor-owned and -managed—could preserve human autonomy and creativity, and model an alternative to workplace alienation. Yet these democratic workplaces were mostly small companies serving a niche counterculture market, and as the counterculture faded so did its alternative organizations. Given their small size, lack of market share and sustained economic growth, democratic workplaces' ability to empower a wide swath of labor was highly questionable.

The decline in such organizations was echoed in scholarly studies. US scholars of workplace democracy have refocused on degrees of worker control in partially or wholly investor-owned companies (i.e., Rothschild and Russell 1986). While some studies find a potential for workplace democracy, there is at least as much scholarly pessimism about the ability of such organizations to create jobs that allow for autonomy, creativity, and dignity.

Although many of the worker-owned businesses described in the literature of the 1970s and 1980s no longer exist, it may be too soon to dismiss worker ownership. This study asks if worker-owned democratic businesses could be viable economic institutions for an increasingly diverse<sup>1</sup> US workforce by examining a firm that is entirely owned and democratically controlled by its workers. This organization has grown from a largely homogeneous handful of co-meditators in the 1970s into a multi-cultural membership of over 200 today. Alternative organizations have been faulted for an inability to extend democratic processes equitably to large, diverse populations while also providing economic stability. Nevertheless, many worker-owned businesses that still survive have indeed grown and prospered, and their current state offers important insights. This single case study of One World Natural Grocery<sup>2</sup> argues economic growth, workplace diversity, and broad participatory democratic management are not incompatible.

## ***Possibilities and limits of worker ownership: literature review***

Unlike an investor-owned firm, in which day-to-day and long-term planning is in the hands of a small group of owners or ownership proxies, democratic workplaces are planned and managed by their workers. All (or a majority of) elected representatives are members of and accountable to the organization. Decades of research show that worker ownership can either be partial—cooperatives that do not require employees to become members or

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<sup>1</sup> "Diversity" is used broadly in this paper to encompass race/ethnicity, gender, sexuality, and class.

<sup>2</sup> One World Natural Grocery is a pseudonym. All names of organizations, places, and people that could identify One World have been changed.

ESOPs with minority or majority stock ownership by employees—or total, with employee membership required. Areas of decision-making can run from shopfloor arrangement and safety procedures, to decisions about the products made and marketing plans, to allocation of profits and long-term capital projects (Bernstein 1982). Thus, worker ownership can occur in different entities, and great differences are possible in the very deployment of such control.

Worker-owned cooperatives in North America and Western Europe in the 1960s and 1970s, however, followed a common pattern: they were almost entirely communitarian in their critique of the modern separation of working and non-working self, were entirely worker-owned and governed, and prioritized the redistribution of control to the group as a whole rather than to a managerial strata. Rothschild-Whitt (1982), one of the most influential scholars of the new cooperative movement, labels this new authorial form “collectivist-democratic,” and her characterization of collectivist-democratic workplaces profoundly shaped both scholarly and popular conceptions of worker ownership. She found rewards to be more idealistic than financial, and that authority in such organizations is derived not from office or expert status but from the *process* of generating collective agreement. This consensus creates accountability between members as to how work is conducted, removing the need for external management. Eschewing the formal rationality Weber (1946) found to typify capitalist modernity, the rejection of financial incentives, bureaucratic status, and formal rules requires a shared morality to create the consensus-based accountability. Rothschild-Whitt’s found such a shared morality came from emotional bonds of *friendship*. Friendship as a basis for organizational control and consent, however, has two preconditions: each member must believe the others already have similar enough ideals for this working friendship to develop, and organizations must be small enough for each member to develop emotional bonds with the others.

Indeed, whether out of choice or external constraint, almost all alternative North American organizations previously studied had 40 or fewer members (e.g., Ferguson 1991; Jackall 1984; Mansbridge 1980; Rothschild-Whitt 1982). Yet although the financial rewards of such enterprises was not great, they were particularly popular among a middle-class population unimpressed by the “rat race” of the 1950s and 1960s (Breines 1989). Members of such collectivist-democracies described their rewards as the experience of equality of power (Mansbridge 1980), working toward a righteous and morally self-enhancing goal (Kleinman 1996), and non-alienated relations to the product, the production process, one’s co-workers, and oneself (Ferguson 1991).

Nevertheless, these organizations did not last. By the mid-1970s, researchers found upwards of 5000 such organizations (Rothschild-Whitt 1982), but at present there are only approximately a tenth of that number<sup>3</sup>. With one or two exceptions, none of the businesses in previous studies now exist. There are particular reasons for the decline in alternative workplaces beyond those typical of small businesses in the globalized market (see Greider 1997). On one hand is the exploitation by investor-owned companies of the niches developed by alternative organizations (natural foods, women-centered health services, youth-oriented publications, etc.); on the other is small

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<sup>3</sup> According to the National Cooperative Business Association (<http://www.ncba.coop>), a US federal agency, there are currently 300 worker-owned cooperatives. They also record 500 consumer food cooperatives, which often share the history, goals and organizational structure of worker-owned cooperatives. Employees of a consumer cooperative, however, are far less empowered than those of a worker-owned business, and have in many cases unionized to protect their interests. While it is therefore difficult to precisely assess the decline of these alternative organizations, there has clearly been a significant decrease in such organizations.

cooperatives' inability to attract capitalization for expansion due to the mix of non-profit-oriented goals, unfamiliar organizational structures, and typical member disconnection from local business communities. Some small collectives continue as boutique responses to elite demand or by serving a market below corporate-scale notice (i.e., delivering heating fuel in a rural community). However, the size of such companies means an even small number of workers are involved in these organizations in today's labor market.

There may be beautiful things about the small-scale enterprise (Schumacher 1973), but there are also serious drawbacks to the lack of economic growth in the previous generation of democratic workplaces. Beyond the struggle to compete against big business entry into specialized markets, economic marginality creates problems of stability. People without outside support from investments or family wealth are less likely to be attracted to idealistic rewards, or else they have a very different relationship to such rewards. As Mansbridge found (1980), this means more white and middle-class collectivists, as they have resources to supplement income. Kleinman (1996) also found that while women—particularly those with higher-earning male partners—might initially find involvement rewarding, their donations of time were less valued than those of men, who were seen to be sacrificing greater dominant culture rewards. The lack of organizational value placed on women's work—as expressed in low wages—eventually caused women to leave the organization.

Lack of economic growth, however, does not fully explain the homogeneity widely reported in these earlier cooperatives. Relying on shared beliefs to create consensus meant that most collectives recruited new members out of pre-existing friendship networks (Rothschild-Whitt 1982). Because informal personal networks are deeply segregated by race/ethnicity and class, friendship-based cohesion tends to reproduce homogeneity over time. Yet this connection between member homogeneity and the functionality of non-hierarchical control is widely posited in contemporary cooperatives (Pencavel 2001; Loe 1999; Hacker 1989.) Indeed, even collective members themselves theorize it as a necessary condition for their collectivist democracy (Ferguson 1991).

Member “homogeneity,” however, is not only an inherent *attribute* but also a *process* of minimizing or highlighting the salience of diverse social characteristics. Kasmir's (1996) study of Mondragón argues that democratic workplaces may repress internal class diversity in order to create the basis of consent to be governed representatively by one's presumptive peers. Freeman (1984) criticized the US women's “structureless” movement of 30 years ago for positing equal power among “sisters” and thus ignoring the classed differences in cultural capital that reproduced social stratification of power within movement organizations. Sirianni (1993) similarly finds that “structurelessness” in alternative non-profit companies reproduces racial social stratification. Conflating informality with structurelessness, and formality with hierarchy, Sirianni contends that a representative hierarchical democracy better serves the aim of fostering diversity and protection of subaltern interests.

Maintaining democracy in a hierarchy is difficult, however. From Michels' (1959) claim that organizations inevitably move towards oligarchy, to Weber's (1946) forecast of the Iron Cage of rationalization, to DiMaggio & Powell's (1983) outline of institutional isomorphism, it would appear nearly impossible for an organization to resist centralized, hierarchical management when it is the hegemonic business model. This led much earlier cooperativists to urge against employing non-member—and thus non-voting—labor, fearing degeneration into privately-held firms (Webb and Webb 1897). Indeed, as researchers have found, it is all too easy for organizations to attempt to generate

capital from non-member labor (Rothschild and Russell 1986), reproducing racial stratification when white founders employ non-white labor (Russell 1982) and potentially reproducing other forms of stratification as well.

Thus, organizations concerned with extending workplace democracy beyond dominant groups are faced with three challenges that are unlike those faced by small or mid-sized investor-owned companies—which are quite typically homogeneous or deeply stratified. First, they must create agreement among those whose interests are not necessarily identical or even significantly overlapping. Second, they must ensure that they are not repressing internal differences in order to foster a cohesive culture. Third, they must extend empowerment across acknowledged differences of race/ethnicity, class, gender, and sexuality.

Creating an economically viable democratic workplace sounds like a tall order; further expecting broad empowerment of a heterogeneous membership seems unattainable. However, studies of partial participative management offer important insights. Rothschild & Russell's (1986) review of such studies shows no clear negative effect on productivity after implementation of democratic control in the workplace, indicating that business and democracy are not incompatible. Given the scale at which employee participation has been conducted in the corporate world (Rothschild 2000), large-scale successful workplace democracies can be envisioned. Further, studies of employee participation at even the most vulnerable occupational sites show that workers are usually eager to take on responsibility (Smith 2001), particularly if they perceive rewards of skill and dignity—which are increasingly recognized as a key concern of labor (Hodson 2000). Proof of such desire by workers should erode fears of the “free rider” problem and highlight motivations for business success beyond profit-oriented goals. Finally, drawing on several studies of affirmative action, Rothschild (2000) shows that most US employees approve of programs shown to be most effective to increase diversity within their workplaces.

Together, such studies demonstrate the potential of worker ownership give workers financial stability and self-determination within heterogeneous populations. Yet without examples, it is too easy to attack democratic workplaces on grounds of managerial and economic infeasibility, and perceived barriers of race/ethnicity, gender, class, and sexuality diversity. This article demonstrates how one organization attempts to break such barriers.

### ***One World Natural Grocery: a case history***

The West Coast of the US is notable for a predominance of worker cooperatives since the beginning of the twentieth century, becoming particularly robust in the past 30 years (Berman 1982; Gunn 2004)—unlike the Midwest or the Northeast where consumer and producer cooperatives were most common. One World Natural Grocery was founded in the medium-sized city of Edgecliff on the West Coast, which has become whiter and wealthier in the past 15 years. While these changes occurred in One World's immediate neighborhood as well, the store is still surrounded by an ethn racially and class diverse population, and customers span a continuum from affluent, mostly white “foodies” to poor, mostly non-white<sup>4</sup> immigrants attracted to low prices for organic food.

Originally, One World exemplified Rothschild-Whitt's (1982) small, homogeneous, friendship-driven collectivist-democracy. Started in the early 1970s as a natural food-buying club of a non-traditional spiritual group,

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<sup>4</sup> Although categorizing members as “non-white” runs the risk homogenizing a very diverse group with “the mark of the plural” (Shohat and Stam 1994), what is key here is the interruption of fantasies of (white) homogeneity.

its founders mainly typified the low-paid white, drop-out, educated population she found in similar businesses. A scandal rocked the community shortly after they opened a storefront to the public in 1975, causing many original members to leave and the organization to secularize rapidly. A rejection of hierarchical management and a desire to integrate the interests of old and new members resulted in an organizational hybrid of collectivist and representative democratic practices, discussed below.

As the business grew, various obstacles were innovatively overcome: to shield those adverse to state interaction, a separate store and membership was set up (and later dissolved) to sell taxable items; undercapitalization for a move to a larger storefront was resolved through literally hundreds of small loans from the community of customers; and a change in legal status ten years later helped attract necessary bank backing to purchase their current site. Success through creative solutions generated organizational trust in nontraditional methods.

The relocations in the early 1980s and the mid-1990s each necessitated a rapid burst of hiring, again calling for integration of many new workers into the atypical business. Nevertheless, One World did not move towards the hierarchy and job specialization becoming common in other expanding cooperatives in the Golden Valley region, including an employee-owned firm that hired an outside managerial force and another that increased its pay ratio from 3:1 to 4:1 after a frustrating search for a CEO. Instead, One World divided its departments to maintain small internal collectivist units and added more levels of representative bodies coordinating between departments and the membership as a whole.

This strategy seems to have paid off as well as any. Unlike the disappearance of almost all other worker-owned cooperative food stores in the region, One World doubled its workforce over the past ten years, has annual sales in the multi-millions, and donates close to \$100,000 yearly in grants to local community organizations. To date it still has no managerial strata. Furthermore, its diverse member composition is unlike the cooperatives depicted in earlier sociological literature. It has not degenerated into a corporation controlled by a small group of private owners or stagnated as a small, struggling enterprise, nor does it rely on a homogeneous friendship network for recruitment and retention. As the only 100% employee-owned business of its size to eschew positional management, it offers an excellent example of an organization attempting to unite heterogeneity and empowerment. By extending theories of democracy, diversity, and growth, this study turns an exceptional case into an exemplar of the viability of workplace democratic processes.

## ***Research methods***

The study's data collection utilized mixed methods: survey, archival, and participant observation. Archival documents included current and past advertising, promotional and customer relations materials, meeting agendas and minutes, handouts and notices to employees, and internal financial documents. While member surveys and the organization's financial records alone could reveal the presence or absence of economic growth and workforce heterogeneity, ethnographic study is particularly well-suited to teasing out how people make meaning of their actions in specific contexts (Burawoy 1991), how ideas about difference, democracy, and growth are mutually enabling in a workplace. To go beyond simple assertion in this case, immersion in the organization over a sustained

period helps explain *how* One World democratically mediates between different interests while all the while staying in the business of providing goods and services to customers.

The majority of the participant observation research took place over five weeks in the summer of 2003, five to six days per week, eight to ten hours per day. Extensive notes were taken on the floor and written up in greater detail at the end of each shift. Participant observation during this time included daily activities, meetings of the four departments chosen for intensive study (one primarily production, one primarily customer interface, one primarily administrative and non-revenue producing, and one considered most troubled), meetings of the most powerful committees, membership-wide meetings, “Cooperative Concerns” sessions (discussed below) and orientations for new workers. These settings revealed the different types of democratic expectations and outcomes across the organization. While shadowing members within each department, informal interviews were invariably conducted about lives and paths to One World. Demographic information on all members of each department was also systematically collected, including job title & responsibilities, tenure at One World, job before One World, age, ethnoracial identification, gender identification, sexual identification, education, where they grew up, how they would identify their family’s class, parents’ education and occupations, first language, and whether they were US-born or born elsewhere.

Research for this case study is part of a larger project on worker cooperatives. Thus, data from One World is contextualized within formal and informal interviews with members of all the larger (100+ employee) West Coast cooperatives, attendance at several membership and board of directors meetings of One World and other large cooperatives between the winter of 2002 and the summer of 2004, and attendance at numerous formal and informal social gatherings of cooperative members from 2001 through 2004.

## ***Democracy, growth, and diversity***

### **Densely clustered democracy**

As noted above, workplace democracy has different manifestations and therefore different problems arise, from a lack of voice and control in highly representative structures to the potential for deadlock or coercion among “friendly” small groups. One World, however, avoids many of the problems common to each. One World has representative bodies: a board of directors elected from the membership and responsible for long-term planning and financial decisions, and an interdepartmental coordinating committee (ICC), also elected from the membership, primarily adjudicating grievances, settling conflicts between departments, and overseeing storewide concerns such as security. However, the authority of either body may be (and often is) challenged by decisions of the monthly membership meeting.

Beyond these expressions of vertical power, One World also uses the horizontal power of collectivist-democracy by allocating almost all day-to-day decision making to each of its 14 departments. Departments have autonomy in purchasing, hiring and firing, scheduling, and even in how they will make their decisions (e.g., majority rule, two-thirds majority, or consensus). No departments have managerial positions, although some have elected coordinating committees to check time cards and initiate disciplinary actions, and some have a single person choosing products to be sold. However, these roles are not more highly compensated than others as pay differences

are primarily based on tenure, and poor buying or coordinating can result in the department voting in new personnel. In addition, there are numerous smaller elected regular and ad hoc committees, each facilitating the flow of information (i.e., a committee to help members craft acceptable agenda items), goods (i.e., grants and donations committees), or services (e.g., an ecology committee empowered to create efficient and ecological lighting, design, and sanitation).

In short, the culture of One World is a highly formal but non-hierarchical one in which democratic processes are densely clustered and widely distributed. It is therefore almost impossible for an employee not to engage with the democratic organization of the workplace. Because meeting time is paid at the same rate as a member's other hours, such democratic participation relies far less on an implicit social contract than it did in earlier generations of collectivist democracies. Instead, One World explicitly values internal processes on par with those that generate revenue.

## **Economic growth**

One World's focus on internal process contrasts sharply with the ideal hierarchical organization in which decisions are made quickly by one or a few managers and implemented by an obedient workforce. A typical corporate manager can instantly fire a worker for theft; in contrast, One World's process calls for temporary suspension pending investigation by the ICC and the potential for appeal by the accused worker all the way up to the monthly membership meeting. Expending resources on time-consuming and non-revenue generating procedures would, it seems, handicap an alternative organization competing with more efficient "lean and mean" companies.

Yet if One World's democratic process is inefficient and lacks the ability to compete with hierarchical management, how can its marked economic growth be explained? From a handful of unpaid volunteers, One World has developed a workforce of over 200 full- and part-time employees whose total annual compensation<sup>5</sup> averages \$10,000 more than Edgecliff's per capita money income average of \$35,000 (1999 US Census)<sup>6</sup>—while only working a mean of 28 hours per week. While threats to strip away healthcare benefits have mobilized unionized grocery workers nationwide, One World's healthcare package covers a choice of doctors and alternative practitioners, weekly mental health visits, and applies to all members averaging at least 24 hours per week. One World moved from successively larger leased storefronts to its current ownership of a quarter of a city block, occupying a 40,000 square-foot building and slowly buying smaller properties around it. They do \$28 million in annual sales, and their yearly growth figures seems to show their ability to hold their own against encroachment by national health food chains like the non-union Whole Foods<sup>7</sup>.

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<sup>5</sup> Total compensation here includes wages, shares of the profit paid in cash and paper shares, and dividends on shares invested in One World. This figure does not include vacation and personal time, health insurance benefits, paid gym memberships, or various other non-cash benefits.

<sup>6</sup> Edgefield's current per capita income is likely less now, as 1999 was the height of an Edgecliff boom that went bust in 2001.

<sup>7</sup> Whole Foods is known as "Fresh and Wild" in the UK. With 160 North American locations, it has been criticized for over a decade by community and union organizations for union busting. Its compensation data is not easily available, but websites created by workers suggest that wages are well under those of One World, and profit-sharing almost non-existent.

Despite the ostensible inefficiency of decentralized control, One World's democratic process in fact *promotes* economic growth. The example of a member who appealed termination after a three-month ICC investigation helps illustrate the connection. To avoid potential litigation, One World's lawyers advised distributing copies of confidential records for members to read during the monthly membership meeting, and then collecting and destroying the copies after the appeal vote. All members attending the meeting were paid for the time it took the slowest reader to finish the documents. While this incident is remembered with no small degree of frustration, it was nonetheless an extremely *effective* method. Not only did the membership uphold the ICC's decision, but thereafter appeals to the membership meeting diminished sharply as trust grew in the ICC and One World's other decision-making bodies. Such trust was not in particular persons, as committees generally turn over by at least half each year, but in the democratic process.

Furthermore, such participatory democratic processes are also *efficient*<sup>8</sup>. A typical corporate termination appeal involves outsourced mediators and legal staff, and may result in the manager being terminated or experiencing a level of burnout that hinders work or causes the manager to leave. Training new employees is quite expensive, especially at managerial levels. While burnout is certainly common on One World's ICC and many members step down after particularly intense grievances have been adjudicated, they do not leave the organization itself. Instead, they shift to more hours in their home department and are available for formal and informal consultation and interaction with the new ICC, thus preserving institutional knowledge within the organization.

In a hierarchy, the only way to achieve status and power is to be promoted up the chain of command. Failure to be promoted will cause ambitious employees to seek advancement in other companies, resulting in the problems of turnover described above. Because there is no ladder to bestow workers with status or power, and because wages are delinked from tasks or expertise, One World members have no push to leave. What's more, while One World assigns multi-member committees to do tasks typically undertaken in corporations by single managers, they often save money by doing so. Because the highest-paid member receives no more than three times that of the lowest paid, it would take a committee composed of more than a hundred of the highest-paid workers—devoting their full hours to the committee—to cost the organization as much as hiring a CEO at the US's average 370:1 pay ratio. One World's density of worker input—including the occasional long, expensive meeting—is thus cost-effective.

A mutually reinforcing relationship exists between economic growth and democratic process. Among a small membership, burnout can result in loss similar to that in corporations because the few co-workers who might take up the slack already have their own set of extra responsibilities. As many One World members pointed out, in a larger organization there are always others able and willing to take on greater responsibility. That is, growth allows for burdens to be distributed among a larger number of people, which funnels more energy towards managing problems and promoting the business, which creates an even larger membership to share burdens. Thus, One

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<sup>8</sup> Polletta (2003) reminds us that the labor movement in the early twentieth century urged participatory-democratic structure over what was then seen as the hopeless inefficiency of non-responsive hierarchical bureaucracy; it was not until mid-century that cultural claims about hierarchical efficiency shifted favor the presumption of efficiency in expert decision making.

World's sustained economic growth can be seen not merely as a fluke but as an outcome of its densely clustered democratic processes.

## **From homogeneity to heterogeneity**

One World's heterogeneity is noticeable on the floor and in its personnel records. Since beginning to track ethnoracial demographics in 1983 as required by the state, whites have diminished from 85 to 60 percent of the membership. More than half of the non-white population is Latino—an internally diverse group of Chicano and first- and second-generation North, Central, and South Americans members. In addition to whites and Latinos, membership is Asian, Asian American, and Southeast Asian; African American and Caribbean black; indigenous; and mixed. Bilingual and primary non-English speakers interact with each other and their customers on the floor—mostly in Spanish, but also in Vietnamese, French, Cantonese, and Portuguese. Public and private signs and documents are translated into Spanish or English as needed by the in-house translation committee, and all large meetings automatically have professional simultaneous Spanish translation on wireless headsets<sup>9</sup>. There are slightly more women than men (as well as a handful of members identifying as transgendered or multi-gendered) and well over 10 percent of the membership describe themselves as non-heterosexual. Significantly, jobs and departments are not particularly gendered or heteronormative. Most members are still in the 30-40 age range, but at least 35 percent is younger or older.

Less visible but no less significant is the class shift that has taken place in the past 25 years. Few current One World members had college-educated parents; most members themselves have a high school education or maybe some college courses; their family rented homes or, if they owned them, came from rural areas; many had taken jobs in high school for economic reasons; few could rely on family money to help out with car payments or vacation. In short, One World members are overwhelmingly working class. Having few family resources, the working class is primarily supported by their income and can less easily choose low wages in exchange for “empowered” job conditions. As compensation rises at One World (not only in wages, but also profit-sharing and the rich benefits package), membership becomes an increasingly attractive option. Instead of deriving moral worth from earning less than middle-class peers in the corporate world (Kleinman 1996), One World members identified above-average compensation as an important part of their job satisfaction.

Nevertheless, organizations that value expressions of dominant cultural capital (being able to write a clear argument in standard English for an agenda, speak calmly and succinctly before large meetings, or make sense of financial documents) run the risk of replicating social stratification by rewarding those with such cultural capital (Bourdieu 1986). One World is not free of this dynamic. Several members with a family or educational background developing middle-class cultural capital are perceived by others as “naturally” wiser, more talented, or otherwise more deserving of respect and power than those whose speech is less grammatically correct, who lose the thread of an argument when speaking in groups, or who don't know how bank lending works.

One World, however, counters pre-existing advantages in cultural capital. Paying members to attend departmental meetings and read the minutes of a variety of organizational bodies subsidizes practice in the

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<sup>9</sup> Departments and committees pay for their own meeting interpretation as needed, but only two departments outsource interpretation with any regularity.

organization's key skills. Although attendance at membership meetings is voluntary, becoming a member entails observing meetings with a "buddy" paid to promote new worker acculturation<sup>10</sup>. To rein in membership meeting length all agenda items must include the historical context and business objective, describe projected outcomes, and outline implementation. This requirement tends to prevent frivolous or confusing items from reaching the stage of member discussion. It's also intimidating to new workers with little research and writing experience. To remove potentially classed (and therefore raced, given the disproportionate US racialization of class), One World's "Successful Participation Committee" helps members write and research items. Members thus gain skills and are invested with new forms of cultural capital.

The density of committees and collectivist-democratic decision-making processes block the accumulation of personal power by those with dominant cultural capital. Thus, when one long-term white male board member was found to have gone around the backs of the membership—even to do something that was widely seen as beneficial to the organization and indeed the majority's choice—his bid for board re-election was rejected by the membership. This was both due to a violation of the cultural trust in shared information, and because his knowledge was redundant in the board of directors, who didn't need his presence to seamlessly accomplish the organization's goals.

Of course, One World is not perfect and members make formal complaints—products carried or not, appropriateness of other departments' displays, member behavior, allocation of space, potential expansion, etc.—though membership meeting items, appeals to the ICC or board of directors, items placed on other departments' agendas, or Cooperative Concerns sessions. The Cooperative Concerns process was implemented as a way to shorten monthly membership meetings by displacing debate on contentious items elsewhere. Arranged by either the board or the ICC at the request of at least three members, it runs exactly one hour, is scheduled no less than two weeks from the date requested, and attendance is—as with all meetings—paid at the same rate as members' other tasks.

In 2003, a Cooperative Concerns meeting focused on African American underrepresentation was convened by the ICC at the petition of a long-term African American worker. A white female worker deplored the situation and described a black male member as a "unicorn," inferring he was the only one of his kind. While there were at that time four other black male members, and three African American women worked in his department, members criticized One World for failing to mirror the city's 8 percent African American population. Other members compared One World unfavorably to nearby unionized supermarkets where upwards of 25 percent of the employees are black. As people discussed the problem, the secretary outlined and tape-recorded what would later be distributed as verbatim minutes. At the end of the allotted hour she called an abrupt stop to the session, people thanked each other taking the time to talk, and everyone left without proposing further action—as per Cooperative Concerns protocol

To an outsider, the Cooperative Concerns format seems chaotic and ineffective. Can discussion be useful without formal affirmative action, centralized hiring policies, or organizational analysis of why hires of people of color do not translate into retention within the whiter departments? Still, these sessions do the important work of

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<sup>10</sup> All workers must apply for membership after working roughly nine months or be terminated. They must be voted in by their department, and must have completed five orientations and attended four specific non-departmental meetings. The initial share purchase of membership is only slightly more than an hour's pay.

formalizing the informal talk typical of any institutional setting. The debate is transcribed, translated into Spanish, and posted publicly. Discussions about the session occurred in the breakroom where people read the logs, in hallways, and on the floor. By turning member complaint into documents all members are expected—and paid—to read, a shared discourse emerges. The salient points of this discourse were that underrepresentation is real and a legitimate organizational concern; and that internal departmental policies contribute positively and negatively to this problem.

The discourse occurs within an organizational context where economic resources are devoted to combating inequality through the on-going efforts of an “anti-oppression task force.” This self-renewing committee, initially selected from a pool of volunteers by the ICC and trained by consultants in 2001, holds a few intensive multi-day workshops for up to 10 paid volunteer members each year. Trainees describe bringing task force concepts and strategies into departmental and interdepartmental meetings where they sometimes meet resistance from other members, but have a robust language with which to advocate policy changes.

Together, these discussions and workshop outcomes frame an informal set of processes through which member demographics are politicized at the “local” level of departments, the site of day-to-day control. In her study of conflict resolution during the transformation of a similarly-sized private coal mine to worker ownership, Hoffman (2001) finds that increased democratic process leads to greater resolution—more informal but no less effective. In fact, while One World members correctly identify problems of underrepresentation in need of remedy, it is no small matter that One World has become *more* ethnoracially heterogeneous, not less, over the years. Thus, a “culture of complaint” (Weeks, 2004) may be how organizations become cognizant of problems to address. Over the year following this Cooperative Concerns session, without any formal or centralized policies being put into place, a larger proportion than usual of new hires were African American and most of them are still working a year later<sup>11</sup>.

In short, One World attempts to solve many of the earlier problems of homogeneity with structural solutions that employ informal processes. By placing as high a monetary value on public discussion and complaint forums as on revenue-generating activities, by developing organizational bodies to identify pockets of privilege and inequality, and by devoting organizational resources to leveling the effects of cultural capital, One World creates the conditions that promote heterogeneity and diminish inequalities among its membership.

### ***Analysis of findings: promoting diversity through growth and democratic processes***

While imperfect and incomplete, One World’s organizational culture and achievements have important implications for studies of work and organizations. As the findings show, growth at One World occurred not in spite of a commitment to democratic practices, but a result of it. This is due in part to reducing the costs of management, but also by creating a workplace culture in which shared responsibility and knowledge is expected. Such a culture helps retain organizational knowledge and minimizes the training costs.

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<sup>11</sup> As commonly noted by members and confirmed by One World’s personnel staff, firings are most common within the first year of employment. Whether the likelihood of being fired later is due to a weeding out of bad or “bad fit” workers, increased social bonds making firing more emotionally fraught for department members, or new members learning the tricks to continued employment cannot be determined from this study.

Some collectivist-democratic workplaces still attribute their survival as democratic bodies to the face-to-face relations only possible with a small membership (Cheese Board Collective, 2003). Yet, as One World shows, growth does not have to mean giving up democratic practices and outcomes. One World harnesses the empowerment of face-to-face collectivism and minimizes disenfranchisement and alienation typical of large and representative bodies, but without putting a limit on organizational size. By connecting the smaller units through multiple democratic channels, One World reduces the potential for “star” or personal power found to be common in small groups (Freeman 1984). Multiple levels of power allow for both stability and an exciting and even chaotic mix of ideas. This combination produces innovations in workplace practice that have helped One World grow further and extend its power and resources to its heterogeneous population.

Indeed, a key finding of this research is that member diversity is largely predicated on economic growth. Becoming a more substantial business allowed One World to more fully meet its members needs. With the highest annual total compensation topping out at \$131,000, no one at One World is becoming a millionaire. However no one is poor, either—One World provides an above-average living for its majority working-class membership. Because race and class are so deeply linked, One World’s ability to pay decently allows more recruitment and retention of people of color than did the earlier and much more poorly paid cooperatives. Financial support is a key aspect of the “right livelihood” goal of earlier cooperatives: reduced alienation, greater dignity, and economic stability.

One World’s ability to maintain and enlarge its ethnoracial diversity is also facilitated by the sheer numbers of members. Although there are, for instance, few African American men working in the store, in fact no one of them is a token. The larger the organization, the less likely it is that any one person is called upon to be the minority representative, a stressful burden that has been identified as a key factor in the lack of diversity in alternative (Moraga & Anzaldúa 1981) and workplace organizations (Kanter 1977). Thus, in terms of developing a diverse workforce, it appears that beautiful is more likely to be medium or big than small.

## **Conclusion**

Taken together, my findings shows that growth enables diversity, and that workplace democratic process can be maintained in larger organizations. Alternative institutions can thus indeed be viable economic institutions for a diverse workforce, providing sustainable jobs for working people, modeling workplaces that resist reproducing social stratification, and giving a wide swath of working people greater autonomy in the bulk of their waking hours. The keys to such transformation, however, are the combination of democratic processes to solve the problems of top-down management and collectivist homogeneity, prioritizing membership heterogeneity to ensure such organizations are not merely boutique solutions for elite workers, and organizational growth to support the first two.

In fact, several North American cooperatives that have lasted more than 20 years have grown beyond their original face-to-face collectivist democracy and now employ a variety of democratic strategies to manage their heterogeneity. Examples are as varied as Open Enterprises, an adult entertainment retailer with a workforce of 200; the Union Cab Company in the Midwest with 150; and Alvarado Street Bakery, a national producer of sprouted wheat baked goods with 120. Growth as a key to sustained existence suggests a trend in contemporary industrial

democracy. Such growth should not be seen as a repudiation of the smaller collectivist democracies, but rather as an organizational expansion of the critique of hierarchical bureaucracy.

This study makes a strong case for a return in scholarly attention to the ways in which worker ownership can provide economic growth for a diverse and democratic population. Clearly, investigation of other, similar cases would deepen and expand the argument presented here. It is not necessary for advocates of social change in the workplace to seek hope only in employee participation schemes in capitalist organizations (e.g., Rothschild 2000). In a job market progressively more dominated by transnational corporations fixed solely on the bottom line, this study helps refocus research on worker ownership and control and makes visible its viable alternatives.

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