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# "Political Economy" : Variability and Consistency in the Development of Worker Owned Cooperatives

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**“Political Economy”: Variability and Consistency in the  
Development of Worker Owned Cooperatives**

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## **Abstract**

The relationship between worker cooperatives and their social and economic environment has sparked interest among the sociological community for the contradictions and harmony typical of these interactions. However, these studies do not examine how firm behavior varies and/or remains constant in different social conditions. With insights from economic sociology, neo-institutionalism, and social movements theory, the paper pursues this issue by answering the following question: how do worker cooperatives respond to different social conditions over time? Using interviews with members of eight worker cooperatives in a Midwestern metropolitan area, the author compares behavior in older and younger cooperatives to observe similarities and differences in their practices under different social conditions. The analysis demonstrates that differences in social support and market competition created variation among older and newer cooperatives. For instance, the decision to start worker-owned cooperatives reflected different political motivations that emerged from distinct socio-economic conditions. However, all firms eventually behaved like businesses because they framed economic activities as political activism, exposing them to fluctuations in the city's political scene. As a result, these businesses created market niches, attract customers and competent workers, and copy other successful democratic enterprises to survive demographic fluctuations in the market.

As collectively owned and operated firms, worker cooperatives have intrigued social scientists because they represent “organizational practices and aspirations that are a radical departure from those that are available in their capitalist bureaucratic context” (Rothschild 1984: 308). While some scholars have examined the unique characteristics of these firms, most studies have examined the problems that emerge between activist organizations like cooperatives and their wider social context. In many ways, these studies emerge from a tradition of research on the conflicts and compromises between activist groups and their environment. While the research foci and methods vary, the mystery of institutionalized activism has inspired scholars to examine how social and economic factors prompt activist organizations and movements like first century Christianity or third wave feminism to shape their views and behavior.

In the case of worker cooperatives, however, few micro-sociological studies have examined this issue from an institutional, economic, or social movements perspective. Some studies have examined the ways these firms deal with external pressures such as competition. However, these studies tend to outline these coping mechanisms without examining the complex relationship between businesses that frame commercial activity as political activism and their changing environment. The methodological lapses of these studies are significant because they ignore the insight of other sociological perspectives on firms and organizations like neo-institutionalism, social movement theory, and economic sociology. Since economies and societies are dynamic in nature, different contexts clearly alter the behavior of political and economic organizations. The political and economic nature of worker cooperatives subsequently gives researchers the opportunity to examine how different socio-economic conditions

shape their behavior. This paper will attempt to produce a systematic analysis of the institutionalization of worker-owned cooperatives by answering the following question: how does the behavior of worker-owned cooperatives change over time under different social conditions?

Using interviews with workers from eight different cooperatives, I argue that differences in social support and market conditions initially created behavioral variability among two generations of worker owned cooperatives, with older firms being more militant than younger ones. Over time, these conditions produced consistent behavior among all cooperatives as they focused on individual survival in their respective market without significant financial and social support from consumer/activists. Cooperatives adopted these behaviors because they defined their commercial activities as political activism, exposing their market niches to demographic fluctuations in the city's political community. Consequently, these organizations focused on strengthening their organizations and find reliable customers to overcome environmental instability in their markets and social conditions.

This paper will subsequently present my argument in five sections. First, I examine how different social conditions produce different political motivations that impact the behavior of these firms. I analyze how these conditions subsequently force all firms to create niches, hire competent workers, and copy successful democratic organizations to survive in their markets. Finally, I will conclude the paper with a summary of my argument and directions for future research.

## **Theory**

Most research on worker owned cooperatives understand these firms as economic entities continuously in conflict with their economic environment. Most studies have shown that the democratic organization and the inability to produce capital from worker-owners are responsible for these problems. For example, a study on plywood cooperatives in the Pacific Northwest suggested that cooperatives depressed wages to maintain prices low and remain competitive (Sommer et al 1984). Other researchers have studied how external pressures such as market demand, technological development, and the distribution of labor create organizational crises that threaten the collective's solidarity and force workers to use external resources to resolve these conflicts (Ferguson 1990; Jackall and Crain 1984; Rothschild 1984). To be sure, some studies suggest that these democratic structures may help increase productivity in some firms (Jones and Svejnar 1985: 460). However, the literature on worker owned cooperatives promote the view that the cooperatives exist in a conflict-ridden relation to the wider economy and that the nature of this conflict rarely varies.

Since these studies examine one socio-economic context, they fail to explore whether different socio-economic conditions shape the behavior of worker cooperatives. With the emergence of newer cooperatives, perhaps different social and economic contexts produce different behaviors. For instance, the rise and fall of social movements that supported the efforts of cooperators may impact their consumer base. Likewise, these firms might change their behavior to face changing markets and competition.

These conditions could also shape the behavior of firms from the 1960s and 70s in similar or different ways. For example, the loss of support for cooperatives over time might motivate them to seek new customers. The firm's isolation within their market would prompt them to avoid competition by creating niches. Consequently, this oversight in the literature raises important issues prominent in other theoretical approaches to the study of organizations and social movements.

Economic sociology, neo-institutionalism, and social movements theory provide valuable perspectives on this topic. Economic sociology and neo-institutionalism focus on the interaction between stable and unstable economic and social conditions and firm behavior. As Neil Fligstein (1996) argues, stable markets require strong organizations between within firms and stable distributions of power between firms to promote ordered competition. With new markets or economic crises, however, firms struggle for power like new social movements to gain control of the state:

The ability of groups in a social movement to attain success depends on factors similar to firms trying to produce a stable market: the size of groups, their resources, the existence of political opportunities to act, state actors willing to negotiate grievances and the ability to build a political coalition around a collective identity (Fligstein 1996: 664).

Consequently firms must create strong internal organizations that can survive changing economic conditions and regulate the distribution of power between firms in a market to stabilize unregulated competition. Neo-institutionalists follow this point well, examining how organizations mimic other "successful" organization when "the environment creates symbolic uncertainty" that threaten its survival (DiMaggio and Powell 1991: 69). In this sense, unstable or heavily competitive economic and social conditions prompt firms to create stable organizations that can help their presence grow in their market.

Accordingly, social movements literature demonstrates how social support for social movement organizations can also shape the behavior of institutions over time. As Thomas Rochan argues, a social movement is a group of individuals or organizations that attempts to implement their values into common social and political practices (Rochan 1998). While these movements generally emerge from established institutions and organizations, their growth and behavior interacts with different social conditions (Friedman and McAdam 1992). Some studies focus on the importance of individual supporters, demonstrating how social movements mobilize support in an area by bridging the worldview of potential supporters with the organization's values and goals through different political and social frameworks (Snow et al. 1986). Other theorists have analyzed how the emergence and disappearance of social and financial resources shape the growth and behaviors of social movements (Jenkins 1983). While some theorists have bridged the gap between these perspectives (Friedman and McAdam 1992), this body of research clearly demonstrates how conditions can impact social movement organizations by promoting or hindering their ability to mobilize support for their efforts.

However, each individual theoretical view fails to completely capture the relationship between cooperatives and their environment because they overlook how social *and* economic conditions work together to shape firm behavior. The combination of these perspectives creates a robust framework for analyzing these interactions. Economic sociology and neo-institutionalism demonstrate how firms respond to crises that emerge from uncertain economic conditions. Since cooperatives define economic activities as political activism, however, the strength of this frame depends on support from activists. Social movement research fills the limitations of these theories by



demonstrating how different social conditions impact the behavior of political organizations and businesses. This framework subsequently gives researchers the opportunity to examine how cooperative views and practices defining work as political activism changes different socio-economic conditions.

This theoretical framework raises three related questions that will guide my research. First, cooperators must learn how to run a strong democratic enterprise without the help of business schools or other commercial institutions. How might changes in consumer/activist support and economic conditions shape this process? Further, firms with political agendas like worker cooperatives clearly must mobilize support from activist/consumers to maintain their market position. Therefore, how do these firms react to changes in activist support for cooperative businesses? Finally, since cooperatives are commercial enterprises, how do they react to changes in their markets?

## **Research Design**

To understand the different aspects of worker cooperative behavior, I interviewed workers from eight cooperatives from a Midwestern metropolitan area from October 2005 to November 2005. I choose the firms from a list of collectively-run businesses, volunteer collectives, and non-profit organizations from a statewide worker cooperative association. Though other collectively-run organizations exist in the city, I specifically wanted to study firms that distributed power and profits to all their members because they faced the same problems as other business firms such as paying workers, developing a market for their products, and competing directly against other firms in their market.

All of these firms were in the city's service economy such as restaurants and retail stores. Their sizes ranged from three to 20 workers, most of whom are between the ages 20 and 40. Likewise, the age of these firms ranged between two to thirty-one years in business. The firms in the sample had a variety of democratic decision-making mechanisms as well as distribution of workplace responsibilities. Most of the firms were in a medium to low-income area of the city surrounding two colleges and universities with large populations of young people as well as immigrants. To maintain the privacy of the firms in the study, I will call this area of the city "Lakedon" while avoiding using their names in this paper.

After choosing the study's sample population, I modeled my research design after Sommer et al's comparative analysis of consumer and worker cooperatives (1984). Thus, I called each firm to schedule an interview a worker with the greatest knowledge of the cooperative's history. Each firm agreed to my request and found me a qualified respondent to interview. For one interview, however, a cooperative from the 1970s advised me to interview a former worker since the founding members had left the cooperative. I subsequently met the workers at their respective cooperatives or other locations such as coffee shops to interview them.

The taped interviews lasted between sixty to ninety minutes in length, covering two sets of questions. The first set featured questions covering basic information on the firm's years in business and workforce size. The second set of questions about the development of the cooperative as a business and as a member of a social movement. I ended each question with follow up prompts to answer additional questions that emerged throughout the interview. The questions created a narrative that allowed me to compare

these developments between different firms. With these two points, I used my theoretical framework to examine patterns in the data, noting the similarities and differences between older and younger cooperatives' behaviors in different conditions.

## **Analysis**

After analyzing the interviews, two major trends emerged in the data. First, the social conditions of the 1970s and the following decades produced major variations in the political goals and behaviors of newer and older organizations. Older cooperatives emerged from the social movements of the 1970s to create an “alternate economy” that reflected the values of social activists in the area. Conversely, newer generations of cooperative entrepreneurs started these firms in different markets to meet their own personal preferences. The variability in the sample, then, emerged from different social and economic conditions that shaped the motivations and behaviors of these firms.

Despite the variation within the sample, however, the behaviors of newer and older firms were remarkably similar over time under the same social conditions: without widespread social support from consumer/activists, many firms eschewed radical political and economic change, rationalized operations, and embedded themselves in market niches to survive. In this sense, the political motivations that emerged from the social and economic conditions of the 1970s made these businesses vulnerable to fluctuations in the city's political demography, prompting them to behave like businesses to survive in their respective markets.

## *Explaining the Variation in Cooperative Behavior*

As I have stated, the behavioral and motivational variation in the sample emerged from changes in the social conditions over time. Specifically, the decision to start these cooperatives reflects how different social conditions shaped the motivations of these firms. In older cooperatives, for instance, radical social movements played a critical role in the emergence of these firms during the early 1970s. While these movements were mobilizing activist support in the Lakedon area, they also inspired other individuals to start democratic businesses that would create an alternative sector in the local economy.

Most of these efforts emerged from collusion between different sets of activists. As a former worker from the city's first cooperative explained to me, the firm emerged from interactions between cooperators and other activists interested in starting a new type of business in the Lakedon neighborhood:

There was some guys who were trying to put together a traditional grocery store in a cooperative manner... and they found this grocery store... and they went in and got a lease agreement on it and got to work on opening it ... we had some big community meetings [for the future cooperative at a] people's center, which at the time was a center of political activity [in the area] (Interview 11/15/05).

The decision to start cooperatives was more of a political event than a mere business consideration. By including members of the activist in the community and "hippies" from communes, the collective entrepreneurs turned the incorporation process into an exercise in political activism. More importantly, the presence of other activists in these meetings demonstrates how these organizations would become part of the activist community in the area over the next few years.

Activists subsequently started more cooperatives in the food industry to create a

movement of firms that supported healthier living habits and environmental awareness. As a worker who currently works at a second wave cooperative told me, the founders of his firm started the business to build up the network of cooperatives in the Lakedon area:

It was 1974, and people that were involved in setting up the grocery cooperatives became interested in setting up other kinds of businesses ... trying to create an underground economy. There was definitely a buzz in the air for that [business model], so an organizing group came from people who work [at a grocery cooperative] and ... they did a business plan, figured out by laws, and bought a small bar ... (and) started running it collectively (Interview 11/4/05).

The worker said these activists viewed the cooperative model as the proper structure for their business plan because it reflected the radical values of the cooperative movement:

They didn't ask the question "what kind of business [model]?" [since] it was assumed it would be a coop. They didn't conceive that they had another option; it was assumed that it would be a collective because of the environment they're in, with so many cooperatives being developed at the time. There would be no other option that would be socially acceptable (Interview 11/4/05).

In this sense, the movement's goals established norms of proper management structures that produced businesses with collective structures in the Lakedon area. Other management structures could not emerge in these conditions because they would deviate from the movement's goals of creating an alternative economy. Cooperatives, then, did not emerge to simply survive and prosper in their respective market. Rather, the decision to start these firms reflected the hopes of cooperators and other social activists who lived in the area during the 1970s. As a former worker from a second wave cooperative said, "It's hard to appreciate all this [the efforts of cooperators] without appreciating the hippies. The real optimism people had that we were going to change the world. People were ... trying to start a counter culture of cooperation" (Interview 11/15/05).

Thus, these entrepreneurs were like other radical activists that sought social change during the 1970s. Not only were these individuals starting businesses, they were also attempting to create to create an alternative sector within the economy that promoted values such as cooperation and equality in response to the excesses of the military-industrial complex. Support from other activists buoyed these efforts, providing cooperatives with a source of political and financial stability. In short, the decision to start cooperatives reflected efforts to promote wide-ranging social and economic change throughout the area. The cooperative was simply the instrument that would allow activists to complete this task.

While the decision to start older cooperatives clearly reflects political ambitions, interviews with workers from younger cooperatives revealed more ambiguous political goals. These ambiguities emerged from two major events that changed the social and economic environment of the Lakedon area. First, respondents said violent conflicts over the direction of the cooperative movement in the 1970s divided the cooperative community's social and financial resources. These events subsequently led to the demise of the cooperative movement, leaving older firms isolated in their markets as disillusioned cooperative activists moved to other endeavors. Finally, the appearance of cooperatives in other markets and neighborhoods forced collective entrepreneurs to focus on competition with non-cooperative firms rather than social change. The combination of these factors prompted workers to start their cooperatives for more personal reasons.

For instance, while some cooperators said political values were important in their decision, others respondents emphasized economic and practical considerations when opening their stores. One worker from a newer cooperative told me that his firm emerged

from the economic prowess of the cooperative model:

All of us (the founders) had been volunteering at an underground collective bike shop, so we had known each other and had worked in the areas of the bikes ... and there was not a coop for bikes in this town. (The volunteer bike collective) only sells used bikes, so there is a need for it ... it was pretty much the idea to start as a coop from the start ... it seemed like a powerful approach to keep morale up and investment in the shop (Interview 10/20/05).

The decision to start some of the cooperative emerged from distinctly economic interests. Not only were the cooperators interested in meeting the demand for goods from a co-op, they also believed a democratic structure would help the firm grow control their niche. Of course, the previous experiences with collective management may have emerged from political convictions that promote democratic decision-making mechanisms. Still, it appears that the strength of the shop takes precedence over other political concerns.

Similarly, other respondents said their businesses gradually became a cooperative over time due to their comfort with collective management:

Two of the original people started with the idea of a landscaping business, and one person who came into that was interested in a collective business organization. Then that person left when I came in. I came from the perspective of a landscaping business ... but I think in a way it was sort of the natural form for us ... We wanted a fair structure that gave us a lot of individual flexibility ... [in a] non-hierarchical way (Interview 11/4/05).

Personal preference for collective management, then, becomes another source of motivation to begin cooperatives. While political values may this decision, an individual may also start a cooperative because they are comfortable operating their business with other individuals in a collective manner. Thus, the decision to start firms in recent years creates management structures that meet worker's preferences and strengthened the

firm's productivity in the market.

If political values inspired workers to start a cooperative, they were more insular than revolutionary. As one respondent told me, the workers in his cooperative decided to turn their workplace into a collectively run store after inheriting it from previous owners:

It was a 'what then' sort of thing because it wasn't doing so well as it was. Our friend suggested we make it a coop ... so everyone put in money ... [since] they weren't into really having it a traditional structure with an owner and a boss and the employees (Interview 10/25/05).

Thus, the political nature of cooperatives became more insular over time. In each instance, there were individuals who promoted the importance of worker cooperatives for political reasons. Unlike older generation of cooperators that focused on expanding the cooperative sector of the economy, however, these activists started their firms to create organizations that met their needs. The goals and behaviors of newer cooperatives were insular, promoting the survival of their enterprise within their market rather than expanding the cooperative sector in the city's economy.

Clearly, the collapse of the cooperative movement and the emergence of these firms in separate markets shaped the decision to start cooperatives over time. While older activists used cooperatives as a pathway to economic change, newer ones viewed them as organizations that would satisfy their personal preferences or produce competitive firms. Furthermore, these conditions produced more individualized political motivations in newer firms that contrasted with the radical ambitions of older cooperatives. In this sense, different social conditions produced major variation in the early stages of the development of these firms, reflecting the importance of social support in shaping their behavior and motivations in their markets.



### *Explaining the Consistency in the Behavior of Cooperatives*

Due to the variation in my sample, it would seem that the two generations of cooperatives would behave differently as they developed into full-fledged business. For instance, older firms would spread cooperatives throughout the city and ignore competing with other firms in their market. Conversely, newer firms would focus on remaining competitive in their market while improving its operation. The shift in social conditions would completely determine their impact on the local economy and community.

While these firms initially behaved differently, the historical shift in economic and social conditions produced similar patterns of behavior over time. After the fall of the cooperative movement, newer firms focused on creating powerful democratic structures while establishing niches within their respective consumer and labor markets to make a profit and hire strong workers. Likewise, older firms that survived the movement's collapse behaved in similar ways to survive without significant support from consumer/activists. The following section outlines this argument by demonstrating how these conditions prompted cooperatives to behave like traditional businesses rather than social movements that change social institutions.

#### Competing Against other Firms

Like other businesses, cooperatives coexist with other firms in their respective market. Regardless of the firm's political motivations, they must behave like other firms in some ways. Not only must they attract workers and consumers, they must also discover methods to deflect the blows of competition. Most of these strategies revolved

around promoting their unique business model to create niches within their markets to reduce the number of competitors. While all cooperators created niches, different socio-economic conditions shaped their strategy's goals and the appearance of these niches.

In older cooperatives, the firms' dedication to healthy living practices led them to stock whole foods, a decision that helped create a market for organic products sold in bulk. As one former cooperator recalls, "We were offering things they didn't carry. If you go into a [supermarket] now, you have a whole foods section. They didn't have anything like that, they did that in response to the coops ... so we had a profound impact on grocery stores and supermarkets" (Interview 11/15/05). The emergence of a whole food market subsequently isolated these firms from other large and small grocers because they stocked whole foods goods and produce and grains from organic farms. In the process, the firms avoided competition with other grocers for customers because they met demand of whole food activists and "hippies" around Lakewood, helping them become more profitable in the process. As a result, this strategy subsequently protected the growth of the cooperative movement's goals.

With the collapse of the cooperative movement, older democratic firms lost significant support from activists that formed their customer base. The emergence of new non-cooperative whole food retailers in the city also contributed to this trend. Further, newer firms emerged in different markets that lacked the mass of cooperatives that existed in the whole foods market. Consequently, these firms sought to survive by using their services and goods to gain a small portion of the market. As one individual said,

I think in general we like to feel that we're not competing against other firms. Obviously, there's some ways we are competing with each other, it feels a little bit awkward, but not too much. One of those businesses focuses on big jobs ...

and we focus on smaller ends of things. It doesn't totally set us apart, but makes us somewhat different ... Otherwise, we're sensitive about where people stake out territory (Interview 10/4/05).

In this sense, cooperatives behave like other small businesses that create niches that respect the boundaries of other domains in the market. This process subsequently benefits all firms because it stabilizes competition, giving cooperatives the opportunity to grow without competing directly with other firms. While goods and services permit these firms to accomplish this task, another cooperator notes that the firm's aesthetics of their firms and democratic structure helps them as well:

We try to keep a certain niche aesthetically that is different than other [shops] around, so people try to feel comfortable because of what it is ... We are not in the position to refurbish this place nor would we want to. Other shops do well that way, but we don't. We also make it known that it's collectively owned. A lot of people are loyal to this place for that reason (Interview 11/4/05).

While I will address the role of the consumer market in the next section, these firms clearly seek to meet the demand from individuals with certain needs, tastes or political orientations. In this sense, these firms behave much like their 1970s counterparts by offering goods that appealed to certain communities within the city to avoid direct competition in the consumer market. With changes in socio-economic conditions, however, these strategic efforts to create structures that would protect the individual firm than promote the goals of a social movement. The new role of niches demonstrates how the collapse of the social movement and market pressures turned these agents of social change into economic actors.

### Finding Consumers

The process of creating niches also prompts cooperatives to attract a particular

clientele that will sustain their market position. For cooperatives, this task means attracting individuals with similar value systems that value cooperation and democracy in economic life. However, the historic shift in environmental factors also changed the manner cooperatives sought out new customers in the consumer market.

Initially, the creation of consumer niches reflected efforts to build a community of activists and cooperators that would support the political goals of these firms. For the most part, this network of activist consumers and cooperatives emerged in low-cost housing areas around the Lakedon area:

There was no separation between the neighborhood and the coop. The area was a hopping place, there were people in the coops, people who were musicians, a free clinic, the anti war movement ... The lines were pretty blurred, it was the same people [in all these movements] ... you couldn't live in the area without knowing there was really neat shit going on (Interview 11/ 15/05).

The consumer niche that sustained the cooperative's whole food market was an active political body of individuals. Consumers were not simply purchasing goods like other customers at traditional grocers. Rather, they were helping their fellow activists create an alternative economy in the area. Consequently, the effort to create niches within the consumer market was an effort to mobilize political and financial support for these firms and their market among the activist community in the Lakedon area, helping many of the cooperatives to become profitable in the early 70s.

With the collapse of the movement, however, the support for these cooperatives drifted from Lakedon as workers and activists grew older and moved to other parts of the city. At the same time, numerous immigrant groups came to the neighborhood, establishing businesses that catered to their communities. Consequently, the Lakedon area, which was the center of the cooperative movement's social support, became a

neighborhood without any regard for the political goals of these firms. As a current worker from a 70s era cooperative notes,

It's not our neighborhood anymore. We're not associated with the neighborhood through [our name], and we're in [that neighborhood]. It seems like it should be integrated in the community, but it's not. Most of our customers come from other areas. It was generally was not supported by the community ... even though the cooperative community is in this area (Interview 11/4/05).

Without the support that helped cooperatives maintain their niche, old and newer cooperatives subsequently shifted their efforts to attract costumers from areas like local colleges and universities that have high populations of young people with progressive political views. Other firms outside of the Lakedon area focused on attracting “hip” clientele and residents from their growing neighborhood:

This neighborhood has changed a lot in several years, that's why we're doing better now – the neighborhood has become gentrified a bit ... there are more art galleries, that's more overt and advertised and that makes a difference for us. People who go to art shows think “there's that funky little [store].” But, the neighborhood is still pretty diverse. Most people who are blue-collar people feel pretty good about coming in here (Interview 10/25/05).

In this sense, the geographic divide between the co-ops and their clientele reflects the changing role of consumers for these firms. Rather than becoming activists promoting wide-spread social change, the cooperatives' clientele are primarily consumers. Of course, these exchanges are not totally commercial in nature: some customers return because these firms reflect their political and aesthetic values. Still, the consumer niches remain commercial because they promote the survival of individual firms rather than supporting broader efforts to change the economy.

Accordingly, the maintenance and expansion of these consumer niches

demonstrates how these new conditions shaped the behavior of these firms. Without any social support in the immediate area, new firms and surviving cooperatives attract customers from other areas of the city. Rather than mobilizing support for a political goal, however, these firms try to create a customer base that would allow them to sustain their niche. While the profitability of these efforts varied throughout the sample, these strategies demonstrate how the cooperative movement's disintegration and the pressure from markets forced cooperators to focus on the survival of their firm.

### Finding and Hiring Workers

The process of finding individuals to work at cooperatives yielded similarities and differences with the creation of consumer and market niches. Since all cooperatives were in the service industry, they competed with other firms for similar applicants, mostly young people with few major financial constraints. In order to successfully find workers, however, all cooperatives used similar methods to create niches within the labor market.

In some cooperatives, workers used their social networks to create pools of potential workers. As I noted previously, older cooperators generally lived in the same area as other consumers and collective firms, making it easier for workers to find potential applicants through networks of activists. While these networks collapsed after the 1970s, newer cooperatives also use their social ties throughout the city for the same ends. As one interviewer told me, his firm relied on mutual friends to replace workers:

[In the beginning] it was ... four people. There was one guy who worked here who didn't want to be in a cooperative. But then somebody else came on board who was a friend of a friend. Like right now, we don't need someone else. But things change, and people move away. At that time, it'll be one of our friends [who replace them] (10/25/05).

In this sense, the network between cooperators help these firms find qualified workers by

narrowing the range of the labor market. Given the personal and intimate nature of collective work (Furgeson 1990), it makes sense that cooperatives would use this method to create a niche within the labor market. Not only does the strategy help firms find workers who share the same values, it helps them find individuals who are comfortable working with the other cooperators.

Accordingly, political values play a major role in the search for new employees. Like the creation consumer and market niches, the unique political and business characteristics of these firms also attract potential workers. As one respondent observed,

The very form of democratic workplace begins to attract its own clientele ... a group of people who want to be a part of it ... because it was simply attractive by the politics of the things and working in a collective... that combination continues to attract people to be part of the collective ... It's never been hard [to find workers] ... there have been many more people wanting to work than we can hire (10/25/05).

The role of political values is critical because they help cooperatives avoid competing with other firms by attracting like-minded individuals to the firm. However, the creation of these niches within the labor market limits the firm's appeal to a wider audience that would apply to similar businesses. Furthermore, political values do not guarantee the workers' competency in a collective business (Jackall and Crain 1984: 98). While other firms rely on workers to sell their labor in the market, cooperatives may attract individuals more interested in the firm's ideology rather than its work. With the pressures from the market, incompetent workers would compromise the firm's productivity. In this sense, the political values and personal networks that help cooperatives avoid competition in the labor market also create major political and economic liabilities for these firms.

While workforce diversity remains an issue for these cooperatives, an extensive hiring process helped all cooperators alleviate competency issues by selecting individuals who can contribute to the firm's success. While the process varied among the firms, one particular interviewee outlined its basic traits quite well:

We read people's applications, and we call and schedule interviews with them. We start by explaining about [the firm] and the low pay, basically try to scare people off. We ask a series of questions, then we invite them to come to a trial shift. They come and we are able to work along with them to see if they are able to do the job and do it fast. We actually call them back if we are really interested to interview them with the whole collective. [In the group interview] people are able to ask questions of them, and [the interviewee] can ask questions of us. Afterwards, we ask them to leave the room, and form a consensus around whether they're hired (or not) (10/11/05).

The hiring process then addresses two issues that emerge over the course of finding potential workers. First, the firm can gauge an individual's dedication to its values by outlining the firm's pay rate. While the motivations to work at these firms changed over time from proto revolutionary goals to political preference for collective work, the interview process eliminates interviewees with strong economic motives. Further, the trial session tests an individual's competency in collective work, allowing cooperators to pick skilled workers in the applicant pool. Once the firm hires the employee, a trial period begins for the new worker to test their skills even further:

After six weeks, there is a check in with the hiring coordinator," he said. "She explains all the policies we have and asks how its been going, asking what things they noticed or what would help them. Then we would have an evaluation at two months and then at three months, there is an evaluation whether or not they become a collective member (10/11/05).

In this sense, the hiring process attempts to create stronger organizations by selecting



competent workers that will contribute to the cohesion and productivity of the firm.

The purpose of these efforts, however, changes in different social environments. In older firms, these efforts reinforced the strength of the cooperative movement's efforts to create an alternate economy. By picking stronger workers, cooperatives could grow and reproduce, helping the movement spread throughout the city. Conversely, newer and surviving second wave firms hired better workers to promote their efficiency in the market and increase its chances of survival. After all, productive workers help firms respond to pressures from the market more effectively. Thus, the hiring process demonstrates how external factors produced and shaped the role of strong internal organization in these firms.

#### Learning How to Run a Cooperative

The process of organizing collective decision-making mechanisms presents a unique challenge to collective entrepreneurs, regardless of the time period. The cooperative must create a strong internal organization to remain efficient and productive. Further, the firm must also maintain its democratic structure amidst competitive pressures. Accordingly, the changes in social conditions shaped the motivations behind efforts to create structures that mediated these tensions.

In older firms, workers generally experimented with different models to create a collective firm. Without schools or other organizations that teach workers how to organize collectives, democratic firms emerged as workers simply tested and discussed the benefits of different decision-making mechanisms and collective models. Not surprisingly, this process was inefficient, creating ambiguities about the distribution of responsibilities among workers. As one respondent recalled,

It was pretty dog gone hit or miss [figuring out how to run a cooperative]. There was a lot of discussion in the minutes about lack of follow through, they would have discussions and make decisions and no one would implement the decisions. Or it was a joint effort and only one person would put much time into it (Interview 10/25/05).

In this sense, the initial process of learning to run a cooperative was incredibly inefficient since workers were trying to create structures that balanced the efficiency and democracy. In this manner, the first cooperatives were laboratories where robust democratic structures emerged through experimentation. These firms eventually created working democratic models that successfully met demand from their markets during the 1970s. As the movement grew, activists from other firms started new businesses using their collective work experiences and information from older cooperators to create stronger collectives. For instance, one worker from a second wave cooperative said these networks helped his businesses' founders create collective-decision making mechanisms:

Most of the people who started [the firm] were workers at these other collectively run places so they took off that lead. If they had a question, they would go to another place and say, 'hey how'd you do it?' And they say, 'this is what we did, go talk to these people.' And they say something different. So they would get all these stories and make their own way; they invented some things, or they followed other peoples' paths. There definitely was mutual aid and policy in terms of how to run a business (Interview 11/5/05).

With a wide range of information, the network among cooperatives and cooperators gave new collective entrepreneurs useful tools to create stronger democratic structures. First, the network trained and produced entrepreneurs who could run cooperatives efficiently with their experience in other firms. Moreover, the cooperative movement helped cooperators find strong democratic structures that met their personal preferences and

created better firms in the process. Thus, cooperatives behaved like organizations that improved their organization by using experience and information to copy other successful firms. Given the socio-economic context of the 1970s, however, these efforts were not individualistic. Rather, they reinforced the goals of the cooperative movement by creating stronger organizations that could expand the whole foods market.

After the collapse of the cooperative movement, however, cooperators used these resources for different ends. Like firms in the 1970s, individuals who worked at other cooperatives were critical sources of information. Often times, these individuals knew what distribution of work, decision making mechanisms, and democratic structures were most productive in the market. Consequently, these entrepreneurs helped their co-workers learn how to run a cooperative business if they lacked experience with collective workplaces. After working at two collective stores, for instance, one interviewee explained to me how he helped his coworkers develop a collective structure for his firm:

I took experience having worked at [a collective book store] and having worked at a [collective grocery] ... so I organized workshops to teach people about the process. We made some decisions [to run the firm] based on people's experience of consensus to make [the business] really democratic and make it move forward (10/11/05).

While the democratic nature of this process is ambiguous, the individual's experience demonstrates the importance of individual knowledge in the development of these firms. Entrepreneurs use their knowledge from other firms to create democratic structures more effectively than workers without any collective work experience. While all individuals can participate in this process, the experience of cooperators helps the process by guiding the development of the firm's organization. Thus, the cooperative can create democratic structures that satisfy the needs of its workers. Further, these entrepreneurs can help train

new generations of cooperators who will contribute to the firm's productivity. In short, cooperators with previous experience reinforce the cooperative's strength.

These cooperative networks also furnish collective entrepreneurs with operational information that helps them run their shops. Some firms used legal information from other businesses to help them incorporate as cooperatives under federal and state law. More commonly, many cooperatives copied minor operational details from other firms. As one worker said, information from other cooperatives helped his firm fix minor issues:

Mostly we got ideas [from other cooperatives] for fine-tuning [the operation of the business]. We had all been visiting existing coops and collective businesses ... so we did learn from there ... most of that after we were details that came after we were in the thick of it though (Interview 10/20/05).

While the selection process generally varied from firm to firm, the workers generally decided as a group what information will help them improve the operation of their firm in their own situation.. Like the use of individual experience, then, information from other cooperatives does not dominate the development of these organizations. Rather they serve as reference points for other firms, giving cooperators the opportunity to create stronger organizations that meet their needs.

While these efforts are similar to older cooperatives, they emerged from different sets of social conditions. Instead of strengthening a movement, new coops and firms from the 1970s copied other successful democratic structures to improve their individual business. Not only would effective structures allow these businesses to gain some control over their niche, they would also allow cooperatives to grow as a firm. Of course, many of these businesses received aid from other firms in a loose federation of cooperatives in the state. However, these efforts were meant to improve the operation of the firm rather

than the cooperative network. Consequently, the collapse of the cooperative movement prompted all cooperatives to copy copied other firms to survive in the market.

## **Conclusion**

Throughout the analysis, this paper attempted to answer the following question: how worker cooperatives respond to different social conditions over time. As I have argued, the collapse of the social movement social support and the emergence of these firms across markets created conditions that produced variability and consistency in the behavior of cooperative firms. First, older cooperatives emerged from the social movements of the 1970s to create alternative markets while subsequent generations of cooperators started these firms to satisfy their own personal preferences. After the movements collapsed, however, cooperators, new and old, created niches in their respective consumer and labor markets while copying other successful cooperatives to survive without the support from activists/consumers. All firms in my study eventually behaved like businesses because their political motivations exposed their niches to fluctuations in the city's political scene, forcing them to strengthen their organizations and find reliable income from regular customers.

Theoretically, these findings suggest that social support and market forces can shape the behavior of businesses like worker cooperatives that define work as a political activity. Since older cooperatives relied on political and financial support from activists/consumers to maintain their niches, the collapse of the cooperative movement contributed to the instability of the local food market. Consequently, firms, old and new,

created shelters within their respective markets and stronger organizations to survive without the support of the cooperative movement. This case study on worker cooperatives subsequently contributes to economic sociology and neo-institutionalism by demonstrating how the organization's political and social goals can expand the factors that shape its behavior in the market.

However, these organizations represent only a small percentage of businesses that shape expansion of their consumer and labor markets by defining their economic activities as political or social activism. Christian bookstores, feminist booksellers, vegan clothing shops, and whole food vendors are all businesses that define their commercial activities in similar terms. Clearly, these businesses emerged from distinct socio-political and historical contexts that shaped their development and operation within the market. Still, scholars should study them to understand how framing commercial activities as social activism shapes the expansion and contraction of markets in the face of demographic change. Further, these studies should also consider how these framing practices shape the operation and organization of these businesses in their respective markets. While scholars can utilize a variety of methods to examine these issues, answers to these questions will help the discipline's effort to outline the complex relationship between society and economy.

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