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Clinical Sociology in the Service of Social Change: The Experience of Developing Worker Management

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In this article I will discuss my experiences over the last six years in working to develop democratically organized, self-managed businesses, and describe what I learned in the process. Self-management refers to an organizational system in which working members both own and control their own business, using a democratic method involving one worker-one vote. My experiences span two organizations, the first a national organization which I shall call the National Self-Management Organization (NSMO), the second a regional organization which I shall call the Regional Self-Management Organization (RSMO).

At various times in my life, in addition to being a teacher of sociology, I have worked in adult education, community organizing and community development, business, research, and as an administrator-organizer in the peace movement. But I have never worked in an area where the need to embody theoretical understandings in organizational practice was so pronounced.

The two organizations, NSMO and RSMO, were both set up to provide technical assistance to workers wishing to develop self-managed businesses. Those of us involved in these organizations learned about self-management both by trying to help workers develop it and by attempting to apply it within our own organizations. Most of us came from professional, and particularly academic, backgrounds. As professionals, we had been for the most part trained to work alone, not in close conjunction with others or in teams. We all espoused the ideal of economic democracy and were eager to implement it, but often our personal styles became a major impediment. We learned that if we were to work effectively with others, we had to learn to become an effective working group. Out of this came our collective recognition of the intimate link between theory and practice.

In this paper I will describe the theoretical considerations which led me to choose this area as well as some of the things I learned and some of the things the organizations I worked with learned. Most of our work together was uncharted territory; we needed to develop an adequate model of what we sought to achieve, and also learn how to realize that model in practice. We felt it essential that whatever we developed be capable of serving as a model of the scale and technology which characterizes mainstream business practice in this country. Our goals were bold but they were dictated by the desire to be relevant. In my previous work in social change organizations I had learned two things: that the initial vision of goals was all-important; if they were defined too narrowly, it was difficult later to try to broaden them. Secondly, I had learned that it took little if any greater effort to organize a large organization than a small one; the same elements were needed in both cases, and the larger scale often attracted capable people who would not be drawn to a more modest effort.

Accordingly, my first objective was to organize a national organization which could create a self-managed sector in the American economy, capable of demonstrating the viability of democratic organization in industry -- the area where the performance demands placed on organizations are probably greater than any other. Initially the vehicle for this effort, the NSMO, was to be a chapter-based organization with a central staff. Ultimately, we hoped, chapters would develop their own staff. As we shall see, the initial efforts were a failure; the national organization set up to develop worker management ceased to exist without ever having experienced success. But the experience and the skills learned did not disappear; nor did the commitment to continue. Out of the initial failure came at least three organizations which are continuing the work with at least partial success, and in a couple of instances, more. A critical divide has been crossed; where in the beginning we had little sense of the strategies, techniques and skills needed to accomplish our purposes, we have in at least one of the offshoots of the NSMO collected a team with the financial, legal, organizational and educational skills needed to successfully develop worker-managed companies.

ORGANIZATIONAL BEGINNINGS: THEORY AND STRATEGY

My interest in worker-management dated from my affiliation with an institute in Montreal where I was first a Fellow, then a Board Member and finally President. One project was to set up a worker-managed factory for about

fifty workers in the community surrounding the institute. The experiment failed, partly because of French-English tensions and partly because the low skill level of the workers made it difficult to find contracts. But it taught me something about worker motivation and especially about how hard it was to give workers a sense of ownership and involvement in a project which had been organized for them by others and then handed over. Motivation, I came to see, was critical.

In due time I moved to Ithaca and came to know Jaroslav Vanek, an economist who is one of the major theorists of worker management in this country. He had ideas about why the traditional cooperatives had failed and some solutions. He believed that to implement worker management within the essentially alien environment of the corporate system it was necessary to have a "supporting corporation" capable of giving educational, financial and technical support to worker-managed companies. A supporting corporation could provide capital on a loan basis without the strings that equity investment entailed. It could help develop a network of worker-managed companies to offer reinforcement and mutual support to each other. It could provide continuing assistance and advice. I began to see how some of the traditional problems which had plagued cooperatives -- their isolation and their need to be self-financing, with consequent distortions in their system of control -- could be avoided.

On a more theoretical level, I had believed for some time that, given the nature of American culture and society, the development of significant organizational alternatives could be a force for change. In part this belief is derived from an interpretation of the sociology of knowledge, derived from Berger and Luckman (1967) and Boulding (1956), which recognizes that the arbitrary character of social institutions is concealed from view because their origins in acts of social construction is lost. The systemic character of social reality, involving the reinforcement of social character and social institutions (Allport, 1961; Fromm and Maccoby, 1970) determines and limits the perception of alternative possibilities, and gives a spurious sense of necessity to the existing institutional system. But I also believed that while this holds true for contemporary industrial society, it is not universally true. A society in which the intercourse between subjectivity -- human desires -- and objectivity -- their institutionalization -- was continuous and interactive would give people the experience that social institutions are relative human constructs and can be changed.

A society such as ours is characterized by an extensive technological-industrial apparatus, unintelligible to most, and embodying an enormous commitment of human and material resources. With little shared knowledge

and control, this creates a sense of powerlessness and inevitability. An equally extensive propaganda apparatus defines progress as technological advance, and sees this as both cumulative and inevitable. While the immediate goal of the propaganda apparatus is the selling of the standard consumer package which defines the American Way, it also devotes a good part of its energy to selling the system as a whole (Etzioni, 1972). In it, the organizational and technological means and the objective -- the material benefits of the American Way -- are seen as systemically interlinked. However, the apparent seamlessness of the system has been unravelling; an increasing effort is needed to sell not simply the products, but the system itself (Etzioni, 1972).

The American system impacts on its members on two levels. The official definitions stress democracy and participation in the political sphere, while relegating the economy to the "private" sector, which is supposedly ruled by the invisible hand of the market. As Habermas (1975) points out, to the extent the invisible hand is failing to work, requiring intervention on the part of the government, the economic system has become politicized. The assumption of automatic adjustment is now dying and in its place we have Naderism and loss of faith in the structural foundations of the system. At a deeper and more problematic level, the competitiveness and individualism which have characterized the system are now being questioned (Lodge, 1975), resulting in a withdrawal into privatism and a rejection of the dominant institutional forms in favor of craftsmanship, small collectives and cooperatives and other variants of New Age culture (Case and Taylor, 1979). Although the mainstream has become disaffected, as yet there is only the beginning of an alternative vision. The New Age culture is too exotic to permit widespread acceptance as a viable alternative. But a movement for economic democracy can appeal to the majority, since it appeals to the populist distrust of Big Business and Big Government which is now stronger than it ever has been.

The strategy of developing a self-managed sector would speak both to material needs and to the desire for self-determination and restoration of control to the local level. It would create jobs that were secure from the dangers of runaway plants and the whims of conglomerate management. It would guarantee to communities that their efforts to start such businesses and to accommodate them would be repaid by a steady flow of income. Self-management represents a new form of legitimation more in consonance with the strivings for participation and equality which characterized the sixties (Benello, 1975). On the one hand, people remain hopeless in the face of the vastness and power of the corporate system, and the extent to which government and administrative bureaucracies affect every aspect of life. On the other hand, the frictional costs and inefficiencies of the system are increasingly apparent. This creates the opportunity for alternatives so long as these alter-

natives can prove their viability in terms of capacity to meet productive demands and utilize the existing technology.

A further characteristic of such alternatives is that they be on a scale capable of challenging mainstream organizations. Also, although the nature and uses of existing technology are being questioned, the idea of a high technology is broadly accepted; organizational alternatives must demonstrate their ability to employ a complex production system and a high technology. Such alternatives must be humanized and democratic in structure but not utopian in the sense of demanding heroic measures of their members, such as rejection of private property, total equalization of income or a zero-profit orientation. Although these latter features characterize some of the work collectives of the counterculture, they would not appeal to the majority of workers. The latter would, however, welcome the opportunity to own their own jobs and would quickly come to recognize the benefits and security that come from a democratic form of governance.

TACTICAL QUESTIONS, ORGANIZATION ISSUES

By the time I reached Ithaca, I had become convinced that both the negative conditions of delegitimation and the positive heritage of the sixties had created a condition where it would be possible to engage seriously in the effort to build worker self-management. Because the major thrust of the American system is to create increases in productivity and profits through technological advance, I believed that the industrial system was the place to start, even though its work force was shrinking in relation to the service and public sectors. The contradiction between the monotonous and highly repressive conditions of factory work and the official mythology of democratic governance make the production system the weak link in terms of legitimation. Contemporary efforts to legitimate the system are couched in terms of the need for managerial expertise, but an accumulating body of evidence shows that efficiency of control, rather than of production, is the real goal and that such control can actually reduce production efficiency (Braverman, 1975; Gorz, 1976). Michael Maccoby has estimated that up to 40 percent of managerial overhead is often superfluous.²

Traditionally, efforts to create social change are aimed at organizing the poor or other dissident groups, or at organizing for protest. Our efforts were different. The small group of us who got together in Ithaca wanted to develop

successful operating examples of economic democracy. In practice we did not want to be an advocacy group as one, the Association for Self-Management, existed already. We felt that only successful operating models could dispel the myths and mystification that had become so closely associated with the technology of production. Also, success in creating enterprises of significant size could have an important impact on communities, especially if they could be major employers in the communities.

Because of time considerations and because of our lack of experience in enterprise development, we decided to concentrate on plant shut-downs and runaway plants -- situations where a viable business had existed but had been closed down for reasons extrinsic to its basic potential. Plant shut-downs occur irregularly and are dispersed. We therefore needed an organization which was itself dispersed, with chapters located preferably in industrial areas. The plan was to develop an organization with chapters that would eventually cover major centers along the East Coast, and with a governing board made up of delegates from each chapter as well as from public figures committed to self-management. The first step was to develop an initial board of Ithaca-based members.

As the staff person for the organization, my first job was to put together the board and, with the help of the other two founding members, obtain tax exemption and then raise funds. Although I had worked for tax exempt organizations, I had never gone through the application process. This became my first step in developing a series of needed skills which I did not initially possess. The board consisted mostly of academics and I was the only person who had fundraising and organizing experience. As a result, there quickly developed differences in perception as to what was needed for the organization. Some could see no need for national figures which I felt were essential to obtain grants for an organization in as new a field as this. We needed credibility. Also, as academics (and I include myself here) we all suffered from a lack of acquaintance with process skills. In our haste to begin working we did not take the time to work out differences which were later to polarize the organization. In addition, because of a failure to clarify organizational goals, several of the initial Ithaca members saw the organization as Ithaca-based and oriented toward assisting small, zero-profit type cooperatives of the sort that had begun to develop locally.

Later, as more chapters developed and sent delegates to the board, the thrust toward the development of larger enterprises won out, but the opposition between many of the original Ithaca members and the new majority continued and remained a source of friction. The Ithaca members were suspicious of foundation fundraising, in part because I was both the fundraiser and a ma-

major proponent of working outside of Ithaca to develop larger enterprises. They advocated an organizational approach based on voluntarism and unpaid staff, which fitted in with the idea of developing small cooperatives but contradicted the goal of developing a professional staff capable of putting together larger projects. As a partisan in these issues, it is difficult to claim objectivity; both approaches were viable, but they had different goals.

Plant shut-downs require immediate initiatives if they are to be salvaged before the work force goes elsewhere and the sales deteriorate. Due to the need to make rapid decisions, a Steering Committee was set up in Washington to evaluate and approve projects and to decide whether to commit staff resources. The Ithaca members, however, wished to retain control over these decisions; they insisted on maintaining monthly board meetings and required that all board members be polled before a project was officially begun. As more chapters were formed, they developed their own agendas and made their own demands on central staff resources. Conflicts thus developed over who should enjoy the scarce resources of staff time and the allocation of any extra funds after staff and overhead expenses were paid. These conflicts were not resolved at the board level and as other conflicts accumulated, they eventually overwhelmed the organization. Thus we found ourselves in the paradoxical situation of working in an organization dedicated to implementing self-management which seemed, in the end, unable to manage itself.

A CASE STUDY: ONE THAT GOT AWAY

The following example illustrates both the objective problems we had to try to deal with as well as some of our own organizational problems. This particular effort ended in failure. Today, given the greater expertise, greater access to resources and funding which we now possess, the story would probably have been different. But it was a noble try. The case involves a bakery in Boston which was shut down in part because of the opposition of one woman. She lived across the street from the bakery and devoted most of her time to litigation in order to force the bakery to control its pollution which involved flour dust, noise, and exhaust from its many trucks. She prevented the bakery from installing flour storage bins and, as far as we could tell, was a major factor in the owner's decision to close down. Equally important factors involved the existence of three competing unions in the bakery, dubious management, and an absentee owner who seemed interested only in the bottom line.

The unions were initially suspicious of our suggestion that the workers buy the bakery. Workers were willing, but one business agent in particular, seeing his job — bargaining with management — threatened, was outspokenly opposed. By then we had on our staff an economist who had been the chief economist for a large conglomerate. He did a quick feasibility study, mostly by talking to the workers and putting together figures given him by the manager, who wished to stay on. With the help of a Boston-based organization also interested in worker management, we contacted the city government, local banks, and a local community development corporation in an effort to put together a funding package which included a significant amount pledged by the workers. The owner, probably skeptical of our capacity to come up with the money, pressed for a commitment and then demanded that we put up \$25,000, non-refundable, for an option. We stalled and tried to firm up commitments from the potential funders. In the meantime, some of the company's key staff left for other jobs, while buyers began to turn to other sources of supply.

When the Boston chapter of the NSMO heard about the bakery shut-down, they investigated. From initial investigation and talks, to feasibility study, to calling a meeting of the workers, the process seemed continuous and rapid. The national staff economist lived in Boston and it was natural to call on him. But when the Washington-based Steering Committee heard of his involvement, it seemed to them like simply one more example of the refusal of both staff and chapters to abide by guidelines laid down by the board. By then a climate of distrust had developed which added to the desire of chapters to be independent of board constraints and which I, as executive staff person, was unable to counter. A considerable degree of solidarity had developed within the Boston chapter and this was furthered by the experience of working together intensively on the bakery project. I was caught in the middle of a crossfire, unable to persuade the Boston group to subject themselves to the demands of the Steering Committee, but also deemed partially responsible by the Steering Committee because of my feeling that the project was a major opportunity for us to transform an organization which employed over 200 workers.

As it turned out, we were unable to convince a city government, which dragged its feet, to put up the loan guarantees needed to obtain the necessary bank loans. By then the workers had opened an escrow account and we were all committed to the idea of a buy out. Distrust on the owner's part was increased by a secret attempt on the manager's part to make an independent offer. Although the proceeds from liquidation were only a fraction of what could have been obtained from selling the bakery, the owner decided after a couple of months to proceed with the liquidation, selling the name to a com-

pany in Connecticut. This company then proceeded to manufacture bread under the original name, although it had no other connection with the bakery in Boston. We learned from this experience that without the support of rapidly obtainable external funding we could not expect to raise the several million that would be required for buying out any plant of significant size. But we also learned how to formulate a plan for union involvement in a worker-managed system and learned that with a business plan and credentials that looked professional, we were at least seriously listened to by banks and the city government. We had strong support in the city government, but also, unfortunately, opposition. There was also opposition within our own organization, however, and it was this that prevented us from working to develop the sort of external support that was needed.

THE PROBLEMS OF WORKING ON THE INTERFACE

Working in social change organizations often means learning to make two presentations of self — one to the change organization members and another to those outside. In the NSMO, these problems were compounded. Although there was not the pressure to adopt the radical uniform and style that exists in some movement circles, there was certainly the need to look and talk “straight” when approaching foundations, and even more so for banks and city governments. To achieve credibility we had to look businesslike and know the vocabulary of business. I was fortunate in having had both business and fund raising experience; my problem was to convince some of the more stylistic radicals in the NSMO that I was not really a banker in disguise. In the case of the staff economist, a refugee from the world of multinationals, the distrust bred by his essentially middle-class lifestyle — a suburban home, two cars, and the highest income in the organization — never was dissolved. Despite his commitment to self-management, his energy and his needed skills, a number of members never accepted him.

There were many difficulties in working in what can be characterized as an interface position, facing on the one hand an envisioned future of organizations with different values and a different structure, and on the other organizations centrally located in the mainstream. There was always the question of how much to say. In the application for tax exemption written with the occasional help of a local lawyer, I said far too much. I later learned that the IRS would have been much happier with a minimal pro forma application since everything I said raised a dozen questions in its turn. The application was buck-

ed from the regional office to Washington, and only got accepted after a number of visits and lengthy emendations. I learned to gauge how much to say with potential donors, and to use a carefully edited language. With most, it was wiser to speak of job creation benefits, of employee ownership and of self-help programs instead of worker management.

Negotiating with "straight" institutions such as banks, small business investment corporations and the local branches of government agencies, generated tensions some of us had difficulty dealing with. When a bank turned down our application for a loan, it was easy to interpret this as ideological opposition when often it was simply fiscal conservatism. There was indeed an ingrained distrust of cooperatives as a viable business form on the part of the Small Business Administration (SBA) and other agencies. In one case this was dealt with by taking a trip to Washington to speak with one of the state's Senators, who then put pressure on the SBA. This sort of work had none of the appeal of mass mobilization and revolutionary rhetoric. It was slow, often unsuccessful, and involved dealing with a series of bureaucracies which did not understand what we were trying to do and could not be told.

Working on the interface was often lonely. One had to abandon the sense of shared community that is available either on a college campus or in an out-and-out radical collective which has little need to deal with the "straight" world. Our own organization, fraught with conflicts as it was, was often of little support. But we gained allies, especially among the workers, after they had gotten over their initial suspicions. Gaining the confidence of the workers in the companies with which we worked was critical to our efforts and here our success gave us heart. Often, we were surprised at how much the workers seemed to know about their business and at the accuracy of their criticism of management practices.

Working in an area that was unfamiliar to most of us, we developed skills for which we had no background. A professor of philosophy became an expert in poultry processing and its markets; a mathematical economist became adept at doing projections and writing business plans; our staff economist turned out to be adept at communicating our ideas to workers, despite his background in top management. We found that we could deal effectively with banks, with local governments and with funding agencies. As we developed the needed expertise we grew more confident that, despite our failures, the right situation would sooner or later come along and we would experience success.

In terms of background, many of us were academics, although our staff included another person and myself with organizing experience. Three of our

board members came from governmental and foundation backgrounds: we had a preponderance of economists. Intellectually, we were a disparate group — a few anarchists, a couple who might be classified as liberals moving left, a couple of Marxists, a couple of strong anti-Marxists and at least a couple who evaded classification.

We were fortunate in having members who, whatever their background, had the capacity to work equally well with bankers, workers and government bureaucrats. This required a pragmatic orientation as well as the practical skills that many of us developed. Our organization for the most part did not attract ideologues, who preferred to watch skeptically from the sidelines. To activists, however, it offered a whole new arena for action, and a number of original board members have all but moved out of academia to work semi-permanently on developing worker management. Part of the attraction lies in the promise of creating long lasting institutions rather than temporary organizations. A number found, as I did, that the challenge of developing new skills and the opportunity to make a difference in people's lives, by creating jobs which had greater dignity and freedom, was worth considering as a career.

THE DEMISE OF THE NMSO AND THE RISE OF THE RMSO

It was largely this commitment to long-term work that impelled many of us to continue despite the demise of our original organization, the NMSO. Aside from the centripetal force within the organization which made the idea of a federation with a central staff unworkable, there were cogent, objective reasons for decentralizing. The experience of working with a number of projects made it clear that extensive staff time was needed for each project. Local technical assistance was the only answer because it was impossible to expect staff who lived elsewhere to spend weeks and even months away from home. Hence, the Steering Committee decided it would be better to disband the central office and allow those staff who so desired to continue working with specific chapters. Two chapters proceeded to incorporate as independent tax exempt organizations; the original Ithaca group continued to assist the Ithaca cooperatives. I joined forces with what had formerly been the Boston chapter. I had worked closely with its members and identified with their approach of developing sufficient expertise to work effectively with projects of a significant size.

In Boston we formed a board and, working with another member, I applied once again for tax exemption. This time, benefiting from the lessons I had learned before, the application was routine. We told the IRS examiner what sections of the Code were relevant since it turned out that we knew more about the case than he did. This time we started with a cohesive board composed mainly of members who had worked together on other projects. Remembering the problems of our parent organization, the NSMO, we added to the board slowly, bringing in potential new members on a probationary basis so that only after considerable acquaintance were they invited or not invited to become board members. As a result, a cohesiveness was maintained which facilitated difficult organizational decisions regarding allocation of staff and resources. It also meant that in several cases it was possible to quietly drop board members who did not work well with the group or who did not manifest the expected commitment. Thus came about the RMSO, a regional organization which mainly restricted the scope of its activities to within driving distance of Boston.

In doing this, we were following the organizational principles which we had learned were necessary for worker cooperatives as well. Unlike consumer cooperatives which maintain the principle of open membership, we had learned that worker cooperatives involve a far closer and more intensive form of association. Working members must fit in, and while membership is in principle open to all comers, those who apply must prove their capacity to work effectively with their cohorts, and also to take their share of responsibility for participating in the control of the organization. The kinds of decisions that our own board had to make were by no means pro forma ones; they involved analyses and decisions regarding financial and organizational viability, jobs, and whether to develop and support funding proposals that often were in the hundreds of thousands, and occasionally in the millions, of dollars. We needed people with judgment and business experience who had a strong commitment to what we were doing. We also needed people with whom we felt personally comfortable. Our work was pragmatic as well as based on theory. We needed to be flexible, to be able to learn from our mistakes — which we certainly made — and to learn from each other. Ideologues and a priorists could easily have destroyed the effectiveness of our board as a working group. Fortunately, we only attracted a few of these and when we did, they found their views were not shared and so they left.

In the RSMO our problems were mainly external to the organization. We were freed from the internal conflicts that had characterized the NSMO but this meant that we had to develop a coherent approach to implementing self-management which involved not simply working with projects, but also creating a climate within city and state government, within relevant federal

agencies, within local unions and within foundations that would be favorable to our work. We had inherited two projects from the NSMO — a poultry processing cooperative that was in the process of formation in Connecticut and a typesetting and bindery cooperative in Massachusetts. In the beginning we had no paid staff but had two full-time volunteers — one worked with the poultry cooperative and the other with the typesetting cooperative. A person whose background included extensive experience in both organizing and professional fundraising indicated interest in joining the staff. We engaged him and as he successfully raised funds, we were able to hire additional staff — a business analyst, a co-coordinator responsible for education and administration, an economist who had gained business and organizing experience with the NSMO and an administrator who also had business experience.

In the RSMO we were able to implement a far more collective form of action than had been possible in the NSMO, with its far-flung chapters. Although we became involved in one project in North Carolina, a cut-and-sew factory that had come out of the civil rights movement, all of our other projects were within easy reach and board members as well as staff were involved in one or another of these projects. Our board meetings consisted of experience and information sharing and of tactical discussions of next steps. The need for formal decisions was relatively rare. We were involved in several projects which used all our resources, both board and staff, and formal decisions were limited to the selection of new board members and the hiring of new staff. Our basic strategy was unchanged from the days of the NSMO: we worked primarily with plants that had been shut down because of mismanagement and in one case bankruptcy, although we also helped a couple of small new cooperatives start from scratch. Our major concern was to develop an effective track record which could assure us further funding. We realized that we were involved in a long-term project and that it might be a decade or more before our work bore real fruit. In order to supplement our foundation funding, we developed a system of charging the worker cooperatives with which we worked, the payment determined by profitability of the enterprise and capacity to pay.

THE DANGERS OF GROWTH

As the RSMO grew it became more professionalized. From a voluntaristic organization with no staff and a working board, it became an organization with a growing staff and less board involvement in project work.

Board meetings became information sessions where the staff described their activities to the board and occasionally asked for help or counsel. Board meetings were changed from biweekly to monthly, then from monthly to quarterly. We were undergoing a process of informal differentiation which could lead, as Holleb and Abrams (1975) have shown, from what they call consensual anarchy to bureaucracy. The notion here is that organizations, as they develop, encounter certain critical choice-points. If they simply allow the forces of growth and differentiation to have full play, they can easily end up with bureaucracy and top-down control. Countering these forces requires a democratic restructuring to take account of increasing differentiation while at the same time maintaining control by the members as a whole rather than allowing the newly developed administrative apparatus to take over.

We faced this issue, but only after we had moved toward a situation where the board had become an appendage of the staff with little more than pro forma exercise of power. Dissatisfied with the extent to which we had become similar in structure to conventional voluntary organizations, we instigated a structure of two committees which split the decision-making functions of the organization. The Outreach Committee took care of external relations, publicity, attracting new board members, and had a personnel committee to evaluate new staff applications. The Projects Committee was responsible for all project evaluations and decisions. A final issue was to decide who set the agenda for the board meetings; this too was resolved as a committee function. Board members were expected to serve on one or the other of the two committees and, in addition to this, to make some significant contribution to the organization either by working with staff on projects or by developing the organization in other ways. Although there was still a division between the extent and nature of staff and board members' involvement, the growing split was contained and rendered manageable. Board members were once again involved in the ongoing work of the organization, while staff members sat on the board.

One may say that the dangers encountered by the RSMO, as a result of growth and differentiation, were not the conventional dangers of organizational growth wherein a group of managers become differentiated from the larger group of workers. In this case it was the staff who had become the managers while the board became an inactive appendage. However, this form of regression is characteristic of voluntary organizations which seek to maintain democratic participation. As Holleb and Abrams (1975) point out, the lack of an appropriate organizational structure and external pressures are factors tending to precipitate regression.³ In our case, our original structure was informal, pragmatic and without differentiation between staff and board since initially there was no paid staff and later only one person. As the staff grew in

size they assumed control, partly as a result of the passivity of the non-staff board members (I count myself among this group) and partly because it was easier to make decisions among those who worked together on a day-to-day basis than to make the greater effort of involving the other board members. However, this tendency was reversed and board members are once more involved in the full decision-making process.

COUNTER-INSTITUTION BUILDING AS A PROFESSION

It has been only recently that I have given any thought to the nature of the work I have been doing with regard to skills, training and attitude requirements. In part I have been motivated to do so by the recognition of a need for many more people with similar skills. And in part my interest began when I realized that a watershed had been reached. Within the last year the RSMO has become, in a critical sense, professionally competent. After about three years of working, we have finally come to identify the skills needed to achieve successful implementation of worker management and have developed some successful worker-managed companies. Just as important, we have developed a successful organization which has passed through a stage of organizational development and crisis. We are now recognized as one of the leading, if not the leading, organization in the field of technical assistance to worker management, as witnessed by a commitment on the part of the National Consumer Cooperative Bank to major funding support.

Most of our work is done in teams of two or more and involves continuing assessments of many aspects of a constantly changing situation. Here we have learned the wisdom of having several points of view and the value of having inputs from members with specific training in business, organizational development and organizing. In our own organization, and in the organizations we work with, we have learned the importance of "double loop learning" (Argyris and Schon, 1974), where not only methods but objectives are modified and re-evaluated in the light of ongoing experience. Often the situations we work with are fluid and can change rapidly, in part because of the marginality of the projects we are forced to deal with. Initial plans must sometimes be totally recast and our own decisions must often be made in consultation with the workers we are trying to help.

It is difficult to describe with any clarity the kind of training needed to function successfully in the roles described above. Perhaps the least definable

skill is that of the organizer. There are schools for organizers such as Alinsky's Industrial Areas Institute or the training program run by ACORN, but in all of the cases of which I am aware, candidates are chosen on the basis of aptitude. Personality plays an important role here and there seems to be considerable agreement that there are certain personality and character requirements for the successful organizer. This seems equally true for the entrepreneur, and a technical assistance organization that I know, which is involved in minority economic development, focuses mainly on locating the type of people capable of being entrepreneurs. Although the idea seems to conflict with the ideal of democratic group development of an enterprise, in our work we have learned that in the initial stages it is important to have a central figure with the necessary skills and leadership ability who is capable of getting a new project off the ground. In part this is undoubtedly a product of the split within the corporate system between workers and managers; workers are socialized into attitudes of subordination while managers are accustomed to taking leadership.

Related to organizing skills are organizational development and process skills — although some organizers are notably lacking in these areas. The ability to teach these skills to the members of worker-managed companies is also needed. An organizer must not only organize but must teach others how to organize, how to run meetings and how to achieve consensus. In the RSMO there is still something of a division between those who have business skills and those who have process skills. This division is replicated in at least two other technical assistance organizations which work with cooperatives. It seems to mirror a cultural division between the world of business, with its primary interest in "hard" skills, and the world of service and alternative organizations where "soft" skills prevail and there is often a lack of business skills. Some liberal-minded businesses are now trying to bridge this dichotomy and there is a growing awareness among alternative organizations of the need for effective business practice.

The role of management in self-managed systems is a difficult one. Much more is demanded of a manager in a self-managed enterprise than in a conventional one. On the one hand, his/her authority is limited by the fact that final authority rests with the members as a whole. On the other hand, she/he must implement policy decisions in the most effective way possible, but do so in a consultative fashion which takes account of his/her own subordinate position. Managers must thus be process-oriented as well as business and goal-oriented. They must be sensitive to the feelings and needs of other members but also responsive to the performance demands placed on the organization by external constraints. On occasion staff from the RSMO have stepped in as temporary managers. The skills required are much the same and the same tensions between goals and process must be confronted within the RSMO since the ad-

ministrative staff holds the same position in relation to the board as management holds to its members in a self-managed enterprise.

Development toward successful democratic management involves the type of “double loop learning” mentioned earlier because, initially, the enterprise is usually highly dependent on the management since the members have not yet acquired the knowledge nor learned the process and organizational skills needed to exercise collective authority. As they acquire these skills, the internal structure of the enterprise is modified as a working board develops and as members participate more in workplace decisions. Considerable trust is required for this process to develop. In one worker cooperative that we helped develop, the manager raised the issue with us of whether he should tell workers where some new orders were coming from. They were not firm yet and he was afraid that if he imparted this information, which by right he knew he should, some new workers with relatives in a competing company might tell them and the orders might be lost. In the worker-managed factory in Quebec which I helped develop, the workers so greatly lacked a sense of ownership that they would steal the factory’s tools. In one sense the problem was precisely that it was we, not the workers, who had organized the factory; the initial work was ours, and the workers never came to feel that the organization truly belonged to them.

As our work with the RSMO proceeded, we were able to codify some of our experience. We now know the appropriate legal structure for an enterprise of a given size, whether in a given case it is better to incorporate under cooperative or corporate law and how to develop an internal structure which successfully deals with entry and exit problems, allows for capital accumulation and makes for a sense of individual member commitment. The resolution of these issues has involved the application of some rather general theory to a growing body of practice — our own but also that of successful worker-managed systems in other countries. We know how to find a place for a union in a worker-managed system and we know the stages of development the system is likely to go through on the way to realization of full member participation. This knowledge has vastly simplified the task of our field workers and we no longer need to rely so frequently on ad hoc solutions.

Since we now have a complete team to call on — with specialists in business, organizing, structural issues, and education — we are no longer quite the generalists we were in the beginning. But evaluations of performance and of next steps are almost always group evaluations, many of them involving either a committee of the board or the board as a whole. In this we function much like the cooperatives which we work to develop. We are involved collectively in policy decisions, and to make them, we seek a synoptic view of our

projects that is comparable to that taken by the board of directors and top staff of a conventional corporation. Much of the challenge and excitement of our work derives from this. We are very much aware that we are a frontier organization doing pioneer work. At present we are engaged in long-range strategy discussions about extending the network of contacts that can bring us information about plant closings and solidifying our contacts with government agencies, especially the National Consumer Cooperative Bank. We are considering whether to concentrate more intensively on one area so as to be able to develop a locally intensive system of self-managed enterprises which can be self-reinforcing, engaging in internal trade relations so as to develop towards a mini-economy.

We are still involved, however, in many of the dilemmas of marginality. Although an increasing percentage of our funding comes from consulting fees and government sources, we are still dependent on relatively short-term foundation funding and, consequently, we need to demonstrate successes. On the one hand, we cannot afford the relatively long time it takes to develop a new enterprise from scratch. On the other hand, we cannot afford to reopen enterprises and then see them fail. A disproportionate amount of resources has been spent to prop-up enterprises which we helped develop when we lacked the skills we now have. These enterprises have remained marginal, surviving only with the help of continuing injections of further funding and technical assistance. We are more selective now about whom we choose to work with since it is of no service to the workers to burden them with a cooperative that cannot succeed.

CONCLUSIONS: THE ROLE OF SOCIAL SCIENCE

It is too early to make any definitive evaluation of an experiment that has lasted for only six years. Economic democracy and worker management are now becoming more acceptable. The events at Youngstown, Ohio, where a coalition of workers and the community attempted to buy out a large steel company which was shutting down, the acceptance of Douglas Frazer, the President of the United Auto Workers, as a Chrysler Corporation Board member and the publicity given to plant closings all over the country have all made worker ownership and worker management more acceptable. A book has appeared, co-authored by a board member of the National Consumer Cooperative Bank, outlining a political strategy for the eighties and beyond that focusing on the achievement of economic democracy (Carnoy and

Shearer, 1980). But none of this has made the task of developing worker-managed enterprises any easier. The strategy which we adopted six years ago and have adhered to since has been only marginally successful. We have developed three cooperatives which by industrial standards are tiny — the largest has eighty workers. We have given technical assistance to a number of even smaller enterprises and to a worker/community-owned supermarket. One of our first cooperatives has gone bankrupt — a victim of market takeover by large corporations.

Our strategy of giving technical assistance to worker takeovers has placed us at one remove from the actual responsibility of operating these companies. We have come to realize that there is a lack of people with the qualifications to organize worker-managed companies and that if such people were around, our own work would become much easier. As a response to this, two board members of the RMSO and one former board member of the NMSO have set up separate training programs in worker management. (I am the coordinator of one such program, the only one on the undergraduate level.) All three programs are multi-disciplinary, with a strong practical component of field work. We hope that from these programs will come the future advocates and practitioners of worker management. However, probably only a minority of these graduates will have the motivation, skills and character type that will make them the entrepreneurs and organizers of future worker-managed enterprises. Only a minority will be motivated to bridge the cultural gap between “hard” skills and “soft” skills so as to combine both in their work.

There seem to be promising alternative strategies to the one on which we have relied. During the six years we have been operating, a number of companies in growth industries have developed from one-person basement operations into multi-million dollar enterprises employing hundreds and selling nationally. We are now beginning to think about planned start-ups where the industry, product and market are all selected according to both social and economic criteria. We are concerned that isolated enterprises existing within a culture based on fundamentally different organizational and axiological assumptions are susceptible to degeneration to the standard form. This holds true either under conditions of marginality and failure or of significant success, and there are examples of this sort of degeneration resulting from both conditions. In the case of failure, worker-managed firms have doubted their own structure and managerial capacity and have called in outside management. In the case of success, the lure of large profits has caused some of the West Coast plywood cooperatives to sell out to conglomerates (Bernstein, 1974).

There is the example in Northern Spain, in the Basque region, of a large system of worker cooperatives, combined with agricultural, fishery, housing

and consumer cooperatives, which directly employs about 30,000 people and which continues to grow and flourish (Campbell, et al., 1977). Through a division of the Caja Litoral, its cooperative bank, it develops, by plan, four new cooperatives a year, employing around 400 working members. Through a social security cooperative it provides 100 percent disability, health care and retirement benefits for all its members. Through its technical college it trains several thousand workers in technical skills and the principles of worker management. In its twenty-year history, it has never had a failure — a tribute to the system's careful planning and thorough research by the Caja Litoral in the selection of management, products and markets. This serves as a model of what can be done and how to do it. Vanek (1977) and others (e.g., Ellerman, 1979), before they knew about this system, had arrived at a theoretical critique of the shortcomings of traditional cooperative structure which led in the same direction as the structure developed by the Mondragon system in Northern Spain.

The intellectual nexus of the theory of worker management lies on the interface between the individual and the formal organization and thus, between psychology and organization theory (Benello, 1980). Legal theory, especially property theory (Ellerman, 1978), economic theory (Ward, 1958; Vanek, 1971), and political theory (Burns, Karlsson, & Rus, 1979) as well as administration theory (Dunn, 1976; Garson, 1975) are also involved.⁴ On the more practical side, business, finance and management disciplines are required. The normative considerations which lead to the idea of freedom and self-determination in work derive from ethics, politics and the psychology of development (Benello, 1978). From the perspective of counter-institution building, the accepted divisions within social science have little meaning as a spectrum of specific skills, theory and knowledge in a variety of fields are involved. The detachment of the scientific observer is necessary in evaluating both specific outcomes and broad strategy; commitment of a normative ideal is necessary in order to effect change. The lesson is the need for holism in approaching social science.

NOTES

1. George Benello is an Adjunct Professor of Sociology at Hampshire College and Coordinator of the Project on Work and Democracy, a five college consortium project.
2. This was mentioned in a seminar given at Hampshire College, Winter of 1979-80.
3. I owe some references (to Argyris and Schon and to Holleb and Abrams) to conversations with Grant Ingle. His Ph.D. thesis, "Keeping Alternative Institutions Alternative" (unpublished) is the best analysis I have seen of the dangers encountered by alternative democratic institutions and how to deal with them.

4. Dunn (1976) argues that the greatest opening toward democratization lies in public administration organizations, not private sector organizations. But little or no publicity has accompanied these developments and while they may be more open to such developments, they make little impact on the public at large.

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