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# Democratizing Work: Redistributing power in organizations for a democratic and sustainable future

**Julie Battilana[1,2], Julie Yen[3], Isabelle Ferreras[4,5,6] and Lakshmi Ramarajan[7]**

## Abstract

Environmental destruction and social inequalities are increasingly urgent challenges. How can corporations, which have played a key role in creating and reproducing these problems, be part of the solution? In this paper, we advance that a shift to more democratic forms of organizing within corporations may be an important part of this transition. We first review scholarship on the disempowerment of workers. We then make the case for democratizing organizations, arguing that workers need to participate in firm decision-making so they can protect their rights and interests. We further suggest that democratic organizing practices may enable corporations to successfully pursue social and environmental objectives alongside financial ones, which is also important for addressing societal challenges. We then propose a research agenda for studying the democratization of organizations and its implications. In doing so, we highlight how organization scholars can build on prior research on democratic forms of organizing and draw from extant social science research outside of mainstream management scholarship. We conclude by calling for

[1]Joseph C. Wilson Professor of Business Administration, Harvard Business School, Boston, MA, USA
[2]Alan L. Gleitsman Professor of Social Innovation, Harvard Kennedy School, Cambridge, MA, USA
[3]Doctoral Student, Harvard Business School and Harvard Graduate School of Arts and Sciences, Boston, MA, USA
[4]Professor of Sociology, University of Louvain, Louvain-la-Neuve, Belgium
[5]Senior Tenured Fellow, Belgian National Science Foundation
[6]Senior Research Associate, Labor and Worklife Program, Harvard Law School
[7]Anna Spangler Nelson and Thomas C. Nelson Associate Professor of Organizational Behavior, Harvard Business School, Boston, MA, USA

**Corresponding author:**
Julie Yen, Doctoral Student, Harvard Business School and Harvard Graduate School of Arts and Sciences, 50 N Harvard St., Boston, MA 02163, USA.
Email: jyen@hbs.edu

research that will document, and help us better understand, what it takes to develop democratic and sustainable organizations and societies.

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Societies around the world face two intertwined, urgent problems: the destruction of the environment and ensuing climate crisis, and the crisis of democracy driven by systemic and growing inequalities. Research has shown that corporations have contributed to these problems and continue to reproduce and even accelerate them (Amis, Mair, & Munir, 2020; Griffin, 2017). Our profit-centered economic system has been one of the factors driving the climate crisis (Klein, 2014; Wright & Nyberg, 2015); companies have consistently failed to take significant action to account for the environmental consequences of how they do business, instead prioritizing financial returns and growth (Ferns & Amaeshi, 2021; Slawinski, Pinkse, Busch, & Banerjee, 2017). In their capacity as work organizations, corporations also play an important role in the creation and reproduction of inequalities (Acker, 2006; Tomaskovic-Devey & Avent-Holt, 2019), shaping societal-level economic disparities (Cobb, 2016) and reproducing patterns of gender, race, and class inequality (Amis et al., 2020).

These patterns are worrisome, as growing environmental destruction and social and economic inequalities are together threatening democracy and imperiling our collective future (Banerjee & Duflo, 2019; Ferreras, 2017; Ferreras, Battilana, & Méda 2020, 2022; Hochschild, 2016). Political and economic events of recent years further underscore the threat of both trends worsening in lockstep with one another. For example, far right and populist leaders have gained influence around the globe, weakening democracies (Levitsky & Ziblatt, 2018) and often denying the existence of the climate crisis (Lockwood, 2018; Schaller & Carius, 2019). The Covid-19 pandemic has emphasized how firms' relentless pursuit of profit, coupled with inadequate social safety nets, has had huge impacts on those already suffering from unequal pay and access to opportunities. Specifically, the working class, women, and marginalized communities have disproportionately borne the personal, social, and economic costs of the pandemic (Andrasfay & Goldman, 2021; Battilana & Sheppard-Jones, 2021; Bhala, Curry, Martineau, Agyemang, & Bhopal, 2020; Munir, 2021). These crises make clear that our social and economic systems need to change, and that firms have been part of the problem but can also be part of the solution.

In the spring of 2020, as the Covid-19 crisis was unfolding across the world, Julie Battilana, Isabelle Ferreras, and Dominique Méda (the first two of whom are authors of this paper) launched an initiative aiming to rally scholars around the need to help solve these pressing social and economic problems by rethinking the world of work. Building on existing research and their analysis of the evolution of work during the pandemic, they identified three critical dimensions that could be used to reorganize the economy: democratizing firms, decommodifying labor, and decarbonizing the environment (Ferreras et al., 2020, 2022). Democratizing work is important because workers are not mere resources in a production process. They are the key "labor investors" (Ferreras, 2017, 2021) without whom there would be no production. Workers invest their labor and their time—that is, their lives—to make most organizational activities possible. Yet, they typically have little to no say over organizational decisions that govern them. In turn, decommodifying labor is important because labor is not a mere commodity; it is a right, as stated in Article 23 of the Universal Declaration of Human Rights

(United Nations, 1948). All people should thus have access to work and the dignity it brings. The decommodification of labor is also needed to protect certain sectors, such as health care and education, from market mechanisms and an incessant profit logic in order to ensure that these goods can be provided to all. Finally, decarbonizing the environment is necessary to save the planet from destruction and is deeply intertwined with democratization and decommodification. All three of these transformations require putting people and the planet at the heart of our economic system, instead of focusing only on profits for those who invest capital. Thousands of academics worldwide co-signed an op-ed laying out these imperatives, which was released on May 16, 2020, in 27 languages in more than 40 national media outlets across the globe. The op-ed turned manifesto was developed into a book, since translated into multiple languages (for the English version see Ferreras, Battilana, & Méda, 2022), and became the launchpad for the first-ever Global Forum on Democratizing Work, which took place in October 2021 with more than 3,000 participants from 94 countries (for more, see www.DemocratizingWork.org).

In this paper, we focus on the first of the three pillars at the heart of this initiative: the democratization of the firm. The Democratizing Work Manifesto lays out the democratic philosophical principle that concerns work: "A personal investment of labor—that is, of one's mind and body, of one's health, one's very life—ought to come with the collective right to validate or veto [a firm's] decisions" (Ferreras et al., 2020). Yet, this principle is still not practiced, let alone recognized, in most corporations, in which workers have very little power. To foreground the problem of the disempowerment of workers, we first provide a historical perspective on the imbalance of power between workers and capital holders. We highlight how power struggles have been a consistent feature of capitalism since the Industrial Revolution (Marx, 1891; Polanyi, 1944), and how the rise of neoliberalism's shareholder value maximization paradigm has worsened the crisis of worker disempowerment in the last 50 years (Piketty, 2020). This disempowerment creates problems for individuals, organizations, and society, including higher stress and worse health outcomes (Pfeffer, 2018; Seibert, Wang, & Courtright, 2011), the inability for organizations and society to benefit from workers' innovation (Pieterse, van Knippenberg, Schippers, & Stam, 2010) and creativity (Zhang & Bartol, 2010), and weaker participation in political and civic processes (Budd, Lamare, & Timming, 2018; Wu & Paluck, 2020).

We then discuss the need to democratize organizations. Drawing on political and moral philosophy, we argue that workers should have the right to participate in the management and governance of their organizations, because these decisions have a profound impact on not only their work but also their lives. Drawing on the literature on hybrid organizing, we further suggest that democratic organizing may also enable firms to successfully and sustainably pursue social and environmental goals alongside financial ones. This possible consequence of democratic organizing, which requires further study, matters because all organizations, especially corporations, are under mounting pressure to pursue goals beyond profit (Freeman, Martin, & Parmar, 2020; Henderson, 2020; Kaplan, 2019). We thus argue that democratizing work is important in two ways: it has the potential to protect workers' rights and interests, and to enable the pursuit of multiple objectives. The democratization of work in organizations may therefore be a critical transition that can help shift firms from creating and reproducing social and environmental ills to positively contributing to a more democratic and sustainable world.

To practically envision a more democratic future for organizations, we turn to prior research on alternative, more democratic forms of organizing. In particular, we review scholarship on democratic governance structures and cooperatives to show that alternative ways of organizing work already exist and can inform the possibilities we collectively envision for a future in which power is more equitably distributed in companies. For example, in many European countries, codetermination guarantees worker representation on boards, thereby structurally empowering workers to participate in strategic decision-making (Gold & Waddington, 2019; Jäger, Noy, & Schoefer, 2021a). Cooperative models of organizing, which have existed for centuries, provide models for worker ownership, democratic decision-making, and pursuing non-financial objectives alongside financial ones (Cheney, Santa Cruz, Peredo, & Nazareno, 2014; Rothschild & Whitt, 1986). These and other alternative organizing practices have the potential to help catalyse further developments and innovations on the road to a more democratic future.

We end with a call for research to better understand and support the transition to more democratic work organizations, arguing that organizational scholars need to pay closer attention to the reality of workers and recognize their centrality in enabling economic endeavors to take place. Specifically, we call for scholars to extend research on alternative forms of organizing; interrogate the relationship between hierarchy and democracy; center the importance of diversity and inclusion in research on democratizing work; and investigate the synergies and tensions between purpose and power in organizations. The research conducted by Adler (2019) and outlined in his companion piece in this forum (Adler, 2022) is another important example of the kind of research program needed to uncover how we can transform organizations, economies, and societies to address the crises of this century. Further experimentation and innovation will be needed across many contexts and types of organizations, and future research is needed to document these changes and to analyse what works and does not work. We encourage organizational scholars to envision and embrace the possibility of fairer and greener organizations and societies, and to commit to rigorously investigating the role of more democratic organizing in creating and sustaining that future.

## Historical Power Struggles and the Disempowerment of Workers

Worker rights and involvement have not been central in management theories during the last half century. Yet workers' lack of power in relation to capital holders has been a core social problem since the Industrial Revolution. Foundational thinkers such as Marx (1891) and Polanyi (1944) were deeply concerned with the exploitative and dehumanizing nature of capitalist employment. They viewed capitalism as an engine for increasing inequality between workers and capital owners and understood social movements as essential for achieving a fairer balance of power and better working conditions. Polanyi's (1944) concept of the "double movement" describes this push and pull between market forces and social movements, with the market worsening the exploitation of workers and social developments arising to protect them. Indeed, this tension between the control and empowerment of workers has been ever-present over many decades.

On one side of this equation, collective organizing and developments in firm governance such as codetermination have increased worker power. During the first half of the twentieth century, the union movement won significant gains for workers, enabling them to unite within and across firms to negotiate better pay and working conditions (Kochan & Kimball, 2019). Today, different models of union organizing, social dialogue, and social partnership continue to be important mechanisms for incorporating workers into the governance of firms and economies around the world (ILO, 2017). Also during the twentieth century, codetermination arose in some countries as an important mechanism for enabling workers and their elected representatives to take part in decision-making at the firm level. Codetermination's roots reach back into the nineteenth century, and since its implementation in Germany following World War II, it has come into practice in a number of countries, especially in Europe (McGaughey, 2015). Models of collective bargaining and worker participation in firm governance vary across sectors and national contexts, but throughout many parts of the world, these mechanisms provide a formal voice for workers in decision-making and provide structural representation aimed at counterbalancing the power of capital owners.

On the other side of the equation, since the 1970s, neoliberalism and the prioritization of shareholder value (Friedman, 1970) have eroded worker power and undermined workers' interests and well-being. During this period, CEO and average worker pay have drastically diverged, driven in part by the unchecked decision-making power of boards controlled by shareholders (Kim, Kogut, & Yang, 2015; Mishel & Davis, 2015). Economic insecurity has risen (Western, Bloome, Sosnaud, & Tach, 2012). Firms' pursuit of higher profits has made work increasingly precarious (Kalleberg, 2011), contributed to the rise of the "fissured workplace" and unstable employment relationships (Weil, 2014), and motivated firms to institute widespread policies such as just-in-time scheduling that create adverse consequences for workers and their families (Harknett, Schneider, & Luhr, 2020; Schneider & Harknett, 2019). These headwinds for workers have coincided with a sharp decline in union participation, especially among private sector workers in the United States (Rosenfeld, 2014), which in turn has been associated with stagnating wages and rising income inequality (Kochan & Kimball, 2019; Western & Rosenfeld, 2011). Thus the dominance of neoliberalism has eroded workers' ability to engage in collective organizing, consolidating the concentration of power in the hands of capital holders.

As a result, by the start of the Covid-19 pandemic in 2020, workers' lack of power was particularly salient. This disempowerment of workers is problematic for individuals, organizations, and societies. Experiencing a lack of control at work is associated with negative consequences for workers, such as mental strain, job dissatisfaction, lower self-esteem, and worse health outcomes (Fast, Gruenfeld, Sivanathan, & Galinsky, 2009; Karasek, 1979; Pfeffer, 2018). When workers suffer these consequences, organizations bear the costs of lower productivity and performance (Taris & Schreurs, 2009; Tenney, Poole, & Diener, 2016). In addition, when workers lack structural power in their firms—the right to formally participate in organizational decision-making—they are unable to protect their own rights and interests (Yen, Battilana, & Aguirre, 2022). This structural disempowerment contributes to societal-level patterns of inequality in resources and well-being that have implications beyond the boundaries of corporations.

Indeed, workers' disempowerment profoundly contradicts the very tenets of the democratic project of our societies (Ferreras, 2017): the idea that all human beings are born "free and equal in dignity and rights" according to Article 1 of the *Universal Declaration of Human Rights*, and as a consequence can participate in the government of their own lives. From this perspective, Anderson (2017) frames the problem of worker disempowerment by conceptualizing employers as "private governments," arguing that "for most workers, employment in large firms brings with it subjection to arbitrary power that extends beyond their work lives" (p. xi). Analysing this reality from a sociological angle and echoing a long research tradition in organization studies, Ferreras (2017) suggests conceptualizing firms as political entities constituted by two classes of investors: capital and labor. Shareholders invest their capital, while workers invest their lives to make organizational activities possible. Yet despite the fact that companies affect the lives of both parties, most companies recognize and promote the rights and interests of capital investors to the exclusion of workers, who are not only *affected*, like the capital investors, but *governed*, in their everyday working lives, by the rules of the firm (Ellerman, 1990). This unequal relationship between capital holders and those who work for the firm is reproduced through relational processes within and across organizations (Tomaskovic-Devey & Avent-Holt, 2019). As such, shareholders and the board members and top managers who represent them retain near-absolute control over most work organizations, while workers lack the power to shape firm decisions, even those that greatly affect them (Battilana & Casciaro, 2021a; Emerson, 1962). In the next section, we turn to the need to democratize firms to help correct this imbalance of power.

## The Case for Democratizing Work

Today the taken-for-granted model for organizing work is largely top-down and management-led. Yet such a hierarchical and often undemocratic model is not the only way to organize economic and social relations (Atzeni, 2012). Here we discuss why it is critical for moral and instrumental reasons to grant workers access to and control over valued resources and decision-making in organizations (Battilana & Casciaro, 2021a; Emerson, 1962).

Workers need to be able to participate in organizational decision-making in order to ensure their ability to protect their interests. Managerial and strategic decisions in which most workers have no say shape workers' work and non-work lives (Ferreras, 2017; Hsieh, 2005), contributing to or even creating the serious threats to well-being and financial security that many workers face (Kalleberg, 2011; Pfeffer, 2018). As Hsieh (2005) points out, virtually all decisions made in economic organizations affect workers. Managerial decisions dictate or limit which tasks workers perform and how they may act within the workplace; they determine key features of working conditions, such as safety, compensation, and opportunities for advancement; and they determine strategic-level decisions such as what and how much firms produce, and where firms are located. Of course, these decisions affect workers directly within the context of employment. They also profoundly affect workers' lives outside of work, shaping their ability to sustain themselves, how they spend their time, and the kinds of commitments they can make to their families, friends, and communities. Given the far-reaching effects of these decisions on their lives, workers should have a right to participate in them (Brenkert, 1992; Ellerman, 1990). Firms can ensure that workers' interests are structurally represented by formally guaranteeing workers the right to participate in decision-making processes. Democratizing work thus injects the principle of collective bargaining into the very heart of companies in order for those who invest their labor to have a collective say over the ends as well as the means of the shared endeavor that is the firm (Ferreras, 2017; Ferreras, Battilana, and Méda, 2020, 2022). In democratically organized firms, workers actually have a say in essential questions such as: What services should we provide? What products should we develop? Who should benefit from them? How can effort and rewards be fairly distributed? And, who should be chosen as CEO?

Beyond the practical need for workers to protect their interests and control their own lives, there is a strong moral case for democratizing work organizations. Though many of the arguments for worker participation and empowerment in organizational scholarship rest on economic reasoning, Collins (1997) argues that the authoritarian model that dominates firms should be rejected on ethical rather than economic grounds. Scholars have argued that firms are in essence political entities, and that democratic participation is the only way to ensure the just and legitimate exercise of authority within them (Ferreras, 2017; McMahon, 2017). This line of argument draws a parallel between firms and the state, positing that "if democracy is the only legitimate form of government in the state, it should also be the only legitimate form of governance in the firm," and recognizing that "to the extent that their voices are not represented on the board of directors, employees in a classic capitalist firm are similar to disenfranchised citizens in an undemocratic state" (Landemore & Ferreras, 2016, p. 56). The right to participation is thus a fundamentally democratic issue of freedom (Brenkert, 1992) and one of justice and equality (Landemore & Ferreras, 2016).

It follows that workers deserve to be able to protect their own rights and interests and to have true power and control over their work and non-work lives, and this argument alone is sufficient cause to commit to the effort of democratizing work. But there is another important reason to undertake this transition; namely, that democratizing work also may play a key role in helping solve the social and environmental problems facing our societies. Businesses are increasingly expected to attend to their social and environmental performance in addition to financial performance (Freeman et al., 2020; Henderson, 2020; Kaplan, 2019), and there is emerging evidence that democratic organizing can more effectively help companies pursue these multiple objectives (Battilana, Fuerstein, & Lee, 2018).

The evidence for this insight comes from the literature on hybrid organizing, which has often focused on organizations that simultaneously value social and environmental objectives alongside financial ones (for reviews, see Battilana, Besharov, & Mitzinneck, 2017; Battilana & Lee, 2014; Besharov & Mitzinneck, 2020). For these organizations, often called dual purpose or triple bottom line organizations, pursuing social, environmental, and financial objectives is central to who they are and what they do. Combining these goals, hybrid organizations often face tensions and tradeoffs when making decisions (Battilana, Obloj, Pache, & Sengul, forthcoming; Hahn, Figge, Pinkse, & Preuss, 2010; Smith, Gonin, & Besharov, 2013; Wry & Zhao, 2018). Recent research suggests that democratic organizing and power-sharing strategies may be key features of organizations that successfully navigate these tensions (for a review see Battilana and colleagues et al., 2018). For example, in their study of a natural food cooperative, Ashforth and Reingen (2014) found that formal meetings and ritualized processes enabled deliberative decision-making and power-sharing. These features facilitated the ongoing prioritization of both financial and mission-related goals, such that a balance was maintained over time, and groups with different priorities shared power. Similarly, Battilana, Sengul, Pache, and Model (2015) found that "spaces of negotiation" enabled organizational members who were separately responsible for social and financial objectives to discuss and address the tradeoffs they faced, diffusing tensions within the organization. These qualitative findings highlight the importance of deliberation and power-sharing to facilitate conflict negotiation and to ensure that the organization continues to account for multiple objectives over time.

These findings come from a relatively small body of emerging work, but they nonetheless suggest that democratizing organizations and sharing power may be instrumental to a future in which organizations can successfully pursue social and environmental goals alongside financial ones. To help organizations make this transition, management scholars can build on existing research not only on hybrid organizing, but also on other extant forms of democratic organizing, which we turn to in the next section.

## A Reality That Already Exists: Possibilities for More Democratic Organizing

Alternative, more democratic models of organizing have long existed and been studied by scholars in both management and other disciplines (Atzeni, 2012; Parker, Cheney, Fournier, & Land, 2014). These settings are a starting point for management scholars aiming to build a deeper understanding of the process of democratizing work and its implications, and they can provide a roadmap for bringing some of these ideas and practices into mainstream organizations and research. Here we highlight two key alternative forms of organizing—codetermination and cooperatives—but there are many others, such as rotating savings and credit associations (Hossein, 2016) and sharing and gift economies (Schor, 2020), that also illustrate how alternative organizational models are already operating in many parts of the economy.

Models of democratized governance that structurally empower workers are common in some parts of the world. In particular, the German codetermination model became prominent in the mid-twentieth century and has spread to countries across Europe, including Austria, Denmark, Norway, and Sweden (Gold & Waddington, 2019; McGaughey, 2015). Codetermination gives workers seats on their organization's board of directors so they can vote on strategic decisions that affect them, such as pay ratios, CEO selection, or how to adapt to a global pandemic.

Some models of codetermination also mandate employee participation in day-to-day firm governance through "shop-floor representation laws" or "works councils," which enable workers to weigh in on establishment-level decisions regarding working conditions, hiring, and more (Jäger, Noy, & Schoefer, 2021b).

Research on codetermination has found that participation in firm governance is associated with positive outcomes for workers. For example, Gregorič and Rapp (2019) found that Scandinavian firms with board-level employee representation were less likely to reduce employment during the Great Recession, suggesting that worker participation on boards helps protect workers' jobs during times of crisis. Other recent analyses have found moderate positive effects of codetermination on wages, job stability, and productivity (Jäger et al., 2021b), and on job quality (job security, health, subjective job quality, and wages) (Harju, Jäger, & Schoefer, 2021). Noticeably, these studies have found small to moderate positive effects of codetermination for workers, which may be explained by its redundancy with other social institutions (e.g., unions) and informal norms (e.g., informal worker voice) in the countries in which it is implemented. In addition, workers typically only have a minority position on boards, which weakens their ability to meaningfully shape decision-making. Different countries require varying proportions of worker representation, typically ranging between one third and one half of board members. Even in German firms with over 2,000 employees, in which workers control fifty percent of board seats, a chairperson appointed by shareholders most often casts the tie-breaking vote.[1] Taken together, this evidence suggests that codetermination, in conjunction with other institutions such as unions, can increase worker power and well-being, though workers' influence often remains limited by their ultimate subordination to shareholders.

Cooperatives are another important model of power-sharing with a long history around the world that can offer important benefits to both workers and societies (Forcadell, 2005; Rothschild & Whitt, 1986). Worker-owned cooperatives are structured to give workers a vote on their organization's governance, and they explicitly prioritize workers' interests, and often other social or environmental goals as well (Paranque & Willmott, 2014; Rothschild, 2009). Research has shown that, relative to traditional firms, cooperatives more often prioritize maintaining employment in times of financial stress and therefore help stabilize employment during crises (Delbono & Regianni, 2013; Garcia-Louzao, 2021). Recent research has also found that cooperative forms of organizing foster social trust (Sabatini, Modena, & Tortia, 2012), can make work less alienating (Kociatkiewicz, Kostera, & Parker, 2021), promote the values of collectivity, egalitarianism, and autonomy in a workforce, and create spaces in which diverse opinions can flourish and be productively debated (Kokkinidis, 2015).

This is not to say cooperatives are a panacea, or that they are immune from the pressures facing for-profit companies. The "degeneration" hypothesis posits that, over time, many cooperatives tend to succumb to the pressures of the neoliberal, capitalist systems in which they are embedded (Storey, Basterretxea, & Salaman, 2014). For example, cooperatives face pressure to internationalize, replace worker-members with non-member workers, and concentrate power in the hands of a managerial elite, which can erode cooperative and social values (Bacq, Battilana, & Bovais, 2022; Bretos & Errasti, 2017; Flecha & Ngai, 2014). At the same time, scholars have also studied the potential for cooperatives to "regenerate," reinstituting cooperative values and democratic practices (Flecha & Ngai, 2014; Storey et al., 2014). Research has further documented the conversion of traditional organizations to cooperative forms, such as in the case of Mondragon's conversion of a capitalist subsidiary into a mixed cooperative (Bretos & Errasti, 2017), or the conversion of firms in financial distress into worker-owned cooperatives in Argentina (worker-recuperated enterprises, or *empresas recuperadas por sus trabajadores*) (Vieta, 2014). On the whole, these studies point to the ongoing potential to form and sustain more cooperative organizations even within a capitalist environment that presents stiff headwinds for alternative organizations. The insights from this body of work can help us understand the challenges of transitioning from traditional to more democratic organizational forms and can suggest strategies for doing so.

## Democratizing Work: A Call for Research

These settings, in which various forms of democratic governance and participatory decision-making are already being practiced, are rich contexts for developing research that can support the transition to more democratic and sustainable work organizations. In addition, both traditionally profit-oriented (e.g., Turco, 2016) and explicitly hybrid (e.g., Battilana et al., 2015) companies are experimenting with ways to enable worker voice, facilitate deliberation, and generally improve collective decision-making. As Adler (2022) notes in this issue, even some of the largest capitalist corporations already involve workers in shaping corporate strategy today. All these initiatives need to be improved upon and studied to help achieve a fairer distribution of power while pursuing social and environmental goals alongside financial ones.

Here we identify key areas for future research. First, we outline the need for further extensions of research on alternative forms of organizing. Second, we raise questions about the relationship and distinction between hierarchy and democracy that urgently need to be addressed. Third, we highlight the link between organizations and inequality, and we discuss the importance of attending to demographic differences and diversity to ensure that efforts to empower workers are genuinely inclusive. Last but not least, we call for research to investigate the link between questions of power and purpose in organizations. We conclude by explaining why research in each of these areas can play an important role in helping to create a democratic and sustainable future.

### *Extending research on existing alternative forms of organizing*

More research is needed to better understand the promise and challenges of more democratic forms of organizing, such as codetermination, cooperatives, and unions, among others. For example, though Stylistic, but the three commas so close to one another struck me as off codetermination has been widespread in some countries for nearly a century, more research on how it affects worker outcomes is needed. There is a growing interest in worker participation models for firm governance outside of Europe, with legislators in the United States, United Kingdom, Canada, and Australia studying codetermination models in recent years (Jäger et al., 2021b; Strine, Kovvali, & Williams, 2021).[2] This potential for policy change highlights the need to better understand how codetermination might affect outcomes in different institutional contexts, and to disentangle the effects of codeterminaion from other labor market institutions such as unions in those settings (Jäger et al., 2021b). In addition, there is a need to consider how worker participation in firm governance may affect other important social outcomes, such as corporate social responsibility (Scholz & Vitols, 2019). And, surprisingly perhaps, research on the subjective experiences of workers under codetermination models is scarce, though these dimensions are central to the project of democratizing work. Management scholars, in collaboration with those in other disciplines, can play a key role in addressing these questions, and studying novel approaches to democratic governance. For example, building on research in political science, Ferreras (2017) proposes economic bicameralism, a two-chamber firm governance structure representing workers and capital holders, as a new mechanism for democratizing firms and empowering workers (for a discussion of how such a system can be implemented in companies, see Battilana & Ferreras, 2021). Such innovations need to be researched so that we can better understand their implications.

Cooperatives are another area where more research is needed to concretely understand how to bring this type of organizing into the mainstream economy. Cooperatives clearly have great potential to empower workers, yet some scholars have rightly warned against the romanticization of cooperatives, and especially of large, well-known examples such as Mondragon (Heras-Saizarbitoria, 2014), which are promising but relatively rare. Indeed, cooperatives can pose challenges to workers, as participation in decision-making and ownership can be a source of stress and can necessitate large investments on their part of financial capital, time, and emotional energy (Hoffmann, 2016; Meyers & Vallas, 2016). Further research is thus needed to understand the challenges of cooperative organizing and worker ownership alongside the benefits that they provide. More research is also needed to understand how traditional firms can successfully transition to cooperative forms, and how they can maintain cooperative principles in an unfavorable institutional environment, as this understanding is necessary for cooperative organizing to become more widespread. Last but not least, technological change and the rise of the platform economy (Davis & Sinha, 2021) point us to another important development in cooperative organizing: the emergence of platform cooperatives (Scholz, 2016). Platform cooperatives can enable workers who are often isolated and disempowered as individual workers in the gig economy to collectively organize and receive some of the benefits of traditional employment (Charles, Ferreras, & Lamine, 2020), and can enable workers to own and govern the platform organizations that control their labor (Schor, 2020). Management scholars have a key role to play in studying these organizations as they evolve and expand and as the gig economy becomes an increasingly significant part of the global economy.

New research on unions is also needed to understand the role that they can and should play in an evolving social, political, and environmental landscape. Union power has been dramatically reduced in the past decades, especially in the US, where the state has allowed employers to engage in anti-union practices such as intimidation and retaliation with almost no consequences (Lafer & Loustaunau, 2020; Rosenfeld, 2014). Yet, in the aftermath of the pandemic, worker interest in unionization seems to be on the rise. Recent research finds that many workers want to have more voice at work and are increasingly interested in unionization (Kochan & Kimball, 2019; Kochan, Yang, Kimball, & Kelly, 2019). Prominent union organizing efforts instigated by employees are currently under way in many employment settings, including major companies such as Alphabet and Amazon (Conger, 2021). Management scholars should continue to study these cases to better understand the experiences and desires of unionized and unionizing workers today. Research is also needed to better understand the relationship between unions and other efforts to democratize firms, such as those mentioned above. More broadly, this line of research also points to the importance of attending to the institutional environment in which organizations exist—how it does or does not support the democratization of work and the well-being of workers and societies, as well as how it needs to change to support these aims (Yen et al., 2022).

## *Rethinking hierarchy*

When we think of organizations or systems that are more democratic, we often assume that they are less hierarchical. However, as Adler (2022) discusses in this issue, worker and citizen participation in decision-making can be implemented while maintaining centralization, organizational structure, and strategic planning. There are many varieties of less-hierarchical and more democratic forms of organizing, and disentangling hierarchy from democracy will be an important and fundamental task for future research.

In their review of scholarship on less-hierarchical organizing, Lee and Edmondson (2017) identify three areas of research: post-bureaucratic organizations, humanistic management, and organizational democracy. Post-bureaucratic organizations, such as network and market forms of organizing, are designed to be flexible, responsive, and innovative. Humanistic management approaches, such as participatory management and self-managed teams, are focused on improving the individual experience at work by altering relationships between managers and subordinates to be more satisfying and motivating.

Organizational democracy, which is applied in codetermination and cooperatives, gives workers decision authority over their work and work environment. In this paper, we have focused primarily on organizational democracy, but further research is needed to understand which models of less-hierarchical organizing effectively empower workers in different contexts.

In carrying out this research, it will be important to distinguish between hierarchy and democracy. Less-hierarchical organizations—that is, flatter ones—are not necessarily more democratic. For example, a relatively flat organization can still be owned or managed by autocratic leaders, such that workers are more equal to each other but remain disempowered. Similarly, market forms of organizing designed to let the "best" ideas "rise to the top" may not be hierarchical in a bureaucratic sense, but they do not guarantee equitable participation in management or decision-making. For example, Turco (2016) found that the use of platforms to facilitate worker voice in a tech firm resulted in the loudest voices getting disproportionate attention, while individuals who did not wish to participate in this public forum remained sidelined. Moreover, Turco found that the firm she studied enabled worker voice but did not include workers in decision-making, making the organization relatively flat but not democratic. To better understand different types of less-hierarchical organizing, more research that attends to the distinction between voice and decision-making authority is needed, as both are important for work organizations to truly become more democratic.

Just as flat organizations are not necessarily democratic, democratic organizations are not necessarily flat. For instance, cooperative organizations can use both flat and hierarchical management structures, which have different benefits and drawbacks (Slade Shantz, Kistruck, Pacheco, & Webb, 2020). For example, Smith, Arthur, Cato, and Keenoy (2012) document how, after a coal mine became a worker-owned cooperative, it retained hierarchy and continued to privilege the knowledge of technical experts while also implementing collaborative and participative decision-making processes at operational and strategic levels. Such examples demonstrate that democratizing work does not mean foregoing expertise, delegation, and hierarchy; hierarchy can exist within democracy, and we need to more systematically study the combinations that work in different contexts. Future research should also investigate different methods for selecting worker representatives in leadership roles, including elections and sortition (lotteries) (Pek, 2021), and the role this plays in furthering the democratization of work. These different organizing strategies may be found to have different implications for worker well-being and for an organization's ability to pursue social, environmental, and financial goals.

### *Accounting for the links between worker power, diversity, and inclusion*

Future research on the distribution of power in organizations will necessarily intersect with research on societal power hierarchies—such as those based on race, class, gender, and other identities—because the two are deeply intertwined. Today, those who rise to the top of organizational hierarchies are also disproportionately those who are at the top of power hierarchies in society. Indeed, scholars have argued that systems of hierarchy such as race (Ray, 2019) and gender (Acker, 1990) are not only present in but are constitutive of organizations. Scholars have also theorized that organizations are one of the primary mechanisms through which societal inequalities are reproduced and maintained in modern societies (Acker, 2006; Baron & Bielby, 1980; Tilly, 1998). As "the income-pooling devices from which other material inequalities flow" (Tomaskovic-Devey & Avent-Holt, 2019, p. 2), organizations directly shape economic inequalities by accumulating and distributing resources (Bapuji, Husted, Lu, & Mir, 2018). Organizations also shape status inequalities, creating and perpetuating differences in esteem, respect, and recognition that often fall along lines of race, class, and gender (Lamont, 2018; Ridgeway, 2014). Extensive research shows how organizations reproduce such patterns of inequality through taken-for-granted organizational practices, including hiring, role allocation, promotion, compensation, and structuring (Amis et al., 2020; Castilla, 2008; Rivera & Tilcsik, 2016; Wingfield & Alston, 2014).

Today, social movements around the world, people working in organizations, and researchers are aiming to alter these systems of inequality and increase diversity, equity, and inclusion in organizations (Berrey, 2015; Kalev, Dobbin, & Kelly, 2006). It is still unclear at present, however, how these efforts may intersect with efforts to democratize work organizations. As such, we believe that another key area for future research is investigating how granting greater power to workers shapes efforts to reduce social and demographic inequalities in organizations (and vice versa, whether creating more demographically diverse organizations can lead to more democratic participation for members). We cannot assume that more democratic organizations will necessarily be more equal ones, especially along the lines of social and demographic identities. Workers in positions of power, especially those from dominant social groups, may have little incentive to share their power with members of marginalized groups, and there is a risk that people's preference for homogeneity (Gruenfeld & Tiedens, 2010) may prevail even in democratic and cooperative spaces (Meyers & Vallas, 2016; Schor, 2020). Just like we do not all engage equally in the democratic political sphere, organizations that adopt more democratic ways of organizing may still even unwittingly replicate wrongs such as racism, sexism, agism, or classism, for instance, which may then exclude or disadvantage certain workers from equally participating in the organization's governance.

Thus, as we seek to level the playing field between labor and capital, or between workers and managers, we will need to attend to social and demographic identities: whose labor and whose capital is at stake in any given organization? As we rethink the distribution of power in firms and seek to elevate workers, the default identity of the worker struggling against capital should not be the white, working-class man, or the professional working in Silicon Valley. Instead, our understanding of workers must be inclusive and encompass people who are marginalized on the basis of their identities, as well as workers in the informal economy, temporary workers, migrant workers, and gig economy workers. It is thus important to ask: who are those groups in society and organizations who most often lack control over their work lives, and most need opportunities for democratic participation and voice? What kinds of self-empowerment and organizing are members of marginalized groups already engaged in? Here there are examples of models for more democratic organizing to draw on, such as the Self-Employed Women's Association (SEWA) in India, one of the largest unions and cooperative organizations for informal workers in the world.

Research integrating worker power, the democratization of firms, and societal inequality may also effectively build on several areas of scholarship adjacent to management and organization studies. For example, Hossein (2019) argues that scholars of social enterprise and the solidarity economy can take gender, race, and other axes of inequality seriously in two ways. They can draw on and center the work of Black scholars such as DuBois (1903), Williams (1944), hooks (1981), Robinson (1983) and others, who wrote ground-breaking analyses on the close, co-constitutive relationship between capitalism and systems of racial, gender, and global inequality. Scholars can also add more complexity and nuance to their discussions and representations of the cultures and identities of people of color (Small, 2015) in the social and solidarity economy. Hossein's own work demonstrates this approach through in-depth qualitative studies, drawing on interviews with hundreds of women of color who are organizers and participants in money pools, informal banking, and mutual aid community organizations in the Caribbean and North America. She shows how poor and racialized women create not purely profit-based, but alternative, social-objective oriented forms of economic organizing; these more inclusive and democratic forms of organizing are a response to financial exclusion from market-based approaches and a form of political resistance (Hossein, 2014, 2016). Other rich and varied literatures on which management scholars can draw include research on women's empowerment through labor participation (e.g., Kabeer, 1997) and on feminist organizing (e.g., Ferree & Martin, 1995), to name just two that take seriously the link between societal inequalities and democratic participation. Overall, research on empowerment and democratizing work could thus seek out feminist and anti-racist scholarship. As mainstream scholarship in this area takes off, it must do more to build these bridges and not simply reproduce a predominant focus on private sector, profit-oriented firms and their formal employees.

## *Synergies and tensions between power sharing and purpose*

Thus far we have outlined a research agenda focusing on questions of power in organizations; who has power, and how can power be distributed more fairly? Yet these questions of power are deeply intertwined with questions of organizational purpose, because a fair and sustainable future will involve not only organizations that are democratic, but also organizations that prioritize social and environmental goals in addition to financial ones (Battilana & Yen, 2022). Future research must therefore ask: when does democratizing work support this organizational imperative, and when does it conflict with it? Pursuing multiple objectives and empowering workers may be mutually reinforcing (a win-win), but there also may be challenges and tensions in pursuing such a dual agenda along the way. These tradeoffs need to be studied if we are to better understand the conditions under which they emerge and how they can be managed (Battilana et al., forthcoming).

In this context, future research can further probe how empowering workers may help firms more successfully navigate tensions between multiple goals. There are many recorded instances in which workers, who have a greater stake in their local environments than distant shareholders, have pushed for environmental protections to safeguard themselves and their communities (Battistoni, 2022; Obach, 2004). In recent years, employees from major firms, including Google Alphabet, Amazon, and Twitter, have organized movements from within their organizations to pressure their companies to act on social and environmental issues, including systemic racism, gender inequality, and climate change. These instances demonstrate that workers have opinions and expectations about firm strategy and are seeking ways to participate in decision-making, even though they most often remain formally excluded from their firms' governance structures (Ferreras, 2021). Research shows that, generally speaking, when workers are empowered, they can push their companies to pursue objectives beyond profit, and that their creativity and drive are critical to the implementation of social and environmental initiatives (Bansal, 2003; Battistoni, 2022; Bode & Singh, 2018; Meyerson & Scully, 1995; Ramus & Steger, 2000; Sonenshein, 2006). We need to better understand how to enable workers to enact prosocial values and change in their organizations, so that giving them greater power to set organizational agendas and participate in decision-making can increase firms' uptake of social and environmental objectives.

Related to our discussion of demographic differences above, there is evidence that empowering members of marginalized groups may be particularly important in enabling the pursuit of multiple objectives. Outside of organization studies, research on gender and development suggests that when women are empowered through structural access to resources, such as education, employment, and property rights, there are a range of potential societal benefits, including greater investment in families and greater agency and capability to effect change towards collective welfare (Agarwal, 1994, 2009; Kabeer, 1997). Further, some studies suggest that political empowerment in the form of female leaders in democratic politics tends to lead to greater priority being given to social welfare goals (Chattopadhyay & Duflo, 2004). Future research is needed to understand how to enable individuals from marginalized groups to drive change, while simultaneously ensuring that the burden of such change does not rely only on members of such groups or otherwise disempowered workers.

Future research will need to investigate not only “win-win” opportunities in which democratizing firms can yield better social, environmental, and financial outcomes, but also the tensions and tradeoffs that will inevitably arise (Battilana et al., forthcoming). For example, and as already mentioned, it is important to consider that democratic participation may have positive as well as negative consequences for workers. Participation in democratic decision-making can be burdensome, time-consuming, or stressful, and workers may initially lack the skills needed to engage in democratic processes (Hoffmann, 2016; Meyers & Vallas, 2016). Future research may help identify strategies managers can use to mitigate the challenges of democratic organizing for workers. Managers will need to embrace their roles as educators and experimenters to facilitate this transition, learning with workers how they can together effectively participate in democratic processes and helping organizations experiment with new ways of working.

Another potential tension revolves around decarbonization, as there will likely be instances when environmental imperatives conflict with some workers’ immediate interests or preferences. For example, employees in industries associated with significant carbon emissions may have little incentive to endanger their own jobs, though it may be necessary to do so to fight the climate crisis. Future research should investigate how organizations can manage and mitigate these tensions. In this case, it may also be important to consider the need for systemic responses beyond the workplace, such as a job guarantee (Tcherneva, 2022), as critical means of achieving a decent standard of living for all while remediating the environment. For this reason, we advance that it is time for management scholars to engage in a broader conversation about the decommodification of work, the second pillar of the Democratizing Work Manifesto (Ferreras et al., 2020, 2022). Scholars have long recognized that commodifying human labor threatens individual and societal well-being. Polanyi (1944) conceptualized labor as a “fictitious commodity,” writing, “Labor is only another name for a human activity which goes with life itself,” and noting that it “cannot be shoved about, used indiscriminately, or even left unused, without affecting also the human individual who happens to be the bearer of this particular commodity” (pp. 75–6). Given that labor is part and parcel of human existence, its commoditization in the market economy results in employment insecurity, poverty, and human suffering. Indeed, these social problems are a consistent feature of our economic and social systems, which require most people to sell their labor to sustain themselves, regardless of the availability and quality of jobs (Williams, 2021). It is therefore crucially important that future scholarship engage not only with questions of democratizing work, but also with the interrelated challenges of decommodifying labor and decarbonizing the economy (Ferreras et al., 2020, 2022).

## Conclusion

As we face the climate crisis, the scourge of inequality, and continuing threats to democracy around the world, it is clear that organizations need to change. Here we have argued that, though firms have contributed to these problems, they now must, and can, play a central role in addressing them. Societies need to move away from today’s extractive neoliberal economic model, which maximizes financial returns for capital holders at the expense of workers, communities, and the environment. Transforming the internal governance of firms by democratizing work is one key part of this transition (Ferreras, 2019).

Democratizing work, however, is not the only change we need. Organizations will face external resistance as they attempt to transition to more democratic forms of organizing, because our social and economic systems are not currently designed to support them. We therefore need to adapt our institutions and norms—including financial systems, accounting and reporting practices, labor policies, and culture—to support and promote democratic organizing (Battilana, 2021; Battilana & Casciaro, 2021b; Block & Hockett, 2022; Kochan & Kimball, 2019; Yen et al., 2022). These transitions will require great investments of time, money, and energy, but there are good reasons to believe that they have the potential to eventually create benefits for society that far outweigh these costs.

As one example, democratic education and participation in organizations can not only strengthen our firms, but can also strengthen our political democracies. Empowered workers who are accustomed to exercising decision authority in their organizations are likely to build capacity as citizens to participate in elections and other democratic processes, such that participation at work can serve as a training ground for civic participation (Budd et al., 2018; Pateman, 1970; Wu & Paluck, 2020). By contrast, disempowered workers experience an absence of capacity to make choices about the conduct of their own lives, which they expect—and enjoy—in the *polis.* Democratizing corporations could potentially help address the political corruption stemming from firms' undue power, which is eroding democracies around the globe (Nyberg, 2021). These synergies between workplace and political democracy point to an important opportunity for organizational scholars and political scientists to work together as we rethink our economic, social, and political organizations and systems for a fairer and greener world.

The transformations envisioned here are, we realize, daunting, but the work we have reviewed shows that they are within reach. Models for sharing power and democratizing organizations already exist and can be adapted and extended to help build a better future. As scholars, we can contribute to this journey through empirically and theoretically rigorous scholarship. Our scholarship must speak directly to the urgent problems we face and help spur action to address them (Howard-Grenville, 2021). This journey will require of us to become less siloed, to learn from extensive scholarship in other fields, and to maintain our own sense of purpose. We have far to walk on the path to democratizing firms, but the possibilities before us are real and achievable.

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## ORCID iD

Julie Yen https://orcid.org/0000-0002-1222-0639

## Notes

1. For more details on the specifics of board-level employee representation in different European countries, see Natalie Videbæk Munkholm, *Board-Level Employee Representation in Europe: An Overview* (Directorate General for Employment, Social Affairs, and Inclusion, European Union, 2018), https://eu.eventscloud.com/file_uploads/e0bd9a01e363e66c18f92c-f50aa88485_Munkholm_Final_EN.pdf. For a country-by-country breakdown of industrial relations in Europe by the European Trade Union Institute, see: https://www.worker-participation.eu/
2. Interestingly, the United States is no stranger to codetermination: the world's oldest codetermination law continuously in force was created in none other than Massachusetts in 1919. Though it's rarely used, it remains intact today in §23 of the Massachusetts Laws chapter on business corporations (McGaughey, 2019).

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## Author biographies

**Julie Battilana** is the Joseph C. Wilson Professor of Business Administration in the organizational behavior unit at Harvard Business School and the Alan L. Gleitsman Professor of Social Innovation at Harvard Kennedy School, where she is also the founder and faculty chair of the Social Innovation and Change Initiative and one of the co-founders of the www.DemocratizingWork.org initiative. Her research examines the politics of change in organizations and in society, especially focusing on organizations and individuals that initiate and implement changes that diverge from the taken-for-granted norm.

**Julie Yen** is a doctoral student at Harvard Business School and the Graduate School of Arts and Sciences at Harvard University. Her research focuses on how people and organizations pursue social and environmental purpose.

**Isabelle Ferreras** is a sociologist (PhD Louvain, 2004), and a political scientist (MSc MIT, 2004). She is senior tenured fellow (*maître de recherches*) of the Belgian National Science Foundation (F.N.R.S.-F.R.S., Brussels), professor of sociology at the University of Louvain (UCLouvain) and senior research associate of the Labor and Worklife Program at Harvard Law School (Cambridge, MA). She is President of the Royal Academy of Sciences, Humanities and Arts of Belgium and Director of its Class Technology and Society. She is one of the co-leaders of the www.DemocratizingWork.org initiative.

**Lakshmi Ramarajan** is the Anna Spangler Nelson and Thomas C. Nelson Associate Professor of Organizational Behavior at Harvard Business School, Harvard University. She received her PhD in organizational behavior from the Wharton School of Business, University of Pennsylvania. Her research examines the challenges of navigating personal and social identities alongside professional identities at work, contributing to theory on identity, diversity, inequality, and prosocial behavior.