New Prospects for Organizational Democracy?:
How the Joint Pursuit of Social and Financial Goals Challenges Traditional Organizational Designs

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Abstract: Some interesting exceptions notwithstanding, the traditional logic of economic efficiency has long favored hierarchical forms of organization and disfavored democracy in business. What does the balance of arguments look like, however, when values besides efficient revenue production are brought into the picture? The question is not hypothetical: In recent years, an ever increasing number of corporations have developed and adopted socially responsible behaviors, thereby hybridizing aspects of corporate businesses and social organizations. We argue that the joint pursuit of financial and social objectives warrants significant rethinking of organizational democracy's merits compared both to hierarchy and to non-democratic alternatives to hierarchy. In making this argument, we draw on an extensive literature review to document the relative lack of substantive discussion of organizational democracy since 1960. And we draw lessons from political theory, suggesting that the success of political democracy in integrating diverse values offers some grounds for asserting parallel virtues in the business case.

Contents

Introduction

For an extended period during the first half of the 20th century, industrial democracy was a vibrant movement, with ideological and organizational ties to a thriving unionism.[1] In 2015, however, things look different. While there are instances of democracy in the business landscape, hierarchical forms of organization remain dominant and organizational democracy commands only scant attention in organizational theory. The precise reasons for this trend are undoubtedly complex and bridge economic, sociological, and psychological concerns. Nonetheless, a key indicator of this trend is the dominance of the view of organizational economists that hierarchy outperforms non-hierarchical alternatives (including democracy) on grounds of economic efficiency across a wide range of contexts (Coase, 1937; Williamson, 1981; Ouchi, 1980). The underrepresentation of democratic models compared to hierarchy would thus seem to reflect, in part, a triumph of this economic logic (e.g., Hansmann, 1996).

What does the balance of arguments look like, however, when values besides efficient revenue production are brought into the picture? The question is not hypothetical: In recent years, an ever increasing number of corporations have developed and adopted socially responsible behaviors, thereby hybridizing aspects of corporate businesses and social organizations (Margolis & Walsh, 2003; Kanter, 2009; Porter & Kramer, 2011). Particularly striking is the marked growth of social enterprises, which adopt a social mission as their principal objective but sustain themselves through commercial activities (Battilana and Lee, 2014; Battilana, 2015). This deliberate integration of social concerns into the value proposition of businesses – be they corporate businesses or social enterprises – is notable in its own right as a challenge to conventional conceptions of what the very practice of business is about. It is also notable, from an organizational point of view, insofar as it raises questions about what model is best suited to the integration of non-financial concerns. Does the joint pursuit of commercial and social objectives require new ways of organizing?

In this essay we argue that it does. Or at least – to put our thesis in more measured terms – we argue that the joint pursuit of financial and social objectives warrants significant rethinking of organizational democracy's merits compared both to hierarchy and to non-democratic alternatives to hierarchy. In making this argument, we draw on some parallels with political democracy: the success of political democracy as a model for integrating diverse values offers some grounds for thinking about parallel virtues in the business case. Our goal is not to offer any general prescription for organizational democracy at this stage but, instead, to argue that the merits of more democratic models of organizing deserve significant reevaluation in the context of organizations pursuing multiple objectives.

We proceed, first, by drawing on an extensive literature review to assess the way in which organizational democracy has been conceptualized in recent decades, and to document the relative lack of substantive discussion about it in comparison with some other alternatives to hierarchy. We then characterize the recent surge of socially engaged models of enterprise and press the case that this turning point warrants reconsideration of the merits of organizational democracy. We close with some reflections on the future prospects of the democratic model and the limitations of our argument.

Section 1: The notion of democracy in organization theory

Any exploration of democratic models of organization must begin with the understanding that hierarchy has been and remains the dominant form of organizing (Gruenfeld & Tiedens, 2010; Pfeffer, 2013). Organizational hierarchies are organized around two main principles: first, vertical differentiation of responsibilities and second, authority that is vested in one's hierarchical position and gives one the authority to direct, manage, reward, and punish those who hold roles below one's position in the organizational hierarchy (Jaques, 1996; Weber, 1947). In contrast, as we detail below, organizational democracy is a flatter organizational form that is characterized by greater decision rights for employees, a special kind of organizational culture, and the possibility of employee ownership.

A. The dominance of organizational hierarchies

The classic statement of hierarchy's rise came from Weber (1947) who saw hierarchy as a distinctly rational organizational form that enabled efficiency and operational scale. In further exploring why organizational hierarchies have become dominant, scholars across economic, sociological, and psychological disciplines have advanced a number of distinct arguments. First, economists in the transaction cost tradition have famously argued that in the presence of human bounded rationality and opportunism, hierarchies enable firms to minimize transaction costs and maximize efficiency (Coase, 1937; Williamson, 1981; Jaques, 1996; Simon, 1947, Ouchi, 1980; Pfeffer, 2013; Martin et al., 2013; Zeitoun et al., 2014).

Relatedly, a second line of argument posits that hierarchies align with basic psychological drives towards status orderings (Gruenfeld & Tiedens, 2010; Pfeffer, 2013). Such arguments build on research showing that status orderings emerge spontaneously in groups and that such orderings are functional and even evolutionarily adaptive (Báles et al., 1951; Slater, 1955; Gould, 2003).

A third line of reasoning, which is rooted in organizational sociology, argues that organizations adopt hierarchy not so much out of concerns for efficiency but rather to be regarded as legitimate in their field of activity (Meyer & Rowan, 1977; DiMaggio & Powell, 1983). According to this line of thinking, organizational hierarchies are socially shared structures that have become so ingrained in

the daily life of organizations that they are taken-for-granted. This makes it difficult to change them even when there is a desire and a reason to do so.

Still, despite the dominance of organizational hierarchy, organization scholars have long documented its limitations, and argued for alternatives (e.g., McGregor, 1960; Ouchi & Jaeger, 1978). In particular, there has been a growing call for "flatter" organizational designs that are intended to create a more flexible organization built on individual autonomy (Malone, 2004; Hamel, 2007). Yet surprisingly – as we discuss below – most of the discourse on alternative ways of organizing does not substantially invoke notions of democracy.

B. Democracy in organization theory: A dormant topic

In an effort to better understand the role of democracy in organizations, we conducted a systematic literature review of articles from peer-reviewed journals as well as a few of the leading practitioner journals.[2] We began by conducting a broad search of the following 27 search terms to capture alternatives to hierarchical models of organizing: democracy, corporate democracy, democratic, worker democracy, workplace democracy, worker ownership, economic democracy, industrial democracy, self-management, democratic management, democratic decision-making, democratic governance, democratic organizations, non-hierarchical management, post-bureaucratic, self-managed teams, self-directed work teams, self-manage, distributed authority, decentralized authority, participatory management, worker participation, empowerment, heterarchy, network organization, flat organization. The search results from three databases produced a preliminary list of 3,661 articles. After reading through the abstracts of these articles, we selected 213 of them that dealt with alternatives to typical organizational hierarchies. We also consulted with expert scholars who specialize in the study of alternatives to typical organizational hierarchies and, following their suggestions, we included 27 additional articles that are relevant to our topic, resulting in a final list of 240 articles published between 1960 and 2014.

Our systematic review of these articles revealed that while calls for less hierarchical forms of organizing have been frequent, only a small minority explicitly invoke democratic notions of

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[2] **Literature review methodology**. In our effort to account for how research in organizational studies has accounted for alternatives to typical organizational hierarchies, we began by conducting a broad search in the following article databases: ABI/ProQuest, Business Source Complete, and Web of Science. We limited the search to the following 37 peer-reviewed journals: *Academy of Management Journal, Academy of Management Review, Academy of Management Annals, Academy of Management Perspectives, Administrative Science Quarterly, Organization Science, Management Science, Strategic Management Journal, Organization Studies, American Sociological Review, American Journal of Sociology, Annual Review of Sociology, Social Forces, Harvard Business Review, MIT Sloan Management Review, Stanford Social Innovation Review, California Management Review, Nonprofit and Voluntary Sector Quarterly, Voluntas, World Development, Development, Global Governance, International Studies Quarterly, American Journal of Political Science, Journal of Business Ethics, Business Ethics Quarterly, Philosophy and Public Affairs, Ethics, Journal of Applied Ethics, Episteme, Business History Review, Business History, Enterprise and Society, Human Relations, Entrepreneurship Theory and Practice, Journal of Business Venturing, Strategic Entrepreneurship Journal, Journal of Social Entrepreneurship.*

organization. Of the 240 articles in our comprehensive literature review, 47 invoke the term "democracy" or "democratic" in the abstract or title. However, upon closer inspection, of these, only 27 tackle democratic forms of organizing.[3] Discourse on democracy in organizational theory has thus been relatively dormant in recent decades.

C. Democracy in organizations in recent decades: A multi-dimensional concept

We analyzed how democracy was discussed in the 27 articles in our review that invoke the term and induced three primary dimensions of organizational democracy: greater decision rights, democratic culture, and employee ownership. While the first two dimensions are discussed in the majority of the articles that tackle organizational democracy, the third one is discussed in only a small minority. Organizations may adopt more or less democratic arrangements on each of these dimensions, as we explain below.

(i). Decision rights

Nearly all of the 27 articles in our literature review invoke the term democracy as meaning, in part, the right of employees to participate in the making of decisions that affect them. More specifically, decisions rights are the legitimate entitlement to participate in and exert influence on an organization's ongoing management (Brenkert, 1992). Whereas the centralization of decision-making power characterizes hierarchies, the diffusion of decision-making power characterizes more democratic organizations (Brown, 1985; Harrison & Freeman, 2004).

The specific descriptions of the contours of decision rights in organizations vary in the literature based on several dimensions, including formality – spoken or unspoken (Cafferata, 1982); scope – within the parameters of an individual's work or beyond (Petit, 1959; Ackoff, 1994); and holder – imbued to employees only or also to other stakeholders, such as suppliers and community members (Moriarty, 2010; Sankowski, 1981). While some organizations may formally grant authority to their employees to participate in decisions beyond their individual work, such as deciding on a new strategic orientation or helping select a new leader (Kerr, 2004), other organizations only give decision-making authority to their employees within the realm of their individual work. Hsieh (2005: 116) also differentiates between "the right to contest decisions" and "a right to govern economic enterprises." Grounded in Rawls's conception of justice, he argues for the right to protection from "arbitrary interference" in the workplace (Hsieh, 2008: 91). Giving some decision rights to outside

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[3] Others articles address democracy in unions, shareholder democracy, and even democracy in inter-organizational alliances. While these are all valuable topics, our focus is on alternatives to the hierarchical structure that organizes employees and managers, that is, conceptions of workplace democracy, industrial democracy, or corporate democracy.

stakeholders is yet another step, suggesting a process in which all affected parties are given a say in a deliberative process (Moriarty, 2010).

(ii). Organizational culture

About half of the 27 articles in our literature review that invoke the term democracy explicitly discuss the importance of norms or values that support democracy in organizations. These articles emphasize the importance of organizational culture in enabling democratic processes and systems. A democratic organizational culture creates space for discourse, deliberation, and negotiation (Slater & Bennis, 1990). Creating and maintaining such a democratic culture is particularly important for organizations as it sustains participation through an ethos that values employees as more than cogs in a machine (Cochran, 1956). Democratic cultures address the tension between individualist and community values through the idea that participation in the community is itself an important way of realizing individual potential (Manville & Ober, 2003).

In democratic organizations, organizational members thus have both the right and the obligation to participate in deliberations. Interestingly, in its historical (early 20th century) form, industrial democracy arose from the need to protect the shared interests of manufacturing laborers, and thus was closely allied with collective bargaining powers and a conception of class identity (Derber, 1970). The idea thus entailed a significant cultural emphasis on group identity and, likewise, a need to negotiate individual concerns with other members of the group. While contemporary notions of organizational democracy are no longer centered in the same way around class solidarity, many invoke a notion of citizenship that involves both rights and responsibilities to the collective (Forcadell, 2005; Manville & Ober, 2003).

(iii). Ownership stakes

A minority of the 27 articles that invoke the notion of organizational democracy emphasize the conception of employee ownership (for examples, see Sankowski, 1981; Collins, 1995; Forcadell, 2005). While ownership may be concentrated in shareholders, it is not always the case. When ownership is not concentrated in shareholders but also includes employees, they have greater grounds for legitimate participation in organizational decisions, as well as a greater scope of interest beyond their narrowly defined roles (Sauser, 2009). When ownership stakes exist, they can facilitate and complement a broad diffusion of decision rights and a democratic organizational culture.

Mondragón, like most cooperatives all over the world, is a well-known and well-documented modern example of an organization in which employees are also "joint owners" (Forcadell, 2005: 257). As cooperative members, Mondragón workers have ownership stakes in the firm. Sharing not only in decision-making of the organization, codified in the corporate management model (Flecha & Ngai, 2014), but also in profits helps Mondragón "[overcome] the capital-labor confrontation" (Forcadell, 2005: 257; for discussion of broader scale evidence of performance benefits of shared ownership, see Blasi et al., 2013). Shared ownership inflects an organization's ethos and the channels

of decision-making and conflict resolution. For example, in studying Nir taxi station in Tel Aviv, Darr (1999) describes the worker cooperative as "democratic" as all workers (also owners) elect managers for limited terms. In unpacking conflict resolution mechanisms in this cooperative, he suggests that the organization's egalitarian ethos regarding ride distribution stemmed from the founders' aim "to attribute meaning to their shared ownership of the station" (Darr, 1999: 297). Accordingly, the shared ownership structure imbued legitimacy for equity claims in the cooperative, as well as for the informal and formal manifestations of conflict and resolution.

In short, notions of organizational democracy converge significantly around an organizational model involving (a) a broad diffusion of decision rights and (b) an organizational culture that entails some form of commitment to integrate individual perspectives with that of the broader organization; and finally, (c) in some cases, a broad diffusion of ownership rights. Still, conceptions of organizational democracy were a relative rarity in our literature review on alternatives to hierarchy. In contrast, as we discuss below, other alternatives to hierarchy have received more attention.

Section 2: The rise of alternatives to hierarchies

While hierarchy has been and continues to be the dominant form of organizing, its limitations have become increasingly acute over time, which has led to the rise of alternative forms of organizing. Three historical trends have made hierarchy's limitations particularly acute, thereby opening the door to alternatives. First, organizations today face a more dynamic, turbulent, and competitive environment than in the past, and this requires more rapidly adaptable forms of organization than hierarchies (Manz & Sims, 1984; Holland & Lockett, 1997; Ahuja & Carley, 1999; de Leede et al., 1999; Starkey et al., 2000; Ancona et al., 2002; Martin et al., 2013) that tend to create delays in the decision-making process, and limit employee morale and incentives (Kirsch et al., 2010; Hamel, 2011; Fjeldstad et al., 2012). Second, in order to adapt to today's knowledge-based economy, managers need to rely on employees to be more proactive and creative, and to solve increasingly complex, non-routine problems (Simons, 1995; Adler et al., 2008; Tangirala & Ramanujam, 2008; Kirsch et al., 2010; Bresman & Zellmer-Bruhn, 2013). Many scholars have argued that hierarchies are not suited for this set of challenges (e.g., Adler, 2001; Fjeldstad et al., 2012). Finally, the increasingly networked nature of world has made the limits of hierarchies more acute. Characterized by well-delineated boundaries, hierarchies may no longer be a viable option for organizations as the boundaries of organizations are increasingly challenged and blurred (Davis, 2010).

Given these limitations, authors have set forth various alternatives to organizational hierarchies. Building on our in-depth literature review of these alternatives, in this section we analyze the conceptions of less hierarchical forms of organization that are prevalent in the organizational literature and highlight the relative scarcity of democratic forms of organizing. Indeed, as we explain below, recent conceptions of alternatives to hierarchy have tended to privilege psychological empowerment over structural empowerment and market-based designs over democratic designs. These recent trends stand in stark contrast to the relative vibrancy of the debate about workplace

democracy during the industrial democracy movement of the early 20th century. As corroborated by a Google Ngram search, the concept of industrial democracy, which enjoyed popularity in the 1910s and 1920s, has dramatically waned since. At the same time, over the last half-century, alternative conceptions of less hierarchical organizations, particularly notions of self-management, have become predominant (with a particular spike of interest in such ideas occurring in the 1980s and waning significantly thereafter).

A. From structural to psychological empowerment

Our literature review highlights two important trends in the recent discourse on less hierarchical organizations. First, recent discourses on empowerment and employee voice have privileged notions of psychological empowerment or making employees feel more powerful rather than formal or structural empowerment. Management literature on empowerment up until the 1980s emphasized "participative management" techniques such as quality circles, management by objectives, and goal setting by subordinates that aimed to shift formal decision-making authority within the organization (Conger & Kanungo, 1988; Bennis & Nanus, 1985; Kanter, 1979).

However, beginning in the late 1980s, more psychological or interpretive concepts of empowerment entered the discourse. These authors argued that empowerment is not so much a matter of formal authority within an organization but is instead primarily a feature of individuals' experience or interpretation of their environment that affects their sense of self-efficacy or motivation within the organization (Conger & Kanungo, 1988; Thomas & Velthouse, 1990; Spreitzer, 1996). In this sense, to be empowered is ultimately determined by how powerful one feels rather than simply a matter of whether one has decision-making authority. For this reason, critics or skeptics of such approaches argue that psychological empowerment is but a watered-down or softer notion of empowerment that fails to change the formal "hard" power within organizations. These critics further argue that organizational efforts to empower employees without giving them more formal power creates an illusion that employees have greater control over their circumstances when, in fact, ultimate control remains in the hands of the same people within the organization (Covaleski et al., 1998; Ezzamel & Willmott, 1998; Ciulla, 1998).

B. The rise of market-oriented notions of organizational design

A second noticeable feature of the discourse on alternatives to traditional organizational hierarchies evidenced in our literature review is the emphasis on market-like approaches to organizational design. Drawing on the pioneering work of Coase and Williamson, scholars have explored organizational models that combine elements of hierarchical control with elements of market control. These hybrid market-based designs are attractive in principle because they combine the benefits of hierarchical organization with the basic advantages of markets, namely, superior flexibility with respect to autonomous adaptation (Williamson, 1996; Foss, 2003; Zenger, 2002).

Market-based approaches seek efficiencies by granting individual workers and worker-teams substantial freedom from managerial oversight within a given domain, and employing structures of internal competition among individuals to guide decision-making. In one example, organizations primarily comprise project teams. Individuals have the freedom to pitch and choose which projects to work on, and projects are selected not by managers but rather by the internal market mechanism of supply and demand (Foss, 2003; Wingfield, 2012).

Self-managed teams, perhaps the most popular alternative to the traditional hierarchical form, represent another example of infusing a hierarchical organization with elements of market control. Such teams – which are given full autonomy over a given task, function, or project, but are measured and incentivized on the delivery of specific outputs – function under market control akin to external subcontractors (Zenger, 2002).

Beyond specific design choices that mimic the market, a wide swath of the broader discourse on less hierarchical organization aligns with the ethos of markets and market-oriented notions of individual freedom. Conceptions of flexible, loosely-coupled, modular, or network-based organizations comprising autonomous individuals and teams, which are frequently offered as alternatives to the traditional hierarchy (Fjelstad et al., 2012; Bahrami, 1992; Volberda, 1996; Liebeskind et al., 1996), mirror the prevailing images of the market as dynamically evolving based on the decisions of independent actors.

Comparing the recent conceptions of less hierarchical organizations with the conception of organizational democracy discussed earlier, a clear distinction emerges. The recent discourse, filled with concepts such as self-management and empowerment, emphasizes individualistic values of autonomy and independence, and individual psychological experience ("empowerment"). In contrast, organizational democracy seeks to grant workers substantial control over their work environment through participation in, and cultural identification with, a social collective within the organization. This collective orientation is strongest in historical models of industrial democracy (Sorge, 1976), but is also evident in the emphasis of contemporary theorists on democracy's cultural elements of equality and deliberative engagement.

Section 3: Is now a turning point?: Changes in the objectives of organizations

The distinctive advantage of democracy over both hierarchical and non-hierarchical alternatives, we propose, lies in its capacity to integrate diverse values in decision processes. By "integrate" we mean the process of balancing accommodating and, in some cases, reconciling diverse values to achieve coherent and effective decision-making within an organization. Given the growing need for businesses to perform this kind of value integration, we believe that more democratic approaches to organizing deserve a re-examination. We acknowledge the continuing relevance of longstanding

arguments for organizational democracy that emphasize the significance of decision rights for protecting workers' interests, and likewise the intrinsic value of procedural fairness in decision-making (Dahl, 1985; McMahon, 1994). Nonetheless, as these arguments appear more or less unaffected by the changes we discuss below, we will set them aside for the purposes of this paper in spite of their continuing importance.

There are new currents in the business world that suggest a more multifaceted value proposition for enterprise. Over the last decades, some corporations have developed and adopted socially responsible behaviors, thereby hybridizing aspects of corporate businesses and social organizations (Margolis & Walsh, 2003; Kanter, 2009; Porter & Kramer, 2011). While historically the commercial and social sectors have evolved on fairly separate tracks, over the last 30 years we have witnessed a blurring of the boundaries between these two sectors. As noted in the Introduction, the epitome of this trend is the increase in social enterprises pursuing a social mission as their primary goal, but engaging in commercial activities to sustain operations. By "social mission," we refer to an explicit, non-financial objective that plays a sustained role in guiding a firm's activities, and that is constituted by some significant aspect of human welfare. Prime examples of those kinds of objectives include access to healthcare and education, the reduction of poverty, the promotion of social and political capabilities, etc. The pursuit of a dual mission by an increasing number of organizations is reflected in a growing range of novel legal statuses that such organizations have adopted, such as the low-profit limited liability company (L3C) and the benefit corporation in the United States, as well as the community interest company (CIC) in the United Kingdom.

Beyond these observations about the changing value-orientation of many businesses, there are the underlying concerns that have driven this change in the first place. While some businesses have been driven towards social concerns through consumer pressures, many in the social enterprise movement are driven by a moral concern for significant social failures: environmental degradation, poverty, inadequate healthcare, and other profound yet unmet social needs. In the face of such problems, there is a growing sense in the business world that enterprise can and ought to play a role in more directly addressing such concerns (Margolis & Walsh, 2003). The recent financial crisis has intensified skepticism toward the model of shareholder value maximization (Battilana, 2015) and made calls for an increased emphasis on the social and environmental features of business firms that have been made for some time (Courpasson & Dany, 2003; Forcadell, 2005; Brickson, 2007) more prevalent. From this point of view, the need for businesses to integrate social, environmental, and financial values is a moral need as much as anything else.

As an increasing number of organizations aim not only to maximize shareholder value creation, but also to achieve a social mission, they face a new governance challenge: they need to pursue commercial goals while not losing sight of their social ones (Ebrahim et al., 2014). At the same time, they need to make sure that their social goals do not prevent them from generating commercial revenues. According to longstanding and more recent research in organizations, the odds are low that corporations will succeed in maintaining this delicate balance. Indeed, a long tradition of

scholarship highlights the risk for organizations that follow a typical hierarchical model and their workforces of losing sight of their purpose and values in the quest for organizational survival and efficiency (Selznick, 1949; Weber, 1946). Further supporting this claim, recent research on social enterprises, such as commercial microfinance organizations (Battilana & Dorado, 2010) and work integration social enterprises (Battilana et al., 2015), that aim at pursuing social and financial objectives, shows that the risk of mission drift (i.e., straying from their social missions in the pursuit of profit) is one of the main challenges that these organizations face, as they also have to set up and maintain effective commercial operations. Does this context create a renewed case for more democratic ways of organizing? This is the question that we tackle in the next section.

Section 4: A renewed case for organizational democracy

The idea that there is a growing need for business to integrate fundamentally different types of values suggests a significant parallel with one of the core motivations for democracy in the political case. Below, we first build on the political philosophy literature to discuss the success of political democracies in integrating diverse values. We then discuss the application of lessons from the deliberative political model in business.

A. The success of political democracies in integrating diverse values

Historically, some of the most significant arguments for political democracy have revolved around the fact that just and competent governance requires managing the competing values of a diverse citizenry. We suggest that there are three core, interrelated features of political democracies by which they tend to succeed, better than alternative forms of political organization, in integrating diverse types of values. We do not hold that all of these features are fully or adequately realized in all political democracies. Nor do we hold that these features are conceptually necessary to the idea of democracy. Our suggestion is (a) that democracies have tended better than alternative political systems to integrate diverse values in decision-making and (b) that these three features play a crucial role in explaining that success where it exists. The model below loosely corresponds to the idea of "deliberative democracy" as it has been explored in political theory, and we will adopt that terminology ourselves.

(i). Structural representation of diverse values

First, political democracies allocate decision-making powers equally across members of diverse value constituencies. This best ensures the adequate representation and the fair negotiation of competing values in the process of decision-making. Democracies achieve this through equal voting rights, guarantees of basic civil liberties, and representative legislative bodies. They also achieve this – to the extent that they do – through the better distribution of meaningful capabilities to participate in social and political life across diverse social groups. Examples of such capabilities include the ability to persuasively present one's views in public, access to important venues of speech, access to social

influence, and access to basic economic and material conditions that enable such participation (Anderson, 1999).[4]

Democracies' legally mandated decision-making powers – especially inclusive, egalitarian voting procedures – provide a mechanism through which citizens are able to represent the bearing of their values on legislative representatives and, in some cases, specific policies. Voting processes manage conflicts of value both through the substance of their outputs (as reflections of majority or plurality sentiment), and through the procedural fairness by which inputs are weighed.

But on its own voting is inadequate as an expression of diverse values. This is partly because of some well-known problems with voting procedures, such as cycling and strategic behavior (Riker, 1982). More fundamentally, however, the aggregation of judgments or preferences through voting does not in itself speak to the quality of the judgments or preferences that are inputs to the system. When citizens vote on the basis of ethnic hatred, rank ignorance, or selfishness, for example, the outcome simply amplifies those pre-existing flaws in citizens' outlook (Fuerstein, 2008). A crucial part of the case for democracy thus derives from the fact that the ethos and institutions of democracy facilitate due reflection on the full spectrum of moral considerations that properly bear on public decision-making (Dewey, 1927; Anderson, 2006).

(ii). Deliberative culture

Given the crucial role of deliberation in good decision-making, political democracies depend on a culture of reasons and justification that fosters some measure of accountability in one's beliefs and uses of power. This idea is perhaps the singular dominant theme in recent democratic theory (Cohen, 2002; Habermas, 1996).[5] Ongoing social deliberation is crucial to good decision-making because it continually exposes citizens to the concerns of others. But the success of any deliberative process depends on the acceptance of norms of rational accountability that compel the reasoned adaptation of one's own views to others' articulated concerns. Successful deliberative cultures are domains in which rational consistency is valued, in which naked appeals to power or selfish interest are regarded as illegitimate, and in which there are significant social sanctions attached to hypocrisy in action (in other words, one's arguments are taken to provide viable constraints on one's actions) (Fuerstein, 2013; Elster, 1997).

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[4] We are not arguing that democracies in fact succeed in all these dimensions. We are arguing that, where democracies do succeed in better representing diverse value constituencies, it is in significant part because of their superiority in these dimensions.

[5] There are of course important dissenters to the deliberative democratic approach (e.g., Mouffe, 2000; Sanders, 1997), in spite of its general dominance. Space constraints nonetheless prevent us from exploring the main lines of objection and the most plausible responses to them. Translating these concerns from the political to the business context would of course add yet another layer of complexity.

The deliberative polling experiments of James Fishkin and others offer significant evidence of the potential benefits of social deliberation in improving democratic decision-making (Fishkin, 2009).[6] Fishkin's experiments also show the importance of background conditions that improve the significance of arguments and information over power dynamics, social tensions, and pre-existing biases (Sunstein, 2003).

(iii). Public point of view

Third, political democracies depend on the cultivation of a "public" point of view, i.e., a conception of collective identity that shapes individual behavior so as to fairly promote the good of all constituents. Thus, as much as deliberative processes depend on fidelity to rational norms, they depend more fundamentally on the extent to which citizens attach moral worth to one another and regard one another's claims as worthy of fair consideration. Likewise, the adequate cultivation of capacities to participate in deliberative exchanges depends on more general norms of inclusiveness in domains of education, employment, and social organizations more generally (Anderson, 1999). In this respect, democracy depends on cultural institutions and norms that foster attitudes of respect, social trust, and attitudes of mutual concern across social groups. Such attitudes are not only rational; they also involve emotional sensibilities of empathy and sympathy that enable individuals to adequately represent the proper weight of others' concerns in tempering their own political positions (Krause, 2008; Morrell, 2010).

This third ingredient of political democracies' success offers a particularly compelling link to more democratic models of organizing. Whereas market-based alternatives to hierarchy involve the promotion of individual autonomy and the diffusion of decision-making across an organization, more democratic models of organizing seek to empower workers primarily through their participation in the exercise of collective power, and require of workers a substantial commitment to negotiating their values and preferences in light of the concerns of others. Likewise, in the political case, the idea of a "public point of view" involves the requirements of modifying individual preferences and judgments in light of concerns expressed by others. In contrast with economic models of political behavior (Downs, 1957), deliberative models of democracy conceptualize citizens' freedom in terms of participation in the construction and negotiation of joint action (Richardson, 2002).

The value of all three conditions above is tightly interdependent and mutually reinforcing. A good deliberative culture requires the wide adoption of a public point of view because it requires the ability to constrain the pursuit of self-interest by a respect for others, and by a fidelity to rational

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[6] Fishkin's "deliberative polling" model involves highly structured public meetings that precede electoral decisions. The meetings are governed by various rules designed to insure that all parties get an equal say, to promote respectful engagement, and to facilitate the presentation and assimilation of authoritative, relevant factual information.

norms that benefit everyone. A public point of view likewise requires a deliberative culture because individuals are inherently limited in their capacity to identify and accommodate the public good without deliberative engagement. A structural representation of competing values creates a diffusion of social power that enables diverse parties to be heard, provides aggrieved groups with real leverage in pursuing their claims, and backs norms of discourse with a legally enshrined public recognition of equal status. In this way it helps to sustain attitudes of respect and mutual regard that constitute a public point of view, and provides the basis for a deliberative culture in which all valid perspectives are taken seriously. A public point of view and a deliberative culture, at the same time, are instrumental in insuring that legally enshrined powers such as voting rights, are matched with cultural mechanisms of social influence (the ability to persuade others, to gain access to positions of power, to develop social capital, etc.). Deliberative democracy leverages these three features in tandem.

B. Pursuing lessons from the deliberative political model in business

In general form, the political model of deliberative democracy closely resembles organizational democracy as it has been understood by organizational theorists. Organizational democracy, we noted, has generally been conceptualized in terms of (a) a broad diffusion of decision rights, (b) an organizational culture that emphasizes communal or organizational values, and in some cases (c) employee ownership stakes. The deliberative and voting procedures that one finds in deliberative democracy provide a reasonable analog of (a), while the importance of a public point of view and a deliberative culture in the political model of democracy roughly correspond to (b). The most straightforward analog to (c) is the sense in which all citizens of political democracies have a clear stake in the outcomes of political decision-making. They are "owners" of their society in at least that sense.

In its orientation towards the representation and integration of competing values, political democracy is nonetheless distinct from organizational democracy as it has traditionally been conceived. That is because, following the conventional logic of business organization, financial values are presumed to be dominant. On that premise, the pursuit of substantial questions of value, and the resolution of substantially competing values, are not central organizational functions. Hence they do not animate principles of institutional design in a significant way. Our suggestion is that, once we see the project of representing and integrating diverse and potentially competing values as central to business, the political analogy presents some novel advantages of democracy in the workplace.

Given limited evidence at this stage, these advantages can only be presented in a speculative, exploratory spirit. Without offering definitive conclusions or prescriptions, we make some suggestions which are grounded in evidence from one of the authors' previous work on social enterprise, combined with observations drawn from contemporary organizational theory and case studies.

Work integration social enterprises (WISEs) provide a particularly appropriate setting to examine this issue. WISEs are organizations devoted to helping the long-term unemployed move successfully back into the workforce. WISEs hire the individuals whom they are trying to help, who then produce goods that are commercially sold, with the revenues going to support the continuing operation of the organization. WISEs employ social workers who work with their beneficiaries to provide employment and training, and also employ a managerial staff that keeps its eye on the bottom line and brings goods into the commercial marketplace. Fulfilling the social mission in this case requires diverting resources towards beneficiaries' training and support, while commercial profitability requires achieving competitive quality and cost control. In this respect, WISEs present a paradigm case of organizations that depend on the integration of financial and social values which are often in tension.

In their study of WISEs in France, Battilana et al. (2015) highlight the paradox that WISEs face: They need to have a social orientation from their inception in order to avoid losing sight of their social mission. Yet, this orientation risks undermining success in their commercial operations. In order to understand how WISEs can overcome this paradox, the authors pursue a comparison between two different WISEs, one of which attained notably superior measures of both social performance and economic productivity. They observe two crucial features of the successful WISE that they followed: First, the successful WISE was defined by a clear structural differentiation of responsibilities and decision-making powers across the social and commercial divisions of the organization. Social workers in this organization were responsible for the recruitment, training, and performance appraisal of employees. At the same time, professional managers with a business background were responsible for handling the sales and production of goods.

Second, in order to manage constant tensions between the two branches of the organization, the successful WISE relied on a combination of mandatory meetings and formal coordination processes to negotiate concerns from both sides. Meetings were organized around the articulation of concerns from business and social constituencies with the goal of enabling them to voice their respective concerns and of finding a mutually agreeable resolution. Likewise, formal coordination processes were used to foster successful joint planning on such matters as worker scheduling, where questions of worker productivity and performance had to be traded off against the desire to distribute opportunities for the purposes of employee growth. Such a polyarchic system (Courpasson & Clegg, 2012) in which power is invested in both business and social constituencies contributes to the creation and maintenance of spaces of negotiation, defined as arenas of interaction that allow members of each constituency to discuss the trade-offs that they face (Battilana, Sengul, Pache and Model, 2015).

The two conditions that we highlighted above nicely mirror two of the three features of political democracy which, above, we argued are crucial to success in the integration of diverse values. In the political case, there is a structural representation of competing values that is built into the

distribution of formal and informal sources of power. In the successful WISE described above, there is an organizational division of labor into the firm's social and financial aspects and a corresponding equal representation of these distinct points of view in the processes by which the firm makes decisions. In the political case, decision-making proceeds significantly through the deliberative negotiation of tensions among the various values at stake. Likewise, in the successful WISE, conflicts between business and social constituencies are confronted and negotiated on an ongoing basis through deliberative interactions in which concerns from both sides are addressed through reason-giving and the pooling of information.

In the political case, we suggested that deliberative democracy combines these first two elements with the wide social adoption of a public point of view. Likewise, in the social enterprise example under consideration, deliberative and formal interactions between the business and social sides are governed by a shared desire to modify the distinct objectives of each branch in light of the overall good of the organization. Much as political communities draw on historical and cultural narratives to sustain this kind of public ethos, the WISE above was able to facilitate an orientation to common objectives through an array of socialization mechanisms such as company retreats, training programs, internal communications, and job shadowing. In the political case, we argued, a public ethos plays a crucial role in political democracies in enabling the benefits of deliberative culture and the structural representation of competing values. We hypothesize that, likewise, an orientation to the overarching good and mission of a firm plays a parallel role in the success of negotiating competing types of value.

One particularly rich data point in support of this hypothesis is Ashforth and Reingen's (2014) in-depth study of the organizational tensions within a natural food cooperative. The cooperative's mission displayed the paradigm characteristics of a hybrid organization. It was devoted to advancing social values of justice, peace, environmental sustainability, and democratic governance. And yet, at the same time, the cooperative depended on profits as a successful commercial enterprise, and a majority of its customers were non-coop members. As Ashforth and Reingen detail in depth, the conflict between these two aims was a constant source of tension among the membership, and manifested itself in the clustering of members into "idealist" and "pragmatist" groups which, roughly speaking, placed greater priority on social and commercial values respectively. The coop was nonetheless able to weather – and even benefit from – these tensions as a consequence of a shared commitment to the overarching mission of the organization: a commercially self-sustaining grocery business that nonetheless remained faithful to considerations of justice and sustainability. That mission was ingrained in members through substantial socialization processes, and was regularly invoked in governance meetings as a way of ameliorating conflict.

Interestingly, unlike the WISE case, the coop was not defined by a strict differentiation of roles across the social/financial divide. Members nonetheless self-sorted into groups that placed a higher priority on these distinct dimensions and regular, intensive deliberative meetings were the means through which these self-selecting groups worked to integrate their different perspectives towards a common purpose. Another notable feature of the coop case for our purposes is that, on Ashforth

and Reingen's analysis, one of the crucial means by which the organization preserved its operational unity was through the regular cycling of power between the pragmatist and idealist camps. In this respect, the coop reveals a structural differentiation of power that forced both groups to accommodate the other's concerns through the exercise of equal decision-making authority.

Both of these cases broadly conform to core ideas of organizational democracy as traditionally conceived. They employ a broad diffusion of decision rights and leverage a deliberative culture that emphasizes some form of communal identity. What they draw from the political analogy, however, is a distinctive model of implementing these conditions that is calibrated to the representation and negotiation of values. Thus, a "broad diffusion of decision rights" amounts to distributing decision rights in such a way that meaningful decision power is spread across individuals whose work is animated by different value schemes. In the WISE case, this value division mapped very neatly on to role-differentiation within the organization, and thus the organization's crucial feature is a division of decision-power across social and financial roles. In the coop case, however, the relevant value-divisions were spread much more dynamically across various roles within the organization, and thus effective value representation involved a more generic form of egalitarian voting rights for individuals.

The WISE example illustrates particularly nicely why a wide diffusion of powers and participation is important in the business context. In that case, tensions between social and financial values play out in a highly localized way, at the level of individuals doing their daily work. Thus, in working with employees/clients, the firm's social workers must be responsive to their particular skill set, the particular difficulties of scheduling and evaluating them, and their specific path to development in the labor market. Likewise, on the financial side, managers must be responsive to a constantly changing commercial marketplace, new technologies, new competitors, etc. In this context, success in the firm's overall mission is dependent on understanding how the tension among its values plays out in its daily work. And that, in turn, requires at least the need for substantial, ongoing consultation with employees doing this work. Structurally empowering them – through formal and informal powers of participation – is, in effect, a way of ensuring that decision-making is genuinely responsive to the full spectrum of relevant concerns.

With respect to culture, both the WISE and the coop very deliberately created an environment in which difficult confrontations between value orientations were central to organizational life. At the same time, they worked from a strongly cultivated ethos of shared organizational mission to negotiate these differences. Whereas historical models of organizational democracy were largely oriented towards communal ideals of class solidarity, the examples discussed here involve a fidelity to a more abstract notion of the organization and its objectives. "Community" in this context is grounded, not in some model of fraternity (as in politics), nor in interests (as in an identity of economic class); it is grounded in a shared sense of a common purpose that is believed to be worthwhile.

Our suggestion is thus not that a broad diffusion of powers is strictly necessary in this context; rather, our suggestion is that hybrid organizing – whether in social enterprises or in corporations that engage in corporate social responsibility – tends to foster a certain kind of dynamic complexity in decision-making challenges, and that managing this kind of complexity, in turn, requires a responsiveness to the diverse information and experience of employees in pursuing a firm's mission. In this respect, our argument for organizational democracy connects nicely with some of the more general arguments against hierarchy canvassed above. Hierarchies, we observed, are best suited to static, routinized work environments, but confront distinct challenges in contexts that require employees to adapt quickly and dynamically to changing conditions. If we are correct that the integration of financial and social values tends to create dynamic complexity in the work environment for individual workers, then that would provide a clear rationale against hierarchy.

The deliberative model of organizational democracy can also be helpfully contrasted with market-based approaches which, as we discussed earlier, prioritize the individual autonomy of workers in the sense of minimizing interference with their workplace activities. Market-based approaches seek to benefit from the initiative and creativity of workers who are free to make decisions about how best to pursue the objectives defined by their workplace role. On this approach, the ongoing attempt to negotiate one's activities by reference to the concerns and practices of others is a transaction cost that undermines efficiency, even if it is not entirely avoidable. On a market approach, thus, the deliberative negotiation of workplace aims is minimized and, likewise, the dominant ethos is one of individual initiative and "self-management" rather than participation in joint action.

Oticon, a European manufacturer of hearing devices, and Valve, a leading developer of computer games, provide a case in point. In the 1990s, Oticon became famous for adopting a market-based organizational design that it called the "spaghetti organization." Valve also has earned recognition for adopting a similar design. The basic premise of both designs is that the organizational hierarchy was drastically reduced and employees could now self-organize into projects of their own choosing rather than be assigned to projects by managers (Foss, 2003; Wingfield, 2012). At Oticon and Valve, the actions and preferences of individuals were coordinated not by the authority of managers, nor a deliberative process of negotiation and integration, but by the mechanism of supply and demand. The ideas that attracted the greatest demand won out. By contrast, organizational democracy emphasizes that coordinated actions be shaped by a process of deliberation about the shared objectives and activities of the firm. Such an approach enables organizations to simultaneously pursue social and financial objectives, while not losing sight of one of them.

It is worth observing that, in principle, the logic that we have advanced in favor of democracy is not limited to hybrid organizing. Even within a traditional for-profit framework, businesses must juggle a variety of local objectives that are often in tension, at least in the short-term. Should an organization invest more in research and development, or should it push those resources towards marketing its existing products? Should it prioritize cost reduction or employee development? Etc.

There is significant research suggesting that diversifying deliberative input is, in general, a vital route to answering well-defined questions like these (Page, 2007).

While we do not deny the promise of such arguments, we wish to underscore what is distinctive about the challenge that hybrid organizing presents. In the kinds of dilemmas just described, a firm can pursue the reconciliation of competing local objectives by reference to an over-arching aim: the maximization of profit. Such dilemmas thus become questions of instrumental rationality, i.e., the most efficient means to a pre-determined end. In contrast, hybrid organizations must negotiate competing goals in a context where there is no pre-determined aim or standard available to govern their resolution. The question of how to integrate social and financial objectives is thus a question principally about the ends which ought to be adopted.

Democracy, in this context, is a process through which diverse perspectives are recruited for the continual interpretation and reinterpretation of such "ultimate" or overarching ends. And the distinctive value of democracy here is not only that diverse sources of information are, in general, useful. It is that the expressions of tensions between social and financial objectives are sufficiently diverse that it requires ongoing consultation with individuals occupying the full plurality of organizational roles.

Section 5: Challenges for the model and future research directions

We have tried above to do two things: first, to establish the dominance of non-democratic approaches (both hierarchical and market-based) to business organization in recent decades and, second, to argue that recent trends in the business world give us reason to reconsider the merits of organizational democracy against non-democratic alternatives. Drawing on some salient merits of political democracy, we argued that a deliberative democratic approach plausibly captures those merits in the case of the workplace, and provides a viable framework for pursuing the merits of more democratic models of organizing.

Ultimately, this argument must be put to an empirical test, to examine whether more democratic designs better enable hybrid organizations to balance multiple objectives than traditional hierarchical designs or even non-democratic alternatives to hierarchy. As more organizations search for alternatives to traditional hierarchical designs, we believe that such empirical research will become both possible and incredibly important.

We close by first articulating what we see as the most significant challenges associated with the organizational democracy. Each of these challenges raises a series of puzzles and questions that call for further research on more democratic ways of organizing and their implications for enterprises that pursue multiple objectives. Second, we highlight the potential role of new technologies in addressing these challenges. Last but not least, we discuss how well more democratic models of

organizing may generalize to the full spectrum of business models across various industries and institutional contexts.

A. Challenges

(i). Can organizations that adopt a deliberative democratic approach achieve sufficient efficiency to compete in the marketplace?

The answer to this question depends in part on what value proposition structures the relevant marketplace competition. Nothing we have said above is directly responsive to the concern that democracy entails transaction costs that undermine financial efficiency relative to alternatives. Deliberative democracy is nothing if not costly by way of transactions. However, we have argued for the merits of the deliberative approach in a context where the value proposition is fundamentally different. Hybrid organizing requires responsiveness to the value of financial efficiency alongside social concerns. Our argument is that, given that value proposition, more democratic models of organizing may have significant advantages relative to alternatives. Whether or not those advantages are decisive remains an open question. It might very well turn out that, in general, the costs to financial efficiency are typically so significant as to outweigh those advantages. Nonetheless, that question cannot be decided by appealing to arguments from a non-hybrid context. We need more research across industries and countries to properly address this question.

(ii). Can democratic cultures be created and maintained in organizations?

Deliberative democratic cultures are difficult to create. First, they require an egalitarian ethos that involves the challenge of changing power structures. Argyris, in studying many organizational efforts to empower employees, notes that most efforts to change power structures fail because neither managers nor employees are sure they want empowerment. Often efforts to reduce hierarchy serve to highlight the persistence of hierarchy either through the emergence of a new hierarchy or the re-emergence of the previous hierarchy (Courpasson & Clegg, 2006; Barker, 1993; Argyris, 1998). For example, paying particular attention to the interplay of formal and informal dynamics, Diefenbach and Sillince (2011) find that hierarchies persist and thrive even in seemingly alternative forms of organization –representative democratic, postmodern, and network organizational forms. Several keen observers argue that successfully achieving an egalitarian ethos within organizations requires special personal qualities such as wisdom, maturity, or higher orders of consciousness (Hackman, 2002; Argyris, 1999; Kegan, 1998) that are rare. Together, these writings convey the point that organizational hierarchy is a deeply rooted social tendency that resists easy change. Further research is needed on how hierarchical power relations in organizations can be changed sustainably, (Diefenbach & Sillince, 2011; Nelson, 2001).

Second, a deliberative approach to democratic organizing requires fostering a shared identity that necessitates overcoming well-documented tendencies for social groups to cleave apart. Classic

research in social identity theory highlights how even minimal and trivial distinctions between randomly assigned subgroups reliably lead to competitive or discriminatory responses towards members randomly assigned to the outgroup (Tajfel & Turner, 2007). From a psychodynamic perspective – as exhibited in the Ashforth and Reingen (2014) food coop study which we discussed above – groups facing internal tensions often split or disown parts of themselves that are troublesome. They then project these negative feelings or attributes onto a subgroup that is held responsible for the relevant problems. These different studies suggest how easily social divisions and conflicts emerge that pose challenges to adopting the sense of common concern critical for democratic forms of organizing. Future research will thus need to examine whether, and if so, how more democratic models of organizing can be implemented and sustained.

Third, research suggests that the ideal of rational deliberative discourse in which deliberation leads to the tempering of viewpoints and the integration of new knowledge is an ideal that is difficult (though hardly impossible) to achieve in practice. This is well documented in the political context (Carpini et al., 2004; Sunstein, 2003), and one only needs to look at the current state of political discourse in the United States for evidence that a deliberative culture is not guaranteed, even in a society with a strongly democratic culture. Furthermore, research on voice and psychological safety highlights the struggle that organizations and teams encounter in seeking to learn from and integrate multiple viewpoints, because individuals often fail to speak up with critical information or defer to those with higher power or status (Edmondson, 1999; Milliken & Morrison, 2003). From an information processing perspective, research in confirmation bias highlights how individuals filter information to support their pre-existing beliefs, enabling individuals to stubbornly cling to beliefs even in the face of contradictory evidence (Mercier & Sperber, 2011; Nickerson, 1998).

Furthermore, research in groupthink and premature closure suggests that the act of integrating and negotiating conflicting viewpoints or values is a stressful and aversive experience that can lead groups to prematurely adopt a dominant viewpoint as a way of satisfying a need for closure or certainty (Esser, 1998; Kruglanski et al., 2006). Finally, as they engage in these negotiations, employees may not act in the organization's best interest during deliberative decision-making processes due to political considerations that are inherent to organizational life (Pfeffer, 1981). Even if they are willing to act in the organization's best interest, they may lack the exposure, training, or experience to understand "the big picture" (Harrison & Freeman, 2004). Future research will thus need to explore whether, and if so, how socialization processes and systems, including training and incentive systems, can enhance employees' willingness and ability to participate in productive deliberations that are a critical component of democratic models.

(iii). Can democratic organizing scale?

Our analysis has drawn heavily on a select few examples of relatively small organizations. But what would it mean for a very large organization to implement the deliberative democratic model? How

would it determine which employees should be part of which conversations? And how, ultimately, would decisions get made?

One possible model is offered by a recent organizational design innovation called Holacracy (Robertson, 2015). Holacracy is a management system that democratizes the decisions of how workgroups are organized. Individuals in this system are able to propose changes to their workgroup's structure, such as creating, amending, or deleting roles, work accountabilities and policies relevant for their workgroup(s). Authority for these types of design decisions are typically held by only the most senior executives in most organizations. But in Holacracy, the ability to participate in these decisions is distributed to the entire organization.

Holacracy has been adopted in both small and larger organizations (the largest of which employs 1,500 employees). One of the authors has intensively studied the adoption of Holacracy in an organization and found that three unique features of Holacracy may enable such democratized decisions to occur at scale. The first critical feature of Holocracy critical to its scalability is a highly structured discussion and deliberation process. Within Holacracy, formal "governance meetings" are called where changes to a workgroup's structure are proposed and discussed.

The structured process is designed to ensure that relevant information and input is offered on each proposal and that proposals that may cause harm will not pass. However, the highly structured nature of the discussion process helps to ensure that everyone participates and that these discussions do not take up too much time. In addition, the operative decision-rule does not require consensus; instead, it merely requires the absence of objections. This shifts the default presumption from inertia to change, making such changes easier, and yet still provides a way for the group to stop proposals that might cause harm.

A second feature that is critical to enabling democratized decisions to occur at scale in Holacracy is a clear delineation of the domains in which individuals can effect change. In Holacracy, individuals are able to propose changes only in the workgroup to which they belong. In cases requiring exceptions, representatives from a workgroup can be granted a formal decision role in another workgroup, thus enabling individuals' influence in other matters that are relevant to them while limiting the membership in each workgroup's deliberation process.

A third important factor enabling the scaling of democratized decisions in Holacracy is the existence of an organizational constitution. The process by which structural decisions are discussed and made are codified in a document called the "Constitution." This document explicitly lays out the rules by which such changes are discussed and decided upon which increases the likelihood that such rules are consistently understood and applied throughout a large organization.

Holacracy offers one possible model for how a deliberative approach could be implemented at scale. However, further research is required on such models of organizing, and more specifically, on the

tools, processes and systems that could enable democratic decision-making at scale to be sustained in organizational contexts.

B. The role of technology

Does new information and communications technology (ICT) have the potential to help organizations overcome obstacles to the implementation of deliberative democratic models that we discussed above? ICT has undeniably changed the way people work together. Some argue that ICT even makes the traditional, hierarchical way of organizing obsolete (Hedlund, 1994). Indeed, observers have remarked that new digital technologies are leading to new organizational forms with fewer boundaries and less hierarchy (Fulk & DeSanctis, 1995; Davis, 2016a; Davis, 2016b). The intraorganizational dimensions that Fulk and DeSanctis (1995) identify that are changing in response to electronic communication technologies include horizontal coordination, communication cultures, and ownership, which our three dimensions of organizational democracy echo (namely, decision rights, organizational cuture and ownership stakes). While such views do not necessarily imply the emergence of democratic forms of organization, it is not a stretch to presume that the emergence of new technologies could enable a deliberative approach, especially when we are considering scaling such designs. Scholars have made parallel suggestions in the political case (Sunstein, 2001).

ICT has been shown to facilitate lateral communication, support coordination and collaboration across space and time, and lead to more decentralized decision-making within firms (Fulk et al., 1995; Ahuja et al., 1999; Argyres, 1999; Kirkman et al., 2004; Hamel, 2011; Briscoe, 2007; Fjeldstad et al., 2012). In facilitating information sharing, ICT can also enable organizations to tap into the collective intelligence within and outside organizations (Pinsonneault & Kraemer, 1997; Bonabeau, 2009). Studying the case of IBM's "Innovation Ham," Bjelland and Wood (2008) describe how digital tools can enable employees to take ownership of their projects and think outside the box. By making decentralized decision-making easier and helping to leverage collective intelligence, ICT can contribute to setting some of the conditions that are necessary for more democratic ways of organizing to be developed and sustained.

Yet it would be naïve to believe that technology will automatically dislodge underlying power structures in organizations. For example, in studying how a major Scandinavian automotive company implemented an electronic business system, Eriksson-Zetterquist and Styhre (2009) find that the new electronic system actually increased hierarchy in the company. Echoing this set of findings, Pfeffer (2013) argues that the proliferation of technologies may mask the persistent reality of organizational hierarchy. The question that arises is thus to know whether, and if so, under what conditions ICT can help develop and sustain more democratic ways of organizing. Such research will no doubt have critical implications for organizations as ICT is becoming increasingly pervasive in most aspects of organizational life.

C. Generalizability

Having discussed the challenges that more democratic models of organizing face as well as the extent to which new technologies may help address these challenges, we now need to consider the extent to which our argument extends beyond the hybrid case to the full spectrum of business models across institutional contexts. While this is an open question, we suggest that rather than think of organizations in terms of a binary of traditional versus hybrid models, we should think in terms of *degrees* of hybrid organizing. At one end of the spectrum are firms that pursue financial objectives as their dominant, exclusive goal, and pursue social values only to the extent that such values serve financial objectives (this might be the case for companies that have corporate social responsibility divisions which function primarily as a public relations arm). At the other end of that spectrum are firms that give a fundamental, primary role to social values alongside financial concerns, and that are explicitly attuned to the tension between these values. In between is a wide range of possible configurations.

In the present business climate, as an increasing number of firms claim that they pursue a double or triple bottom line (financial, social, and environmental), hybrid organizing may be becoming the norm rather than the exception. This trend, we argue, raises new questions about the organizational forms needed to foster and sustain these multiple objectives. We expect that in cases where the social/financial tension is deepest, the relevance of the democratic model will be greatest.

Similarly, we suggest that the three elements that characterize the deliberative approach lend themselves to degrees of implementation. Rather than thinking of organizational democracy as a binary, we suggest that an ideal of democratization would be more analytically fruitful.

It is important to note that in addressing all the research questions that we highlighted in this section, future studies will need to account not only for organizational characteristics but also for characteristics of the institutional environment in which organizations are embedded. It may be that some institutional environments have characteristics that enable the creation and maintenance of more democratic models of organizing. Legal rights for workers to participate in corporate management vary greatly across the globe with some being anti-democratic, and others facilitating workers' participation. A well-known example of a participative system is co-determination in Germany, where all corporations with 500+ workers and all stock corporations are subject to laws that mandate the appointment of workers to firms' supervisory boards (Gorton & Schmid, 2000). Another key component of the German system is works councils, required in establishments exceeding five employees, which are elected by the labor force and have formal rights to information, consultation, and negotiation (Addison et al., 2001). Future research will need to examine the role that such institutional arrangements play in the development and sustainability of democratic models of organizing.

Conclusion

While more democratic models of organizing might not have been effective at a time when corporations were merely aiming at maximizing shareholder value creation (i.e., maximizing on one dimension), we argue that we might have reached a turning point. As an ever increasing number of organizations – be they social enterprises or corporations – engage in hybrid organizing and pursue a triple bottom line, we propose that more democratic models of organizing may become a better fit. This is because they have the capacity to better represent and integrate diverse and competing values in decision-making processes than hierarchical models and market-oriented ones.

This provocative proposition needs to be empirically tested. We hope that our essay will convince organization scholars of the necessity to do so. We must not assume that everything we have learned from organization and management research about how firms can maximize shareholder value creation applies to the joint pursuit of commercial, social, and environmental objectives. Instead, we need to question these assumptions and understand the factors that enable organizations to successfully pursue double or triple bottom lines.

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