

# **Firm Foundations for Democracy? Worker Ownership and Control in Advanced Capitalism**

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# Overview

- **Micro**
  - How do workers fit into firm-level ownership and control structures?
- **Macro**
  - How do these firm-level structures vary across national institutional systems? What are the limits to this variation?

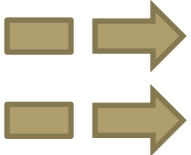
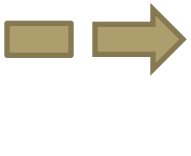


# How and by whom are firms governed?

- **Two dimensions of governance**
  - Ownership
  - Control
- **Three key sets of actors**
  - **Capital**
    - Owners
    - Managers
  - **Labor**
    - Workers

# Four views on firm governance

		Owners	Managers	Workers
<b>Managerial View</b> (Chandler 1977)	Ownership	✓		
	Control		✓	
<b>Shareholder View</b> (Jensen & Meckling 1976)	Ownership	✓		
	Control	✓		
<b>Stakeholder View</b> (Blair 1995)	Ownership	✓		
	Control	✓	✓	✓
<b>Democratic View</b> (Ellerman 1990)	Ownership			✓
	Control			✓

# Three forms of worker participation

		Owners	Managers	Workers	
Managerial View	Ownership	✓	(✓)	(✓)	
	Control		✓		
Shareholder View	Ownership	✓	(✓)	(✓)	
	Control	✓			
Stakeholder View	Ownership	✓			
	Control	✓	✓	✓	
Democratic View	Ownership			✓	
	Control			✓	

**Employee Ownership Schemes**

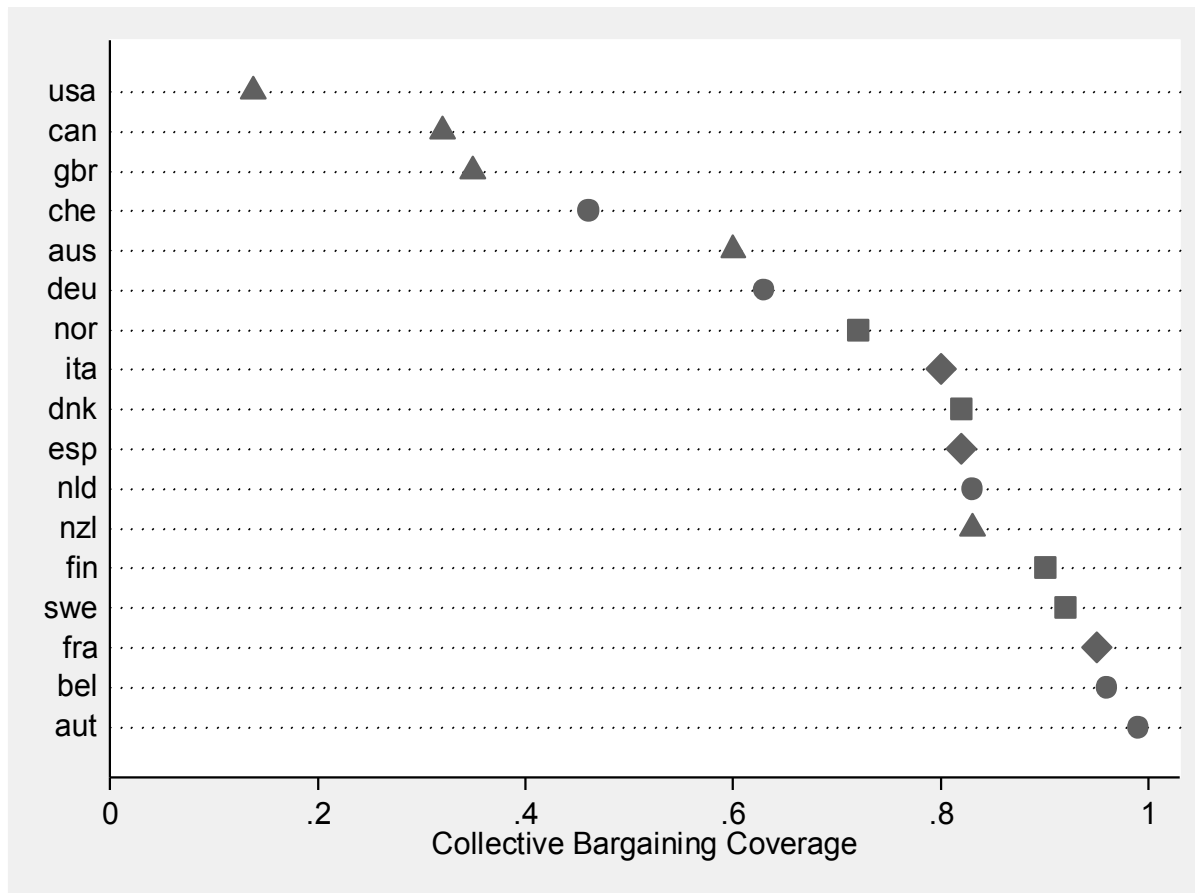
**Unions**

**Worker Cooperatives**

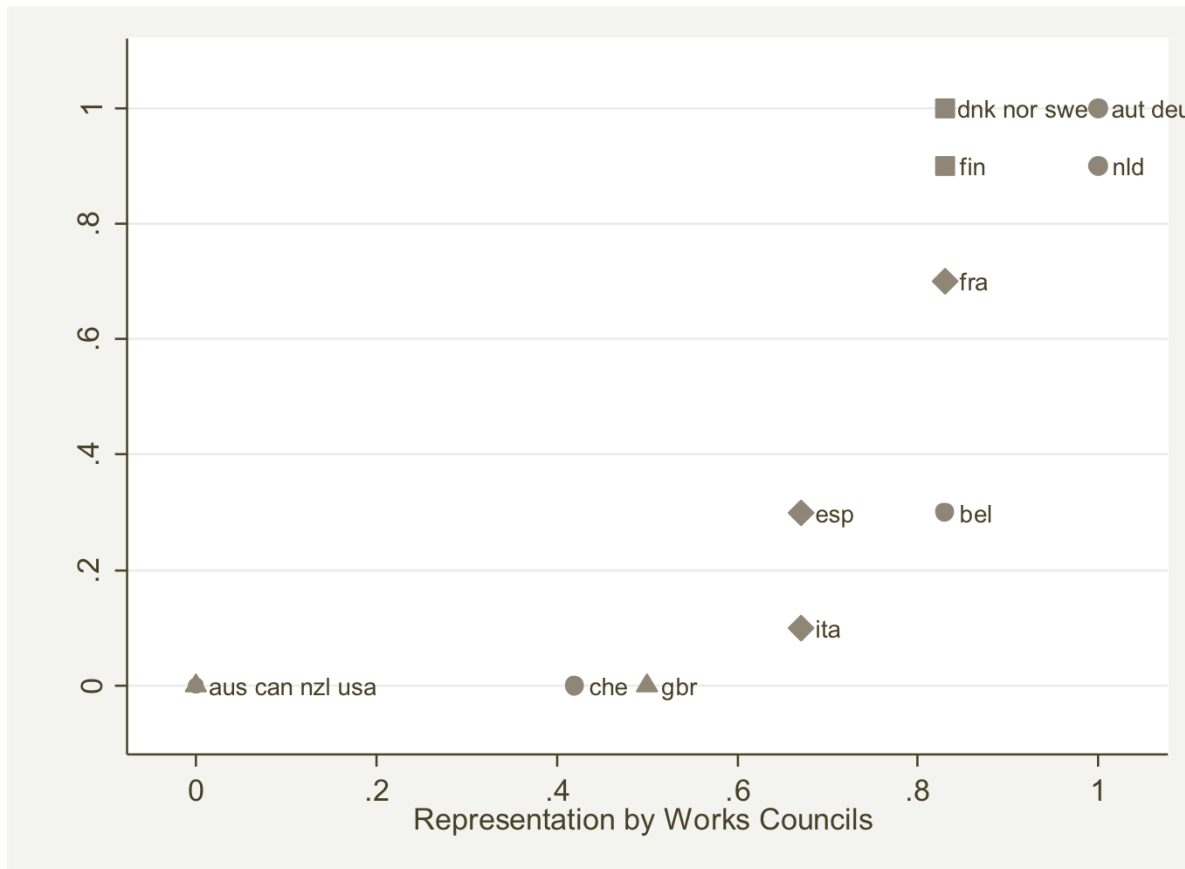
# Linking micro and macro (Hall and Soskice 2001)

- **“Coordinated market economies”**—e.g., Germany
  - **Stakeholder model**
    - Longer-term bargains among workers, managers, owners
    - More extensive worker control mechanisms, including unions
- **“Liberal market economies”**—e.g., the United States
  - **Shareholder model**
    - Shorter-term interactions among workers, managers, owners
    - More extensive employee ownership arrangements

# Comparing across countries (1)

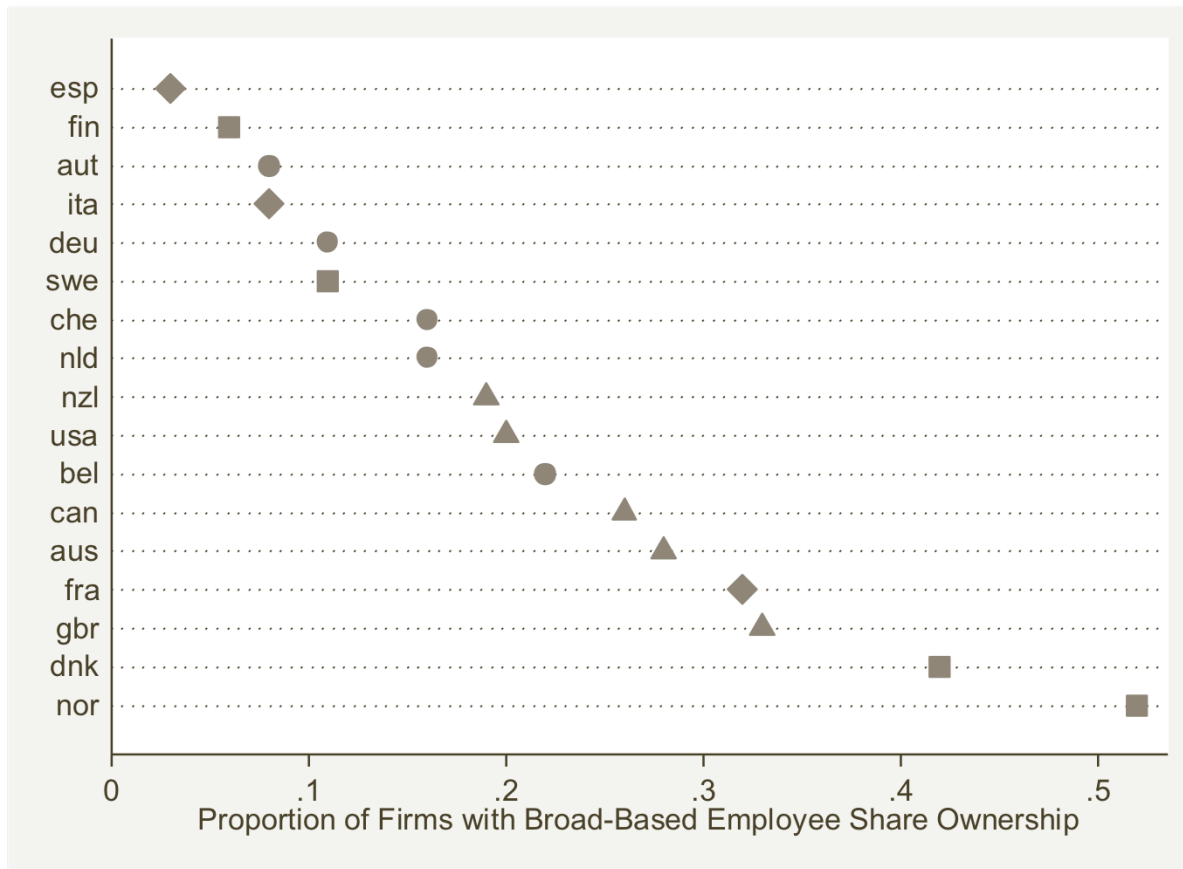


# Comparing across countries (2)





# Comparing across countries (3)



# Comparing across countries (4)



# Adding in change over time

		Different Historical Periods	
		Embedded Liberalism (Stakeholder)	Neoliberalism (Shareholder)
National Varieties of Capitalism	Coordinated (Stakeholder)	<p>←</p> <p>↑</p> <p>More extensive worker control mechanisms</p>	<p>↓</p> <p>More extensive employee ownership arrangements</p> <p>→</p>
	Liberal (Shareholder)		

# Linking ownership & control in the future?

- **Employee ownership**
  - Voting rights?
- **Unions and collective bargaining institutions**
  - Forging stronger ties with employee ownership?
- **Worker cooperatives**
  - Efforts to expand, including via conversion?