PRODUCTIVE PRAGMATISM: Industrial democracy under neoliberal capitalist conditions[1]

Johan E. Ravn, Oier Imaz Alias, Igor Ortega, Trond Sanne Haga, Davydd J. Greenwood

Abstract: This essay presents two case examples of the context and practices of industrial democracy: Norwegian industrial democracy exemplified with the Aker case and the Mondragon Cooperative Experience (a term Mondragon often uses to describe its whole structure and history). The comparison illustrates the necessity of combining general systems theory, the distinction between political and socio-technical participation, and the role of ethos, worldview, and heedfulness in understanding how these enterprises operate and manage ongoing challenges. Our central motive is to promote the expansion of organizational democracy within the global industrial system as a superior and more humane alternative to global neoliberal capitalism. These are not simple comparisons because these systems have different histories, contexts, and dynamics. In making the comparison, we show that the constant process of balancing and rebalancing political and socio-technical participation is a key dynamic in keeping such democratic systems viable. We also show that enterprise ethos and worldview, far from being an add-on or a "soft" dimension, is the bedrock on which such systems rely. After making this general presentation, we put these systems in motion to show how they address the challenges of downsizing and strategic planning. Downsizing and strategic planning show both systems' ability to face unexpected events and effectively cope with their potential consequences. We conclude that the differences between the cases show there is no one right way to create democratic organizations, but that paths exist and remain open for many different versions of these more humane and successful industrial organizations so necessary for creating sustainable societies.

Keywords: productive pragmatism, industrial democracy, worker cooperativism, Aker Solutions, Mondragon.

Pragmatismo productivo: La democracía industrial frente a las condiciones del capitalismo neoliberal

Resumen: Este ensayo presenta dos estudios de caso sobre el contexto y las prácticas de la democracia industrial: la democracia industrial noruega ejemplificada con el caso Aker y la Experiencia Cooperativa de Mondragon (un término que Mondragon usa a menudo para describir toda su estructura e historia). La comparación ilustra la necesidad de combinar la teoría de sistemas, la distinción entre participación política y sociotécnica, y el papel del *ethos*, la visión del mundo (*worldview*) y la atención consciente (*heedfulness*) en la comprensión de cómo estas empresas operan y manejan los desafíos actuales. Nuestro motivo central es promover la expansión de la democracia organizacional dentro del sistema industrial global como una alternativa superior y más humana al capitalismo neoliberal global. La comparación

1 All authors contributed equally to this chapter. We have ordered authorship to reflect the professional interest of the co-authors. Johan Elvemo Ravn is the corresponding author: johan.ravn@sintef.no

entre ambos casos no es sencilla; estos sistemas tienen diferentes historias, contextos y dinámicas. Al hacer la comparación, mostramos que el proceso constante para equilibrar y reequilibrar la participación política y sociotécnica es clave para mantener su viabilidad. También mostramos que el *ethos* empresarial y la visión del mundo (*worldview*), lejos de ser un complemento o una dimensión "suave", son los pilares sobre los que se fundamentan dichos sistemas. Después de hacer esta presentación general, mostramos como ambos sistemas abordan los desafíos de la planificación estratégica y la reducción de personal. En ámbos casos queda en evidencia la capacidad de ambos sistemas para enfrentar eventos inesperados y hacer frente de manera efectiva a sus posibles consecuencias. Concluimos que las diferencias entre los casos muestran que no existe una forma correcta de crear organizaciones democráticas, pero que existen caminos que permanecen abiertos para el desarrollo de diversas formas de organizaciones industriales exitosas y más humanas, tan necesarias para crear sociedades sostenibles.

Palabras clave: pragmatismo productivo, democracia industrial, cooperativas de trabajo asociado, Aker Solutions, Mondragon

1. Introduction

Questions about power, participation and legitimacy are always key in organizations within global industrial capitalism. From an industrial democracy perspective, underlying conflicts of interest between capital and labor cannot be abolished or nullified. They are forces to cope with or even to utilize to promote better alternative systems. The economist J. K. Galbraith wrote about the way a balance of power between strong industry/capital, trade unions and the state prevented any one of the actors from accumulating too much power (Galbraith, 1952). Industrial democracy is built on this principle, both as a model and as a practice. It is, however, based on more than the idea of curbing capital. A key premise is that the production process and economic outcomes benefit from working conditions that are sustainable and positively challenging for all employees, including participation in innovation and broader restructuring processes within an agreed-on framework.

This essay builds a comparison of industrial democracy as practiced in Norway and in the Mondragon cooperatives. These are dissimilar systems and operate on different scales, making the comparisons challenging. Despite the differences, these systems are similar in key ways when their underlying dynamics are examined. The Norwegian system is based on a long-standing national structure of laws and partnership agreements among unions, employers, and the government. The Mondragon system, despite its now extensive international reach, is based on a regional network of worker cooperatives located in the Spanish Basque Country and is an important but not dominant part of that regional economy. Both systems are based on democratic principles and provide significant openings for labor to adjust its relations to capital, but they are very differently anchored and structured. The following comparative analysis does not ignore these differences but seeks to analyze the overall system dynamics that enable both cases to function and sustain themselves. In this way, we want to promote the consideration of still other future contexts and designs for industrial democracies

that can survive and even prosper in the current global system, without ignoring the diversity of situations and possibilities in which such systems can exist.

We affirm that key to the analysis is understanding the complex balancing act between political participation and socio-technical participation in both systems. Following Abrahamsson (1977), political participation refers to involvement in high-level goal setting and long-term planning within the company. Socio-technical participation, on the other hand, refers to 'involvement in the organization's production' systems[2]. This balance between the social and the political is always at risk and yet must be maintained. To contextualize this, we argue there is no one ideal formula for creating industrial democratic systems. Rather there are a set of system conditions that must be met in any attempt to move in this direction.

The analysis matters because it underlines the relevance of a participatory/democratic approach to corporate governance in the face of contemporary global challenges. Like any other open system, enterprises and organizations are constantly having to deal with changes and heterogeneity in their environments, and must adapt successfully to survive or to flourish. The comparison between the Norwegian system and the Mondragon system reveals how their successful adaptations to a dynamic and variable environment have relied on ongoing and developmental processes in both realms of political participation and socio-technical participation. The comparison also reveals that adaptation and change critically depend on the capacity of organizations to (re-)interpret and deepen their own ethos and worldviews.

Through more than two years of dialogues and comparative analyses, we have developed this comparative perspective[3]. We are motivated by the aim both to understand and to improve the functioning of both cases and to draw lessons for other possible industrial democratic efforts elsewhere. We found that focusing comparatively, without ignoring the significant differences between the cases, has required considerable conceptual clarification, agreement on analytical frameworks, and then the actual work of laying out the comparisons and responding to the similarities and differences. In the end, our underlying goal is the improved functioning of both systems, assisted by learning broader lessons from the comparative analysis. Given the richness of our own learning experience in this collaboration, we aim for this analytical approach to encourage future developments of diverse industrial democratic systems and to foster productive comparative analyses of such systems.

In what follows, we introduce the basic concepts and analytical frames employed to structure the comparison. These include general systems theory, Clifford Geertz's definitions

2 Abrahamsson (1977) takes participation to mean involvement of employees in company decision-making. Political participation means involvement in high-level goal setting and long-term planning within the company. It means that employees, through some form of selection process, are represented in consultations and decisions about strategic path choices for the entire company or business. Political participation can as well give employees a right to hold organizational executives to account. Socio-technical participation, on the other side, means 'involvement in the organization's production' systems. Socio-technical participation extends the employees' involvement into the daily value-creation processes giving rise to the firm′s products. While it may involve the implementation of decisions made at a higher level, it also involves improvements and changes in the production organization, the way to operate, job enhancements, safety, etc.

3 The authors of this chapter all practice action research and this is directly relevant to our perspective. One reason that Action Research is exiled from the conventional university social sciences and humanities is that it is based on general systems theory (GST) and does not respect the artificial disciplinary boundaries so abundant and actively defended in academia. Action Research affirms that nothing human can be understood outside of its systems context and that the only way to demonstrate understanding that systems context is by acting on it deliberately to try to produce a desired and socially solidary outcome. AR offends the siloed social sciences and humanities and demands that academic inquiry, driven by prosocial values, be directly developed in real world contexts with the diverse and relevant stakeholders as part of a complex process of gathering and integrating diverse understandings, knowledge, and experience into better functioning groups.

of ethos and worldview in approaching organizational culture, Abrahamsson's distinction between socio-technical and political participation, and Pava′s "discretionary coalition formation" (Geertz, 1957; Abrahamsson, 1977; Pava, 1983). This compound analysis of the evolution of structure and culture in each case helps us capture the differences between these approaches to the relationship between labor and capital, while still permitting a comparison of the cases from a broader general systems perspective.

2. Frameworks in use:

Systems analysis, the sine qua non: The dependence of contemporary physics, chemistry, molecular biology, systems ecology, and action research on a general systems conception of the world is clear. Despite this, a major proportion of academic social scientific inquiry and policymaking still relies on non-systems concepts organized Tayloristically. The Tayloristic organization of social inquiry makes systems approaches impossible because it treats knowledge and practices as a set of siloed territories to be owned and managed independently. The result of such an approach is analytical and practical failure to understand the dynamics of complex human systems.

Open and closed systems: Key to systems theory is distinguishing between "closed" and "open systems"[4]. Both types depend on adaptive interactions with their environments (including competitors) to survive. Closed systems adapt to changes by intensifying the processes within them in attempts to overcome their challenges. By contrast, open systems have more permeable boundaries, and adapt to challenges by changing their own parameters and internal processes to maintain a dynamic equilibrium and a manageable relationship to their environments. All life forms are open systems.

Evolutionary theory and evolutionary ecology are particular forms of open systems theory. From kin selection theory, we know that evolutionary selection operates on groups and not just on individuals. Sociability and solidarity have adaptive consequences. Within complex, multi-leveled interactions between environments and plant and animal species, sociability becomes part of the systems processes that give rise to successful adaptations[5].

Cultural systems/social systems: Organizational structure and organizational culture, while analytically distinguishable, cannot be treated as separate. They constantly interact in human systems and must be understood together to analyze human situations. Engaged mutual awareness among members of any human group is always a central element in their operation.

Causal-functional and logico-meaningful integration: Clifford Geertz's development of the ideas of Gilbert Ryle (1949) and reaching back to Pitrim Sorokin and Max Weber (Geertz, 1973, p. 142–169), is a development of systems theory applied to humans. In Geertz's framing, social systems are held together by "causal-functional integration". This under-

4 This is not the place to develop a detailed presentation of GST. Like any major conceptual breakthrough, systems theory is composed of a variety of streams that eventually led into the concept of "general systems theory". Among the key streams are the attempts by Jakob Johann von Uexküll and Ludwig von Bertalanffy (1968) to explain how inorganic matter becomes organic matter. Their answer is that the matter is the same, but its organization is different, involving different kinds of relations among the parts and processes.

5 Thinkers like Gregory Bateson (1972) and Anna Tsing (2015) have taken these perspectives into the study of human groups and their adaptations.

standing is familiar to anyone who has read most of the functionalist literature on social systems and social organization. A change in one part necessitates changes/adjustments in others to achieve a limited homeostasis.

Cultural systems also have systems properties but of a different causal type. They have "logico-meaningful integration" of the kind that involves sensemaking and constant efforts to bring different cultural ideas into to a degree of coherence and intelligibility. These cultural systems include ethos, worldview, symbols, myths, concepts of identity, groups, the individual, etc.

Key to the operation of human systems is that changes in the social system require changes in the cultural system and vice versa. When something unexpected or unwanted happens in an organization, it sets off processes of adjustment that include both social reorganization and new efforts at sensemaking. Humans cannot operate without constantly working on maintaining a tolerable balance among these dimensions. Without this effort, their lives become intolerable.

Path dependence: This perspective also means that all human systems are heavily affected by path dependence. No matter where a change comes from – internally or externally – the change works on an existing system and sets off processes that create new patterns of action. These in turn set parameters around future patterns of action when conditions change.

Political and sociotechnical participation: We follow Abrahamsson (1977)[6] in distinguishing between political participation (representative co-determination) in decisions and socio-technical participation in organizational implementation at the operational level. Abrahamsson treats these two types of participation as independent of one another, very much in accordance with most analysts. We disagree that these types of participation are mutually independent. We contend that these are two participatory dimensions of a larger system, so that political participation and socio-technical participation necessarily flow into each other.

Moreover, these are key concepts for our analysis and they have both social and cultural dimensions. Participation is both an idea and a practice that can be found in many national constitutions and laws. A conventional meaning refers to participation in some kind of decision system, but it is a mistake to equate participation only with political participation. The way participation is organized and conceptualized is key to understanding how any organization operates. Following Geertz, we argue that socio-technical participation in organizational implementation has both social and cultural dimensions, and that any socio-technical system is a combination of these dimensions. We also argue that political participation is both a social organizational feature and a set of concepts and values that combine in participatory processes.

Firms and their environments – systems of systems: We consider it essential to see that socio-technical and political participation are two participatory dimensions of a larger system. In these cases, we are dealing with firms set within a larger dynamic systems environment. For these firms to persist, they must constantly work at balancing the relationship between the socio-technical dimensions and the political dimensions to retain the ability of the firms to adapt to constantly changing conditions without losing their democratic dimensions. These processes set off "organizational deliberations", "discretionary coalition formation" (Pava, 1983) and operate in a context of what Gilbert Ryle called "heedfulness" (Weick & Roberts, 1993, p. 365). Heedfulness means that groups of actors' awareness of the roles and abilities of

6 This representative participation is what Piketty (2020) calls "co-management" and Arnstein (1969) refers to as "delegated participation".

the other actors enables them to manage the complicated collaborations that makes things work for the stakeholders.

This elaborate set of analytical frameworks has turned out to be the minimum frame of reference we needed to make meaningful comparisons between the Norwegian and Mondragon systems that are able to show both their similarities and differences. These frameworks are the way we have sought to avoid stereotypical or mechanistic comparisons of these related but not identical forms of industrial democracy. In addition to the value of the substantive comparisons we make below, we hope these frameworks will be of use to others in bringing additional cases and their lessons into this comparative perspective.

3. The Norwegian industrial democracy system:

In a neoliberal capitalist system, the owners of capital possess the means of production and the employees possess only their own labor. Capital owners want to accumulate capital while employees want a fairer distribution of the profits created through their labor. How the conflict between these interests has been handled in a particular society relates to those societies' ethos, worldview, and historical conditions.

In Norway, the conflict became institutionalized in the form of a negotiating relationship between the two sides organized at the national level – the employers' federations and the labor unions. The two sides have, for the most part, decided to operate as partners rather than as opposing parties (Colbjørnsen, 1981). Understanding how they ended up as partners requires knowing the historical development of the sector and its regulation. For most of the 20th century, Norway was a society with small wealth differences[7]. Until the mid-1970s, it was the poor relative in the Nordic family, but it had natural resources such as fish, waterfalls (energy), and metals (mining). Throughout the 20th century, it developed into a shipping nation, with many small shipyards along the coast and with a large merchant fleet that operated across all the world's oceans, and it built up a significant smelter industry based on its rich access to hydroelectric power. The oil and gas reserves on the Norwegian continental shelf were discovered in the late 1960 s and the major developments and production started in the mid-1970s.

The Norwegian participatory system was created and developed gradually, through many steps in the period from 1935 to the present, with laws and agreements based on tested practices and experience. The period between 1905 and 1945 in Norwegian history has been named "The Great Reconciliation" (Olstad, 2019), referring to the gradually worked-out trade-offs between labor and capital. This came about after a period of economic hardship and extensive conflict between labor and capital. The frequent conflicts depleted the parties and created fertile ground for a fundamental change in the relationship between them.

The most important result of the reconciliation was the "Main Agreement" in 1935 between the Confederation of Trade Unions (LO) and the Confederation of Norwegian Enterprises (NHO). That year the Labor Party took over the government and it stayed in power for 30 years. Over the years, new laws and modifications of the agreements were introduced

7 Since the 1980s a comprehensive liberalization of society and political economy has increasingly challenged this.

and were significant in structuring Norwegian work life. The extensive work reforms were largely directed by the Cooperation Committee composed of the most important shop stewards, elected representatives from the Labor party and the government (also picked from among the Labor Party members) (Aabø, 2021).

The signing of the Main Agreement connects to the ideological development of the labor movement and the climate for expanded cooperation that arose in the interwar period (1918–1939). LO management tried to adapt to the new situation in various ways, among other things by taking a moderate line on rights and wage demands and by adopting a positive attitude toward cooperation with employers on modernization and productivity growth. This became apparent in the establishment of collective agreements based on profit sharing (so-called productivity agreements).

The significance of the Main Agreement relates to the economic crisis of the 1930s, the reconstruction in the early post-war period, the development of co-operation and co-determination in the 1960s and 1970s and the development of new technologies in the 1970s and 1980s. For the labor movement, democratization of economic life became a central goal in the post-World War II period. The economic problems of the interwar period were to be avoided through more public management of the economy and greater influence of the employees on the companies.

In 1953, the Labor Party, then in government, proposed board representation for employees in joint stock companies but they could not implement it at the time. Nevertheless, the employees' influence was expanded. LO favored expanding the companies' duty to provide information to shop stewards. In 1954 this was approved. In 1972 employees' statutory representation on the Board was mandated (political participation)[8]. Later, the employees' political influence and participation in the companies was further expanded. The agreement to establish a Production Committee was incorporated into the Main Agreement in 1966.

Simultaneously, the Co-operation Council LO-NAF (The Norwegian Employers' Association the forerunner of NHO) was established as an advisory and information body for the various co-operation committees in work life. The Co-operation Council initiated activity in both training of employees and research in the area of co-determination. In 1962, the employers' organizations set up a committee to investigate problems concerning cooperation between the parties in work life. Einar Thorsrud at the Institute of Social Research in Industry (IFIM) at the Norwegian University of Technology was contracted to work on this and a research program was begun in the summer of 1962.

– Phase A clarified problems concerning the employees' formal right to representation, in particular representation on the company boards (political participation).
– Phase B focus on employee's opportunities for involvement and development in the workplace – job expansion, development of self-governing work groups, changes in work management, recruitment, and training (socio-technical participation).

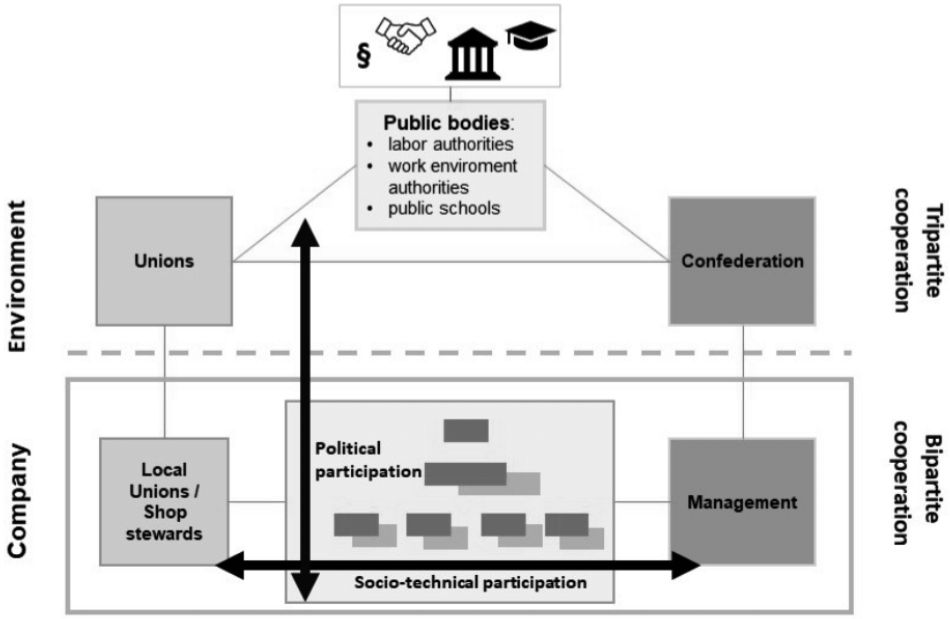
The main organizations supported the program, later to be widely known as "the industrial democracy experiments" (IDE's).

8 It follows from the Norwegian Companies Act that employee in all companies with more than 30 employees have the right to elect members, observers, and deputies to the company's board. In companies with more than 50 employees, the employees may demand that up to one third and at least two of the board members with deputies to be elected by and from among the employees. Democracy regulations mentioned so far are given by law and apply everywhere.

While the labor movement has always worked toward strategies to expand workers' influence in the workplace, and while some schemes have been enacted, the negotiations to revise the Main Agreement have played a key role in implementing reforms in the area of co-determination in Norway. With the Main Agreement as a tool, the trade union movement has ensured workers' greater influence over their own work situations and more control over the companies' decisions.

Below is a sketch of the principal levels and categories of institutional environments, how they 'come together', and how they – through regulations, deliberations, communications, and consultations become operationally linked to any organization involved.

Figure 1: Work organization and its key external institutional couplings.



The upper segment describes the institutional environment beyond the organization, but interacting with it are laws, agreements, decision making bodies, and R&D institutes. These are all factors significant for the organizations beyond their commercial environments. The organizations′ ability to survive and develop is linked not only to how they handle markets, but also to how they interact with these environments.

The long vertical arrow on the left side refers to political participation. It indicates the extensive interaction with the surrounding environment. It is not limited to trade unions and employer organizations, but includes public bodies (schools, universities, labor authorities, working environment authorities, etc.) in addition to the regional and national political parties and the parliament. The horizontal arrow refers to socio-technical participation (on several levels) in the organizations. There are mutual relations between the political debates at different levels in the organization and the socio-technical activities at the associated levels. Thus, the political axis stimulates socio-technical activity and the participatory activity in the

workplace stimulates political activity. The interaction between the two systems, political and socio-technical, helps drive the overall developmental dynamic.

In Norwegian companies, employees may choose to organize in the various unions that are linked to national associations. All union members are members of their respective national associations and these link most employees and their companies to national institutions. The work organizations within the companies are thus subject to support and regulation from several locations in the broader institutional environment. Skilled people/groups may also use the institutional environment as tools to pursue their own interests, as when a manager uses paragraphs from the central agreements to curb resistance and or to develop support for her local change initiatives. Similarly, a shop steward or a safety representative may also find support and assistance in some part of the institutional environment for reform efforts.

Regulative institutions like the Main Agreement and laws do not in themselves determine organization design or organization development. However, they do leave their mark and should be seen as vital ingredients in structuring work organizations. Developing and redeveloping a work organization requires focused initiatives, but such initiatives can also exploit the "affordances" provided by the leeway and degrees of freedom offered within these larger institutional arrangements.

3.1. The Norwegian model on the ground floor

The Stord yard of Aker Solutions we will describe delivers topsides and large modules to the oil and gas industry offshore and onshore. Aker Solutions is a private company with the Norwegian state as a minority owner. The yard's main market is deliveries to clients operating on the Norwegian continental shelf. It is 100 years old, a 'cornerstone' employer in its community, and has gone through major makeovers various times (with more to come). At present it has 1,600 blue collar and white-collar regular employees and a substantial temporary workforce. It has complex supply chains, global competitors, six unions (of varying strength and influence), a well-developed 'participatory system', all now focused on the urgent need to enter new/greener products/markets. The company is a good illustration of a Norwegian manufacturing firm embedded both in a international competitive market and in the institutionalized Norwegian model.

The yard is organized into different departments. Examples are fabrication, assembly, and fabrication and assembly method engineering[9]. Within the production departments, people are organized in teams of around fifteen people, each with a foreman or team leader and a safety delegate. Under normal operations many production units have a significant contingent of temporarily hired labor, mainly from Poland. At a location like the yard, several unions are present. In this case, there are six unions, two blue collar and four white collar ones.

The yard has recently experienced a corporate merger. The yard was part of the smaller corporation having a total of 2,700 employees. The other corporation had about 14,000 employees. The two corporations knew each other from previous collaborations. Until 2011, the companies were part of one corporation but then underwent a de-merger.

9 In the production of large, unique products, the assembly method (to divide the product into manageable, construction-friendly units and determine the sequence of the assembly) becomes fundamentally important – both the overall and the detailed ones. The case company has therefore established a separate department for method engineering.

3.1.1. "Political participation" within the company/group structure

The Main Agreements and the law channel how organizational democracy is structured and practiced, some in the form of instructions, but mostly in the form of recommendations. Thus, the local company, its managers, and employees, have a major say about how to deal with challenges and changes. This means that industrial democracy schemes are rooted in local ethos and worldviews as well as in the Main Agreement. In this example, the company holds an annual "cooperation conference" in which more than a hundred managers and union representatives gather to deliberate about efforts and challenges. The purpose is to discuss current strategic and operational issues with a large and representative group of employees and managers. The conference does not make decisions, but gives the management, business and trade unions signals about necessary corrections/reinforcements and about the realisities of and challenges with new initiatives or ongoing operations. Perhaps the most important function is the anchoring of new initiatives[10].

Department Committees – DC

The yard is organized into departments. A department can contain from 20 to 150 employees. Each of these has a department committee (DC), consisting of elected representatives from the department: union representatives, the safety delegate, other elected representatives, and the department manager. The DC handles issues at the department level: operational issues, health, safety, security and environmental (HSSE) issues, development efforts, improvement initiatives, etc.[11].

Work/location Council – WC

The Main Agreement requires that any independent limited company have a Work Council (WC)[12]. After the merger, what were previously independent limited companies merged into a joint limited company. The yard thus went from being an independent company to a location within a larger one. The local Work Council was retained and it is still composed of elected shop stewards from different unions, the main safety delegate and company management, equally divided between employees and management. WC leadership alternates between the elected shop stewards and management. The Council handles all major operational issues such as investments, development efforts, work environment issues and can initiate large and small socio-technical development projects. It has access to all operational, investment, health-safety-environment, and personnel information. It chooses for itself what to process in more detail. All new initiatives also will be discussed in this body. It cannot formally prevent the

10 "The cooperation with the shop stewards and the boards of the trade unions […] is of the utmost importance for the company's well-being and progress. […] Capital and labor must go hand in hand with each other's efforts to build a company that can produce so efficiently, well and cheaply that it always asserts itself in the competition, while at the same time it is founded so solidly that we can create security for the future of his family". The quote is taken from the brochure "Welcome to AS Stord" written by the owner and managing director Onar Onarheim seventy years ago, in 1951. It is an utterance from an individual, but we also read it as an imprint of the local culture.

11 Main agreement §15:1: Companies with more than 200 employees and with independent departments under their own management with the authority to make decisions in matters concerning the department, should establish department committees.

12 Main agreement §13–1: Within companies with at least 100 employees, a company committee shall be established with representatives of the management and the employees. The management of the company and the employees shall have the same number of representatives.

company management from carrying out a measure but going against an expressed wish from the WC will make the process difficult for management. That is why it rarely happens – solutions are found that both management and unions can rally behind.

Company Board

After the local limited companies in the group were eliminated in 2017, this body disappeared.

Group Council – Group WC

The Group Council is made up of elected shop stewards from different unions in the entire group, the main safety delegate and group management, equally distributed between employees and management. The leadership in the broader WC alternates between the elected shop stewards and management. This body's tasks are identical to local WCs but largely focus on issues that concern the entire group rather than the individual locations. Through mergers of groups and centralization of their management, the former local companies have been shut down and become locations without own boards and without final decision-making authority. When the local companies existed, they had their own board and WC. With the centralization, the statutory WC was centralized. The body was rightly retained locally, but without the same authority that in had in prior times.

Group Board

By law, four of the eleven board directors are employee representatives[13]. There are no restrictions on the election of employee representatives (directors) to the board, but historically these are selected from the union shop stewards.

As Figure 2 shows, trade unions have access to all levels of decision-making – something management does not have. The Norwegian Companies Act defines the proportion of how many board members are to be elected from the employees (one third of the board in companies with more than 50 employees with an additional board member in companies with more than 200 employees). The rest of the board is elected by the owners. In ordinary companies, the owners will have a majority on the board.

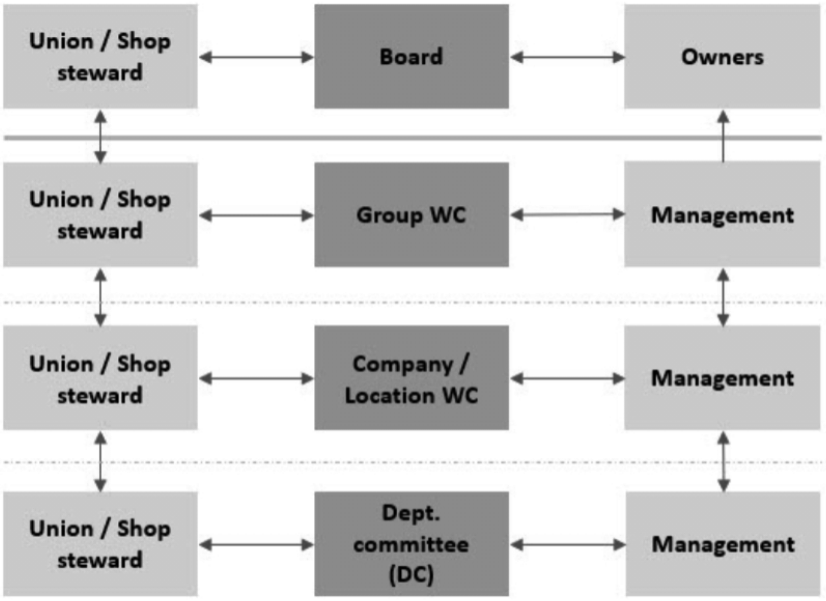
The shop stewards' access to the decision-making board has actually been used actively by management in many contexts within the corporation. For example, if an investment decision is to be handled by the corporation board, the employees' board representatives are updated in detail by local shop stewards and management prior to the decision. This is because they will be able to participate in discussions and decisions that exclude local management. The shop stewards' participation on the board will thus make it possible to ensure that all important information and arguments seen from the operational unit reaches the board through them.

3.1.2. Sociotechnical participation in a systems view

Socio-technical participation refers to employee involvement in daily operations, including the implementation of decisions taken at a higher level (Abrahamsson, 1977). This form of

13 Public Limited Liability Companies Act §6–4: In a company with more than 50 employees, the employees may demand that up to one third and at least two of the board members with deputies be elected by and from among the employees.

Figure 2: Process chart for political participation.



participation may seem limited to each of the ordinary employees, but it is important to see (to understand the whole) that that socio-technical participation also takes place in various representative bodies. The democratic bodies will be the ones that process, anchor, and decide on improvement proposals that are directed to them. This means that these bodies will assess and initiate socio-technical processes on different levels in the company.

Department Committees – DC

The Department Committee discusses improvement proposals and deals with work environment issues, and health-safety-environment incidents. It is told about and discusses company initiatives (stemming from management) and is where "external" initiatives are anchored and where members advocate for such initiatives. It is regarded as "our" body by the personnel in that specific department and it initiates internal improvement teams to solve specific problems.

The DC's are the hubs for employee participation and dissemination of essential information. A recent example of the role of the DC has to do with the recruitment of personnel for ongoing education. In several arenas, management and the shop stewards encouraged blue collar employees to participate in adult education programs offered by a local technical college. Despite heavy marketing, interest in these courses was weak. Management and the shop stewards gathered all the relevant DCs and explained to their members why it was desirable to promote this training. After discussing it, they agreed that the DC members should

actively promote the initiative. In only a couple of days the relevant courses were fully subscribed.

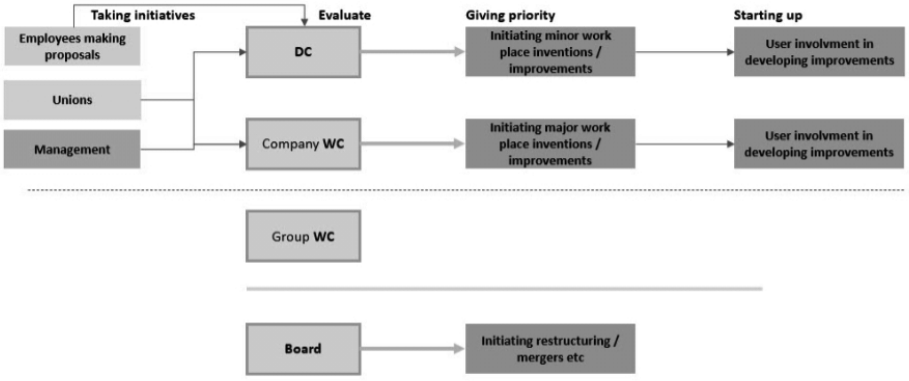
Work Council – WC

The Work Council is the body that receives operational status reports (progress, efficiency, operational obstacles and so forth) and discusses the results, addresses health-safety-environment issues, discusses company/group strategy and gives input, discusses management initiatives and how to implement them, and discusses and decides on major improvement initiatives. These may come up from departments, from unions or down from management. It also follows up on specific initiatives. WC is the hub for employee participation for major initiatives within the company that involve most or all the organization.

The "proposal box" can serve as a concrete example of socio-technical participation. To understand it requires knowing the role of the individual bodies described above and how they interrelate. Most companies have some sort of system to invite employees to make improvement proposals. In its most primitive form, it is a suggestion box placed on a wall somewhere. An employee who has an idea or a suggestion can write it on a piece of paper and put it in the box. The company will have some procedure for handling such proposals.

Over the past two years, the yard has developed a digitally supported version of this system. Developing it involved selected employees and union representatives and the resulting proposal box solution reflects the yard's participatory traditions. It is now an app installed on the company cell phones provided to all employees. The system includes carefully developed organizational procedures to handle improvement proposals.

Figure 3: Process chart for sociotechnical participation – the case of the proposal box.



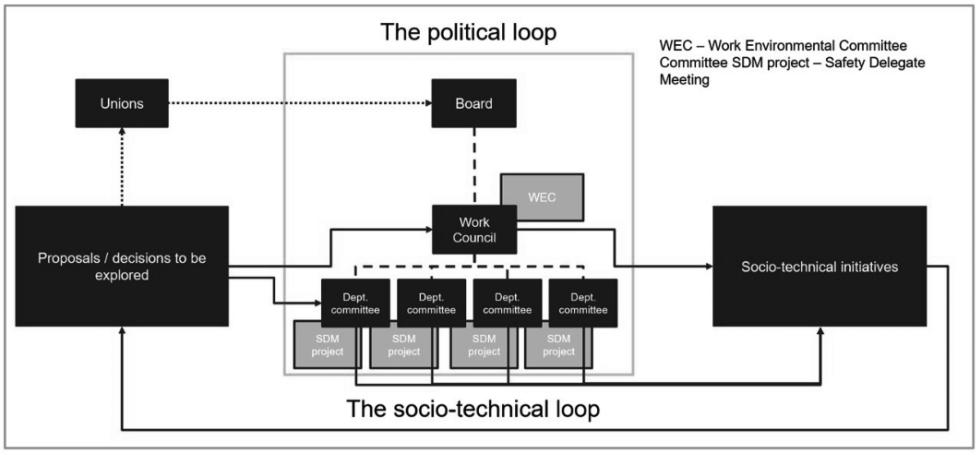
Some source within a department develops a proposal. When the proposal is submitted via the app, the employees of that department are notified. Entering the app, they can view the proposal and access attached documentation. The next step is to evaluate the proposals through simple "likes," as well as through responses about the possible associated effects involved. There are opportunities to add suggestions and improvements to the proposal to make it more complete. All aspects of the communication are visible in the app. Thus, all

departmental employees can be actively involved in the improvement effort. Eventually, the proposal is handed over to the DC where the proposal is considered and a decision made about its implementation. The proposal box system allows users to monitor the progress of proposals through various stages and in various arenas.

This is a collaborative tradition, where the interplay between direct participation at the shop-floor level and representative participation at different levels of the organizational structures coalesce. Basic elements of participation are essential in both the initial proposal process and in the participatory responsibility for handling proposals as they proceed through the decision-making processes at different levels of the organization.

There exists no sharp distinction between political participation in the decision hierarchy (DC to the Board) in the company (the political loop in Figure 4 below) and socio-technical participation in the design of the work and the work processes on the company floor (the socio-technical loop in Figure 4 below). The different parts of the system, political and the socio-technical, interact. If there is a need for the board to address issues, the matter is raised there through the unions and the shop stewards serving as directors on the board. If a challenge arises that can be solved locally, it will be addressed through the democratic bodies (DC or WC) and through other processes where the employees are directly involved.

Figure 4: Mutual influence between the political and socio-technical participation system.



Clearly local management and local unions work closely together to promote the development of their own business. This applies on all levels of the company and is particularly important when the company wants to get something from local, regional, or central authorities or from their national associations. This might include financial support for training in temporary redundancy situations, acceptance of workforce rotation schemes, help in getting work assignments in difficult situations, funding for R&D collaboration, etc. In such situations, the target is the same for management and trade unions and they use the tools at their disposal to achieve what they want. The figure is a simplification. The element "Work Council" may refer

to both local WC and Group WC (Figure 2). Since a Group WC is intended to cover a much larger organization with several levels within it, it can present challenges to achieve a composition that can take care of both site-based issues and more strategic themes. As indicated in Figure 4, a Work Environment Committee is part of the two-party cooperation at the yard. Such a committee is required by law and anchored in the Working Environment Act with a special focus on the physical and mental work environment.

3.2. System challenges – manageable and unmanageable

The Norwegian industrial democracy model enables the parties in the companies to handle a number of different challenges. As laid out in Figures 3 and 4, the various democratic bodies established at the organizational base can handle issues initiated by individuals or groups in the organization, by unions, and by management. In the table below, some such challenges are exemplified.

Table 1: Overall challenges that are solved within the Norwegian industrial democracy model.

Area	Typical challenges
Strategic planning	Difficult strategic choices or challenges. Reason for action: Strategic challenges ahead that require special measures such as a wage freeze.
Mergers and intra-organizational relationships	Mergers of companies (locally) and within groups (internally). Reason for action: Enabling, through discussion/negotiations, acceptable solutions based on union and the management clarification of positions and in the absence of conflict.
R&D efforts	Accomplishment of major R&D projects. Reasons for action: Clarifying and anchoring new development agendas.
Productivity campaigns	Productivity campaigns. Reason for action: Declining competitiveness
Health and safety	Accomplishment of major Health-Safety-Environment campaigns. Reason for action: Weak results generally or serious incidents
Education and training programs	Education and training measures such as the establishment of a technical education system. Reason for action: Need to adjust or more fundamentally change composition of competencies in the company.

Challenges are manageable if they do not threaten the assumptions on which the system is built. How such manageable challenges are handled in practice is displayed in two examples elaborated below.

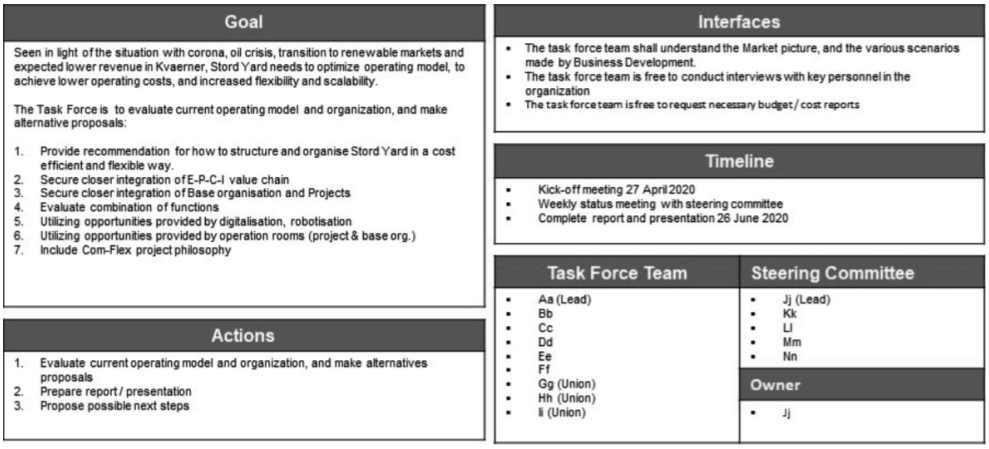
3.2.1. Managing challenges: The Yard's Future – a strategic, socio-technical initiative

The Stord Yard and many other suppliers are heading into major market and digital transformations. The market is changing due to the energy transition from fossil fuels to more sustainable energy sources and new technology and new digital solutions are becoming available for the businesses through affordable pricing.

Since the mid-seventies the yard had been treated as an assembly yard for mega-projects in the oil and gas industry on the Norwegian continental shelf. This now must change. The number of such oil and gas projects will be significantly reduced in the future, but they will not disappear. They will probably be replaced by smaller projects adapted to new energy sources such as offshore wind and hydrogen and other renewable product types such as carbon capture plants. This means that the yard must be able to alternate between carrying out large and small projects and engage in a broader variety of projects. This requires organizational flexibility.

To meet these challenges, several comprehensive measures have been initiated. The Yard Future (SYF) Project is one. SYF was initiated due to an immediate need to change the yard organization to handle the new project types in parallel with the older ones and to develop and implement new digital solutions along with the use of new technologies. The taskforce was initiated by the Yard management, but the idea was first discussed and anchored in the Work Council (WC). When the WC supported the idea and approved it, the taskforce was established and the work started. They developed a mandate for the taskforce which clarified what the management team was asking for in the way of answers and suggestions.

Figure 5: The SYF mandate.



The mandate emphasized several factors. The yard had to reduce its own operating costs while increasing flexibility and scalability. Three of the nine members of the Task Force Team (TFT) were shop stewards from different unions, both blue and white collar. Including shop stewards was the Management Team's decision. This reflects the historical pattern in the yard where the parties cooperate closely as partners to develop sustainable solutions to meet fundamental company challenges.

The taskforce discussed areas and topics to be included in their work in detail. Simultaneously, the working method involved detailed and demanding discussions. Although the

taskforce had been given limited time to carry out the work, both management and unions made clear the need to obtain relevant and good data. These demands were accepted and the taskforce emphasized collecting relevant and high-quality data. The steps followed included mapping, analysis, suggestions, and reporting.

The taskforce then discussed which areas should be given priority and how the process should be organized. The team agreed to organize the work in eight groups for eight different topics. A total of 41 different people from around the yard were selected to participate. The groups collected data (interviews of personnel, retrieving figures, etc.), analyzed material and came up with suggestions for improvements to address the challenges the yard faced.

These were the eight areas that emerged:

- Interaction between base organizations and the project organizations.
- The structure of the base organization.
- The structure of the project organizations.
- Work hours, work rotations and overall work hours.
- Digitization opportunities/strategy.
- Competence mapping by department.
- The tender process.
- Clarifying decision-making authority and expectations of leaders in decision-making processes.

The topics selected are heterogenous, but they reflected the many issues troubling the existing organization and hindering the needed restructuring.

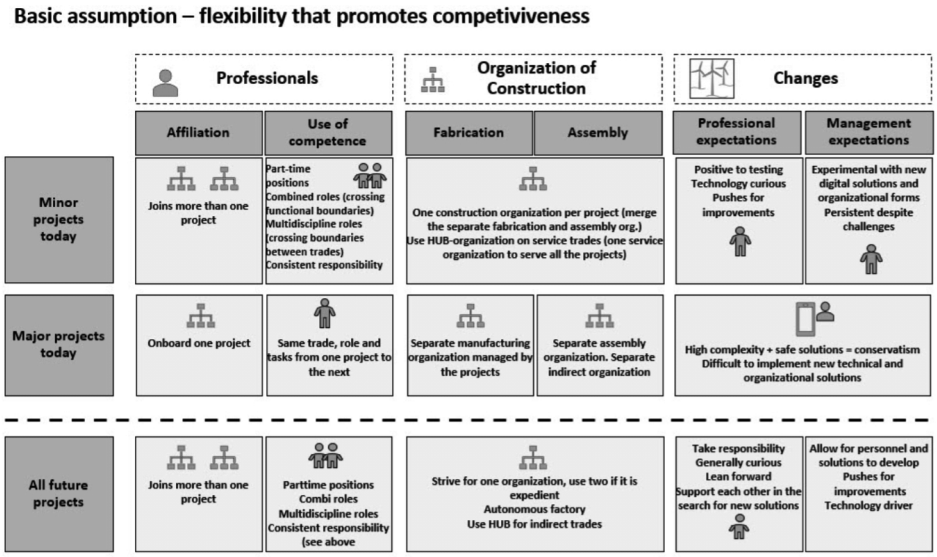
The work in the groups showed great commitment. The groups were made up of personnel with the relevant diverse knowledge and experience. The selection of personnel for the different groups was guided by a unified approach: no fads, only sustainable solutions. At the same time, emphasis was placed on involving key shop stewards to ensure the organizational anchor. In change processes like these, anchoring is important and active participation from shop stewards gives them first-hand knowledge of the discussions and possible solutions and choices, something that makes further anchoring easier going forward.

Since researchers from SINTEF (the Norwegian Science Foundation) collaborated with the yard on flexibility and scaling of the organization before, they also contributed laying out future scenarios regarding the future organization of workplaces. This provided fresh thoughts that energized the discussions.

During an intensive period of a few months, the working groups completed their tasks and passed on materials and proposals to a smaller group appointed by the taskforce that processed the input. WC put the work of the taskforce on its agenda several times during the project period. Finally, a report was presented with proposals in all eight areas. The report was presented to the WC and the Yard Management. The proposals from the groups and TFT were well received. In a short time, several of the proposals in the final report were implemented. These included:

- Reorganization of the management team at the yard.
- Acceptance of a new improved and simplified tender process.
- The establishment of a completion unit for smaller projects to avoid all projects following the same track.

Figure 6: Assumptions about project design now and in the future.



In addition to these major changes, there were other minor improvements in various yard areas.

The final report was not the end of the transformation. In further work on the transformation, both shop stewards and their members have been eager to move forward – they are impatient. The contributions from both sides and the anchoring that took place through the taskforce has contributed to a positive approach to the transformation and the changes. This result has been confirmed by a major survey conducted by SINTEF.

3.2.2. Manageable challenges: Downsizing orchestrated through political participation

During the winter of 2014–15, the corporate management communicated a need for downsizing the corporation due to a lack of orders. The corporation is an engineering-to-order supplier that delivers large, unique products, and the market for such products is surveyable and predictable. The suppliers know which projects the clients are considering developing/carrying out. This enables them to predict staffing needs with a relatively high degree of accuracy. This information is shared with the employee representatives/unions on a regular basis. Future staffing, for example, is on the agenda at the monthly WC meetings at the different locations.

The staffing histogram and market outlook for the winter of 2014–15 indicated the need for a staff reduction in the corporation. How such capacity adjustments are to be carried out is regulated internally in the corporation through a specific process description developed by the local organization. This contains a detailed list of actions that include who is to be involved in each action and where the various actions are in the organization.

Since the situation in 2015 involved the entire corporation, the process started at the corporate level. The first action was to gather the shop stewards and representatives from the top management to discuss and decide on the goal. The result of the discussion can be seen in a

protocol signed by the unions and management which contains the reasons for the changes, guiding principles, and selection criteria for downsizing (i. e., competence, applicability, experience, and seniority). This protocol also triggers the implementation of the actions mentioned above.

This process is very detailed as can be seen from the small excerpt below:

- How the assessment process should take place at an upper level (for example whether it should include one, two or all three companies, which areas/ disciplines it should cover, the need for capacity at each discipline and seniority).
- How the assessment process should take place at an individual level (emphasis on broad vs. specialized "narrow" competence).
- Information and communication about the process.
- Participants in the process (including the occupational health service, the safety representative organization, and human resources).
- Planning (when should the various steps be completed).
- The organization of the effort.
- Training of managers and shop stewards to handle the process.
- Adequate follow-up with personnel who are affected by the process and those who remain.

In this instance, this assessment was initiated on a senior level and thus the scope was established early. Such processes will differ according to how extensive the downsizing in the corporation is. In principle, the risk assessment is a "live document" since the document is continuously updated as the process develops.

In each of the local companies, local protocols were established. These protocols were drafted, discussed, and decided on by the Work Council before being sent to the board as recommendations. On transmission, the protocol is signed by local union representatives and the local top management. Then the local board, where the unions have several representatives, will make a final decision on the scope of and process of the downsizing. The specific protocol from 2015 states:

"The parties have conducted regular discussions in accordance with AML §8 (Work Environmental Act) and the Main Agreement in recent months and agree to give the board at the yard the following recommendation: The board authorizes the administration at the yard to downsize its own capacity by up to 200 people by the end of 2015. This will take place through:
1. normal departures;
2. departures as a direct consequence of defined instruments in the capacity adjustment plan;
3. "redundancies".
(from the Negotiation protocol "Case: Future staffing capacity Kværner Stord" signed by all local unions and management, dated 30 April 2015).

Although these local protocols relate to the corporate protocol, local variants can be different. For example, the set-up of a steering group for the downsizing process and the actual processing of the possible redundancies can vary. In the specific company examined here, the union representatives and management agreed to appoint the Work Council as the steering committee. They monitored it to see that the process took place in accordance with the process description. They also followed up on the risk assessment. Once the local board had made their decisions, the process for crew reductions was started. A working group with representatives from both parties was established to ensure an orderly implementation of the process.

After assessing and concluding in which positions/position categories/areas there is redundancy, the individual assessments will be made. This is a time-consuming exercise because not only will an assessment be made of who will be retained in the designated positions and categories, but those who become redundant here have the right to be examined for other positions in the company for which they may be qualified. Many employees in the company in question have played different roles and held different positions during their employment period. This means that personnel in other departments, which in principle would not be covered by the reductions, may be affected if they are "knocked out" by personnel who are redundant in their own department. This puzzle is meticulously monitored by the unions to ensure that the principles for assessing personnel are strictly adhered to. Lists of possible redundancies will be distributed to the unions who critically review them and through discussions finally agree on who will ultimately be on the redundancy list.

The process description has proved a very useful tool. It has been built up by logical sequential steps so that the next step depends on the previous step being completed. Since downsizing processes have been rare, it is necessary for those who are to be involved in managing the process to have a thorough understanding of what must be taken into account at the various steps.

Downsizing processes often create a lot of conflict in organizations. Consequently, such processes often end up involving external legal assistance to find the solutions. In the case of this corporation, however, such processes have been carried out, almost without exception, without such assistance. This may indicate that downsizing processes based on strong involvement of the relevant stakeholders before, during and at the conclusion of the process demonstrates a company's ability to find solutions that employees consider fair.

4. The Mondragon Cooperative Experience

The Mondragon Corporation is the biggest industrial cooperative conglomerate in the world and the biggest industrial group in the Basque territory: ninety-five cooperatives, 138 affiliates and subsidiaries worldwide, 11,482 million Euros total revenue, and 79,931 employees… (Mondragon Corporation, 2020). The corporation is composed of a group of autonomous and independent cooperatives sharing a set of common institutions. Most are industrial worker cooperatives. Together with consumer, service or education cooperatives, they are organized in four different business areas: industry, finance, retail, and knowledge development/transfer. The shared institutions include the headquarters, R&D centers, and investment funds that provide the cooperatives with technical, social, or financial support.

4.1. A short genealogy

The original motto of the Mondragon Cooperative Experience (MCE) was to advance an alternative kind of enterprise "… that sought to do justice to a holistic view of the worker as a person and relied on a robust model of collective self-governance." (Barandiaran & Lezaun 2017, p.281) The first cooperatives were founded in the mid-1950s, that is, in the aftermath of the Spanish Civil War and in the darkest years of a dictatorship. In this context, a group of

young industrial entrepreneurs led by a charismatic priest took the initiative to transform the living/working conditions in their community. In origin, then, the MCE reflects the intent of a community to meet its most basic needs through self-organization.

Under the dictatorship, small business firms became the only feasible means for the self-organization of the community. To achieve this, the pioneers of the Mondragon cooperative experience thought it was necessary to reform how firms were organized. In particular, they needed to change the balance between labor and capital. Before founding ULGOR, they tried unsuccessfully to reform existing firms in the valley such as the Unión Cerrajera. But, unlike the Norwegian case, they experienced the impossibility of bringing the parties to the conflict (workers and managers) into partnership (mutual recognition and fair collaboration). This explains their decision to create and promote a different kind of enterprise based on worker ownership (Ortega, 2021).

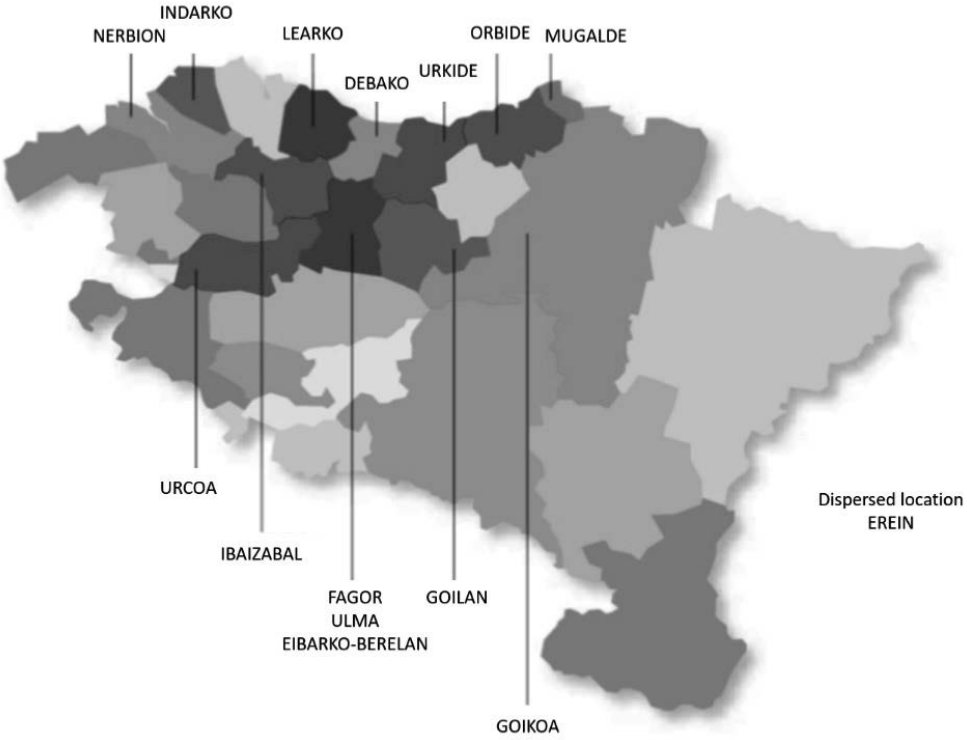
The initial period of the MCE was characterized by the economic success of the pioneering cooperatives. In 1956, ULGOR began with 24 members. This number had multiplied by 10 by 1960 (228 members). This success is explained in the literature as the result of a combination of their abilities and of the economic context. On the one hand, the charismatic leadership of the priest, José María Arizmendiarreta, is important, as is his prestige and roots in the community of the founders. This is also built on a sense of identity, common values, and the long-term, strong industrial tradition of their community (Altuna & Urteaga, 2014). In addition, the absence of manufacturing competition in an extremely autarchic market and the measures of political support like the Economic Stabilization Plan (1959–1961) with which Franco's dictatorship liberalized the economy, reduced state interventionism, and devalued the currency all helped facilitate investments.

In this context, ULGOR not only grew but it also began networking. In 1964 Talleres Arrasate (1957), Copreci (1962), Comet (1963) and ULGOR together formed the first group of cooperatives called ULARCO (1964). This step was important because it established the basic structure for the organization of the MCE as a network of cooperatives (Ormaechea, 1991). ULARCO was a regional group, meaning all the Group's cooperatives were geographically close to each other and shared strong links to the community. By the 1990s, the 94 cooperatives of the Mondragon Cooperative Group were distributed across 14 different regional groups (see figure 7) with different levels of mutual integration depending on their localization, history, or functional development (Narvarte Arregui, 2006).

The regional groups were inspired by the concept of inter-community solidarity. The group provided mechanisms for the distribution of positive and negative results, common funds to support the creation of new cooperatives, the relocation of workers, or the provision of common services. However, in parallel with the consolidation of regional groups, the first mechanisms of what later became the Mondragon Cooperative Group (1987) began to take shape.

Caja Laboral was established in 1959 as a 'cooperative of cooperatives' to give financial support to new cooperatives (Caja Laboral Popular, 1986). The business division of Caja Laboral played an important role in the emergence of the Mondragon Cooperative Group (1987) through the use of the mechanism of a contract of association. To get access to its services, each cooperative had to sign a contract including a commitment to certain principles regarding the distribution of surpluses, wage ranges… measures that made the model more homogeneous across cooperatives and enhanced their sense of unity and cohesion.

Figure 7: Geographical distribution of groups in 1994 (adapted from Altuna Gabilondo, 2008).



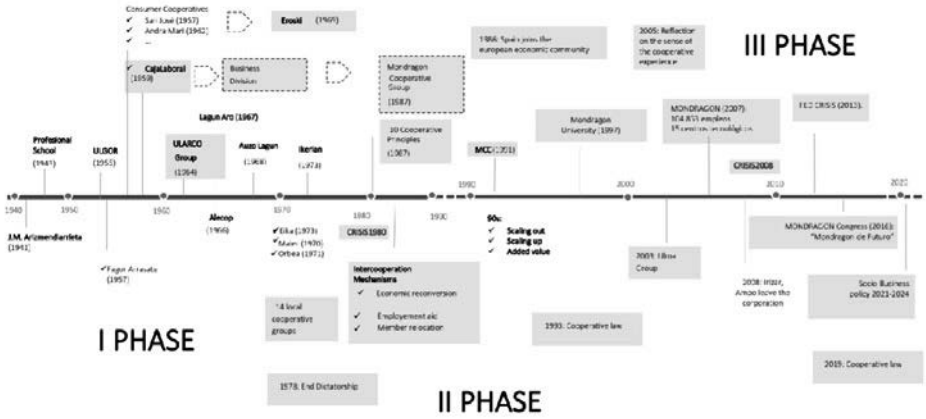
Caja Laboral Popular, also, played an important role in providing social protection to its members with a system of social provision later known as Lagun Aro (1959). In 1958, a change in national legislation left cooperative members without national health and retirement protection. They were considered owners not employees and, therefore, they were excluded from, among other things, unemployment protection mechanisms. In response, the MCE stablished its own system of social provision strengthening the role of the Mondragon group of cooperatives as a community development agency (Altuna Gabilondo, 2008).

In 1987, the first Mondragon Cooperative Congress took place. The basic principles of the system were agreed on and the basic structures of the Mondragon Cooperative Group (MCG) were constituted. The organization of the MCG in regional groups was not questioned, but the Group gained capacity to influence the general course of the MCG by strengthening its own collaborative structures. The Cooperative Congress was in charge of basic regulations (policies affecting the balance between labor and capital, for example), elaborating common templates for internal norms and the management of common infrastructures. Regional groups did retain their hegemony regarding most executive functions directly linked to the daily operations of member cooperatives (industrial, research or investment policies, for example).

Together, regional groups and shared supra-structures shaped a complex network boosting the capacity of cooperatives to adapt to changing environmental conditions without losing their embeddedness in their communities. However, the profound industrial crisis of

the 1980s challenged this balance. In this crisis, the limits of the regional organizational model and the sustainability of shared structures, most notably, Caja Laboral, came to light.

Figure 8: The main phases in the development of the MCE (adapted by the authors from notes taken at Otalora training sessions).



The balance shifted definitively in 1991. The Mondragon Cooperative Corporation (MCC) was established as a federative civil society of cooperatives organized by business areas and divisions. The cooperative corporation left behind the regional organization model and thereby substantially altered the internal equilibria among cooperatives, groups and the corporation.

In short, the cooperatives had concluded that an organizational model focused on strengthening the local developments only was insufficient for dealing with the needs of cooperatives competing on global markets (Altuna Gabilondo, 2008). The cooperatives required an overarching structure capable of providing a more unitary strategic direction and management, while guaranteeing the operational autonomy of cooperatives (Narvarte Arregui, 2006). The transition was not painless; the group ULMA, for example, decided to leave the corporation to maintain their own group. However, the resulting business success brought social peace and the decade between the 1990s and 2000s is characterized as a period of steady growth marked by the internationalization of the business model and the consolidation of corporate structures.

4.2. The Mondragon Corporation as it stands today

Structurally the 1991 Cooperative Congress established the organization of the corporation almost as it stands today. At the level of individual cooperatives, the internal structure has remained practically unchanged since their foundation in the 50s. In both cases, the structural set-up aims at a balance in the socio-business nature of the cooperative project. This attempt results in a dual structure:

– The techno-structure (management) refers to the technical side of the project and is business oriented; it is in charge of the proper management of the production and distribution process and channels socio-technical participation.
– The socio-structure[14] (governance) refers to the institutional side of the project. It is socially-oriented involving the strategic aims and is the place where worker-members exercise ownership and democratic rule. It is the channel for political participation.

This dual structure provides different channels for political and socio-technical participation and intends to guarantee the proper operation of both while respecting the balance between labor and capital, worker-members and managers, and the mission of the cooperative over the profit of its members.

4.2.1 Structural set-up of the Corporation

The corporation comprises four business areas: financial, knowledge, retail, and industry. Most of the cooperatives in the group are within the industrial area which is, currently, organized in 11 different business divisions. These areas and divisions are, therefore, the intermediate level between the cooperatives and the corporation. They are set up according to product-market relations and aim to foster horizontal relationships between cooperatives operating in similar sectors and also vertical relationships focused on channeling the interactions between cooperatives and the corporation.

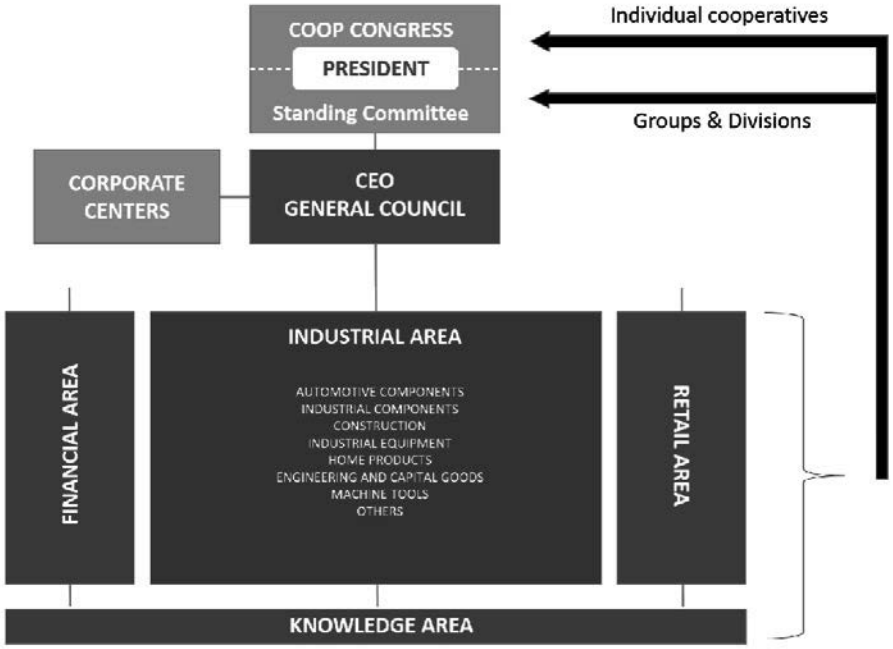
Corporation level structures are composed of members elected by individual cooperatives (Congress) and divisions and groups (Standing Committee) and they are organized in three main governing bodies: the Cooperative Congress (CC), the Standing Committee (SC) and the General Council (GC).

– The Cooperative Congress is composed of 650 representatives directly elected from among the member cooperatives. Areas and divisions also have the right to appoint one representative to the Cooperative Congress. The Cooperative Congress establishes general rules and policy frameworks for Mondragon member cooperatives.
– The Standing Committee is the Governing Council of the corporation. It is composed of 21 members elected by divisional governing councils by areas or circumscriptions (industry (14), distribution (4), financial (2) and knowledge development (1). It develops administrative policies and oversees their implementation as well as reviewing the performance of the senior management body. For example, it appoints and can dismiss the president of the General Council.
– The General Council is the management council of the corporation. The Standing Committee, based on proposals made by the presidency, appoints its members. It comprises 12 members: the president, each area has a vice-president called its General Director, and six vice-presidents represent the industrial division.

The corporation also has its own structures, currently including by the corporation central office, the Mondragon Foundation, and Mondragon Investments.

14 The interpretation of the socio- in the context of the Mondragon cooperative experience (socio-structure) and the theoretical framework in use in this contribution (sociotechnical participation in Abrahamson's sense) is different. We are aware it can lead to confusion. The specific meanings are clarified several times through the text and exemplify, in our point of view, the difficulties of a nuanced comparison between different cases using a common framework.

Figure 9: the structure of the Mondragon Corporation as defined in 1991 (Freundlich, 2015).



4.2.2. Structural set-up of a worker-cooperative

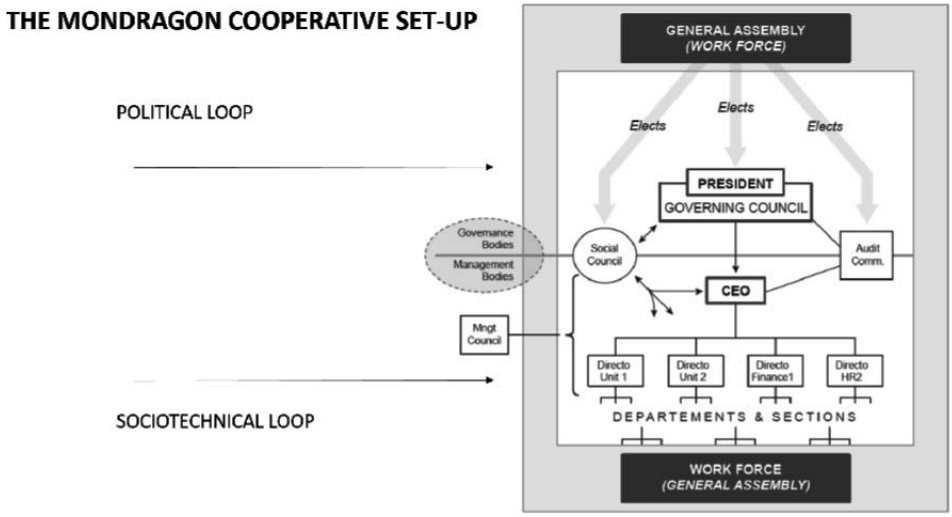
In worker cooperatives, the primacy of labor over capital holds because control, by law, rests with the worker-members. This basic pillar of worker-cooperatives has two implications. First, ultimate control of the company is democratic, ruled by the principle of one-person-one vote. Second, it signifies a democratic treatment of financial surpluses or losses. The internal democracy of worker cooperatives structurally enacts the primacy of labor over capital in the governance and management of cooperative enterprises.

Each cooperative has 5 different governing bodies: General Assembly, Governing Council, Management Council, Social Council, and Audit Committee.

- The General Assembly is the highest governance authority, and it is composed of all cooperative members. It meets once a year and votes on major issues. For example, it names the Governing Council, approves rules and regulations or norms or decides on the distribution of income or losses between salary and investments.
- The Governing Council is a representative body and has the responsibility for the governance and management of the cooperative. It decides on strategic issues, elects the CEO, approves the nominations of members for the board of directors, and monitors the management's overall performance.
- The CEO and the board of directors form the Management Council, the body responsible for the firm's day-to-day management. It has autonomy and exercises authority over the different departments into which the production process is organized. It acts under the

supervision of the Governing Council, to whom it should report periodically and by whom it can be dismissed.
– The Social Council is a consultative body representing the members vis-à-vis the governing bodies, that is vis-à-vis the management function. Its roles are counselling, information, and negotiation on social and labor issues. It is composed of any cooperative member who is elected by the business units and approved by the General Assembly.
– The Audit Committee is appointed by the Governing Council and elected by the General Assembly. It is composed of 3 members responsible for guaranteeing compliance, not only of regulations but also the internal norms of the cooperative.

Figure 10: internal structural set-up of an individual cooperative (adapted from Freundlich, 2015).



4.2.3. Structural duality: political and socio-technical participation.

The structural set-up of the cooperative system attempts to retain the balance within the socio-business structure of the cooperative project through a dual structure that separates what we have called the techno-structure and the socio-structure.

One explanation for this separation is that a dual structure precludes the influence of workplace hierarchy in institutional deliberations. The unequal epistemic authority between managers and workers regarding business operations can overcome the political authority of the workers in the context of institutional deliberations. Indeed, in practice, managers can be invited to assist deliberations in the Governing Council even if their participation is not

necessary. Nonetheless, the formal separation intends to guarantee the exercise of worker-members democratic rights in institutional bodies without management interference.

Seen another way, the strict separation between the techno-structure and the socio-structure can be seen as a measure to guarantee the proper functioning of cooperative business model without the interference of worker members. According to Ortega (2021), for example, the idea driving this arrangement centered on the once strongly questioned capacity of worker cooperatives to develop efficient work organizations despite their democratic organization. However one interprets it, the division into a techno- and socio-structure is currently under pressure.

Regarding political participation, for example, simply put, democratic representation does not guarantee the Governing Council the necessary technical expertise to exercise its duties in management meaningfully. However, the role of the Governing Council is essential to an integral approach to the socio-business dimension of the cooperative project. If it fails, this can lead to a division of labor between structures that degenerates into an oppositional understanding of their roles.

To overcome this risk, the corporation recently brought forward a "Good Cooperative Governance Framework" (Otalora, 2019). This proposal is a 'soft' mechanism that establishes two main lines of action. On the one hand, it defines the functions (normative framework) and the roles ('modes of development') of the cooperative governance bodies. On the other, it offers tools and mechanisms for facilitating processes to develop relationships of trust and co-responsibility. To that end, it defines four main axes or 'levers': shared vision, control and monitoring, decision-making, and common spaces.

For example, the second lever refers to the development of relationships of trust and co-responsibility, facilitating the Governing Council in developing its functions of control and efficient monitoring of management. It suggests, together with the inclusion of independent members or the creation of a technical secretariat, the implementation of a 'cooperative scorecard'. The content of the scorecard (business, financial and social indicators) aims to provide the GC with a clear and rapid visualization of the evolution of the cooperative and examines the degree of coherence between the results and the defined strategy.

Regarding sociotechnical participation, on the other hand, it is widely agreed that the structural separation of the techno- and socio-structures, and strong focus on political participation, has unintentionally resulted in an impoverished vision of cooperative's organization of work. The first industrial cooperatives were pioneering regarding worker participation, insofar as workers as owners controlled the strategic operations of the company.

However, in terms of the actual organization of work, they have mainly followed Tayloristic logics and Fordist modes of production (Altuna and Urteaga, 2014). Jesús Larrañaga, one of the founding fathers of the MCE, for example, saw this paradox as follows: "Another grand paradox: the waste of the enormous potentiality of owner participation. Excessive emphasis was placed on the legal aspect of participation in assembly disputes and too little in the creative fertility of worker participation in the workplace itself" (Larrañaga Lizarralde 1998, p. 303).

In view of this, there have been interesting developments both at the level of individual cooperatives and at the level of the corporation itself (Elorza, Aritzeta, and Ayestarán, 2011). At the level of the cooperatives, there is no uniform approach although several cooperatives make use of well-known mechanisms aimed at facilitating participation in the workplace. For example, a widely used mechanism are the so-called 'mini-fabrics' (MF). These mini-fabrics

are the smallest operative units in the cooperative. In cooperatives with big plants, there is a MF for each group of 100 workers and it provides workers with several channels to respond to operational day-to-day issues (see table 2). This level adds to others already in place as part of the techno-structure of the cooperatives at the plant level. Its enactment differs from cooperative to cooperative. However, each MF has one responsible leader, appointed by the Management Council of the plant, and a group of collaborators. It provides an intermediate level between workers and the plant's Management Council and its different business units. In short, mini-fabrics intend to lessen the gap between workers and managers by providing an additional avenue of bidirectional communication.

Table 2: Example of participation channels in a mini-fabric.

NAME	PURPOSE	DIR.	STRUCTURE	FREQ.	TIME
Shift meeting	Information exchange		Shift Coord. + All MF members	Every shift	5'-10'
Shift operative	Information gathering		Shift Coord. + Operators	Every turn	15'
MF Daily operative	Security, quality, losses.		Group head + coordinators, operator (rotatory).	Daily	30'
Weekly operative	Security, quality, losses.		MF head + Group head, shift coordinators…	Weekly	120'
Collaborators	MF global ratios		MF Head + All MF members	Monthly	90'
PROJECT TEAMS	Process/product/ management, system innovation…		Team head + stakeholders.	-	-
PLANNING	Customer service, maintenance…		Planning head + Group heads, shift coordinators	Daily	15'
OFFICE	Collaborators follow-up		Immediate superior + each collaborator	Bi-monthly	-
TRAINING	Collaborators training		Immediate superior + each collaborator	Annual	120'
MANAGEMENT PLAN	Define management control panel		MF head + Group head, shift coordinators…	Annual	-
COMPENSATION PLANS	Consensual definition of compensation by objective		Stakeholders	Annual (monthly follow-up)	-

4.3. (Un)Manageable challenges and the sustainability of MCE's cooperative project.

Size and complexity challenge the efficiency of the dual structure of worker cooperatives in balancing political and socio-technical participation. Indeed, worker cooperatives today face challenges unimaginable at the time their structure was designed. Growing competitiveness challenges threaten the rhythm and capacity of democratic decision-making. Basic values of the cooperative identity (work, stability, responsibility) get outdated in the light of cultural transformations toward less solidarity and more radical individualism in society at large. Investment capabilities are overwhelmed by the amount of funds required by current, complex projects etc.

Together all these challenges have the potential to endanger the sustainability of the Mondragon Cooperative Experience by challenging the equilibrium between the essential components of the model. For example, business success requires rapid reaction and flexibility, but this comes at cost of the democratic nature of decision making in worker cooperatives. In our conversations with cooperative members, we have identified several of these challenges (see table 3).

Table 3: Challenges and their socio-business impact.

CHALLENGE	IMPACT
COMPETITIVENESS	Efficiency and participatory decision-making (i. e. slowness, risk management...). Shared ownership and individual incentives...
CULTURAL TRANSFORMATIONS	Cooperative identity, civic/community life, sense of responsibility, and growing individualism or different aspirations of younger generations.
STRATEGIC PLANNING	Changes in the industrial sector, global supply chains, and lean manufacturing; distance and limited adaptability.
INVESTMENT CAPABILITIES	Funding needs to invest in strategic projects given size and dimensions and the limitations of the model (i. e. external funding or risk capital).
TECHNOLOGICAL CHANGE	Aging sectors and the need for new product/service niches and business model transformations (digitalization, design engineering, start-ups...)
TALENT	The attraction of talent and constraints of the model due to job stability, low salaries due to pay-gap restrictions), additional responsibilities...
GRAND SOCIAL CHALLENGES	Cooperative value-added in the light of trade-offs between 'old' (social) and 'new' (gender equality, environmental sustainability...) challenges.

Despite this, the cooperatives have been able to find ways to handle some of them successfully without losing their sense of belonging to a project that, at least, intends to do business in a more humane way.

From our point of view, the main feature of the levers discussed earlier is that they are capable of enacting inter-cooperation mechanisms between cooperatives and corporate structures to respond to challenges that cannot find an easy solution at the level of the individual cooperatives. In other words, in the face of critical moments the most critical lever of the Mondragon cooperatives is the cooperation between cooperatives and the corporation.

4.3.1. Manageable challenges (I): downsizing

Due to their special status, cooperatives by law must have 70% of their working hours undertaken by working members who, in turn, cannot be let go except under very specific and extraordinary circumstances. This stability is one of the hallmarks of the cooperative experience itself, one of its defining purposes. However, the same stability dramatically reduces the adaptability of cooperatives in dealing with the volatility, uncertainty, and complexity of global markets. A paradigmatic example is a COVID-19 outbreak. In the Basque case, the crisis meant a decline of 19,5 % of the GDP in the second trimester of 2020 or the loss of 1,115 enterprises in the business environment of the Basque territory between February and September. In the industrial sector, employment losses in the second trimester of 2020 reached 20,1 % of working hours.

In this context, the mechanisms used by the Mondragon cooperatives to deal with the COVID outbreak is called "the mobile schedule". The mobile schedule is part of the catalogue of tools available for cooperatives associated with Lagun Aro EPSV, the social provision institution closely linked to the Mondragon Cooperative Experience. Mobile schedules aim at helping co-ops deal with critical but temporary contingencies that demand downsizing their structures without reducing their regular workforce. Concretely, the mechanism allows cooperatives to minimize working hours per week for six months in a year. In the following six months, worker-members should restore these lost hours to the cooperative. If they cannot, Lagun Aro provides the funds to restore them in the form of unemployment benefits. The only condition for access to this service is that other measures must be taken before invoking this mechanism, mainly reducing paychecks by a minimum of 5 %.

In the COVID-19 outbreak, sixty-three out of 123 cooperatives associated with Lagun Aro used the mobile schedule. This means that 8,964 worker members were affected, and about 837,041 working hours were lost. Accordingly, the expenditure on unemployment benefits (encompassing, mainly, mobile schedules) reached 22.53 million Euros in 2020, an increase of 19.95 million Euros compared to 2019. Indeed, 2020 and 2018 are the only years since 2013 that the employment subsidy fund did not grow. However, the group decreased its structural unemployment from 621 to 610 the same year, including 110 implemented solutions, including definitive redeployments (34), early retirements (43), voluntary severance payments, and 21 departures for other reasons (retirements, etc.).

In short, mobile schedules provide an example of how inter-cooperative solidarity mechanisms provide cooperatives with the capacity to manage contingencies like the COVID-19 downsizing of their structures without challenging their defining purpose – protecting worker-members. Understanding this requires knowing how they have the capacity to implement these decisions at the level of the individual cooperative and the role of shared infrastructures like Lagun Aro in the relevant decision making.

Officially, Lagun Aro EPSV is a non-profit, voluntary, and democratic social provision institution. EPSVs are a kind institution in the Basque Autonomous Community that was

created in 1983 to provide a juridical umbrella for non-profit entities whose main task is complementing retirement subsidies. In the industrial crisis of the 80s, the Basque Government used its statutory competencies to bridge the gaps left by the central government. It provided the means for the collectives (communities, firms, etc.) to set up their own social provision mechanisms. Under this umbrella, all kinds of entities flourished aimed at, protecting their associates from events that can put their life, resources, or activities at risk.

In the context of the MCC, Lagun Aro EPSV took over the role of Lagun Aro and, previously, the Laboral Kutxa, in providing mechanisms to sustain work in its associated cooperatives, including retirement subsidies, but, also, supported redeployment mechanisms, unemployment benefits, and the mobile schedule itself. Lagun Aro is, therefore, an institutional device to assist cooperatives in the face of challenges putting their life, resources, or activities in danger. Indeed, cooperatives are Lagun Aro's owners and decide on the general norms regulating mechanisms like the mobile schedule.

The General Assembly of Lagun Aro is composed of delegates of the 123 associated cooperatives or, as it named in the statutes, the "protector associate cooperatives"[15]. Each cooperative has the right to have at least one representative in the General Assembly and can increase this presence with a new delegate for every 30 worker-members associated with Lagun Aro, up to a limit of one-third of the total of the Assembly for one cooperative. The General Assembly appoints the president and members of the Governing Council and has the capacity to modify processes such as the regulation of the mobile schedule. However, in most situations, decisions regarding mobile schedules and other employment subsidies are made in delegated organs of its Governing Council.

The decision to accept the actions of Lagun Aro depends on the Benefits Committee, a delegate organ of Lagun Aro's Governing Council. To activate the mobile schedule, each case is analyzed by the Benefits Committee, which, after careful consideration of the particular work situation of the cooperative, will recommend specific measures. The Benefits Committee is composed of 7 members appointed by: Management Council (2 members), Governing Council (4 members), Mondragon Corporation (1 member), and technical staff (2 members with voice but no vote). A simple majority makes decisions, and the assessment criteria are primarily technical.

If a request affects more than 50 people, the decision needs to be made by the Governing Council of Lagun Aro, not the Benefits Committee. The Governing Council is chosen by the General Assembly and composed of the president and representatives of its 11 "communities of associates" who decide each case by simple majority. Communities of Associates are delegate organs of the Governing Council with a status similar to that of the Benefits Committee but with a different role and composition. In total, there are 11, one for each group of between 500 and 2,000 associated members. Members participate in the community through their corresponding cooperative's delegates and cooperatives are grouped into communities following criteria of business integration, geographical proximity, activity, and the number of associates.

Therefore, if a cooperative wants to apply for the mobile schedule and the measure affects fewer than 50 people, an evaluation takes place in the Benefits Committee. If it affects more

15 There are cooperatives which are not part of the Mondragon Corporation associated with Lagun Aro EPSV. Concretely, some which were associated to Lagun Aro before the corporation was established and decided not to take part in it (for example, RPK or Goros) and others that decided to leave the group but maintained their affiliation to Lagun Aro (for example, Ampo or Irizar).

than 50 people, it is done by the Governing Council. In both cases, the evaluation entails a technical assessment of the work structure of the cooperative and its particular situation before specific measures are agreed on with the applicant cooperative. However, due to the specific composition of the governance structure of Lagun Aro, the counterpart of cooperatives is not (only) technical staff, but (mainly) delegates of its 'communities of associates'; meaning, delegates of other cooperatives associated with Lagun Aro.

Moreover, other cooperatives play an even more crucial role if the situation of the cooperative in trouble needs support beyond the capabilities of the mobile schedule. When a situation affects a cooperative's workforce structurally and requires downsizing a particular section or business permanently, the cooperative can ask for the redeployment of worker-members to another cooperative associated with Lagun Aro. In this case, Lagun Aro plays a mediating role by putting the cooperative in difficulties and potential host cooperatives in contact. It provides a series of mechanisms to compensate for losses to the worker member and a series of incentives for the hosting cooperative to facilitate the process. A cooperative cannot be forced to accept redeployment if worker members do not fit its necessities in terms of skills and competencies. Measures are taken to monitor the level of collaboration of associated cooperatives with redeployment policies and sanctions are possible in the case of non-compliance.

4.3.2. Manageable challenges (II): strategic decision making

The volatility, uncertainty, complexity, and ambiguity of current market dynamics require firms to have the capacity to react rapidly while keeping an eye on the big picture. Strategic management speaks about the necessity to engage the organization as a whole in long-range planning to navigate disruptive challenges without losing sight of the organization's basic purpose or vision. Leadership is a crucial means to accomplish these ends because the purpose, direction, and the alignment of organizational capabilities largely depends on the capacity of leadership teams to state and communicate the vision and mission of the organization across its different levels. However, in a cooperative firm, leadership is collective. The collective nature of leadership facilitates alignment regarding purpose and vision and boosts engagement among its different stakeholders. Indeed, strategic control depends on the Governing Council appointed by the General Assembly to control management acts on behalf of the cooperative members and not his or her individual interests.

Nevertheless, democratic rule entails challenges of its own. For example, the collapse of Fagor Electrodomésticos is explained in the literature by a combination of external and internal factors, the latter linked to "cooperative's governance system and culture (…)." (Basterretxea et al. 2020, p. 20) Basterretxea's argument is that because of its democratic nature, the interests and needs of factory workers prevailed over the shared interests of the cooperative. This prevalence came about because of an excessively critical and unsupportive role played by the Governing Council, which led to a 'reverse dominance hierarchy'; worker control over decision-making was so stringent that it made management impossible.

Deciding whether Basterretxea's interpretation of Fagor Electrodomesticos failure is correct or not exceeds our intent here. We have elaborated on our interpretation of the case elsewhere (Ortega & Uriarte, 2015). However, the example points to a well-known criticism about the limitations of worker-cooperatives' democratic governance with regard to their

capacity in the face of difficult decisions; for example, decisions against the short-term interest of worker-members.

The example we give here shows another way to balance the role of the worker member in the decision-making process without violating basic cooperative principles. This is done through the joint action of cooperatives and corporate structures. The main idea is rather simple: inter-cooperation provides decision-making at the cooperative level by setting it in a more extended context (the group) that promotes a strategic orientation.

In 2018 a decision was taken by the General Congress to regulate the distribution of results in the cooperatives of the group. It was named "Results distribution for the enhancement of our own resources". The norm responded to a mandate made two years before, in the 2016 general congress, with the approval of "Mondragon of the future" and "The socio-business policy 2017–2020". The aim of the norm was to reinforce the cooperative's own reserves; in short, the decision changed the norm governing the capacity of individual cooperatives to distribute surpluses among worker members in favor of amplifying common reserve funds. The norm was not new, but it established a more stringent criterion for the distribution of assets in favor of the long-term interest of the cooperative over the individual interests of its members.

The failure of Fagor Electrodomésticos in 2013 led to a crisis within the structure of the Mondragon group itself. In 2014, the corporation's president resigned. A group of three senior executives of the primary cooperatives of the group was appointed to conduct a strategic reflection focused on the future of Mondragon. The first outcome of this process identified three critical axes to be considered: values, organizational structure and instruments, and funds of inter-cooperation. The result was contained in the motion, "Mondragon of the future", approved in the 2016 General Congress. The motion underlined the necessity of enhancing a culture of co-responsibility and the translation of this general aim into the organizational structure and financial inter-cooperation funds and instruments. The Socio-Business Policy (2017–2020) approved in 2016 reinforced this mandate. The document identified five strategic policies aimed at enhancing the sustainability of the cooperative model, directly appealing to the cooperatives to reinforce their financial situation by increasing their resources. The norm on "Results distribution for the enhancement of our own resources", approved in 2018, brings this general criterion into practice.

The approved norm is compulsory for all cooperatives and sets a more stringent limit for the distribution of surpluses among cooperative members than the law requires. Cooperative firms receive beneficial taxation treatment. This special treatment, however, requires them to devote 30 % of their surpluses to, for example, education and the promotion of cooperativism or other public interest activities (10 %) and to nurture their Compulsory Reserve Fund (20 %). According to the law, cooperatives can deploy the other 70 % as they wish. They can distribute it among worker-members or devote it to voluntary reserve funds. In addition, reserve funds can be either divisible, meaning worker-members can reclaim these funds under certain circumstances; or indivisible, namely, they become part of the common patrimony of the cooperative.

To assess the behavior of the cooperatives of the group, the Corporation ran an analysis of the distribution of surpluses in the industrial area between 2010 and 2015. The analysis revealed that, after the deduction of the corresponding 30 % to existing inter-cooperation mechanisms and corporate funds, the distribution of results was mainly dedicated to the incomes of cooperative's worker members and their individualized patrimony (75 %) rather

than to the common patrimony of the cooperative (25 %). The individualized patrimony is also part of the cooperative's patrimony but, contrary to indivisible reserves, it retains certain temporal limits because the worker-member can claim it only under certain conditions. The new norm, on the contrary, establishes more stringent criteria for worker-member's compensation in the form of returns or individualized voluntary contributions to reserve funds, depending on each cooperative's financial profitability, debt, and ratio of independence. In short, the norm prioritizes the sustainability of the cooperative over the profitability of a particular year from the perspective of the cooperative's members′ compensation.

A norm of this kind creates several challenges in terms of decision-making. For example, the criteria are homogeneous for a heterogeneous group of cooperatives. Indeed, the main discussion in the process was about the appropriateness of these particular criteria. For example, the second criterion measures the number of fiscal years a cooperative will need to pay its debt considering its yearly capacity for profit or Earnings Before Interest, Taxation, Depreciation and Amortization (EBITDA). However, in specific sectors, the need for continuous investments makes it difficult to meet these criteria even for wealthy cooperatives.

Still, consensus within main governing bodies was possible and a nearly unanimous majority in the Cooperative Congress approved the norm. At the Corporation level, the procedure enacts a series of checks and balances enhancing the robustness of the decision before it goes to the General Congress. First, it is the head of the corresponding department at the Corporation's headquarters, in this case, the department of finance, who elaborates a proposal. The first step, therefore, is technical. The task is to respond to the general aim expressed by the Congress in a way consistent with external and internal laws and regulations. Once a first proposal is ready, it passes through a double check. It must pass the Standing Committee and then the proposal must be approved by the General Council. In this case, the proposal was approved by both the Standing Committee and the Council and, with the corresponding modifications, was submitted for vote in the General Congress in 2018 and it was approved by a large majority; only 16 out of 639 voted against it. Therefore, it can be argued that checks and balances through corporate procedures enhanced the norm with sufficient robustness to cross the rubicon of the General Congress.

Asked about it, a senior executive of the corporation underlined the value of the norm because it ensures the prevalence of the interest of the cooperatives over the short-term interest of their members. Procedurally, he argued, the fact that the discussion took place at the level of the group facilitated decision-making at the level of the individual cooperative. This kind of decision is hotly contested in the General Assembly of individual cooperatives, so establishing a general rule simplified the process and enhanced its efficiency. However, in his view, it was not only about efficiency. The extensive support in the General Congress suggests something more: the norm matched the basic cooperative principles of the group well. In other words, once the norm was set explicitly, it was difficult for a cooperative member not to comply with it. The authority of the norm was based on its reasonableness in the light of shared principles and the very fact of being subjected to a collective scrutiny at the level of the group made it prevail.

Recent events demonstrate things might not be that easy in future practice and that positive measures can have negative consequences. Still negative consequences do not disqualify the contribution that checks and balances at different levels can make to the capacity of worker cooperatives to take difficult decisions; or at least those that can go against the short-term interest of worker-members in an individual cooperative.

5. Summary and discussion

The comparison between the Norwegian model of industrial democracy embodied in the cases of Aker Solutions and the Mondragon Cooperative Experience responds to the view shared by the authors that both experiences, notwithstanding their particularities, have something common to tell the world about the ways of doing business better and more humanely. We have made an empirical and analytical case that the assumption that the current neoliberal system of political economy is inevitable and unreformable is false. We have done so by presenting two diverse, innovative, and resilient manufacturing alternatives that manage the labor-capital relationship humanely and that are surviving in competition with firms that accept the neoliberal capitalist logic of workers subject to capitalist extraction.

Arriving at this point analytically has meant overcoming a fetishistic approach to both cases as 'exotic' souvenirs of a past with no future relevance. We show that both cases emerge from lengthy struggles in very particular circumstances and evolve along divergent paths. Despite this, both are major industrial enterprises structured on a national and regional scale and successfully compete in a hostile global market.

Unlike many who write about industrial democracy and cooperatives, we are not providing the reader with a recipe for achieving humane businesses in the current global system. Our analysis shows that there is no recipe because no two contexts are the same. However, we have laid out some major lessons to be learned from the structures and processes presented in the two cases. These lessons can provide guidance to enable others to find their own ways toward a more humane business and social future.

To arrive at this point, our analysis has centered on framings that show what both cases have in common. These form our basic ontology.

- Systems perspective: We have analyzed both cases as systems adapting to a broader systems context. This places the focus on the relations among their key parts, how these are mutually adapted, and how they support adaptive interactions with the broader environment. We have shown that the success of both cases does not depend only on their initial setup and charismatic founders, but on their openness and adaptability – their capacity to evolve in a constant conversation with the broader environment.
- Positive and dynamic linkages between the social structures and cultural dimensions. It is well known that major dissonance between social organization and the cultural experiences of the members of a group is destructive. Change in one necessitates change in the other. We have emphasized how, at different moments in their historical development, both systems have been capable of readapting the relationship among these parts to re-establish equilibrium between the causal-functional (social or organizational) and logico-meaningful (cultural) dimensions of their systems in the context of new circumstances.
- Deliberative processes: Throughout we have focused on deliberative processes by which the social and cultural components of these systems are developed and balanced in response to critical events in the environment. These deliberations include considerations of both the strategic paths forward and day-to-day operations in the workplace. We have showed how each system enables the flow of these conversations both through mechanisms of political and socio-technical participation that enable organizational changes and new adaptations to the changing environments they operate in.

Overall, both cases demonstrate that organizational democracies can successfully compete in global markets while providing humane alternatives to global vulture capitalism′s treatment of labor and local communities from which the workforce comes. Both systems embody a common commitment to a more balanced approach to the relationship between labor and capital. This is accomplished through sustained participatory efforts (both political and socio-technical). In short, this is the sustained practice of organizational democracy. Both cases are pro-social in intending to make their community/society better by doing business in a better way.

These similarities matter and contain important lessons for those who wish to learn from the cases but the differences in structure, context, and strategy revealed in the two cases are also vitally important. They show how both systems have responded differently to the challenges they face and the unique mechanisms and processes they have developed to adapt to their business environments and societies. These differences show that there are paths forward for such systems but that each has to find its own way, stimulated hopefully by learning about what other industrial democratic systems have done.

The Norwegian case involves a national system of laws and partnership agreements among unions, employers, and the government. This system surrounds the individual companies and interacts with them. Starting in the 1930s, the conflict between Norwegian labor and capital was institutionalized as an effectively regulated negotiating relationship between the unions, the employers, and the government, a relationship organized on the national level, as well as locally. Over the decades this has supported a work life system built on rich relations and institutional regulations within the companies and beyond them. Key to this system was the establishment of collective agreements based on profit sharing, the so-called productivity agreements. In the post-World War II period and well into the 1970s, the workers' organizations had a clear agenda to take control of the means of production away from capital. While they did not succeed, the industrial democracy experiments in the manufacturing industry in the 1960′s were partly driven by this effort. They altered the perspectives of the workers and employers and the industrial democracy politics of the government.

In the absence of absolute formal power, the workers have nevertheless been able to develop significant formal and informal influence. Using the Main Agreement as a tool, the trade union movement has been able to ensure workers′ greater influence over their own work situations and some control over the companies' decision-making. Also, the employer side came to acknowledge that employee influence has had a positive effect on the companies' performance. Key to this has been the interplay between political and socio-technical participation where at some moments, the political participation processes at times stimulate socio-technical participation, and at others, where socio-technical participation directly catalyzes political activity. This interaction between the political and the socio-technical dimensions contributes to a positive developmental dynamic in these organizations.

The case highlights how also external regulative institutions like the Main Agreement are brought into the local organization and act as vital ingredients in formatting and re-formatting of work and organization when they are put to use by organizational actors such as union representatives. The work organization within the company is subject to support and regulation from several points in the larger institutional environment. At the same time, skillful people/groups of people can also use the broader institutional environment as tools to pursue their own interests within the companies. The Norwegian case analysis describes the different

institutions at various levels in detail because these are where management and employee representatives meet to deliberate socio-technically and politically.

We have also showed how organizational democracy addresses new developments, providing a detailed account of how the new digital proposal box has been developed and implemented in the organization. The example reveals how this process is sewn together through the various forums at different levels, all the way from the proposer, via the department committee, and sometimes all the way up to the board.

The Norwegian case shows how industrial production processes benefit from organizational conditions based on both political and socio-technical participation. It builds work processes that are challenging and sustainable and that drive innovation and restructuring processes, all within an agreed-upon, balanced framework. Sound industrial democracy is not just about letting people have a vote or of individuals being invited to participate at work. It is about building organizational "heedfulness" – deliberation and action based in reciprocal understanding and appreciation of the roles and aims of others. This creates adaptive organizational dynamics.

The Mondragon case begins with the inheritance of a community trying to rebuild itself from the ashes of the Spanish Civil War and in the darkest years of a fascist dictatorship. Key to its success, in this initial period, was the closed nature of the Spanish market, the strong sense of community and industrial tradition of the people of the valley in which Mondragón is located, and the charismatic leadership of its founding figures. From this initial period, it conserves a strong sense of community and its industrial tradition as well as a certain veneration of its founding figures.

Today, however, Mondragon is a multinational corporation competing in the global market. Indeed, the sustainability of the Mondragon Cooperative Experience depends on its capacity to re-calibrate the equilibrium between the ethos of a community development agent and the practices of a multinational corporation on a continuing basis.

At the level of the cooperative group, the profound industrial crisis of the 1980 s and the strong internationalization of the group in the 1990s changed the balance among key elements. The industrial crisis pushed a reconfiguration of the group into business areas and divisions, leaving behind the original regional groups. Simultaneously, the corporation developed shared mechanisms for providing technical and financial assistance to the cooperatives and boosted the internationalization of cooperatives. Both efforts proved very successful and contributed crucially to cooperatives' survival. However, the measures had an impact on the identification between workers, cooperatives, and their surrounding community, and raised concerns regarding the overall sense belonging and meaning of the Mondragón Cooperative Experience.

Notwithstanding these tensions, both the transition towards a more integrated corporation via the organization into business areas and divisions and the advancement of group-level strategies (i. e., internationalization) demonstrated the strength of the MCC as a federative association of cooperatives. It also highlighted the crucial role of inter-cooperative solidarity infrastructures in dealing with the daily challenges. For example, the example of downsizing shows how inter-cooperation and solidarity among cooperatives helps individual cooperatives deal with very complex circumstances (i. e., a global pandemic) while keeping their commitment to work and industrial democratic values.

At the level of the individual cooperatives, the balance between the social and business dimensions of the cooperative project was achieved through the strict separation of both

functions in different structures. This separation was initially meant to ensure the proper functioning of both. The socio-structure (Governing Council, General Assembly and other components) channels political participation and ensures the social orientation of the overall project. The techno-structure (business units, departments…) channels socio-technical participation and guarantees the proper operation of the business on a day-to-day basis. This structural setup provides the techno-structure with autonomy for day-to-day management decisions. However, the socio-structure retains the power to orient and re-orient the cooperative project strategically. The priority of labor over capital is guaranteed because as the owners, the cooperative members appoint and can dismiss the managers.

The problem with this separation is that as the size and complexity of the cooperatives has grown, this division of labor can create challenges for the operational capacity of both structures. The complexity of issues and decision-making in globally competing cooperatives affects the capacity of the Governing Council to exercise its duties vis-à-vis management. The growing distance between elected members in the representative institutions and the members they represent, namely the worker-members, challenges the members' sense of identification with the organization and affects their perceptions of the legitimacy its decisions.

The increased size and complexity also incline managers to employ hierarchical and technocratic modes of management. This tendency seems to have been enhanced particularly in the case of the overall MCE, because of its strong emphasis on political participation. To address these problems, recent steps have been taken with the support of the corporate structures. As seen in the example we gave of strategic planning, the very fact of being a member of a more comprehensive network can boost virtuous cycles of collaborative control between the different actors involved in decision-making about sensitive matters within a cooperative. We gave the example the capacity of the Governing Council to make difficult decisions contrary to the personal interests of some individual worker-members. Also, the proposal for a "Good cooperative governance framework" (Otalora, 2019) developed by the social management structures of the corporation provides an orientation bridging the gap between cooperative governance and business management. It aims to boost trust and co-responsibility and to temper the loss of perceived legitimacy created by difficult decisions.

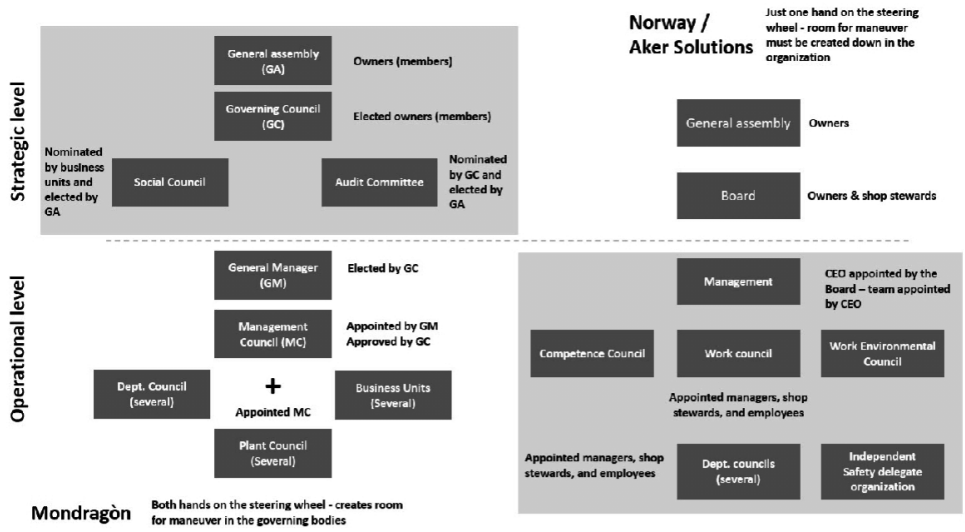
This partial summary of the cases points not only to the shared elements laid out in our initial framing of the comparison but also highlights the very different ways the systems address the issues.

Both cases reveal the importance of mutual awareness, a sense of solidarity, and collectivity all necessary to sustaining a more humane approach to the relationship between labor and capital. Yet both frame these processes differently. Mondragón emphasizes joint ownership whereas Norway emphasizes partnership. Norway builds on national regulatory systems while Mondragón emphasizes inter-cooperative solidarity. What they have in common is that the relationship between labor and capital is not resolved at the level of the individual firm but at the level of broader system components.

The comparison also reveals how differences regarding who is part of the system and how the relations among the different parts of the system are established directly influences the definition of structures and processes inside the companies. Both cases provide channels for conducting deliberations on strategic and operational issues, but they differ in the way they structure these channels and conduct these processes.

As can be seen from Figure 11, the two systems emphasize participation in different parts of company management. In cooperatives, political participation is central. The employees are

Figure 11: The different emphasis on participation in the two systems



owners and can, through the established management system consisting of various corporate councils, control the way companies are managed. For example, the general manager is appointed by the Governing Council. Moreover, worker-members can reject decisions taken by the Governing Council in the General Assembly. For these reasons, a proper functioning of cooperative's governance requires of a regular communication flow reaching individual worker-members.

In the Norwegian system where the ownership lies with private owners, and where employees' participation in the governing body is limited, the focus is on participation at the operational level. In the same way as in the cooperatives, a structure has been established that safeguards participation, but then at an operational level there is a strong focus on the employees' everyday work. This structure is essential in maintaining the interaction between political and socio-technical participation. In both systems, therefore, participation structures are an important foundation for achieving the balanced interaction between political and socio-technical participation.

6. Closing reflections

In doing this analysis, we have aimed to promote further development of industrial democratic systems opposed to the "stark utopia" of neoliberalism′s exploitation of labor and communities solely for capitalist profit. We suggest that the following are some of the considerations those attempting to move in an industrial democratic direction should take into account.

– If industrial democratic systems are not one-size-fits all, how can new efforts in this direction learn from the histories and structures of existing successful systems?

- It is clear in the cases that we presented that culture (ethos and worldviews) are important resources and components in the success of such systems. How do new efforts build a culture that sustains an industrial democratic effort without hobbling its entrepreneurial capabilities and how does this cultural baseline evolve over time in response to changing circumstances?
- What do unionized environments and non-unionized cooperative systems have to learn from each other about the balancing of the interests of labor and capital in competitive enterprises?
- Given the detailed agreements and complex structures to manage the relationships between labor and capital revealed in both cases, how can new startups or transformations of existing organizations learn from these structures of political and socio-technical participation and not have to repeat all the trial and error that led to the consolidation of the systems we have portrayed?
- Are their boundaries or scales beyond which industrial democratic systems cannot survive or to which neoliberal capitalist organizations are better suited or not?

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Johan E. Ravn (Nord University/SINTEF), Professor at Nord University and Chief Scientist at the SINTEF Group, he has undertaken several action research projects, mainly in industrial organizations, and has published articles on action research, collaborative industrial relations and sociotechnical systems design. Mail: johan.ravn@sintef.no

Oier Imaz Alias (Mondragon University) is researcher at the Institute of Cooperative Studies (LANKI) and professor in the Faculty of Humanities and Educational Sciences. He holds a PhD in Political Science (Free University Brussels) and Philosophy (University of the Basque Country). His research focuses on worker cooperatives and he has published articles on sustainable and multi-stakeholder governance. Mail: oimaza@mondragon.edu.

Igor Ortega Sunsundegui (Mondragon University). Ortega is a researcher at the Institute of Cooperative Studies (LANKI) and professor in the Faculty of Humanities and Educational Sciences. He holds a PhD in Social Economy (Mondragon University). His research focuses on the origins of cooperativism and he has published articles on the Fagor Electrodomésticos case and the origins of the Mondragon Cooperative Experience. Mail: iortega@mondragon.edu

Trond Sanne Haga (Aker Solutions), holds a PhD from The Norwegian University of Science and Technology. Now working for Aker Solutions, a Norwegian supplier of various energy solutions, as a senior manager with responsibility for the R&D transformation project

"Competitive Flexibility". Recent publications focus on socio-technical systems and alienation. Mail: trond.haga@akersolutions.com

Davydd J. Greenwood (Cornell University) Goldwin Smith Professor of Anthropology Emeritus and Corresponding Member of the Spanish Royal Academy of Moral and Political Sciences, he has published 10 books and scores of articles on Spain, universities, and action research for democratic organizational change. Mail: djg6@cornell.edu