

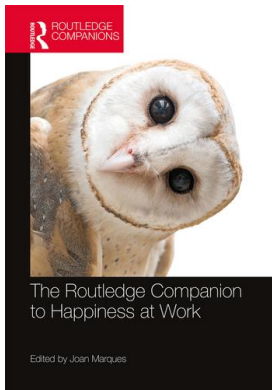
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WORKPLACE DEMOCRACY AND EMOTIONAL WELL-BEING

Elliott Kruse

Workplace Democracy and Well-being

Workplace democracy is a “mode of governance where the firm is governed by all individuals that hold a stake in the performance of the firm” (Carr & Mellizo, 2015), wherein a stakeholder is any individual “whose well-being is directly affected in some way by an enterprise”. From the outset, the connection between it and happiness is visible. By definition, workplace democracy involves the empowerment of the individual to shape the institutions that shape their lives. Taken to the fullest definition, this includes community members who co-exist with a business. However, for the purposes of this chapter, I will narrow it to the workers whose labor directly contributes to the performance of the organization. For example, workplace democracy may take the form of direct election of one’s boss, group decisions about the hiring and firing of team members, or substantive input in the development of new products and services (Ben-Ner & Jones, 1995). Fundamentally, workplace democracy is a diverse collection of practices that give workers control over their workplace and, by consequence, their well-being.

Other concepts exist that are closely associated with it. Perhaps the closest equivalent in meaning are “employee participation” (e.g., Weber, Unterrainer, & Höge, 2019) or “control rights” (e.g., Ben-Ner & Jones, 1995), but other related lines of research include “participatory management” (e.g., Collins, 1997), “psychological ownership” (Dawkins, Tian, Newman, & Martin, 2017), and “shared leadership” (e.g., Carson, Tesluk, & Marrone, 2007), among others. Alternately, some researchers study organizational types that prioritize democratic processes, such as employee-owned businesses (e.g., O’Boyle, Patel, & Gonzalez-Mulé, 2016) or cooperatives (e.g., Pencavel, 2013). Notably, these terms are not synonymous, but they do in their own way deal with democratic processes in the workplace. In this chapter, I will use the term “workplace democracy” as a broad concept both because it centralizes the aspect that will become most relevant—workers’ joint capacity to make meaningful decisions about the organizational structures that affect their well-being—and because of its mundane interpretability. The parallel with civic democracy may allow for an intuitive grasp of the potential and peril of workplace democratic practices.

Ben-Ner & Jones (1995) outlined four levels of influence that employees may have over decisions made in their workplace (i.e., “control rights”). On one end of the spectrum, employees as a class have no control rights beyond what is given to them by their position. In these organizations (i.e., many conventional firms), decisions are made unilaterally by management, with little to no input from workers. Next, workers may participate in decisions, but as consultants; the decision is

still made by management, who is not bound to respect the wishes of the employees. An example of this structure is quality control circles, in which workers meet regularly to solve organizational problems and present the solutions to management.

Third, workers may share control of the organization with management. In these organizations, the decisions made by workers can be substantive and binding, even directing the strategy of the organization at the highest level. Depending on how one defines workplace democracy, this level of control rights may be the point at which democratic processes truly begin, because worker opinion becomes more than consultative. For example, workers may have representation on the board of directions of an organization and have a vote in selecting the executive officers. Finally, workers may have full control, such that there is no distinction between management and employee. The classic prototype of this structure is the worker cooperative, in which the organization is collectively owned and operated.

However, alongside control rights is an additional axis: return rights, employees' participation in the financial surplus of the organization (Ben-Ner & Jones, 1995). Per Ben-Ner & Jones (1995), return rights range from none at all (e.g., the conventional firm) to majority rights (e.g., employee-owned organizations and cooperatives). Even traditional companies may allow for financial participation, as in profit-share models, in which financial surplus is divided among the employees per a determined schedule. For example, many pirates—as in 19th century sea bandits—designed governance structures similar to cooperatives (Leeson, 2007). All spoils were combined after a successful raid and divided equally. In one such system, the captain, who was often elected, received two shares, other officers received one and half shares, and all other sailors received one share.

Initially, financial benefit may not normally seem like a core aspect of democracy. For example, citizens of democratic nations usually only receive money from their government under specific circumstances. However, the two rights, control and return, may depend on each other to function (e.g., Dube & Freeman, 2010).

To illustrate this point, imagine a business in which workers can elect their supervisors or fully control their work environments. One might reasonably argue that they would elect supervisors who do not monitor them, force them to work very hard, or punish them for stealing from the business. There is little incentive for a worker on a flat wage to organize the workplace in such a way to increase organizational profit and certainly not at their own personal cost. However, if those profits are shared with the workers, then they have an incentive to make decisions that benefit the organization above their own short-term interests. They may not elect a tyrannical supervisor, but they may still elect one who pushes them to succeed. They may not work back-breaking hours, but they may choose to work more than the baseline, if it will yield a benefit. In other words, return rights, such as profit sharing, provide the motivation for participating in decision-making, and for making decisions that benefit the organization. In the context of businesses, participating equally in the financial returns is a key aspect of democracy.

Effects of Workplace Democracy

Although this chapter is not a review of the benefits of workplace democracy on organizational outcomes, I will briefly review them. After all, why consider the emotional benefits of an organizational structure, if it is not sustainable in the long-term? Indeed, organizations with strong workplace democratic policies are sustainable. Employee-owned firms demonstrate relatively greater employment stability against both economy-wide and firm-specific challenges (Kurtulus & Kruse, 2018). For example, French wine cooperatives survive longer than equivalent corporations (Valette, Amadiou, & Sentis, 2018), and Uruguayan worker-managed firms are 29% less likely to dissolve than conventional firms (Burdín, 2014).

Furthermore, democratic policies and structures are associated with strong organizational performance. In one meta-analysis of 102 samples, employee ownership was a small but significant predictor of firm performance ($\bar{r} = 0.04$; O'Boyle et al., 2016). Relatedly, in separate meta-analysis, financial participation across multiple different types (e.g., profit-sharing, stock ownership) predicted firm financial performance (Nyberg, Maltarich, Abdulsalam, Essman, & Cragun, 2018). Organizations with strong workplace democracy, such as employee-owned firms, tend to be both effective and resilient.

More relevant to the purpose of this chapter are the effects of workplace democracy on emotional outcomes. Current findings are mixed. Some evidence suggests that subjective well-being is higher in employees at firms with participatory policies or structures (Carr & Mellizo, 2013; Godard, 2001; Knudsen, Busck, & Lind, 2011). For example, psychological ownership of one's workplace, a likely outcome of actual ownership of one's workplace, predicts job satisfaction (Mayhew, Ashkanasy, Bramble, & Gardner, 2007; Van Dyne & Pierce, 2004). However, other large-scale studies have shown no or even negative relationship with job satisfaction (Kruse, Freeman, & Blasi, 2010). For example, in one large retail chain that includes locations run in both cooperative and conventional manners, coop workers had lower job satisfaction despite higher pay (Arando, Gago, Jones, & Kato, 2015). The researchers proposed that this dissatisfaction may have been due to relatively higher expectations and stress levels in the cooperative workers.

Per Carr and Mellizo (2015), "the literature provides only vague and/or suggestive answers for ... why workplace participation should have any effect at all on firm productivity or worker well-being". In the next section, I will describe one potential set of explanations for why the relationship between workplace democracy and happiness is complicated.

Well-being and Psychological Needs

Self-Determination Theory

In this section, I will connect workplace democracy to happiness and well-being. Given the nature of the book currently in possession of the reader, I will not review the broad concept of happiness or emotional well-being. Instead, I will focus on one major determinant of well-being that is relevant to the workplace: psychological needs (Deci, Olafsen, & Ryan, 2017). The fulfillment of psychological needs is a major predictor of positive emotions and well-being, just as their frustration is a major determinant of negative emotions and misery (Olafsen, Niemiec, Halvari, Deci, & Williams, 2017; Van den Broeck, Ferris, Chang, & Rosen, 2016). Although many potential psychological needs exist (e.g., Sheldon, Elliot, Kim, & Kasser, 2001), I will focus on those proposed by self-determination theory (SDT), for the perhaps self-evident reason that it focuses on the individual's capacity to direct their own life, something of eminent relevance to workplace democracy (Deci et al., 2017).

The core needs of self-determination theory are autonomy, competence, and relatedness (Deci & Ryan, 2000). First, autonomy is the need to "self-organize experience and behavior and to have activity be concordant with one's integrated sense of self" (p. 231). People feel fulfilled in their need for autonomy when they can act with a sense of ownership of one's behavior, and to feel psychologically free (Van den Broeck et al., 2016). Second, competence is the need to "have an effect on the environment as well as to attain valued outcomes within it" (p. 231). People feel fulfilled in their need for competence when they can demonstrate mastery and acquire new skills (Van den Broeck et al., 2016). Third, relatedness is the need to "to feel connected to others" (p. 231). People feel fulfilled in their need for relatedness when they can be a member of a group, and to love and care for others as one is loved and cared for (Van den Broeck et al., 2016).

Self-determination theory includes several other subtheories that are relevant to the workplace, such as the relationship between incentive systems and motivation (Deci et al., 2017). However, in this chapter, I will focus primarily on SDT as it relates to psychological needs because they directly relate to well-being and happiness. For example, in two samples of 1118 French workers, need satisfaction predicted work satisfaction and happiness at work (Gillet, Fouquereau, Forest, Brunault, & Colombat, 2012). More broadly, in a meta-analysis of 119 separate samples, Van den Broeck et al. (2016) found that “across the various operationalizations of psychological well-being”, the needs proposed by SDT “accounted for between 15% and 46% of the variance in well-being outcomes” (p. 1213).

One potential criticism of SDT is that the needs proposed are not universal human needs, but mere reflections of the culture that spawned them. In particular, autonomy could be a reification of the Western value of individualism as a “basic psychological need”. However, autonomy is not a measure of independence or social detachment, but of “volition, choice, and concurrence” (Deci et al., 2017, p. 28). For example, for participants from four different cultures—South Korea, Russia, Turkey, and the United States—volitional (i.e., autonomous) behavior predicted greater well-being (Chirkov, Ryan, Kim, & Kaplan, 2003). More broadly, in a meta-analysis of 36 independent samples ($n = 12,906$), there was no significant difference between American and Chinese or Japanese samples in the relationship between autonomy and subjective well-being (Yu, Levesque-Bristol, & Maeda, 2018). In other words, autonomy was moderately related to subjective well-being in all three cultures.

Self-determination Theory in the Workplace

In the context of workplaces, SDT needs have been studied in terms of “autonomy support”—the degree to which leaders empower and support the self-direction of workers. Autonomy-supportive workplaces are associated with a wide range of positive outcomes (Deci et al., 2017), from performance to perceived physical well-being (Williams et al., 2014), to emotional well-being (Slemp, Kern, Patrick, & Ryan, 2018). In particular, prior research has focused on autonomy support from leaders (Deci et al., 2017), which is related to greater motivation and well-being (Slemp et al., 2018), among many other desirable organizational outcomes.

Deci et al. (2017) suggest that “where there is organizational and managerial support for autonomy, supports for and satisfaction of all three of the employees’ basic psychological needs at the general level are often quite highly correlated”, because leaders who support autonomy are likely “attuned to” the other needs, and because autonomous workers can “find ways to get the other needs satisfied” (p. 23). In other words, autonomy may serve as a “capstone” need, because fulfilling that need allows one to also pursue and fulfill the other needs, whereas fulfilling the other two do not necessarily do the same in return.

However, per Deci et al. (2017), SDT has not “devoted a great deal of attention to specific characteristics of jobs or tasks” (p. 31). With some exceptions (e.g., Millette & Gagné, 2008), autonomy-support is often studied as a leadership behavior or style rather than a structural quality of the workplace. Given the wealth of research on autonomy support from leaders, it is surprising that little research on self-determination theory has examined what may be the most autonomy-supportive workplace: the one in which workers have full and unmediated say in how their workplace is managed.

But, ultimately, does it make people happier? Deci et al. (2017) suggest that any individual:

interested in improving the work context within an organization and thus the performance and wellness of its employees could evaluate any policy or practice being considered in terms of whether it is likely to (a) allow the employees to gain competencies and/or feel

confident, (b) experience the freedom to experiment and initiate their own behaviors and not feel pressured and coerced to behave as directed, and (c) feel respect and belonging in relation to both supervisors and peers.

(p. 38)

With this rubric in mind, we can assess the potential of democratic practices and structures in the workplace to shape emotional well-being.

Workplace Democracy and Psychological Needs

In this section, I will combine the prior two by elaborating how workplace democracy may (and may not) increase emotional well-being via the fulfilment of psychological needs. I will describe each need in turn and the role it may have in workplace democracy, and, in particular, whether democratic structures may serve to fulfill or frustrate it.

Autonomy

Workplace democracy is marked by greater control rights for the employee and, almost by definition, greater control rights likely fulfill the need for autonomy. The need for autonomy is rooted in the ability to select one's own behavior and to act with volition (Deci et al., 2017). The stronger the workers' control rights, the more voice they have in the direction of the company (Ben-Ner & Jones, 1995). For example, in one study of multiple sectors in western Australia, participative decision-making predicted stronger autonomy and, subsequently, effective performance (Scott-Ladd & Marshall, 2004). Finally, autonomy in turn strongly relates to well-being across cultures (Gagné & Bhawe, 2011).

Given the strong, almost intrinsic theoretical relationship between workplace democracy and autonomy, are there ever situations in which democratic structures may frustrate one's need for autonomy? By taking a comparatively more nuanced view of agency, I propose three circumstances in which this effect may be true.

First, depending on one's definition of autonomy, it may seem contradictory to achieve it in organizational structures that are often collective in nature, such as cooperatives. How can one achieve self-direction if decisions are made by a committee? However, as with the previous discussion about autonomy and culture, this misconception conflates autonomy with detached individualism (Chirkov et al., 2003; Chirkov, Ryan, & Willness, 2005); autonomy does not require solitary action. Furthermore, one's autonomy when making a group decision is comparatively stronger than when another party can unilaterally enforce its will via incentive or coercion on them. Further research should explore the relationship between workplace democracy practices and the cultural dimensions of both individualism and of power distance (e.g., Eylon & Au, 1999), which is a measure of the acceptance of hierarchy in a group (Hofstede, 1984). Cooperative cultures that underpin many democratic workplaces may be fundamentally opposed to power distance, rather than individualism.

However, second, it could be argued that some forms of group decision-making leave individual participants feeling disenfranchised. For example, majoritarian voting may cause people from minority positions to feel dissatisfied with democracy as a decision-making process (e.g., Anderson & Guillory, 1997; Blais & Gélinau, 2007). Alternative decision processes, such as consensus-based decisions, may not have this affect. The decision-making process used in workplace democracy may be a major moderator in whether it is a source of well-being or frustration.

Third, small amounts of workplace democracy—as in some participatory management styles or consultative quality circles—may engender expectations of influence that, if not met, may

undermine feelings of autonomy. If workers are told that they are empowered to make their own decisions, but then find their decisions regularly undermined or ignored, they may be more frustrated than if they had never expected greater participation. In other words, workers may perceive this dismissal of their voice as a breach of the psychological contract (e.g., Robinson, 1996), the expectations that workers have about the nature of the relationship between them and their employer, which could then lead to even greater negative consequences (e.g., Zhao et al., 2007). Future research could examine the nonlinear relationship between workplace democracy and autonomy. In situations in which the workers' preferences are non-binding, in which decision-makers can ignore the workers' preferences, then the actions of the decision-makers may strongly moderate whether democratic processes fulfill or frustrate autonomy.

I will address one final problem in which the relationship between workplace democracy and autonomy is unclear: pay-for-performance (PFP) schemes. These schemes are incentive structures in which organizations pay additional compensation, usually in the form of bonuses, to workers for fulfilling certain work objectives (Deci et al., 2017). One of the main predictions of self-determination theory is that extrinsic motivators, such as a pay-for-performance schema, should undermine intrinsic motivation, such as one's natural interest and enjoyment (Deci et al., 2017). Why, then, is workplace democracy, and in particular, employee ownership associated with greater motivation and productivity (Kruse, et al., 2010; Nyberg et al., 2018; O'Boyle et al., 2016)? Is money still an extrinsic motivator in cooperatives, or can democratic structures transform it like alchemy into an intrinsic motivator?

Future research should explore the different potential pathways of this relationship. Perhaps money remains an extrinsic motivator in cooperatives, but a powerful one and so overall motivation is greater compared to conventional firms. If true, this relationship should still reduce overall sense of autonomy and well-being because the pay is an extrinsic motivator (Deci et al., 2017). In this case, financial return rights would reduce autonomy, even while increasing motivation, by giving workers greater access to an extrinsic motivator.

Alternately, money may remain an extrinsic motivator while still promoting autonomous motivation. Per Deci et al. (2017), "extrinsically motivated activities can, under the right circumstances, also be autonomously motivated", especially when people "understand the worth and purpose of their jobs" and "feel ownership" over them (p. 20). Several mediators may exist for this effect. One, PFP and profitshare schemas are different in nature. PFP often incentivizes specific behaviors or outcomes that are determined by an external source. Profitshare, and other forms of strong financial participation schemes, do not obligate certain behaviors or outcomes—beyond achieving financial surplus—so workers have greater flexibility, creativity, and self-direction in how they pursue it. Two, control rights may at times translate into decisions about the structure of the incentive scheme (e.g., Mellizo, Carpenter, & Matthews, 2014). If workers can decide as a group how those bonuses are awarded, and for what behaviors, they have greater ability to align the incentives with what they think will be effective. In a sense, they are choosing for themselves how to coerce themselves. Third, cognitive appraisal about the rightful source of the money may play a role. In PFP schemas, workers may perceive that money as first belonging to the management, who then grant it to workers, thus making it extrinsic. In profitshare and similar schemas, workers may perceive themselves as the rightful creators and therefore owners of that surplus, and so the reward is not contingent on someone else's largesse.

Finally, workplace democracy may transform some extrinsic motivators into intrinsic ones. Intrinsic motivators are those in which "the motivation lies in the behavior itself", and the "spontaneous experiences of interest and enjoyment entailed in the activity that supply the 'rewards'" (p. 21). In strong examples of democratic organizations, such as worker cooperatives, employees may have great power to determine what to focus on in a given moment. Even with relatively small amounts of empowerment, workers may be able to control their

moment-to-moment focus. This freedom may at times allow relatively greater opportunities for spontaneous motivation to manifest, pursuing the tasks that the worker feels inspired in that moment to complete. The same task may have a different motivational tone, either intrinsic or extrinsic, depending on when the worker elects to do it.

Taken together, workplace democracy should in general fulfill the need for autonomy but, under certain circumstances, may undermine it. Going further, workplace democracy may at times promote autonomous motivation even when pursuing extrinsic motivators like money.

Competence

In comparison to autonomy, the relationship between workplace democracy and competence is less clear. The need for competence is fulfilled when people are able to demonstrate their mastery and pursue growth (Deci et al., 2017). Given this definition, at least three pathways exist for democratic structures to fulfill the competence need. First, some control rights may give workers relatively stronger influence over the span and nature of their job. Even relatively weak control rights empower the worker within the domain of their assigned role, giving them relatively greater say in how it is done (Ben-Ner & Jones, 1995). As such, workers may be better equipped to tailor their responsibilities to their abilities. In the previous mentioned study of multiple sectors in western Australia, participative decision-making also predicted greater task variety (Scott-Ladd & Marshall, 2004); workers chose to take on a greater variety of tasks, perhaps in pursuit of a feeling of challenge. Indeed, the need to feel competent may be a major driver in how workers design their own jobs, by either expanding their responsibilities to demonstrate mastery, or narrowing their responsibilities to fit their experience level.

Second, extending the first point, workers may be free to experiment with innovative techniques in the course of their work. These spontaneous process improvements may at times be stifled by leadership in conventional organizations, who may not have the experience to distinguish between process deviance and innovation (e.g., Garrett, 2010). Employees not just being able to shape their work but also create new techniques within it may also promote a sense of mastery and competence.

Third, to the degree that employees can control their career development path, including professional educational opportunities, they may be able to fulfill the growth aspect of competence. Indeed, the kinds of skills that workers learn may differ in democratic firms than in others. For example, workers in employee-owned companies develop “economic democracy” skills that parallel both formal business as well as socioemotional skill (Summers & Chillias, 2019). This may also bolster the workers’ sense of autonomy by giving them relatively greater direction over their future as well as a specific set of leadership skills. In other words, in both the short and long term, workplace democracy may promote competence-fulfillment. In turn, the need for competence may partially explain why workers in cooperatives are more productive than average even without external coercion.

When, then, might workplace democracy undermine a sense of competence? First, the preceding paragraphs assumed that the worker wants to do well at their job and, given the need for competence, this may be naturally true. However, as described at the beginning of the chapter, when control and return rights are mismatched, workers may have perverse incentives to use democratic systems for their individual gain (Ben-Ner & Jones, 1995). Furthermore, the acquisition of “valued outcomes” is a core component of competence (Deci & Ryan, 2000). This reduced attention and care in decision-making, and reduced rewards, may contribute to a reduced sense of mastery and competence. If your decisions do not matter for you personally, why should you feel capable and empowered when you make them? Return rights likely must match control rights to fulfill one’s sense of competence.

Second, democratic decision-making may entail employees taking on responsibilities that may be new to them, including ones that traditionally belong to management. They may never have received training in many aspects of workplace democracy, such as consensus-based decision-making, or may be new to the emotional impact of it, such as taking responsibility for decisions that impact the entire organization. Although these new abilities may be heady for some, for others they may be terrifying. Although workers will often come to develop those skills (e.g., Summers & Chillas, 2019), the initial mixture of inexperience and responsibility may create a deep sense of incompetence, frustrating that basic need. However, many organizations with democratic policies, including employee-owned cooperatives, still have formal leadership positions (Ben-Ner & Jones, 1995); those positions are just often determined democratically. As such, differences may exist between organizations in how decisions are made and who makes them, as well as what training they receive to make those decisions. The inverse of these points may also be true. If a worker currently feels incompetent, they may be less willing to join an organization with strong democratic structures, because they may not feel confident in their ability to contribute or excel in that environment, and may even prefer a conventional hierarchy.

Taken together, the relationship between workplace democracy and competence is filled with possibility but also fraught with pitfalls. Depending on the structure of the organization, such as the delegation of tasks and the training given to new workers, it may bolster or undermine workers' sense of competence and subsequent emotional well-being.

Relatedness

The relationship between workplace democracy and relatedness is also not as clear as it is with autonomy. The need for relatedness is rooted in a need to belong to a group, and to care for and be cared for by others (Deci et al., 2017). First, prior research has found that power can be alienating (Magee & Smith, 2013). Per the social distance theory of power, power isolates the holder from other people and makes their experience more difficult to understand. In turn, this effect reduces empathy for them, as well as mutual rapport. From this perspective, equalizing power in organizations should mitigate the alienation experienced between those with and without power. By reducing the social distance between workers, authentic relationships may be easier to create and maintain, fulfilling the need for relatedness among coworkers.

Related to the first point, the nature of certain workplace democratic structures may force workers to learn how to connect and cooperate with others. For example, in one study of northeastern Italian businesses, only workers in cooperatives reported that their workplace had caused them to trust others more (Sabatini, Modena, & Tortia, 2014). Interesting, this relationship was stronger for those who had been elected to leadership positions. Taking this point one step further, in a study of service and manufacturing firms in a region of Italy nearby to the previous one, employees from democratic firms scored higher on "moral development" than employees from conventional firms (Verdorfer & Weber, 2016). Although there are likely strong selection effects involved, the cooperative process itself may also at times force people to learn how to cooperate, enhancing both trust and trustworthiness.

Finally, to the degree that identification with the group is an aspect of relatedness, being in a position to craft that identity may make it easier to identify with it (Bourne & Jenkins, 2013). When management crafts identity from the top-down, workers do not necessarily identify with it and may be forced to maintain a "facade of conformity" (Hewlin, 2003). These facades may then lead to exhaustion and turnover (Hewlin, 2009). When workers are empowered to co-create that identity, for example participating in writing the company's mission statement or core values, they may be more likely to identify with it. Greater identification with the group and its core values may then promote a sense of belongingness to it, and the need for relatedness.

Conversely, when might workplace democracy undermine the need for relatedness? As a counterpoint to the first and third points, relationships may be even more important and even more strained in many organizations with democratic policies because of the nature of decision-making. In conventional firms, external forces such as heavy-handed bosses or human resources departments may force coworkers to stay on positive or neutral terms, even when they naturally do not like each other. In the absence of those forces, personality conflicts may be more likely to erupt. This effect may be even stronger when making a decision together, because the outcome of that decision may impact the welfare of everyone directly, increasing the stakes of the conflict. Although conflict may at times be useful, it is more often not (De Dreu, 2008; De Dreu & Weingart, 2003; de Wit, Greer, & Jehn, 2012). When conflict is beneficial, it is usually only under specific circumstances (e.g., Bradley, Anderson, Baur, & Klotz, 2015). For example, one major moderator of the effect of workplace democracy on relatedness may be the quality of the conflict resolution in the team (Tekleab, Quigley, & Tesluk, 2009). Effective conflict mediation systems may be even more important in organizations with democratic structures.

As a counterpoint to the preceding second point, the increased trust in cooperatives may itself also be a problem at times. In high-trust organizational environments, territorial behavior can lead to harsh evaluations of that worker's contributions (Brown, Crossley, & Robinson, 2014). In other words, if workers perceive everything in the workplace as being held in common, and one worker tries to carve out their own niche, that could lead to alienation. The high-trust environment may create certain expectations of behavior, a psychological contract between peers, that if not met may lead to harsh judgments and frustration of basic psychological needs.

Finally, one of the largest concerns in organizations with strong return rights is free-riding or shirking (Basterretxea, Heras-Saizarbitoria, & Lertxundi, 2019; Ben-Ner & Jones, 1995; Carr & Mellizo, 2015; Freeman, Kruse, & Blasi, 2010). If everyone equally shares the same financial returns, then workers are not necessarily incentivized to work harder. They can leave the hard work to their coworkers and still enjoy the fruit of the financial surplus. Even in organizations in which shirking is not a major problem, the fear of shirking in others could lead to recrimination or alienation, undermining the sense of connection to ones' coworkers. Organizations with strong financial participation often include different mechanisms to prevent shirking, such as participatory decision-making, training, and peer rather than supervisor-based monitoring of performance (Kruse, Blasi, & Park, 2010). The mechanisms by which organizations monitor employee contributions may be necessary to avoid these fears, and may be a moderator of relatedness. In turn, highly intrusive monitoring systems may reduce a feeling of autonomy.

As with competence, the relationship between workplace democracy and relatedness is complicated. Depending on the relationships that exist in the organization, and the specific democratic structures in place to maintain those relationships, workers may find their need to connect with others fulfilled or frustrated. Taken together, these complications may partially explain the at times vague and mixed relationship between workplace democracy and happiness.

Conclusion

Despite affording greater power to workers than the conventional firm, organizations with strong workplace democracy do not necessarily make workers happier. Broadly, these organizations likely do fulfill workers' psychological needs, especially their need for autonomy. However, at times, they may also frustrate those needs, especially competence and relatedness, leading to stress and misery for the worker.

In this chapter, I described a psychological framework of when democratic structures should improve or undermine well-being and motivation. Research on basic psychological needs and on democratic structures like cooperatives have been largely separate. By looking at these two areas

together, we see a wealth of research questions that may allow each field to inform the other. For emotional well-being researchers, workplace democracy such as cooperatives provide a robust context in which to explore the complicated nature of psychological needs and happiness, with unique opportunities to clarify intrinsic from extrinsic motivators.

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