



UNIVERSITY OF GOTHENBURG  
SCHOOL OF GLOBAL STUDIES

**REDUCING HIERARCHIES FOR  
IMPROVED EQUALITY IN THE  
WORKPLACE?**

***THE CASE OF THE WORKER COOPERATIVE  
VIO.ME, GREECE***

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*Author: Theocharis Malamidis*

*Supervisor: Patrik Oskarsson*

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# Abstract

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Part of the reason why cooperative organizations are formed is to strive towards a more equal decision-making in the workplace. Due to their potential horizontal structure, cooperatives are seen as organizations which increase the sense of equality among its members. Thus, in times of economic recession, where unemployment rises and labor conditions become tougher, cooperative organizations are seen as alternative, bottom-up solutions. However, as hierarchical structures are predominant in nearly every type of organization, it is not clear to what extent an organization can use more egalitarian ways of working together. In order to examine whether a cooperative organization can be based on a horizontal foundation, this thesis draws attention to Greece and particularly, the worker cooperative of Vio.Me. More precisely, after archival and fieldwork research at Vio.Me's cooperative, and by focusing on Vio.Me's organizational structure, its decision-making processes, its channels of communication and the market in which it operates, this thesis indicates that, Vio.Me's cooperative has been able to eliminate to a great extent the hierarchical relations thereby promoting improved equality in the workplace and thus, with regards to the thesis delimitations its model seems be able to be replicated for other cooperatives.

**Keywords:** *Organizational Structure, Hierarchy, Cooperative, Vio.Me, Greece, Equality, Labor Relations*

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# 1 Introduction

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Hierarchy is one of the most salient characteristic of human interactions in contemporary society. As many scholars argue (Rubin, 2000, p.259; Colignon, 2007), almost every organized social entity, regardless of types and scopes, is structured in a hierarchical manner. This becomes even clearer when it comes to the structure<sup>1</sup> of organizations (Diefenbach and Sillince, 2011). Hierarchy can provide clarity in decision-making and accountability mechanisms but is also claimed to be a decisive element for the maintenance of social inequality (O’Rand, 2001).

Cooperatives<sup>2</sup> have however been created with a reduced hierarchy in mind. According to the International Cooperative Alliance (ICA), a cooperative is “an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise”<sup>3</sup> (ICA, 2014). Rothschild and Whitt’s point of reference is “any enterprise in which control rests ultimately and overwhelmingly with the member-employees- owners, regardless of the particular legal framework through which this is achieved” (1989, p.2). Thus, cooperative organizations can be seen as alternative to the bureaucratic<sup>4</sup> hierarchical ones, since they attempt to apply more democratic management, they are member-owned and controlled and they are based on a bottom-up perspective which should bring greater equality to workplaces (Rothschild and Whitt, 1979, p.519; Novkovic, 2008, p.2169; Day, 2000; Gunn, 2000; Nilsson, 2001). Moreover, as Seda-Irizarry notes, due to the “collective ownership in the means of production”, cooperative enterprises seem to rely on a non-exploitative class structure (2011, p.377). Following this perspective, by relying on values; such as trust and solidarity (Koupkiolis and Karyotis, 2013, p.4; Nilsson, 2001, p.13; Majee and Hoyt, 2009, 2011), cooperatives often incorporate a resistant character to the conventional hierarchical structure.

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<sup>1</sup> Organizational structure “denotes the social relations that have consolidated themselves in organizational settings” (Strati, 2008, p.1186). From a positivist perspective, organization is “an objective, measurable and comparable social fact” while constructivists see organization as a “constant process” (*Ibid*). However, following Giddens’ conception, organizational structure has a double role since, “on one hand, it determines action; on the other, it is determined by action” (*Ibid*, p.1187).

<sup>2</sup> While there might be some organizational differences among cooperative, alternative, worker-owned or collective organizations, since they are not clear enough (Rothschild and Whitt, 1979) these terms will be used in rotation.

<sup>3</sup> The most common types of cooperative organizations are: *Producer co-ops*, *Consumer/Retail co-ops*, *Service co-ops*, *Worker co-ops*, *Housing co-ops*, *Financial co-ops* and *Distribution co-ops* (Williams, 2007, pp.14-15; Gibson et al, 2005, pp.4-5).

<sup>4</sup> Referring to the Weberian concept of hierarchical organizational structure (Diefenbach and Sillince, 2011, pp.1518-1519; Colignon, 2007, pp.179-181).

Cooperative movements are often formed by social movements (Hyde, 1988, p.168). In addition, they increase in times of crisis, partly because they are means to counter unemployment (Macleod, 1987), but also are seen as reaction to the unequal labor relations. Similar to the Argentinean cooperative movement in 2001, which was a response to economic crisis, cooperative movements and factory occupations have emerged around the world in recent years; for example in Canada (Shantz, 2010), in UK (Gall, 2010), in the United States (Ospina and Yaroni, 2003, p.460) in Italy (Gonzales, 2010) and elsewhere. This study draws attention to one of the main crisis economies of Europe, Greece, and the self-managed cooperative of Vio.Me (*Viomihaniki Metaleyтики*, in English Industrial Mining). Like the above cases, the cooperative of Vio.Me has been set up during the recent economic crisis. However, the cooperative of Vio.Me is interesting not only because it seems to be a radical way to secure employment, but also a case of a cooperative, which labor relations are horizontal resulting in workers' increased sense of equality.

As a reaction to the current economic crisis, Greece is experiencing a significant increase in alternative, self-organized entities; such as alternative currency networks, cooperative bookshops, newspapers, agricultural and social groceries, self-organized community gardens and medical-care centers, etc. often described as forms of the social economy<sup>5</sup> (Nikolopoulos and Kapogiannis, 2013, pp.85-92). Vio.Me is probably the most radical and best known example of a workers' cooperative in Greece. Founded in 1982 as a subsidiary of Philkeram-Johnson S.A, Vio.Me is located on the outskirts of Thessaloniki, in northern Greece. Vio.Me is a factory that used to make chemical products for the construction industry (Avramidis and Galanopoulos, 2013). After the bankruptcy of the parent company in May 2011, the owners of Vio.me abandoned the company and left the 65 workers unpaid. After many fruitless negotiations with the Greek state and the former owners, in February 2013, the workers through Vio.Me's Worker Association<sup>6</sup> (VWA), together with the support of a solidarity movement, occupied the factory and commenced production. The 'new' factory changed its production into environmental friendly cleaning products. Moreover, workers set the General Assembly (GA) as their ultimate decision-making instrument, where every worker has equal rights to participate in and decisions are

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<sup>5</sup> Social Economy; often described as 'solidarity economy', 'cooperative economy' or 'participatory economy', is defined as "the place (public or common micro-space) of mediation among different forms of work (combination of voluntary and wage labor), economy (combination of different economic values and organizational formations), production ( combination of commercial, non-commercial and cashless) and usefulness (individual, collective, public or/and social)" (Nikolopoulos and Kapogiannis, 2013,pp.29-31).

<sup>6</sup> According to the Greek legislation, there are three levels of worker and employer syndicalism; the first level associations, as VWA, constituted from employees who work either in the same company or at same economic sector (KEPEA-GESEE, 2014a); the second level is distinguished in regional Labor Centers and Federations which include all first level associations (KEPEA-GESEE, 2014b); and finally, third level Confederations, which include all the Labor Centers and Federations (KEPEA-GESEE, 2014c).



taking by majoritarian vote. There is no assigned leadership position and the remuneration is the same for all employees. Finally, every worker who is authorized to represent the GA is obliged to detailed feedback (VWA, 2013a).

## *1.1 Aim and Research Questions*

Many scholars claim, hierarchies are predominant in every organizational structure (Rubin, 2000, p.259; Colignon, 2007; Diefenbach and Sillince, 2011). However, a cooperative organization advocates a more horizontal model, in which all employees have an equal say in day-to-day operations as well as long-term planning. Nonetheless, despite the anti-hierarchical design cooperatives strive to adopt, many scholars claim that they still encompass hierarchical characteristics (Diefenbach & Sillince, 2011). Thus, it is of great significance to examine whether and if so how a democratic organization can be institutionalized and most importantly, to what extent an organization can operate on non-hierarchical structures. The aim of this thesis is to examine to what extent a cooperative can actually be based on non-hierarchical foundations. For this reason, the research question of this study is:

### **To what extent can worker cooperatives eliminate hierarchical relations and promote workplace equality?**

In order to answer the research question, a cooperative organization seems to be the most relevant site for research. According to Vio.Me's official statements, all workers are equal, they have the same rights and obligations, participate equally in the decision-making process and there are no managerial positions. In other words, Vio.Me claims to be a horizontal organization. However, having in mind the predominance of hierarchical organizational structure in Greek enterprises (Bourantas and Papadakis, 1996; Kristantonis, 1998; Psychogios and Wood, 2010; Markovits et al, 2007) and the prevalent top-down, paternalistic and hierarchical structure of Greek cooperatives (Karafolas, 2005, p.8; Iliopoulos and Valentinov, 2012, p.6; Papadopoulos and Patronis, 2012), this study will focus on answering the following sub-questions in order to find answers to the overall research question:

1. What patterns of formal and informal hierarchies can be identified in Vio.Me's organizational structure, decision-making processes and communication channels?
2. How has Vio.Me's external environment and especially the market in which it operates affected the development of hierarchies?

3. How has Vio.Me's recent transformation from a privately owned company to a workers' owned cooperative affected the sense of equality among the workers?

## ***1.2 Thesis Contribution and Relevance to Global Studies***

The hierarchical structure of organizations concern the vast amount of labor relations. Thus, a research on a potential horizontal production plant connects directly with a number of global issues. First, it provides information on possible ways to combat inequality in the workplace and also adds important insights in the literature concerning hierarchies. Moreover, it is connected with organizational studies and the globally emerging trend of more horizontal forms of organizations; such as the *hybrid* and *network* organizations (Diefenbach and Sillince, 2011, p.1519; Castells, 2000). Furthermore, this study contributes to the wide literature of cooperative movements and especially in studies regarding empowerment and resistance. This research is related with radical ways to combat unemployment in times of economic crisis and with the development of more horizontal formations in the so called social economy.

## ***1.3 Delimitations and Ethical Considerations***

Although hierarchy can be studied from a number of perspectives, this study will focus on hierarchies as an organizational structure in workplaces as seen in a particular case study. Moreover, the unstable political and economic conditions in Greece, is a factor that has largely affected the case of Vio.Me. More precisely, due to the large unemployment, the reopening of Vio.Me was pictured as the only viable solution for the workers to meet their livelihood needs and at the same time put many financial constraints to the project. Thus, the economic crisis is a significant factor that affects the results of this research. Furthermore, it should be emphasized that during the time of research, Vio.Me was a in transitional period regarding its production and legal issues, which affects its constitution, number of workers, etc. It should be also underlined that Vio.Me operates only 1.5 years and since this project is extremely new for Greece, there is not a clear path to follow. Finally, with respect to the workers and the solidarity members, any information that may affect Vio.Me's internal and legal operation will be excluded.

## ***1.4 Organization of the Thesis***

This thesis is organized as follows. First, there is a Background chapter, in which after a historical overview of the cooperative movement, I draw my focus to the structural conditions of Greece during crisis and to Vio.Me's background. Then follows the

Theoretical Discussion chapter, in which after a review on previous research, I set the thesis' theoretical framework. Consequently, I present the Methods of my inquiry, followed by the Results chapter, in which I demonstrate the results of my research. Subsequently, in the Analysis and Discussion chapter I analyze the results of the inquiry with reference to the theories, followed by the Conclusion chapter where I present the outcomes of the thesis together with ideas for future research. Finally, the last chapters of my thesis contain Bibliography and Appendix.

## 2 Background

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This chapter provides a historical overview of the cooperative movement and then draws attention to the Greek crisis of 2010 before discussing the case study Vio.Me.

### 2.1 Historical Overview

The birth of the contemporary institutionalized cooperative movement in the western world goes back to the 18<sup>th</sup> century. The first consumer cooperative was formed from a group of cheese-makers in France, *the cheese-makers of Franche-Comté cooperative*, around 1750 (Williams, 2007, p.1; Day, 2000). At the same decade, a mutual fire insurance cooperative was established in London, while in US, Benjamin Franklin was one of the founders of a fire protection cooperative in Philadelphia (Shaffer, 1999). In his article about Greek cooperatives, Nasioulas (2012) identifies the birth of cooperative enterprises in rural areas of Greece. Coming from a long cooperative tradition since the Byzantine era, small groups of different nomad tribes were forming unions “of individual owners into a common productive basis and management of the livestock” (*Ibid*, p.145). Over the years, these primal cooperative forms, started to become institutionalized. The most popular example of this cooperative tradition, and one of the oldest institutionalized cooperatives in the world, is the *Common Company and Brotherhood of Ampelakia* in Central Greece (Nasioulas, 2012; Cultural Association of Ampelakia, 2014).

The cooperative of Ampelakia produced yarn products and was an umbrella organization, constituted of 5 individual brotherhoods established in 1772 (*Ibid*). This cooperative was the result of an attempt to stop the increasing competition among these brotherhoods in times when Greece was under the Ottoman rule. In 1780, the cooperative counted around 6.000 members; such as financiers and land-owners, technicians and workers. The organizational structure of Ampelakia cooperative was constituted from the General Assembly, which was cooperative’s governing body and where every local over 21 years old was a member; the Board of Directors formed by 11 members and finally, the audit committee, which was in charge of controlling the Board of Directors and give feedback to the General Assembly.

Despite the significant contribution of Ampelakia’s Common Company in the foundation of the modern cooperative movement, the establishment of Rochdale Society of Equitable Pioneers is considered by many scholars as the crucial point in movement’s history. Nearly a century after the appearance of the first cooperatives, in 1844, 28 English weavers motivated by mutual benefit decided to established a consumer cooperative (Gibson et al, 2005, pp.2-5). The popularity of Rochdale

cooperative is due to their three founding principles: equality, equity and mutual self-help<sup>7</sup> (*Ibid*). However, 25 years later, serious financial problems forced the cooperative on the search of investor-members thereby changing its organizational structure (Williams, 2007, p.11).

The idea of cooperatives spread into other countries and combined with political movements; for instance the Paris Commune in 1871. During the days of the Paris Commune, factory workers tended to turn the occupied factories into a large cooperative network (Ranis, 2010, pp.77-78). The expansion of cooperative enterprises and networks can be found in many European countries (Gibson et al, 2005, p.2; Williams, 2007, pp.18-20; Webster, 2012, p.886). As happened across Europe in middle of the 19<sup>th</sup> century, the cooperative movement initiated in US and Canada. In 1844, *New England Protective Union* was the first cooperative established in Boston, Massachusetts. Thirty years later, US were counting nearly 200 worker cooperatives (Williams, 2007, p.21). Alike US, Stellarton Co-operative was the first Canadian cooperative established in 1861. Contrary to the developed world, the cooperative movement in the developing world emerged around 1950s as “a response to the rapid decolonization” (Williams, 2007, p.4), however, it had a rapid increase (*Ibid*, p.12).

The cooperative movement increased in the last century, and especially after World War 2 (Williams, 2007). In the 1950s there were 50 cooperatives in Britain, while now the number of workers occupied in cooperatives is estimated around 20 million. Alike, in Scandinavian countries, cooperatives now control more than the one third of the retail sector. In addition to this, cooperatives in Italy are responsible for 30% of the total trade, while the HLM cooperative in France owns the 40-50% of the real estate market. Mondragon cooperative integrates more than 100 companies and is one of the leading companies of Spanish economy (*Ibid*, pp.10-18). Overall, according to Williams 300.000 cooperative enterprises with 83.5 million members operate in EU countries (2007, p.18). Furthermore, during the 1970s in the United States, there was a great movement of grassroots organizations forming around 5.000 workers’ collectives and alternative institutions (Rothschild-Whitt, 1979, pp.509-510), whereas, In 2003 in Canada there were more than 6.000 cooperatives with 15 million members (Gibson et al, 2005, p.5).

Contrary to the development of the global cooperative movement, the Greek one presents a story of decline. After the dissolution of Ampelakia cooperative in 1812, due to the unfavorable conditions under the rule of the Ottoman Empire, cooperative movement had declined. Cooperative movement started to rise again

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<sup>7</sup> These three principles were adopted from the International Cooperative Alliance, the most popular international NGO, which promotes cooperative values and interests.

after 1870, however, there was not any institutionalized provision until 1914 (Nasioulas, 2012, pp.146-148). Nonetheless, the market pressures for larger production combined with state's intervention reduced cooperatives role as tools for agricultural policies (*Ibid*). After the end of the military dictatorship in the middle of 1970s, there were some structural reforms on cooperatives in order to establish more democratic decision-making procedures. These reforms accompanied with political patronage, transformed the cooperative movement into a space of political manipulation<sup>8</sup> with opportunistic relations and hierarchical structures (Nasioulas, 2012, pp.149-150; Papadopoulos and Patronis, 1997, pp.113-114; Karafolas, 2005; Iliopoulos and Valentinov, 2012). Nevertheless, according to Nasioulas (2012), contrary to the hierarchical structure of Greek cooperatives, the post-crisis cooperative movement seems to have different characteristics.

## 2.2 *Economic Crisis in Greece and Vio.Me*

Greece was one of the most affected countries of the recent economic crisis. As indicated by the Bank of Greece, "budget deficit figures for 2009 were revised from 3.7% [...] to 15.8% of GDP" while the corresponding public debt [...] rose from 99.6% [...] to 126.8% of GDP" (Matsaganis, 2012, p.407). In May 2010 the Greek government signed a Memorandum of Economic and Financial Policies with the European Central Bank, the EU and the IMF. However, due to the policies of structural adjustment programs, Greek economy sunk even further into recession, which resulted in a great increase of unemployment. In particular, the unemployment rate increased to 18.4% in August 2011 (Matsaganis, 2012), and then peaked at 27.5% in December of 2013 (Eurostat, 2014). In addition to this, the national collective agreement of employment protection was cancelled (Kretsos, 2011); eliminating employment security. These extreme facts cultivated a general feeling of mistrust to the state and its policies, and generated political instability (*see Appendix*).

As neither the economic not the political system in Greece could function properly and since there was not any sign of recovery, many people considered this crisis as a systemic crisis of the neoliberal system (Munck, 2010; Seda-Irizarry, 2011, p.375). This conception triggered a strong increase of bottom-up, grassroots organizations, which formulated a parallel system. This parallel system, although not institutionalized, consists of neighborhood assemblies, class-oriented labor unions (Kretsos, 2011), alternative economic networks; for example in Volos (Merritt and

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<sup>8</sup> It worth to mention here that state's intervention in cooperatives is extremely great that between 1915 and 1970 there have been 946 different legislative actions (meaning two legislative actions per month) and between 1984 and 1994 there some 230 more (Patronis and Papadopoulos, 2002, pp.25-26).

Stubbs, 2012) and alternative trade markets, the establishment of People's University of Social Solidarity Economy (UnivSSE, 2013) and of course, the establishment of a number of cooperative enterprises. These projects are usually based on self-organization, direct-democracy and solidarity and are often described as forms of social economy<sup>9</sup> (Nikolopoulos and Kapogiannis, 2013, pp.19-50). Vio.Me is considered one of the most popular and important cooperative examples of this parallel system.

Vio.Me was a highly efficient company in the sector of chemical products for the manufacturing sector. However, the first problems began in 2008, with delayed worker payments (Avramidis and Galanopoulos, 2013). As these delays were continued, together with the general economic recession<sup>10</sup> and mismanagement<sup>11</sup>, in May 2011, the parent company Philkeram-Johnson and the other subsidiary company Ippokambos went bankrupt. However, despite the fact that Philkeram owned the 99% of Vio.Me's shares, the latter was just abandoned. All of Vio.Me's assets, which belonged to the parent company passed to the state for creditors' repay<sup>12</sup>. After many meetings with the owners, in September of the 2011 the workers started withholding their labor<sup>13</sup>. One month later, in October 2011, and since there was not any solution neither for Vio.Me's future nor for the workers' unpaid salaries, 97.5% of the 40 workers of Vio.Me's Worker Association (VWA), voted in the General Assembly to operate the factory under their control (SIA Crete, 2012).

Vio.Me workers have tried to find a legal way so as the VWA to operate the factory<sup>14</sup>. The workers had many meetings with MPs, political leaders and trade unions. However, not only they did not reach any solution but they also came into conflict with syndicalist associations and a number of parties included also the communist one (Koupkiolis and Karyotis, 2013, p.14; Ioakimidou, 2013). Since they were in

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<sup>9</sup> The social economy in Greece is rather weak and it was institutionalized only in 2011 (Nasioulas, 2012, p.142; Adam, 2012; Adam and Papatheodorou, 2010; see also *Appendix*).

<sup>10</sup> It worths to mention here that more than 100,000 companies closed in 2010-2012 (Koupkiolis and Karyotis, 2013, p.8).

<sup>11</sup> Between 2009 and 2010 Vio.Me gave a 2.7 million euros loan to Philkeram which never got back (Tselou, 2012).

<sup>12</sup> Eventually, after months, some of them will be bound from the workers as they are one of Vio.Me's largest creditors.

<sup>13</sup> "Under Greek law (Article 325, Civil Code) [...] if an employer fails to fulfill his obligations towards employees (e.g. failure to pay remuneration already earned), the employees have the right to refuse to work (to withhold their own performance) until the employer has fulfilled his obligations as deriving from the law or the contract" (Eurofound, 2013)

<sup>14</sup> In particular, they propose to get Vio.Me's assets without its debts in return of their delayed salaries. This amount, together with some unemployment and entrepreneurship funding would be used from the 65 workers to continue the factory's production.

extremely difficult economic situation<sup>15</sup>, in the summer of 2012 they brought their case in to public. During that summer, a great solidarity movement came into being in order to support Vio.Me's struggle. The solidarity movement, although from different political spaces, was spread all over Greece. It was organized into small Solidarity Initiative Assemblies (SIAs) on a regional basis, with the SIA in Thessaloniki (hereafter SIA) being a vital part of Vio.Me's struggle.

After approximately 1.5 years of unsuccessful meetings with the Greek state, in February 2013, the workers through VWA re-opened the factory under their control<sup>16</sup>. In particular, as workers claim their central values are "equality in participation and decision making, horizontality and direct democracy" (VWA, 2013a, author's translation). Moreover, workers' GA is the ultimate decision-making instrument of Vio.Me. Every worker can equally participate in and a rotation system is followed so as to avoid specialization (Avramidis and Galanopoulos, 2013). Together with the structural and administrative changes, as the cost of manufacturing products was not affordable, the workers decided to change factory's production into environmentally friendly cleaning products. In addition, through SIA's weekly meetings<sup>17</sup>, events, concerts, demonstrations, press conferences and speeches are arranged both in Greece and in other European countries in order to promote Vio.Me's struggle. SIA also have a consultancy role and helps by supplying Vio.Me's products.

As we have seen so far, Vio.Me seems to be a horizontal cooperative. However, according to Diefenbach and Sillince (2011), hierarchical structures exist even in the more horizontal organizations. As it will be presented in the Theoretical Discussion chapter, hierarchies can be developed through a number of different forms in an organization. Thus, a research on Vio.Me's cooperative will show to what extent hierarchies can be eliminated.

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<sup>15</sup> It worth to note here that the workers were relied upon the VWA's solidarity fund; established in 2006 and funded from themselves, and the benefit from labor withholding of 359 euros (Poulimeni, 2012).

<sup>16</sup> As the state did not legislate in order the VWA to legally operate the factory, the workers of Vio.Me established a social workers' cooperative in April, 2014 in order to be able to legalize and expand their production.

<sup>17</sup> Constituted from SIA's members and Vio.Me's representatives



# 3 Theoretical Discussion

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This chapter is divided in two main sections. In the first section a review on previous research on cooperatives is introduced. This includes a review on literature discussing the relations of cooperatives with inequality and resistance and also the main factors that lead to the degeneration of cooperatives' horizontal structure. Subsequently, we present the theoretical framework of the thesis.

## 3.1 *Previous Research on Cooperatives*

From my review on literature regarding cooperatives, apart from the studies about economic efficiency (Gunn; 2006; Saez-Fernandez et al, 2012; Sisk, 1982), previous inquires discuss cooperatives mainly regarding their organizational structures and decision-making models. In particular, scholars in organizational studies (Bourantas and Papadakis, 1996; Hyde, 1988; Lewin, 1999; Varman and Chakrabarti, 2004) discuss the cooperative model as a means to reduce workplace inequalities. Moreover, by referring to examples as the Grameen Bank in Bangladesh, scholars argue that cooperative organizations can also be seen as means for economic and social emancipation. However, researchers on labor studies (Ranis, 2010; Gall, 2010) indicate the political perspective of cooperatives' organizational structure, together with cooperatives' increased sense of equality, give them a resistance character to neoliberal policies, especially in times of crisis. As Vio.Me and Greece's economic conditions are highly related to these topics, what follows is a review on literature regarding cooperatives' relations with inequality and resistance and also the reasons which lead to the dissolvent of cooperatives' horizontal structure.

### 3.1.1 Cooperatives and Inequality

Cooperatives are most frequently created with a more equal decision-making structure compared to private enterprises (Townsend, 1995, pp.40-44). This democratic structure<sup>18</sup> of cooperatives is mainly based on their less-hierarchical structure. Of course, it would be wrong to claim that every type of company has the same level of hierarchies but all of them are considered far more hierarchical compared to the collectivist organizations (Rothschild and Whitt, 1979, p.525). This can be illustrated by cases such as the Free School and the Alternative Newspaper in

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<sup>18</sup> "Co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are also organized in a democratic manner" (ICA, 2014).

the United States (*Ibid*), where in the former there was not distinct set of administration or management, and in the latter each employee should choose various tasks in order to draw his/her weekly schedule (Rothschild and Whitt, 1979, p.518).

Cooperatives show significant elements of horizontality, which contrasts to the vertical bureaucratic organizations promoted from the neoliberal system (Williams, 2007, pp.70-71). With reference to Fourier and Owen, Kokkinidis claim that cooperatives can be seen as tools for a more democratic and equal society (2011, pp.36-37). This conflict between cooperatives' and bureaucratic corporations' organizational structure has fueled an ongoing debate regarding the possibility of cooperative enterprises' to maintain their managerial structure in a vertical structured system. Greenberg argues that cooperatives have to surpass many obstacles in order to develop into a competitive and individualistic environment while Whyte and Whyte state that "cooperativism can be maintained in any society as long as the appropriate organizational arrangements are instituted" (Hernandez, 1997, pp.1-2). Mondragon Corporation Cooperative (MCC) is probably the most adequate example that this debate can be applied on.

MCC consists of 289 companies and organizations and employs around 80,000 people (MCC, 2012). As a result of economic globalization and increasing competition at the beginning of 1990s (Whyte, 1995; Williams and Fenwick, 2004, p.8), MCC changed its organizational structure (see Appendix) into an amalgamation of direct and representative democracy. For many scholars (Hank, 1997; Cheney, 2002) MCC operates as a conventional company both in organizational issues; for instance the plethora of different layers of management, but also in economic issues; MCC has associated with a number of private and public corporations both as subsidiaries and as partners (Williams, 2007, p.119) and 20% of its workforce is contracted, which means that these workers are not members (Seda-Irizarry, 2011, p.380).

Despite the fact that cooperative structures can be affected from their external environment, many authors argue that their structures differ much from common enterprises, which can be seen as formations of a social change (Hernandez 1997, p.2; Williams, 2007). Gunn argues that cooperatives' institutional formation "come closest to democratic management can be found" and that democratically-managed firms are part of a transition to economic democracy" (2000, pp.449-450). Grameen cooperative bank in Bangladesh is a very interesting example<sup>19</sup> of economic

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<sup>19</sup> Another interesting example of micro-banking cooperatives is the Indonesia People's Bank (BRI) (Williams, 2007, pp.87-90), while many community-based cooperatives can be found in Latin America;

democratization and people's emancipation. Grameen cooperative operates in a group-based system, where small local groups use family and social bounds as collaterals for loans to the member of the group. Until this member-borrower start having a regular repayment of his/her loan, no other member of the group can borrow money. Borrowers of the bank own the 95% of its equity while the remaining 5% belongs to the government. Grameen Bank has 5,565 branches which serve more than 97% of the total villages in Bangladesh (GB, 2011) and a strong feminist element, since 67% of bank's members are women (*Ibid*; Williams, 2007, p.85).

The organizational structure of cooperatives not only seems to promote equality in the workplace but also can be seen as means for economic and social emancipation. Going a step further, due to their less hierarchical organizational structures compared to private companies, cooperatives affiliate a radical role and often seen as forms of resistance to the large unemployment and to the forced compromise of low-wage contracts in times of economic recession. This will be discussed in the following sub-section.

### 3.1.2 Cooperatives and Resistance

According to ICA, the cooperative model is based on equity and equality and to members' control (ICA, 2014). Of course, it is not the case that all cooperatives follow a common organizational structure, or that every cooperative organization is a means for a revolutionary change. However, due to the increased equality that cooperatives promote among their members, they are often seen as means of resistance to the hierarchical model of the neoliberal system. In other words, cooperatives often incarnate the practical answer for addressing the workplace inequalities derived from the political and economic system. For this reason, the cooperative model is widely preferred in times of crisis and social unrest (Williams, 2007, pp.2-17, 126).

The most salient example of cooperatives as means of resistance is the Argentinean cooperatives. During the economic crisis of 2001, the economy in Argentina was in a deep recession. This triggered a huge increase of unemployment rates and led many factories and enterprises to bankruptcy. The severe unemployment together with the extensive social unrest inspired the creation of an occupation movement of bankrupted or abandoned factories and companies. The prevailing opinion among workers in the occupied factories was the formation of cooperatives (Ranis, 2010,

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for example the Colombian cooperative of Gaviotas and the Mexican cooperatives of Vicente Guerrero and Zapatistas (Williams, 2007, pp.125-136).

p.77). Zanon ceramic factory is the most popular example of the Argentinean cooperative movement.

Zanon became a worker-managed enterprise in 2002. During the Argentinean crisis, its initial 260 workforce increased to 475, having a simultaneous increase of its production (Ranis, 2010, pp.88-89). All the employees in the factory receive the same monthly salary, no matter if they work in production or administration. However, there is an additional 10 percent for those workers who are in charge of factory's and machinery's maintenance and security (*Ibid*, p.91). The ultimate decision-making body is the workers GA, and decisions are made based on a majoritarian vote. Each department has its weekly assembly where policies are implemented based on the same procedure. Moreover, there is a rotation system in positions and every leadership and delegation position is recallable. Furthermore, a worker can be dismissed for "malfeasance, proven neglect of the machinery and products, or a consistently unexplained absenteeism" (*Ibid*). Finally, workers in Zanon are involved in a number of political, grassroots activities (*Ibid*, pp.88-91).

A similar movement to the Argentinean one has been noted in Canada during the recent economic crisis. As a first step in the facing closure or bankruptcy of factories and enterprises, Canadian workers started to occupy their workplaces. Collins and Aikman auto parts plants, Hamilton Specialty Bar and the factory of Masonite Manufacturing are some examples in the late 2007, where they were occupied from their workers in order to protect their labor rights (Shantz, 2010, pp.134-138). However, despite the solidarity movement that these factories met, the occupations did not develop in a self-organized cooperative movement.

As one can understand, the cooperative movement is closely connected with the factories' and workplaces' occupation movement. Another case that can support this argument is the occupation movement in UK. Having a rich tradition in factories and enterprises occupations during 1970s<sup>20</sup>, a similar movement, weaker though, started during the recent economic crisis. The Scottish Simclar, Calcast in Northern Ireland, Visteon, Prisme and Vestas are also cases of occupied workplaces in UK. It should be noted that Prisme became a cooperative enterprise, while Vestas' workers discuss about becoming (Gall, 2010, pp.115-129). Examples regarding workplaces' occupations and their evolution to cooperatives can be found in other countries and mainly in the Latin American ones (see Williams, 2007, Ch.7). These examples show that the establishment of cooperatives is not only the point of departure for a more democratic way of management but also the result of social and labor struggles. In addition to this, it is worth to mention here that Espinoza's and Zimbalist's study on Chilean cooperatives shows that the higher the length of the labor struggle, the

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<sup>20</sup>Nearly 350 occupied workplaces (Gall, 2010, p.107).

more developed levels of democracy they will have in their forthcoming cooperative (Hernandez, 1997, p.7). However, although there is a positive correlation between cooperatives and resistance, this relation can be disturbed from the emergence of hierarchies.

### 3.1.3 Degeneration factors of cooperatives' horizontal characteristics

Due to their more horizontal structure, cooperatives are closely connected with a greater sense of equality in the workplace. Moreover, this sense of equality gives cooperatives the role of an alternative model to the hierarchical. However, as it is presented in this sub-section, the horizontal structure of cooperatives can be changed due to a number of factors.

The most common problem of all cooperatives is the lack of capital either for the company's start up or for its expansion and maintenance (Gunn, 2006, p.351; Saez-Fernandez et al, 2012, p.65). Due to a number of reasons; such as unclear ownership rights, hostile legislature, etc., external funding seems rather difficult at least at cooperatives' first stages. Of course, both external and internal funding is not impossible; for instance Mondragon has been funded from the cooperative bank of Caja Laboral (Gunn, 2006, p.351), Grameen Bank receive state funding; however this is not always doable. Moreover, the pressures from the competitive market environment, together with the financial constrains described earlier, often lead cooperatives to behave as conventional enterprises (Gunn, 2000, p.202). More precisely, cooperatives often hire non-member workers; something that reverses their democratic procedures since some workers do not participate in the decision-making process, implement competitive policies; sometimes compete other cooperatives; something that affects their organizational structure (Gunn, 2000, p.453; Varman and Chakrabarti, 2004, p.202). Similar to the economic factors, the external political environment of cooperatives, play also important role regarding the legislations on cooperatives which might affect their structure (Saez-Fernandez et al, 2012); for example the legislative restrictions in the Argentinean case (Ranis, 2010) or the Australian one (Williams, 2007, p.93).

While the economic and political system plays crucial role in the cooperatives' procedures, their internal operation is extremely significant as well. According to many scholars, lack of participation is the first issue which affects the horizontal structure of cooperatives (Williams, 2007, pp.151-153) and can create hierarchies (Varman and Chakrabarti, 2004; Diefenbach and Sillince, 2011, p.1526). Furthermore, Rothschild and Whitt state that collective organizations attract cultural homogeneous people (1979, pp.520-524). However, coming to organizations that used to be private enterprises, the workforce is pretty diversified regarding its

cultural setting<sup>21</sup>, something which can create many problems; for example the free-rider effect (Novkovic, 2008, pp.2168-2169). In addition, some worker-members may not be able to participate in direct-democratic procedures or take responsibilities, since they were used to the idea of commission (*Ibid*).

As discussed, the potential horizontality of cooperatives may be disrupted from the emergence of hierarchies. Hierarchies can emerge through either their external environment and specifically from market's pressures, or through the internal one; such as cooperatives' organizational structure, their decision-making process and their channels of communication. Based on these topics, in the following section, we will try to contextualize the development of hierarchies in organizations.

### 3.2 Theoretical Framework

It is widely believed that nearly all human societies are based on hierarchies (Diefenbach and Sillince, 2011, p.1517; Rubin, 2000, p.259; Fairtlough, 2008, p.586; Simmel, 1896a, p.169 ; Simmel, 1896b, pp.396-397; Barchas and Fisek, 1984). Hierarchy derived from religion and represented the priesthood's rule but also referred to "the ranks of heavenly beings, such as angels and archangels (Fairtlough, 2008, p.586). In modern times, hierarchy is an organizing principle that "uses rankings and vertical links between superior and subordinate entities" (*Ibid*). In addition, the Greek definition of hierarchy is "the rated scale structured at the relationship of higher and lower grade (military, cleric, party, etc.)" (Babiniotis, 2002, p.772).

Hierarchies can be distinguished in two main categories: *consumption/dominance hierarchies* and *production hierarchies*, which contain *governmental hierarchies* (Rubin, 2000, pp.260-268). Dominance hierarchies came from individuals' maximizing behavior (*Ibid*, p.261). Despite their individualistic character, according to scholars, hierarchies benefit both individuals and society; the former receive the protection of group-living, and the latter benefit from the reduction of intra-group conflicts and thus the maintenance of resources. However, while resources are not reduced, they are allocated according to individuals' position and thus results in inequality's expansion (Rothschild and Whitt, 1979, p.516). This becomes more obvious since members in upper hierarchical strata receive more benefits and give more commands (Rubin, 2000, p.271).

On the other hand, productive hierarchies emerged with the beginning of sedentary societies, in order to coordinate specialization and division of labor. According to

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<sup>21</sup> Here cultural setting encompasses political beliefs, social values, etc.

Rubin, dominance hierarchies are inherent to humans, while production hierarchies are “purposefully and consciously created” (2000, p.269). One special feature of productive hierarchies is governmental hierarchies. As Rubin claims “chiefs and then kings and other rulers became leaders of [productive] hierarchies and became despotic” (*Ibid*, p.268). The dominance of the rulers, together with the extensive use of hierarchies for production, “led to the beginning of states and other governance structures with centralized power” (*Ibid*). Governmental hierarchies, while categorized as productive hierarchies, they have two similarities with dominance hierarchies: “first, there is only one government hierarchy per society” and second, “everyone in a society must be subject to the government hierarchy” (*Ibid*). However, apart from the governmental hierarchies, participation in productive hierarchies is not considered obligatory. In addition, social dominance theory (SDT) argues that “all human societies tend to be structured as systems of group based social hierarchies” (Sidanius and Pratto, 1999, p.31). In particular, for Social Identity Theory, one of the proponents of SDT, hierarchies are so embedded in societal structure, where inferior groups “accept the legitimacy of the status distinction” between them and the superior groups (*Ibid*, p.19). Despite some actions of resistance, most of subordinates’ activities characterized as “cooperative, rather than subversive” (*Ibid*, p.44). Therefore, hierarchies are maintained not because of dominants’ behavior but from subordinates’ groveling behavior (*Ibid*). However, here there is a clear debate with the Marxist perspective which advocates that bourgeoisie have set workers under a hierarchical structure<sup>22</sup>.

Moreover, while productive hierarchies can be seen as allocation, distribution and coordination tools and thus justify and reward one’s abilities and skills (Rubin, 2000), at the same time it is argued that produce social inequalities. In particular, both from a derivative perspective; inequality derives from people’s differences, and a generative perspective; inequality causes people differences, the hierarchical organizational structure either promote or at least help to the extension of social inequalities (O’Rand, 2001); such as Pareto’s income inequalities, Davis’ and Moore’s perspective on the spread of inequality through social positions and power relations (Kioupkiolis, 2010, pp.141-143) together with the oldest view that inequality develops through the contradictory interests<sup>23</sup> caused from the division of labor, conclude that inequalities are highly related to hierarchies (O’Rand, 2001). In

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<sup>22</sup> It worth to mention here that contrary to the voluntary characteristic of hierarchies, many scholars argue that, “apart from cases in which the law is instituted by those who will be its subjects” (Simmel, 1896a, p.171), subordination is determined by the superior and not the inferior since the former causes the latter “to produce a given effect which the superior shall experience” (*Ibid*, p.170).

<sup>23</sup> Regarding rational hierarchy approach, organizations provide motives to rational actors. According to this concept, the effects of the one institution override and affect the other, creating in this way a hierarchical relationship. In other words, this approach claims “that employer and employee rights are at least to some extent antagonistic” (Psychogios and Wood, 2010, p.2615).

addition to, as it is discussed in the previous sub-section, hierarchies can be developed in cooperatives through their organizational structure and decision-making processes, their communication channels and finally, through their market environment. Thus, what follows is an attempt to set the theoretical basis of the emergence of hierarchies with regards to these three topics.

### 3.2.1 Hierarchies through organizational Structure and Decision-Making Process

Diefenbach and Sillince define hierarchy as “vertical *formal* integration of official positions within one explicit organizational structure whereby each position or office is under the control and supervision of a higher one” (2011, p.1517). Thus, hierarchies in an organization mean that there is a clear distinction between superior and inferior positions. Consequently, social relations within the organization are institutionalized according to the hierarchical position of each member (*Ibid*). In particular, according to many scholars hierarchies can be found in *bureaucratic* and *professional* organizations but also in more alternative forms; such as *democratic*, *hybrid* and *network organizations* (Diefenbach and Sillince, 2011). More precisely, it has been observed that some members are permanent in key positions or for example in network organizations, it is argued that not all sub-groups participate in the decision-making processes (*Ibid*, p. 1519). As one can understand, there are two distinct general types of organizations; the ones that follow a bureaucratic structure and the ones that follow a less hierarchical one. Thus, it is important to consider the theoretical underpinnings of both the bureaucratic and cooperative way of organization.

#### Bureaucratic Organization

As Fairtlough notes, the notion of hierarchy has been used extensively from a number of scholars; such as Plato, Descartes, Hobbes and Kant, as “a natural way of viewing the world, of structuring our thinking, and of viewing sociopolitical structures” (2008, p.586). Moreover, Durkheim glorified individualism as a means to social change (Giddens, 1978, pp.7-22). Other scholars, such as Mintzberg, characterize division of labor as the essence of organizational structure (Whitaker, 1996, p.295). One of the most popular theories that institutionalized the division of labor and promoted it as the most efficient organizational structure is Weber’s bureaucracy (Fairtlough, 2008, p.586). According to Weber’s categorization of social action, traditional, effectual and instrumentally rational forms would develop and expressed through respective types of authorities and organizations. However, the last type of social action, value-rationality has not matched with any type of organization. As Weber argues, the legitimation of value-rational authority derives



from the social action which is “dedicated to the fulfillment of substantive goals” (Hyde, 1988, p.167-168). By referring these types of social actions, Weber concluded that the formal rational bureaucratic type of organization will prevail in the modern society. The ideal type of Weber’s bureaucracy is expressed through: *specialization, standardization of rules, formalization, centralization of decision-making, and configuration of commands* (Strati, 2008, p.1186). Thus, in bureaucracy there is “a clear hierarchy of authority” (Colignon, 2007, p.180), and a patrimonial administration which will eliminate any substantive informal considerations (Hyde, 1988, p.167-168).

Hierarchy in organizational studies is extremely related to bureaucracy. According to Weber, bureaucracy is an “administrative body of appointed officials” whose role can be applied in every type of organization (Albrow, 1970 in Colignon, 2007, p.182). In its beginning, bureaucracy had a negative meaning, referring to people’s control, however, Michels succeeded and changed this conception “by arguing that democracy was inconceivable without bureaucracy” (Colignon, 2007, p.180). Moreover, bureaucracy for Weber was the purpose and the result of capitalism and democracy (*Ibid*), thus making an explicit connection among organizations, capitalism, bureaucracy and hierarchy. As Rothschild and Whitt state “hierarchical control is the defining characteristic of the smoothly running bureaucracy” (1979, p.518). However, despite the fact that bureaucratic organizational form seems to be inherent in every type of organization, as it will be discussed in the following subsection, it is believed that cooperatives are based on a non-bureaucratic structure.

## Cooperative Organization

Although the predominance of hierarchical structures seems to be universal, the opposition to this seems to have the same latitude. According to Rubin (2000), the formation of alliances is means which oppose to hierarchies. These alliances increase according to the cooperative values of members and the freedom to leave the hierarchical formation (Rubin, 2000, p.261). Consequently, apart from the mainstream bureaucratic approach, organizations can be seen as cooperative entities. By seeing organizations as social entities, Bernard raised the issues of decision-making and coordination of the organizations as features of a cooperative system (Colignon, 2007, pp.180-181).

In particular, as Rothschild and Whitt claim, “the polar opposite of the monocratic, formal bureaucracy drawn by Weber would be a fully collectivized democracy in which turned on principles of substantive rationality” (Hyde, 1988, p.168). For Rothchild and Whitt, the ideal model of a democratic organization is the collective organization, which has “collective authority and minimal division of labor” (Hyde,

1988, p.168). Moreover, collectivist organization rejects the rational-bureaucratic authority of individuals, expertise and agencies for the sake of the whole. The authors argue that in Weberian terms, collective organizations can be considered as the organized forms of substantive and value-rational approach<sup>24</sup>. Furthermore, collective organizations seems to be based on horizontal structures (Kioupkiolis, 2010, p.137; Kristjanson-Gural, 2011, pp.353-354) since they are autonomous, united entities. Thus, minorities subordinate themselves not under majority's power but under majority's unity in order to promote the social development of the team. As happening in states' theoretical context, minorities' perspectives are included in majorities' decision-making process (Simmel, 1896a, p. 183).

Following a Marxist perspective in the division of labor, one can see that in bureaucratic organizations there is a clear distinction between managers and workers, whereas in collective organizations workers are managers and vice-versa. Moreover, central to the bureaucratic organizations is the notion of authority, which is based on a hierarchical structure. Unlike, in collective organizations authority is not distributed according the hierarchical positions or units, but it is granted only to the collective as an entity (Rothschild and Whitt, 1979, p.525). Finally, although cooperatives' organizational structure and decision-making processes play important role for the development of hierarchies, these may also arise from communication channels.

### 3.2.2 Hierarchies through Communication Channels

Apart from the institutionalized forms of hierarchy, Diefenbach and Sillince argue that individuals are also subjects guided by informal hierarchies. Informal hierarchies apply in social relationships; such as dialectic attitudes, ways of communication, behavioral manners, social values, etc., and categorize people as senders and receivers, as dominant and subordinates (2011, p.1517; Chase, 1984, p.51). According to Diefenbach and Sillince, informal hierarchies exist in every type of organization. Taking for example the bureaucratic organization, they argue that colleagues from the same positions form (informal) hierarchical relations and adopt the dominant-subordinate roles. This relationship may result from a number of different characteristics; such as *experience*- experienced workers use to prevail over their colleagues, *extroversion*-outgoing workers often lead their colleagues, etc.

It worth to mention that self-organization is a significant element in cooperatives' structure. Many scholars argue that self-organized entities are opposed to hierarchical relations (Rothschild and Whitt, 1979; Diefenbach and Sillince, 2011,

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<sup>24</sup> However, in his review article, Russell claims that the rejection of formal rationality through value-rational means is pointless, since for Weber these are two distinct issues (Russel, 1990, p.391).

pp.1529-1532) and promote workers self-empowerment (Brodbeck, 2002, p.398). Complexity theory is an approach related with the modern type of management (Anderson, 1999, p.216; Brodbeck, 2002) in hybrid organizations that stresses the issues of hierarchies, communication and self-organization. This theory has its roots in natural sciences and adopts a holistic, non-linear approach in order to study organizations as systems (Brodbeck, 2002, p.384). Moreover, it argues that self-organization, self-regulation and autonomy to the different parts (groups) of the organizations give greater satisfaction to employees and provide internal organizational order (Lewin, 1999, p.215). However, while it stands against the traditional top-down hierarchical approach, informal hierarchies can be developed at the different positions responsible for the communication channels among the groups (Brodbeck, 2002, pp.396-398).

Many scholars tried to describe and explore self-organized entities through autopoietic theory (Hales, 2002; Mingers, 2002; Whitaker, 1996). This theory has its origins in biology and tried to explain the self-maintenance and self-production of living systems (Mingers, 2002, p.278). As the process of continually self-production has strict boundaries when it comes to society, scholars apply the concept of autopoiesis in communicative events. However, Diefenbach and Sillince argue that while these self-producing processes of communication within a self-organized organization may diminish the development of formal hierarchies, informal hierarchical relations will continue thrive (2011, p.1528-1530). More precisely, the authors indicate the existence of '*hierarchical structures of communication*' in network organizations where "official communication channels representing a very clear center-to-periphery structure", and elements of superiority at the '*content of communication*' (*Ibid*, p.1529).

Moreover, informal hierarchies can emerged based on personality dynamics, on individuals' basic values, anxieties and beliefs and lastly, on individuals' information processing (Sidanius and Pratto, 1999, p.5). Furthermore, Michels theory about the "iron law of oligarchy", claim that no matter how democratic an organization can be, there will always be a group of people who will control the organization (Courpasson and Clegg, 2008). For Michels, in every organization, even in the more horizontal one, sooner or later there will be an elite group, which will acquire a directive power over the rest. This is mainly because there is inequality of knowledge and differential control over the means of communication between leaders and led (*Ibid*, p.724).

Coming to the category of the representative democratic organization, which according to the Diefenbach and Sillince includes the cooperative organizations<sup>25</sup>, it

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<sup>25</sup> It is important to note here that according to the authors, democratic representative organizations do not aim to replace hierarchy but to make the decision-making process more democratic. They also

is stated that the relationship between dominant-subordinate is stronger, since it is justified from 'higher values' or the 'common will' (2011, pp.1524-1526). By this, the authors claim that employees in the representative organizations are subordinated to the majority's rule, thus there is a strong sense of subordination in the several committees and groups but also in the organization as a whole. On the other hand, it is supported that in representative organizations, informal types of hierarchies have strong impact to the formation of formal ones. Especially, the more politically active members pursue the others and thus, decisions have been taken before the formal decision-making body takes place. However, as these informal political discussions are considered of great political value, they are seen as normal. So, individuals who are more present publicly and political active, tend to dominate decisions and ultimately, they become 'informal' dominants over the collective (Diefenbach and Sillince, 2011, p.1525; Barchas et al., 1984, p.133). This can be illustrated in Samiti workers' cooperative in India, where despite the fact that decisions are taking collectively through GA, Varman's and Chakrabarti's (2004) research shows, that due to lack of participation and younger members' hesitation to make themselves heard, opinions of the more experienced workers prevail, forming in this way informal hierarchies.

Moreover, it is important to note here that, while Espinoza and Zimbalist state that strong political activity of cooperatives' members is a factor that develops the democratic procedures in a cooperative (Hernandez, 1997, p.7; Warwick, 1981, p.309), Diefenbach and Sillince conclude that, "if there is a strong political culture within a representative democratic organization then formal hierarchy and institutions are only instrumental to informal hierarchy" (Diefenbach and Sillince, 2011, p.1526). However, the latter perspective can be challenged by referring to the Argentinean cooperatives, where workers not only participated in the massive riots during crisis, but they are still political active and at the same time the cooperative organizational maintains its horizontality (Ranis, 2010). However, while the cooperative movement has challenged the bureaucratic model, it is claimed that it still applies to hierarchical motives (Fairtlough, 2008, p.586). One of the factors that weather the horizontal structure of cooperatives is the neoliberal market.

### 3.2.3 Hierarchies through Market

Using socio-structural and elites theories (Sidanius and Prato, 1999, pp.20-23) as a departure points we are here going to examine the concepts of group individualism

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state "managers are still appointed and not elected" (Diefenbach and Sillince, 2011, p.1524). However, it is unclear whether they mean official or unofficial appointments. This is rather important because managers in cooperatives, they are officially elected and not appointed. Thus, either the authors categorize cooperatives mistakenly or they refer to unofficial appointments of managers.

and labor aristocracy. Similar to Michels' oligarchy, individualistic and opportunistic behaviors can be evolved even in quite horizontal organizations. Seda-Irizarry argues that group individualism comes from market's pressures which subsequently lead to the dismemberment of worker units (with the sense of small teams) from the collective structure (2011, p.380). In particular, due to increasing competitiveness, cooperatives often come under pressure, something that results to their adjustment on the conditions of their external environment; for instance the need to fire or hire personnel. However, as workers in cooperatives are usually also members of them, this creates many problems. In order to avoid these problems, as happens in the case of MCC, cooperatives may choose a percentage of their personnel not to have member rights and use it as a buffer whenever they need extra staff. One can understand here that these processes create a group opportunistic behavior, something that is called group-individualism (*Ibid*), which in turn may evolve in to a hierarchical relationship of members-nonmembers.

Furthermore, one can liken the concept of group individualism with Lenin's 'aristocracy of labor'. By referring to the uneven development, which emerges from the capitalistic way of production, Lenin claimed that a labor movement based on its economic interests adopts an opportunistic behavior and transforms the proletariat into a selfish, petty bourgeois (Hobsbawm, 2012, p.29). According to Lenin, since this group tries to dominate the collective spirit of the working class by occupying a higher hierarchical position, it is called 'aristocracy of labor'. However, while group individualism emerges from market's power, labor of aristocracy is developed from market's conciliation with the working class. At this point, a specific group of people, by taking advantage of their "skills, strategic position, organizational strength, etc. establish notably better conditions for themselves than the rest" (*Ibid*, p.29).

Anyhow, both group individualism and labor aristocracy theories broach the issue of an elite minority which favors their intrinsic motives against the collective ones. This view is described also cooperatives' *constitutional degeneration theory* and *capitalist degeneration theory* (Varman and Chakrabarti, 2004, pp.185-186). The former theory suggests that "ownership finally lies with an elite minority, often the founders", implying an opportunistic perspective which results in to a hierarchical relation. In addition, the latter propose that the power of the capitalistic system will assimilate the democratic cooperative spirit (*Ibid*), developing the internal horizontal procedures into vertical ones. However, contrary to Meister's four-stage degeneration model<sup>26</sup>, Cornforth's et al believe that degeneration of workers' cooperative is not inevitable (*Ibid*).

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<sup>26</sup> Direct democracy will be formalized, developed into representative democracy and at the end managerial control will prevail

Previous research indicates that cooperatives tend to be more horizontal compared to conventional companies. Moreover, the less hierarchical organizational structure of cooperatives is the decisive element that allows them to create a more egalitarian working environment. More precisely, through some mechanisms; such as “informal relations, task sharing, job rotation, the physical structure of the workplace, equal pay, and the collective decision-making process itself”, cooperatives promote status equality among their members (Rothschild-Whitt, 1979, p.517).

However, many scholars support that hierarchies are deeply embedded in all social organizations. Gall, similar to Espinosa and Zimbalist (Feagin, 1979, p.153), argues that one of the most significant barriers that cooperatives have to overlap is their surrounding environment which is based on hierarchies (2010, p.129). Moreover, Varman and Chakrabarti note, “institutions that an individual learns from, whether family, educational institutions or workplace, are largely hierarchical” (2004, p.192). The predominance of hierarchical relation challenges the potential horizontal structure of cooperatives, something that makes unclear whether there can be a non-hierarchical organizational structure in a company.

Furthermore, both in past and recent years, the structural organization of Greek companies and Vio.Me’s as well when it was a private company, is highly hierarchical. However, together with the recent economic crisis there is a development of a parallel system, whose institutionalized forms claim to be based on direct-democracy, equality, solidarity and horizontal procedures. Thus, by focusing on the key points discussed in the theoretical framework (*see Table 1*) and having as a point of reference the previous hierarchical environment of Vio.Me, this study aims to answer to what extent worker cooperatives eliminate hierarchies and promote workplace equality. The following chapter presents the methods that applied to conduct this research.

	<b>Organizational Structure and Decision-Making Processes</b>	<b>Communication Channels</b>	<b>Market</b>
<b>Characteristics</b>	<i>Division of labor, Specialization, Formalization, Administrative authority, Centralized perspective</i>	<i>Inequality in Participation and Experience, Political activity, Go in public, Inequality of knowledge</i>	<i>Competitive policies, Non-member workers</i>
<b>Scholars</b>	<i>Weber, Diefenbach and Sillince</i>	<i>Michels, Diefenbach and Sillince. Varman and Chakrabart</i>	<i>Seda-Irizarry, Lenin, Varman and Chakrabarti</i>
<b>Concepts</b>	<i>Bureaucracy, Top-down approach</i>	<i>Iron law of oligarchy</i>	<i>Group individualism, Aristocracy of labor, Constitutional degeneration theory, Capitalist degeneration theory</i>

**Table 1-Theoretical framework**

# 4 Methodological Discussion

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This chapter presents information regarding the design of the inquiry and the methods used for the data collection.

## 4.1 Case Selection

This study is based on a case-study approach. This is because a case-study was considered suitable in order to explore the detailed “processes, activities and events” in a company with reference to the hierarchical or horizontal structure (Yin, 2009, p.210). Following Bryman’s (2008, p.50) and Yin’s (2009, p.46) categorization of research design types, a single-case design can be selected either as a representative case or as a unique one. This applies to the debate, where a case can be representative if it has limited hierarchical structures or unique if hierarchies do not exist at all.

Keeping in mind the vast literature and the numerous inquiries on self-organized cooperative structures, Vio.Me appeared as a suitable option in order to explore the actual experience of equality in a certain organization. In addition to this, the increasing wave of alternative, anti-hierarchical organizations in Greece during crisis which contrasts the mainstream hierarchical structure of Greek companies, together with the experience on non-hierarchical organizational structures from the other cooperative movements, made Vio.Me an appropriate case-study. This case study can provide helpful insights about whether an organization can be horizontal, what kind of hierarchies can be developed and how they can be tackled and also if this organizational structure can reduce inequalities in the workplace. Given its recent change from private to cooperative management the chosen case can also provide comparative insights into the implications of the different forms of ownerships and organizational approaches.

## 4.2 Methodology

This study is based on fieldwork research from January 18<sup>th</sup>, 2014 to April 5<sup>th</sup>, 2014 in Thessaloniki, Greece. Qualitative methods have been applied in order to answer the research question. More precisely, *archival research*, *qualitative interviews* and *participant observation* were the data collection methods.



## *Archival Research*

Archival research is a well-established qualitative method in case-study research (Yin, 2009, pp.103-105). Through archival research, the researcher can acquire a helpful background for the case. Archival research on Vio.Me constituted from the collection of official announcements and articles from the workers' cooperative and the solidarity's initiative assemblies, retrieved from Vio.Me official website. Moreover, newspaper and magazine articles refer to the case, brochures from other collective organizations referred to Vio.Me and also a number of visual and audio materials from different events, conferences and debates where Vio.Me's workers participated in (Yin, 2009, p.214). This material is mainly referred to the period from June 2012 to April 2014, with some exceptions from older newspaper articles referred to the company of Vio.Me under its previous ownership. By reading, watching and listening to this great, almost two-year period archival material, I was able to capture the crucial time points on Vio.Me's project, to acquire a background of how the cooperative is structured and also to understand the workers' inspirations, strengths and future goals. Furthermore, archival research was the first step of my inquiry in order to engage with the constructionist and interpretivist perspective (Bryman, 2012, pp.18-43; Creswell, 2009, pp.8-9). Due to the ongoing development of Vio.Me's organizational structure as it was presented in several documents during the two-year period, I perceived the organization as a result of a "constant process" (Strati, 2008, p.1186).

## *Qualitative Interviews*

The second data collection method was qualitative interviews. Qualitative interviews are one of the most prominent research methods in qualitative research which gives the researcher a more in depth understanding of the object of inquiry (Bryman, 2012, p.493; Di Cicco-Bloom and Crabtree, 2006; Creswell; 2009, p.214). Qualitative interviews in this research were a combination of one structured and eight semi-structured interviews. In particular, following the data derived from archival research, a structured interview with a Vio.Me's representative took place in order to clarify some information regarding the workforce (number, average age, gender, etc.), sources of founding, legal issues, information for Vio.Me's GA (duration, percentage of participation, etc.) and also questions on some unclear parts. Thus, while structured interviews are mainly used in quantitative research (Bryman, 2012, p.470), the extraction of these data were necessary in order to structure Vio.Me's background for the continuation of the qualitative study.

To continue with, after collecting the relevant data from the structured interview, I conducted eight semi-structured interviews with six of them consisting the main

interview material; five of these interviews were with workers of Vio.Me and one with a representative from the Solidarity Initiative Assembly (SIA). The interviews with the workers were held in the factory of Vio.Me during March, 2014 and due to the workers' working duties, the duration of them varied from 20 to 90 minutes and motivated from an interview guide. This model was quite helpful because on the one hand, semi-structured questions gave interviewees the ability to broaden their answers, talk from various perspectives and emphasize different aspects of Vio.Me, and on the other hand, by using the interview guide interviewees' responses did not spin out from the research topics. Moreover, the interview with SIA's representative was held at his workplace, lasted about 45 minutes and followed the same semi-structured, open-ended question model as the previous ones. Finally, two other interviews have been conducted; one with the secretary of a local agricultural cooperative in the surrounding area of Thessaloniki, where by following the same interview model the interview helped me to understand the organizational differences of the common cooperatives with social ones; while the other was with Mr. Giorgos Papakonstantinou, member of the executive committee of Thessaloniki's Labor Center.

### *Participant Observation*

Lastly, the method of participant observation was implemented during fieldwork. Participant observation is a qualitative method used mainly in ethnographic research (Bryman, 2012, p.413; Clifford, 1986; Emerson et al, 1995). According to Malinowski, the researcher should try to represent the observed culture as coherent as possible (Dewalt and Dewalt, 2002). In order to achieve that, the researcher participates in the field and at the same time tries to be distant in order to observe and describe a "dispassionate account" of an external reality (Bryman, 2012, p.463; Emerson et al, 1995, p.72; Sanjek, 1990, pp.390-391, Kilborne, 1992; Pelto, 1992). Following this framework, and after having informed both the workers and SIA's members about the objective of my research, I participated eight times in SIA's meetings and five at Vio.Me's factory. The application of participant observation in these meetings was of great importance since it shed light on a number of issues regarding Vio.Me's organizational structure, channels of communication, cooperation among workers and society, feedback from workers' meetings, etc. In addition, my presence at Vio.Me's workplace was also helpful. By adopting an observer's role, I was able to explore Vio.Me's internal operation, the role of workers, and conceptualize their attitudes and behaviors.

### *Methodological Limitations*

As it is mentioned, I participated in a number of SIA meetings, where one can see how workers participate in an assembly and also get the feedback regarding the decisions from workers' General Assembly. Moreover, I was present in many informal conversations among the workers in the factory and I participated in an open discussion about "The Role of Social Cooperatives in the Productive Transformation in Greece", where representatives of Vio.Me gave a speech. However, due to the fieldwork's time limit it was not possible to attend in GA. Moreover, with respect to Vio.Me's workers and SIA's members and in order to protect their anonymity I used pseudonyms.

# 5 Results

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In this chapter I present the results derived from the two-month inquiry regarding the cooperative of Vio.Me. First I present some information regarding the organizational structure of Vio.Me, which is followed from a description regarding its decision-making process. Then, I show the communicative channels of Vio.Me and finally, I demonstrate how Vio.Me operates in the market environment.

## 5.1 *Organizational Structure*

Since the cooperative of Vio.Me has only operated for 1.5 years and since it is the first self-organized factory in Greece, there is not a clear approach to legal, organizational and financial regulations to be followed. For this reason, Vio.Me seems to be an organization that is on a continuing process, and decisions are made in an experimental (hypothesis-testing) approach. This can be better understood by having a closer look at its organizational structure.

When Vio.Me was abandoned in May, 2011 by its former owners, its workforce was 70 people, with the 5 constituting the company's Board of Directors and around 40 being members of VWA. Vio.Me's initial proposal in October 2011, which was supported from 38 workers, was to re-open the factory under workers control without the debts of the former ownership (VWA, 2013b). This new company would be a workers' cooperative where all 65 workers were invited to participate. Every worker would have one share without having the right to transfer it and one vote for the company's GA, which would be its ultimate decision-making instrument. Moreover, workers stated that every worker who did not want to be a member of this cooperative can still work there as an employee, having the same contract that used to have before company' closure (SIA Crete, 2012). Finally, the company's management would consist of the total of VWS's council<sup>27</sup> and, possibly, two hired

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<sup>27</sup> According to the Greek law, every Worker Association has an elected 5 or 7 member council. VWA was established in 2006 and already from its beginning was a class-oriented workers' association. During the years and after some workers' mobilizations, its structure changed from hierarchical to a horizontal one. More precisely, the initial two-year duration of the five-member council changed and every position in the council became directly recallable. Finally, the members of VWA abolished the authority of the council and every VWA's decision comes directly from members' majoritarian votes (Kalodoukas, 2013). However, some journalists refer arbitrarily to Vio.Me's representatives as 'the president of workers' or "the head of VWA" (see for example Stamoulis, 2012). In addition to this, in their meetings with state's representatives, Vio.Me workers refer to themselves with these terms. But as Aris, one of Vio.Me's representatives states, "here [in the factory] there are not positions such as president, cashier etc. However, when you go on public, for instance in the ministry, and you represent Vio.Me, they asked us 'who is the president here?'. So, one of us should say 'I am' because they [in the ministry] want to see a hierarchical structure. This is how we do it".

executives (Stamoulis, 2012), which would be directly recallable from GA (Poulimeni, 2012).

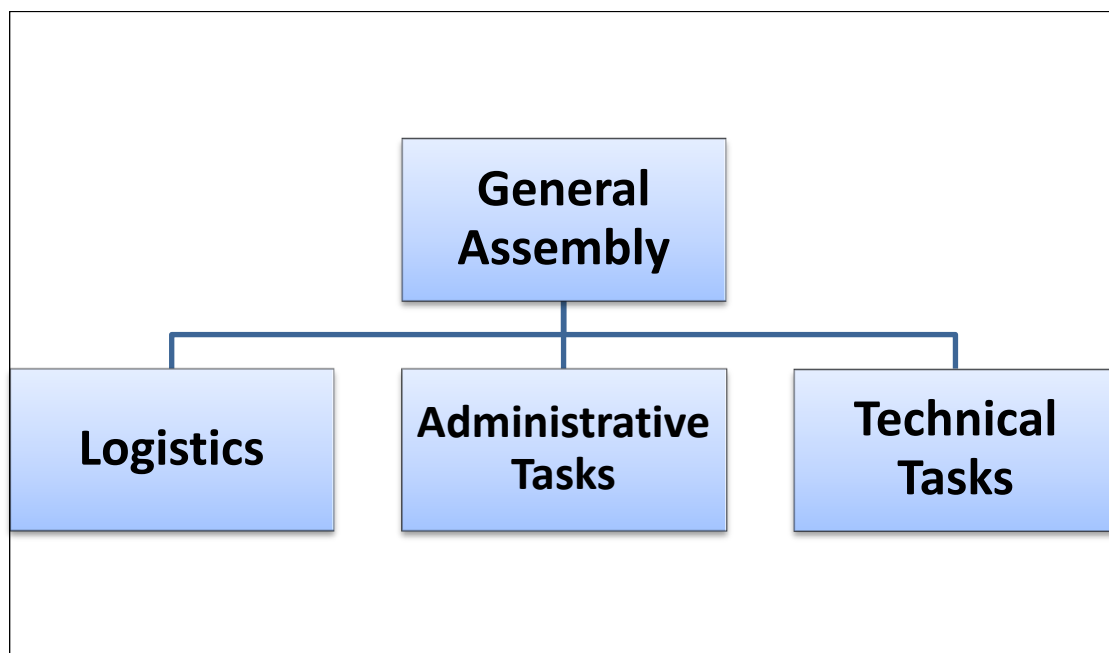
Moreover, during the time between October 2011 and February 2013, when the factory re-opened, this potential organizational structure of Vio.Me changed. In particular workers decided that every worker in Vio.Me should also be a member of the cooperative. According to Aris this happened because “there cannot be a relation of superiors and inferiors or more accurately, directors and directed”. Together with this, workers abolished the idea of having Board of Directors. Instead, company’s strategies would be drawn directly from workers’ GA.

Furthermore, due to the high start-up costs, Vio.Me changed its production to environmentally friendly cleaning products. Moreover, since the factory could not work properly as it was not officially legalized, its profits could not cover workers economic needs sufficiently. This had as a result the reduction of Vio.Me workforce from 38 to 34 people, with less than 30 of them being active. As Vio.Me had to be legalized in order to expand its production, in December, 2013, workers’ GA decided to apply for being a social workers’ cooperative. At this point, according to Aris, while all the active workers (around 28 people) voted for this, as some of them were scared of future legal problems, only the 20 signed the application. Thus Vio.Me’s current workforce counts 20 people. However, until Vio.Me becomes legal, due to the factory’s low profits, every worker is allowed to work in other jobs as well.

The current organizational structure of Vio.Me’s cooperative has workers’ GA as its ultimate decision-making instrument. Moreover, since Vio.Me workforce is not stable, GA has authorized daily workers’ meetings to take decisions regarding factory’s daily operation. As Aris and Panos said, it is this daily meeting that coordinates the different assignments and tasks of the company. When I asked Aris how they decide workers’ positions, he replied that “we do not work in this way”. In particular, the day at the factory starts with the daily meeting of workers present. After a discussion regarding the different daily assignments; such as execution of received orders, they decide who is going to do what. By the end of the day, they update the list of assignments with the ones have accomplished and the ones remaining. Thus, based on this list the same procedure will be repeated the following days.

Factory positions can be distinguished in three main categories; *logistics*, *technical issues* and *administrative tasks* (see Figure 1). Analytically, logistics in Vio.Me concern order of materials, production, packaging, consignments and transportation, warehousing and security, which is considered as an extra shift. Regarding the technical issues, there is one technician, who is occupied mainly in machinery

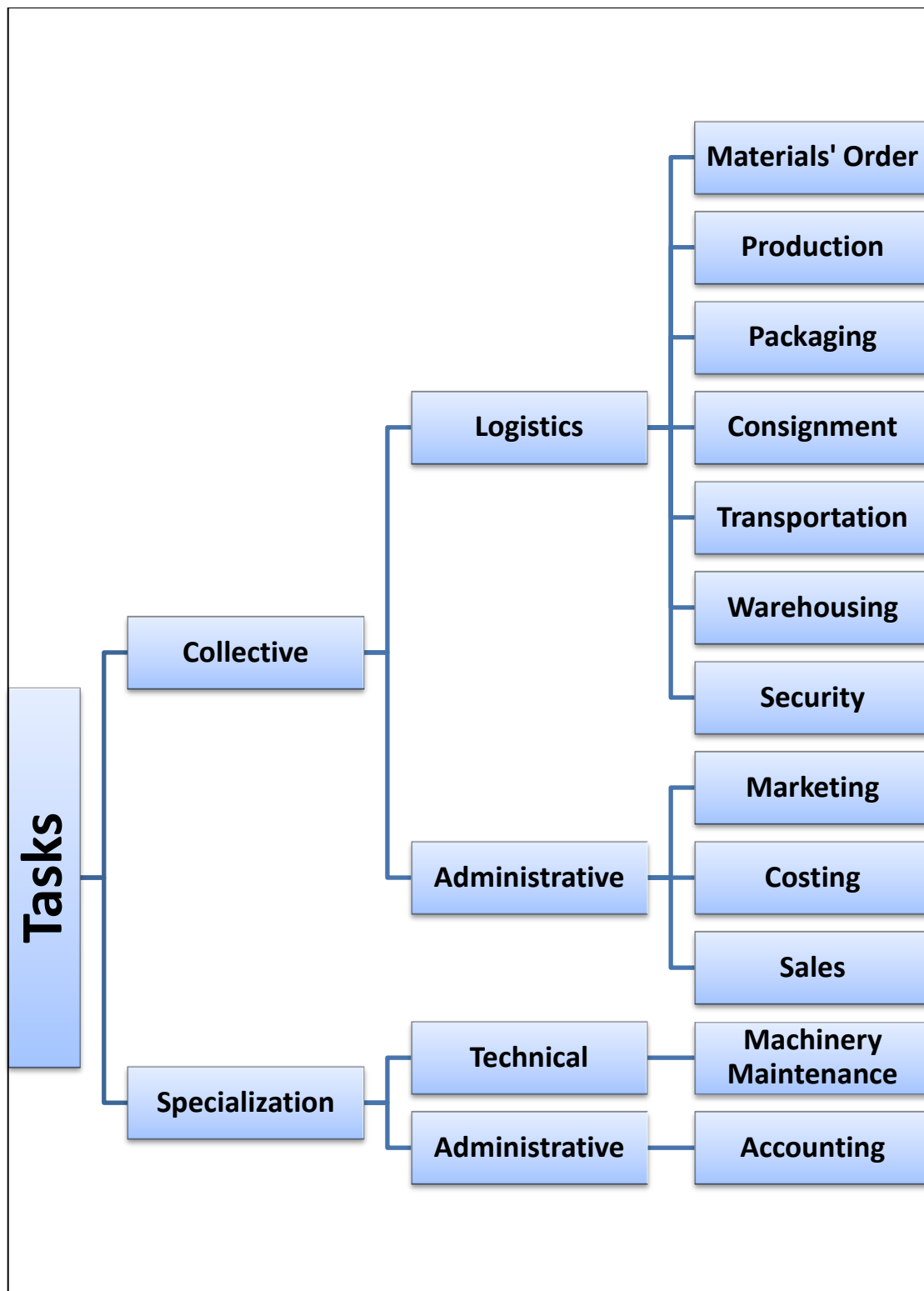
maintenance. However, when there is not any technical issue, he is also involved in the production<sup>28</sup>. Finally, as workers informed me, the only administrative position inside the company is the accountant. Since none worker had the required skills, after GA's decision, an accountant was hired and at the same time became member of the cooperative. It is important to note that the accountant was a person involved in the solidarity movement<sup>29</sup>. Other administrative positions that can be met in conventional enterprises; such as marketing, costing, sales, etc. after discussions within GA, workers, either individually or in groups, are pointed as responsible for each task, following a rotation system (see Figure 2).



**Figure 1-Vio.Me Organizational Structure**

<sup>28</sup> It worth to mention here that during the former ownership, there were three technicians, who used to work only on technical issues. However, according to Aris, as there were not technical issues every day, these workers, who received higher salaries than the rest of workers, used to sit and do nothing, creating in this way a distinction among workers. Now, in order to eliminate this distinction, whenever one is free of duties, he/she works in the production, no matter his/her specialization.

<sup>29</sup> As the workers have stated, every potential worker of Vio.Me would derive from the solidarity movement.



**Figure 2-Vio.Me's Organizational Chart**

Furthermore, according to workers, there is a rotation system for the different positions at the factory, so as to avoid task specialization, but also, all workers to learn the demands of each position. This gives to workers the possibility to better coordinate the factory, to be able to jointly shape Vio.Me's strategies and also to

audit<sup>30</sup> each worker's performance. Moreover, whenever there is a task or an issue that requires specialized skills, workers ask for SIA's help. One great example here is the construction of Vio.Me's e-shop in order to sell its products online. The entire construction of this online shop was by SIA members.

## 5.2 Decision-Making Processes

Having seen the organizational structure of Vio.Me, we move to one of its most important aspects; its decision-making processes. As Miltos, one of Vio.Me's workers states, "the decision-making process is everything in Vio.Me".

Vio.Me operates a two-tier decision making approach; the *General Assembly* and the *workers' daily meetings*. The former one used to be on a weekly basis and it was mainly the GA of VWA' members. However, as Aris informed me, the current workers' General Assembly is constituted only with the workers that have signed the application for workers' cooperative. Moreover, apart from urgent issues, the workers have decided that GA will take place once a month. As they state, GA concerns topics regarding company's management and long-term strategies; such as the setting of wages, selection of raw materials, the selection of Vio.Me's representatives, the withdrawal or the development of a product , etc. Decisions in GA are taking by majoritarian votes, where every worker has one vote. In case where there is disagreement on a decision among workers, this issue is discussed again in the following GA<sup>31</sup>. On the other hand, decisions received in the daily meetings concern the daily factory's operation. In particular, according to the workers, daily meetings have to do mainly with production issues; such as the orders they have to carry out, workers daily coordination in different positions and generally, as Aris emphasized, "decisions which will not create to the tomorrow's worker frustration and ignorance".

This two-level decision-making system seems to be clear for all workers at Vio.Me. As Miltos informed me, "this understanding is a result of a long process and matures

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<sup>30</sup> It is important to mention here that according to many workers, the everyday work at the factory has changed significantly. More precisely, workers now feel more relaxed and without having the pressure that used to have under the former ownership. This can be better illustrated from Aris and Vasilis explanations regarding workers' efficiency control and free-rider effects. The former replied that "only one who avoids his/her tasks systematically will be sanctioned; if one is not in the mood for working hard one day, this is not a serious problem. We are humans and have understanding", while Vasilis underlined that "one of the greatest benefits for working without bosses is the loss of pressure; you feel calmer and thus you perform better". This view is also supported from other workers as well.

<sup>31</sup> An example of a disagreement was when the solidarity movement asked them to produce a cheap product in order to be accessible to all. As Miltos informed me, although all of workers agreed on that, there was a cost-quality debate. After discussing it in a number of GAs, the workers concluded.



day-to-day". In addition to this, Aris claimed that, "everyone can understand now which are the serious and the everyday topics. Once someone has posed a serious issue in a daily meeting, however, the rest of us explained him/her that this should be discussed in the GA and not here". Moreover, by implementing this decision-making system, workers feel freer and that their opinions values. According to the respondents, the workers now have a greater sense of responsibility. As Giotis stated, "this decision-making model makes us feel more equal among each other; since we take the decisions collectively, we are all either wrong or right". In addition, as the majority of workers admitted, this equality results also in factory's performance. This is because, if GA takes a decision which proves wrong, then it is easy to change it, since it is no-one's personal fault but a collective one. At this point, it worth to mention that this experimental approach on decision-making, together with the collective sense of the result, seems to affect positively company's performance compared to the previous hierarchical one. According to the workers, due to the egoistic character derived from ones higher hierarchical position, the previous ownership could never admit and take back a decision if it was pointed by workers as wrong. Thus, as Aris claimed, "while democratic procedures tend to be more time-consuming compared to the commissioning-approaches, if the daily participation of all workers in the factory become stable, due to the daily fermentation of workers, every decision will be taken quicker and thus wrong decisions will be changed sooner".

Nonetheless, the implementation of this decision-making model finds some obstacles. Specifically, as Aris claim, "while every worker seems to have exceeded the dependency of having boss, this has not reached yet its ultimate grade". Consequently, this affects the process of the General Assembly, since some workers seem to participate less during the discussions of the GA. However, as Miltos notes, "it is not easy to overdraw the passive, inferior role that workers used to have in one night; this is something that takes time and right now we are at a very good point". It worth to mention here that workers do not come from same cultural backgrounds, something that have created many problems in the past; for instance, some workers did not respect the GA's decisions. More precisely, they often used to create troubles in its direct-democratic way by continuous counter-arguing and also they did not accept GA's decisions. However, according to Aris, these workers do not participate anymore in Vio.Me's workforce, since they could not operate on a collective basis. However, the current workforce of Vio.Me seems to be quite homogenous. More precisely, workers have developed strong bounds of solidarity and trust. Moreover, as the respondents underlined, from the time that Vio.Me was abandoned, they understood that only through the collective struggle they could get their jobs back. Thus, this collective spirit, together with the everyday interaction in the workplace, have shaped workers' cultural settings and brought their individual

beliefs and values closer. This can be observed in Vio.Me's communicational channels.

### 5.3 *Communication Channels*

Another part of Vio.Me's operation is workers' communication channels. Vio.Me in its official statements claims to operate non-hierarchical communication channels, meaning that workers encounter each other equally. As many workers state, one of the most important things for them is to maintain the coherence of their communication. In particular, according to Miltos workers "have left everything else aside, such as family and friends, and [they] have been completely engaged to [their] project". In accordance to this, Giotis and Panos agreed that "everyone's participation from the least to the most significant issue is of major importance". However, despite the fact that all workers underlined that decisions and actions are co-formulated and co-decided, both from some interviewees replies and through my participant observation, I understood that not all workers participate in the same. More precisely, as Aris and Miltos support, some workers are more active than others, something that is a relic of the previous hierarchical structure. Moreover, some workers are more extroverts and others more shy.

In addition to this, as Aris informed me, some workers were familiar in direct-democratic and non-hierarchical procedures before Vio.Me become a self-managed cooperative. These experiences and ideas played important role in the first workers' GAs when they had to decide what they would do when the factory was abandoned. In particular, according to Aris and Vasilis, during these conversations, there were few workers who proposed Vio.Me's nationalization and also some others who suggested Vio.Me's privatization from another businessman. Eventually, the idea for self-organization prevailed. However, as one interviewee notes, although some workers became more active and interested to get familiar with this concept, some others did not. This can be illustrated by the participation of specific workers in different events both in Greece and abroad. Here it is important to mention that GA has authorized some workers in order to represent Vio.Me because not all of them feel confident to speak in public and also in order to Vio.Me to present a solid picture<sup>32</sup>. However, according to Miltos, people who are in representative positions

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<sup>32</sup> For example, in one of Vio.Me's meetings with political representatives, there was a debate between two workers because the one, which was not authorized as Vio.Me's representative, said something in public in order to underline the urgent need for Vio.Me's legalization, while workers' GA had decided that this information will stay only among workers. While it was crystal clear that both of workers had good intentions, they tried to achieve that with different means. However, when the tension calmed down, everybody agreed that since individuals' judgment may not represent necessarily the total of workers, everyone should act inside GA's framework, so as to express the collective beliefs.

do not rotate with the same pace as other positions in Vio.Me's organizational structure. Here, it is important to mention that every worker who represents Vio.Me gives detailed feedback to the rest of workers. In addition to this, Vio.Me representatives who participate in SIA's meetings, express and reproduce the opinion of GA. Thus, Vio.Me's representatives are intermediaries between the public and GA. Furthermore, according to Aris, some workers use to ask other workers' advice depending on how active they are. However, while a situation like this develops specialization which may evolve to hierarchy, the interviewees stated that since emancipation is a long process, they have observed that more passive workers start participating more actively.

Finally, based on my fieldwork, I understood that SIA plays a great role in Vio.Me's communication channels. As it is mentioned, SIA's members have weekly meetings with workers' representatives. In these meetings, various issues are discussed; such as the promotion of Vio.Me's struggle through demonstrations, events, speeches, conferences both in Greece and other European countries. Moreover, these discussions concern technical issues for Vio.Me' operation and also adopt a consulting approach to Vio.Me's policies. Moreover, it should be underlined, that since SIA's members come from various political spaces<sup>33</sup>, there are political conversations during SIA's meetings. This is something that keeps workers engaged in the political aspect of self-management, horizontality and direct-democracy. Thus, one can say that SIA<sup>34</sup> is an unofficial mechanism that keeps Vio.Me workers engaged in the ideals of equality which are part of cooperativism.

## 5.4 Market

Under its former ownership, Vio.Me used to operate in the neoliberal market. As its production concerned the manufacturing industry, the company used to purchase and sale its products to few big manufacturing companies. When Vio.Me came under workers control, the initial plan was to collaborate with small manufacturing industries in order to achieve lower prices for its customers. However, together with the change of its production to cleaning products, Vio.Me changed its market perspective into a Marxist one. In particular, Vio.Me seems to incorporate a Marxist

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<sup>33</sup> Mostly leftish and anti-authoritarian organizations

<sup>34</sup> According to Michalis, one of SIA's representatives, there are five SIAs in Greece, each of them situated in major Greek cities. Although, they share some common political characteristics; such as the support for direct-democracy, self-management and anti-hierarchical structure, due to their open membership, each SIA's member may come from different political background contributing in this way in SIAs internal heterogeneity. Thus, while SIA seem to have a more institutionalized structure, it cannot be characterized as an umbrella organization. Finally, it should be mentioned that apart from SIAs, there are numerous small political and social spaces in Greece who are solidarity with Vio.Me and promote the workers' struggle. The five SIAs together with the solidarity groups all over Greece constitute Vio.Me's solidarity movement.

perspective of labor theory of value (Kristjanson-Gural, 2011), meaning that production, transportation, distribution and sale of a product is considered labor costs and not expenses. Vio.Me tries to incorporate all these phases inside company's operation, without the use of middlemen. For this reason, one of the basic markets that Vio.Me operates is the local markets without middlemen, where producers sell directly their products to the consumers. These open markets are mainly constituted by producers of agricultural products and they operate in neighborhood base usually once a month<sup>35</sup>. Together with this, the solidarity movement is another space where Vio.Me sells its products. In particular, through self-organized consumer cooperatives but also directly from the factory, the workers sell their products to the solidarity movement. In addition, the last few months Vio.Me established the concept of the 'solidarity supporter'.

The concept of solidarity supporter is incorporated in Vio.Me's statue. According to Vio.Me's official announcement (VWA, 2014), everybody can sign up as a solidarity supporter to Vio.Me by paying a monthly fee which is exchangeable with factory's products<sup>36</sup>. Moreover, the solidarity supporter has the right to participate in the cooperative's open assemblies and also can have a consulting vote. Through the concept of solidarity supporter, Vio.Me builds a sales-network, produce according to solidarity movement's needs<sup>37</sup> and at the same time try to engage and activate larger parts of society with its struggle. In particular, according to Aris, "the concept of solidarity supporter is based on three silos; first, we wanted to express a political stand; second, there was not any sales-network so we had to build it from the beginning; and third, there was a demand from the solidarity movement to put society into the factory. In addition, due to the great demand for subscription as solidarity supporters<sup>38</sup> from many places in Greece and abroad, Vio.Me had to build a distribution network as well. This distribution network resulted again from the solidarity movement. More precisely, through SIA, workers came in contact with a number of political and social spaces all over Greece in order to distribute their products from there<sup>39</sup>. Moreover, apart from the sales and distribution network,

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<sup>35</sup> It is important to mention here that there is not any legislation about markets without middlemen, so they are function in a semi-legal framework, something that might affect their sustainability.

<sup>36</sup> During one SIA's meeting, someone state that many people want to help Vio.Me without consideration. However, workers replied that, while this makes them happy, they do not ask for handouts but they aim for the establishment of an alternative network.

<sup>37</sup> Workers' determination for producing based on societal and not on company's needs, can be illustrated from the fact that workers did not want to give specific products to the solidarity supporters in order to match their cost with the monthly fee. Instead, they preferred to let the latter choose which products they will get, despite the various organizational and distributional problems derived from this.

<sup>38</sup> Nearly 1000 subscriptions in the first 1,5 months

<sup>39</sup> It should be noted here that there are numerous discussions between SIA's and Vio.Me's members on how this system can be developed so as to avoid putting pressure to the members of these political and social spaces.

Vio.Me together with some other cooperatives discusses the idea of establishing a common transportation network. However, as these discussions are in embryonic stage, they cannot be taken into consideration. Thus, one can say that Vio.Me operates in a parallel market, which has a network approach and is built mainly based on the solidarity movement<sup>40</sup>. Lastly, as I have noticed during my fieldwork, network communication is interactive, since, mainly through SIA, workers receive feedback for their products<sup>41</sup>.

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<sup>40</sup> It should be emphasized here that, 2<sup>nd</sup> and 3<sup>rd</sup> level-syndicalist associations are not included in the solidarity movement, something that according to Vio.Me's workers and SIA's members puts many constraints to their struggle. Although having a milder approach, Mr. Giorgos Papakonstantinou, agreed that TLC do not support Vio.Me's struggle as much as it could.

<sup>41</sup> One example is that due to some complains for the quality of one product, Vio.Me withdraw it and replaced it with a new one. Moreover, the workers through SIA came in contact with some other cooperatives, which aim to provide Vio.Me with raw materials and recipes for new commodities. Furthermore, there was a proposal from a political artists' movement in Germany to design the external appearance of Vio.Me's products. Finally, other solidarity supporters offered to help Vio.Me in a number of issues such products' quality control, distribution, construction of e-shop, etc.

# 6 Analysis and Discussion

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Vio.Me is in a transitional period from a hierarchical model of commissioning to a horizontal one of self-organization. This transition concerns Vio.Me's organizational structure, its decision-making processes, its communication channels and Vio.Me's market environment. However, this transition goes deeper and affects workers' personal responsibilities, since they are not employees in the same sense anymore. This requires a change in workers' individual mentality towards a greater sense of responsibility. Although this transition delimitate thesis' results, at the same time gives us the ability to evaluate the extent of hierarchies. In this section we analyze the data collected during the fieldwork. By applying the theoretical framework outlined in the Theoretical Discussion chapter, we examine the existence of old and development of new hierarchies in Vio.Me's organizational structure, its decision-making processes, its channels of communication and the market, in which Vio.Me operates.

## 6.1 Organizational Structure

One of the most important parts of Vio.Me's organizational structure is company's positions. Positions in Vio.Me can be generally categorized in logistics, technical and administrative tasks. These positions are covered by Vio.Me workers, who at the same time are members of the cooperative. Moreover, in order to avoid specialization, workers try to implement a rotation system, where every worker in the factory will work in every position, reducing in that way the distance between administrative and manual work. As I understood from my research in the factory, the minimal division of labor and the idea of rotation system among the different positions in Vio.Me create a sense of equality among workers. This empirical evidence fits in Rothschild's and Whitt's argument that cooperative organizations promote equality in the workplace (Hyde, 1988, p.168).

However, as I understood during fieldwork, a complete rotational system cannot be achieved. This is mainly due to *safety* and *specialization reasons*. In particular, while the technician works also at the production line, it does not go the other way around. This is because it is extremely dangerous for an unskilled worker to do an electrician's work. Similar to this, tasks in warehousing are only done by the workers who have license for lifting and loader trucks<sup>42</sup>. Coming to the second reason, as it is

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<sup>42</sup> Here one can understand that while Vio.Me by supporting the right to employment and does not follow the property rights law, at the same time operates in accordance with safety and products regulations. This shows that workers distinguish the laws regarding factory's operation with the respective ones that affect labor rights.

discussed in the Results chapter, accountant's task require specialization in accountancy. While some workers show interest in that and try to learn, the vast majority of workers cannot get involved with this task. The specialization that the more administrative tasks require is the reason why some members of the cooperative have more stable positions. Going a step further, as it is presented in Theoretical Discussion chapter, the establishment of permanent members in key positions is a factor that favors the development of hierarchies (Diefenbach and Sillince, 2011, pp.1519-1522). On the other hand, based on participant observation and interviewees' replies, accountant's position is the only administrative position in Vio.Me, which, similar to each worker in Vio.Me, the accountant also has to give detailed feedback to the other workers through GA and daily meetings. Moreover, as it is mentioned in the Results chapter, Vio.Me's accountant is a person who derived from the solidarity movement and his/her beliefs are in accordance with the cooperativism ideals, meaning also a tension to more horizontal structures. Finally, while the accountant's position is considered administrative, it does not affect directly the decision-making processes which are central to Diefenbach's and Sillince's analysis for the growth of hierarchies.

As it is shown, while workers try to rotate Vio.Me's positions, a minimum degree of specialization cannot be avoided. This specialization is linked with the levels of trust among Vio.Me's workers, which have been increased compared to the previous ownership. Analytically, according to a number of scholars, cooperative organizations promote values such as trust and solidarity (Koupkiolis and Karyotis, 2013, p4; Nilsson, 2001, p13; Majee and Hoyt, 2009). As it is discussed in the Results chapter, these values can be found in the case of Vio.Me. However, despite the fact that according to workers trust exist but it does not cross the boundaries of professionalism, due to the special skills that accountant's position requires, it is quite difficult to be subject of control from the rest of workers. Thus, at this point seems that trust overcomes the boundaries of professionalism since it replaces performance's audit.

Furthermore, the remuneration system plays very important role in Vio.Me's organizational structure. In order to avoid hierarchies every worker in Vio.Me takes the same wage, something that did not happen when Vio.Me was a private company. As it is presented, the remuneration system is closely connected with workers' participation in Vio.Me, since every worker at Vio.Me is free to work in other jobs. So, since one worker may take more shifts than another, Vio.Me's current remuneration system is shift-based<sup>43</sup>. As it is discussed in the Results chapter, the equal remuneration system gives to workers an increased sense of equality compared to the previous hierarchical relations. This sense of equality seems to be

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<sup>43</sup> The monthly salary of every worker is the total sum of his/her shifts in the factory

quite strong as workers underlined it many times both in their articles and in our private conversations. In addition, as remuneration system is connected with workers' shifts, one can understand that remuneration system and participation in Vio.Me are highly connected. Thus, based on the connection of remuneration system with participation, and having in mind that the former one is equal for all the works, one can understand that workers are using remuneration system in order to achieve equal participation in Vio.Me. However, while the same wage may increase the sense of equality among workers, at the same time, the wage-based approach results into unequal participation of workers. For this reason, together with the legalization of the cooperative, the workers are discussing an increase in salaries which would allow everybody to work full time in the factory, something which will eliminate the development of hierarchies.

Moreover, Lewin argues that self-organization gives greater satisfaction to employees (1999, p.215). This can be also illustrated in the case of Vio.Me. As workers claimed many times, self-organization has reduced significantly the pressure workers used to feel under the former ownership. As they claim, contrary to the former ownership, now they decide when they have breaks and in which positions they work. Moreover, workers now feel more secured in terms of employment. This is quite important because, as their employment depends on workers' decisions and is not one person's responsibility as it used to be, it shows that workers trust more the judgment of their colleagues than the respective one of their former boss. This finding is also supported from rational hierarchy approach, where according to Psychogios and Wood, "employer and employee rights are at least to some extent antagonistic" (2010, p.2615). Moreover, according to the workers, the change of production, together with the fact that now they are working for themselves, has transformed the monotonous factory job into more creative and pleasant, something that fits also in Lewin's perspective.

Vio.Me implements minimal division of labor, but it still encompasses specialized tasks. However, a number of factors address the development of hierarchies due to this specialization. Moreover, Vio.Me's remuneration system increases the sense of equality among the workers. This is highly correlated with workers' participation, but due to its current economic constraints, Vio.Me implements a wage-based approach, something which results into unequal participation. On the other hand, Vio.Me's organizational structure has released workers' from the pressure that they used to feel under the former ownership and made them more creative and job-secured, supporting that self-organization increase workers' satisfaction. Moreover, while not in an ideal level of full rotation system, Vio.Me achieves high levels of rotation. This rotation system has also increased the trust and triggers a greater sense of equality among workers in comparison with the former ownership.



## 6.2 *Decision Making*

Workers in Vio.Me were just a company's employees, so they have many differences in their individual cultural settings. So, while Rothschild and Whitt argues that collective organizations attract culturally homogeneous people (1979, pp.520-524), this cannot be applied to Vio.Me's workforce since it was a private corporation which then evolved into a cooperative and not a cooperative which established due to its members similar goals. Subsequently, this is a factor which on its own contains many challenges regarding homogeneity in the decision-making process. In particular, as the decision-making process in Vio.Me is the collective's responsibility and not a person's duty, it requires homogeneity in individuals' approaches in order to reach decisions which will express the general collective belief. However, this homogeneity did not exist in Vio.Me, since workers did not come from the same or similar political and social backgrounds, something which created problems. This can be also understood from the fact that, some workers could not function in the collective environment of Vio.Me. As it is mentioned in the Results chapter, these workers used to create troubles in Vio.Me's decision-making process, which subsequently affected Vio.Me's operation. However, after a while these workers left Vio.Me, proving that individualism comes against to the collective spirit. Nonetheless, as it is presented in the Results chapter, during the period of 1.5 years that Vio.Me has operated as cooperative and through the day-to-day interactions and common decision-making processes, workers seem to be transforming into a single homogenous group. This confirms Giddens' approach mentioned in the Introduction chapter, that an organization determines and at the same time is determined by action (Strati, 2008, p.1187).

Moreover, according to Rothschild and Whitt, collective organizations are the ideal types of democratic organizations (Hyde, 1988, p.168). This is mainly because of the equal participation of all members in the decision-making process. Moreover, as Rothschild and Whitt claim, unlike bureaucratic organization, authority in collective organizations is not distributed according to the positions but it is provided to the collective as a whole (1979, p.525). With reference to Rothschild and Whitt, there is a great correlation between their arguments for authority in collective organizations and Vio.Me's cooperative. In particular, Vio.Me has set workers' GA as the cooperative's highest decision-making instrument. As is discussed in the Results chapter, every decision that will be taken in Vio.Me has to be collectively decided from Vio.Me's workers, something that gives authority to the collective and not to individuals. In particular, Vio.Me operates in a two-level decision-making system; the GA, which held once a month, every worker has one vote and decisions are taking by

majoritarian votes, and the daily meetings; where workers discuss mainly issues concerning the production.

Furthermore, regarding the decision-making process, minority's opinion in collective organization subordinates itself under majority's one, so as to promote social development (Simmel, 1896a, p.183). This relation can be illustrated in Vio.Me's decision-making process. As it is mentioned, decisions in Vio.Me are taking by majoritarian votes in the worker's GA. According to the workers, this decision-making process is based on minority's condescension and gives a sense of equality, since the workers are both the subjects and the objects of the decisions. At this point one can understand that as described in the Theoretical Discussion chapter, Vio.Me's minority subordinates itself not under majority's rule in the sense that majority dominates minority, but rather under majority's unity. Moreover, as decisions are taking collectively, everyone will be responsible both for positive and negative results. Finally, the fact that when there is a strong disagreement on a decision between majority and minority the topic is re-discussed in the following GA, makes it clear that majority respects and do not dominate minority.

In addition, while decision-making in alternative organizations seems to be horizontal as decisions are taking collectively, some scholars claim that hierarchies still exist, since either not all members and sub-groups participate in the decision-making process (Diefenbach and Sillince, 2011, pp.1519-1522) or decisions are taking in the informal conversations before the actual voting process (*Ibid*, pp. 1524-1526). Regarding the first claim, every worker in Vio.Me participates in the decision-making processes. However, not all of them contribute the same something that favors the development of hierarchies. On the other hand, dynamics in Vio.Me are changing during the time and more workers becomes more active compared to the past, showing that there is a developing transformation in workers' engagement with Vio.Me.

Coming to second argument, informal conversations are conducting both in workers' daily meetings and in SIA's weekly ones. Moreover, due to the fact that daily workforce is not stable, not all workers of Vio.Me participate in every daily meeting and only a number of workers' representatives participate in SIA. However, contrary to my initial concerns that informal conversations in workers' daily meetings and in SIA ones, may affect GA's decisions and result into hierarchies, as it is presented in the Results chapter, daily meetings concern mainly production affairs and SIA's discussion affect workers but only to the degree of human interaction. In particular, while in the past there were some misunderstandings of daily meetings' role, now it is quite clear the distinction between topics discussed in GA and the one discussed in daily meetings. Moreover, once Vio.Me set a stable workforce, participation in daily

meetings will reach the total percentage of workers and thus, the decision-making process will become simpler. In addition to this, despite the fact that all interviewees recognize the significance of the solidarity movement and especially SIA, all of them state that SIA's role is only consulting and that the workers are the ones responsible for every decision in Vio.Me, something which confirmed also from SIA's representative. In other words, SIA's discussions do not have a directive approach. Thus, while informal conversations regarding Vio.Me exist among workers, they do not seem to raise concerns regarding the cooperative's horizontal decision-making process.

Overall, the analysis has shown that due to Vio.Me's decision-making processes, workers have an increased sense of equality compared to the former ownership. In particular, while coming from different cultural settings, over the time workers in Vio.Me have come closer and thus present homogeneity in terms of values and beliefs. Moreover, the analysis on Vio.Me's decision-making system reveals that Vio.Me is an organization, in which authority is granted to the collective and where majority respects and encompasses minority's positions. Notwithstanding the fact that workers discuss each other about Vio.Me outside from GA, this does not seem to affect its horizontal decision-making process. Finally, a factor which could raise concerns is the unequal contribution during GA's discussions. Nonetheless it seems to be balanced since more workers are engaging with Vio.Me.

### *6.3 Communication Channels*

During fieldwork, workers and SIA's members have mentioned many times that there is a great sense of equality in Vio.Me. This sense of equality derives both from Vio.Me's organizational structure, and its decision-making process. However, some workers seem to be more active than others. As it is presented, some workers were quite familiar with concepts such as direct-democracy and self-organization, something that played great role in workers' initial discussions for Vio.Me's future. Thus, the fact that some workers are more active and experienced with horizontal procedures, made the rest of workers to trust and advise them more.

By applying Michels' iron law of oligarchy, one can claim that these workers dominate over the collective. In particular, based on the inequality of knowledge, which here can be seen as experience in direct-democratic and self-organized procedures, it can be argued that this group of people dominates Vio.Me's communication channels (Courpasson and Cleg, 2008, p.724). This hypothesis can be also supported from the perspectives of Sidanius and Pratto; that apart from personality dynamics, values, anxieties and beliefs, communicative dominance can emerge through individuals' information (1999, p.5). Having in mind the case of the

Samiti cooperative, where the opinions of the more experienced workers dominate GA's decisions, this argument stands against Vio.Me's horizontal structure, something in which Aris agreed on.

On the other hand, as Vio.Me is in a transitional period, workers try to be adjusted in the new organizational model, something that requires time. Moreover, this becomes clearer if one considers that workers in Vio.Me were functioning in a hierarchical work environment and apart from some exceptions, the vast majority of them were not familiar with horizontal procedures. However, as it is mentioned in the Results chapter, over the 1.5 years of Vio.Me's operation as a cooperative, more workers become actives. This process of self-emancipation can be illustrated and also strengthened from the fact that more workers have developed closer ties with self-organized, direct-democratic social and political spaces that run under horizontal structures. In this process, the solidarity movement and specifically SIA, plays very important role. Due to SIA weekly meetings and the workers' participation in different events for the promotion of Vio.Me's struggle all over Greece, the workers interact with people who come from different political spaces. This interaction is very important since workers are coming in touch and often engaged with a number of direct-democratic and horizontal procedures, something that makes them become more familiar with their own project. Thus, the 'inequality of knowledge' is an opportunity for hierarchical relations to be developed through communication channels, this inequality seems to be shorten due to workers' interaction with the solidarity movement.

Moreover, another issue that concerns Vio.Me's communication channels is the cooperative's representation. As it is mentioned, GA has authorized some people for Vio.Me's representation. However, as many workers are not comfortable and confident to speak in public, workers' in representative positions rotate in extremely low pace, something that is against the full rotation system that was described in articles regarding Vio.Me. This can be proved quite problematic since, as it is mentioned in the Theoretical Discussion chapter due to a number of characteristics that emerge through social relationships; such as dialectic attitudes, ways of communication, behavioral manners, social values, etc., a person becomes dominant or subordinate (Diefenbach and Sillince, 2011, p.1517). In addition, according to many scholars, members who present themselves in public and who are political active, tend to dominate decisions (Diefenbach and Sillince, 2011, p.1525; Barchas et al., 1984, p.133; Varman and Chakrabarti, 2004, p.188-194). While the latter perspective can be quite controversial, as cooperatives' political activity is a factor

that develops the internal democratic procedures<sup>44</sup> (Hernandez, 1997, p.7; Warwick, 1981, p.309), the former one cannot be challenged.

While the slow pace of rotation in Vio.Me's representatives can result into specialization and development of informal hierarchies, the respondents were quite confident that once workers start to be more active, a rotation system will be implemented in positions for Vio.Me's representation. However, as it is mentioned in the Background section, Vio.Me workers have been accused both from right and left political parties, and also from the second and third level syndicalist associations, something that puts more pressure on workers who are called to present a solid and stable picture. Thus, to my view, at this stage seems inevitable to rotate Vio.Me's representatives something that may results to hierarchies. On the other hand, Vio.Me's representatives give detailed feedback regarding their actions both to their colleagues and to SIA's members. This clarifies the intermediary role that positions of representatives play. However, as the possibility of hierarchies to develop due to different personal status among workers, something that may result from workers being usually in public, demands a longitudinal research, this thesis cannot answer whether status hierarchies exist in Vio.Me.

As it is presented, while all workers participate in Vio.Me, the fact that some of them are more active creates inequality of knowledge. This poses the risk of specialization and subsequently, group dominance on communication channels by a few key individuals. On the other hand, inequality of knowledge seems to be addressed with the increasing active participation of workers in Vio.Me and thus their more active engagement with self-organized, direct-democratic and horizontal procedures. In addition to this, unlike other positions in the factory, the ones concerning Vio.Me's representation do not rotate quite often and thus increase the possibilities for status hierarchies. However, the engagement of more workers in Vio.Me's activities together with the fact those representatives are obliged to detailed feedback, are factors which reduce the possibility of hierarchies' formation. Nonetheless, communication channels in Vio.Me seems to be vulnerable in long-term for the development of informal hierarchies.

## 6.4 Market

Coming to the external environment, the market in which companies operate plays a crucial role in the formation of hierarchies. Fueled by political motives Vio.Me tries to incorporate a number of functions; such as production, transportation, distribution and sale of the product, which the vast majority of conventional

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<sup>44</sup> This can be also seen in the Argentinean cooperatives, where there is positive correlation between political activity and equality among workers (Ranis, 2012).

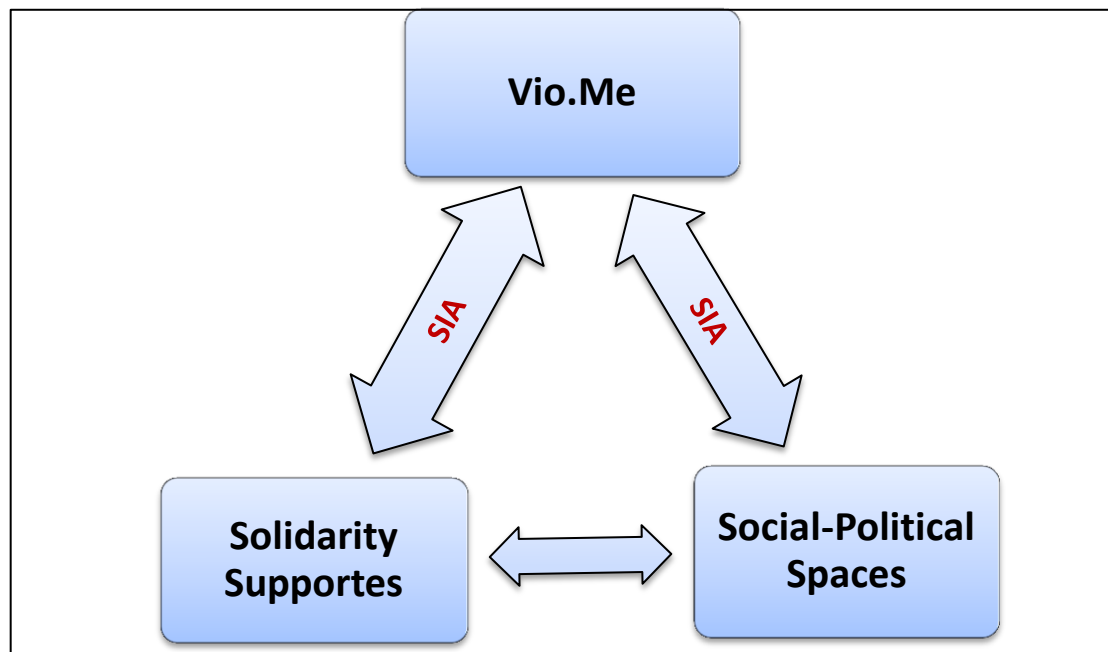
companies commission them to middlemen. For this reason, Vio.Me operates in the rising parallel system of markets without middlemen and at the same time, tries to establish its personal network through the solidarity movement. It is important to note here, that as is discussed in the Results chapter, markets without middlemen are functioning in a semi-legal framework, something that affects their sustainability, which in turn affects Vio.Me's operation. However, Vio.Me's personal network has the required legal characteristics, something that supports its long-term sustainability. In particular, through the embodiment of the concept of 'solidarity supporter' in its articles of association, Vio.Me institutionalizes its relationship with the solidarity movement. This helps Vio.Me to achieve its economic survival since there will be a sales network. Having in mind the 1.000 solidarity supporters that Vio.Me counts the first two months, this sales network have the potentials to grow more and include larger parts of the solidarity movement. More importantly, due to the institutionalized relation with solidarity supporters, Vio.Me tightens itself with the solidarity movement. Moreover, by giving the right to solidarity supporters to participate in Vio.Me's assemblies and to have a consulting vote, this relationship becomes interactive.

Similar to the sales network, Vio.Me has set its distribution network through the solidarity movement. In particular, its products are distributed through a number of political and social spaces/forums all over Greece, which stand solidarity with Vio.Me. At the same time, these 'distribution centers' give feedback at Vio.me regarding the consumed products and potential comments from buyers. At this point one can notice that by following this strategy, Vio.Me achieves an indirect connection between the distribution network of social and political spaces, with the sales network of solidarity supports. In particular, by sending<sup>45</sup> its clients to the political and social spaces in order to supply its products, Vio.Me achieves indirectly the communication of solidarity members with the members of these spaces. Having in mind that these spaces are mostly active grassroots organizations, this communication may result potentially into a broader activation of solidarity supporters. Furthermore, this market that Vio.Me operates can be characterized as a self-organized, informal niche market, which is isolated from the official liberal one. This isolation is a product of Vio.Me's GA, but at the same time seems impossible for Vio.Me to reach it without solidarity movement and especially SIA's help. In particular, as described in Results chapter, SIA born from the broader solidarity movement to Vio.Me, and is only one small part of it, and solidarity supporters are included both in SIA and of course to the broader movement. However, without distinguishing itself from the solidarity movement, SIA played a great role both in the

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<sup>45</sup> It is important to clarify here that every solidarity supporter is not obliged to receive his/her products from the 'distribution centers', since he/she can always order them through the Vio.Me's online shop.

maintenance of the movement to be active regarding Vio.Me and also contributed in the creation and coordination of the solidarity supporters' network (see Figure 3). Thus, one can understand that there is a degree of informal, mutual dependence between SIA and Vio.Me.



**Figure 3- Sales and Distribution Network**

Having analyzed Vio.Me's market environment, one can understand that it is difficult to apply both the elite theories of group individualism (Seda-Irizarry, 2011, p.380) and aristocracy of labor (Hobsbawm, 2012, p.29). At the same time, we cannot apply neither the constitutional degeneration theory nor the capitalist degeneration theory (Varman and Chakrabarti, 2004, pp.185-186). However, due to the fact that Vio.Me incorporates production, transportation, distribution and sale of its product, combined with the current situation that not all workers are actively participate in has as a result the tiredness of the more active members<sup>46</sup>. Consequently, this seems to affect other parts of Vio.Me's operation.

As it is analyzed, Vio.Me's market environment favors the cooperative's horizontal structure. Both markets without middlemen and solidarity supporters' concept form a niche market, with SIA playing an informal vital role in Vio.Me's sustainability. This niche market promotes a bottom-up perspective in which Vio.Me is based on and insulates the factory from the pressures of the mainstream market in which

<sup>46</sup> In the last meetings of SIA, representatives mentioned many times that workers get to much pressure. This had as a result, some workers not to be able to carry out some of their tasks. While this does not affect Vio.Me's horizontal structure directly, it certainly creates troubles in its smooth operation.

competitors operate. Moreover, sales' and distribution networks, help Vio.Me to produce according to solidarity movement's needs and at the same time, give to the movement the ability to maintain Vio.Me's horizontal structure. Nonetheless, similar to the previous topics of analysis, the unequal participation of workers raises concerns about Vio.Me's regular operation.



# 7 Conclusions

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Hierarchical labor relations are predominant in nearly every type of organization (Diefenbach and Sillince, 2011). However, cooperatives are seen as more horizontal organizations which improve equality in the workplace, something that makes them preferable in times of economic crisis (Gibson et al, 2005, Ranis, 2010). In order to understand to what extent worker cooperatives can eliminate hierarchical relations and promote workplace equality, based on research at Vio.Me's worker cooperative, this thesis tries to answer the three sub-questions posed.

With regards to the first sub-question, about the patterns of formal and informal hierarchies that can be identified, I have analyzed Vio.Me's organizational structure, decision-making processes and communication channels. In particular, regarding Vio.Me's organizational structure, due to the demand for specialized skills, signs of specialization can be identified, which subsequently disturb the implementation of a complete rotation system. However, due to the detailed feedback and as specialized positions do not affect the decision-making processes, these signs cannot be considered as patterns of formal hierarchies. Moreover, due to the workers' unequal contribution in Vio.Me's decision-making processes, concerns can be raised for the development of informal hierarchies. However, as there is increased homogeneity in workers' beliefs, collectivized authority, majority respects minority's opinions and since more workers become active, these concerns do not seem sufficient for the development of hierarchies. Finally, due to the inequality of knowledge among workers and the low pace of representatives' rotation, informal patterns of informal hierarchies and particularly of status hierarchies and group dominance may be suspected in Vio.Me's operation in long-term perspective. Nevertheless, the increased engagement of workers in self-organized, direct-democratic and horizontal procedures compared with the first months of Vio.Me's operation as a cooperative, together with the fact that representatives are obliged to detailed feedback, are factors which speak in favor of reduced hierarchies.

Coming to the second sub-question, regarding how Vio.Me's external environment and especially the market in which it operates has affected the development of hierarchies, our analysis shows that it plays a negative role. More precisely, the close relationship that Vio.Me has with the solidarity movement favors the cooperative's horizontal structure. In addition, the niche market in which Vio.Me operates promotes a bottom-up perspective, which in turn protects Vio.Me from neoliberal market's competition, and thus its horizontal labor relations. Finally, with respect to the third sub-question, how Vio.Me's recent transformation from a privately owned company to a workers' owned cooperative has affected the sense of equality among

the workers, this thesis indicates that it has been affected remarkably positively. In particular, although there is a wage-based approach which favors the unequal participation of workers in Vio.Me, as remuneration is same for everyone, fosters equality among workers. Moreover, the transformation of Vio.Me from a private company into a workers' cooperative, reduced the pressure that workers used to feel, increased the level of trust and employment's security and made them more creative. In addition, the abolition of leadership positions, in conjunction with the collective ownership and authority, similar to Rothschild's and Whitt's inquiry (1979, p.525) resulted in improved equality in labor relations.

Moreover, due to fieldwork's short time, the restrictions posed from the economic crisis and the fact that Vio.Me is still in a transitional period, limit the validity of thesis' results. Thus, while Vio.Me's model, as a worker cooperative seems to have the ability of reducing hierarchies to a great extent compared to the previous private-owned one, in regards to the thesis' research question and having in mind the delimitations, it is difficult to say that this model can be generally replicated for other workers' cooperatives. Nonetheless, one can support that Vio.Me's model pose significant insights for the development of more horizontal forms of social economy. Furthermore, based on Vio.Me's case study, this model gives many possibilities for more equal labor relations in the workplace compared to the privately-owned model and thus it can be followed and adjusted in many abandoned factories and workplaces in Greece and in other countries that has been affected from the economic crisis.

## **Future Research**

Taking into account the thesis' delimitations, more research needs to be done. In particular, as Vio.Me has operated only 1.5 years and is proved to be a dynamic organization which keeps evolving, together with the fact that this research is based on approximately three months fieldwork, a longitudinal study on Vio.Me is recommended in order to show the development or not of status and other forms of hierarchies. Moreover, due to the fact that Vio.Me is highly connected with the solidarity movement, which affects Vio.Me's horizontal procedures, further research should be carried out in order to study whether the absence of such a network may result into the development of hierarchies due to market pressures. Furthermore, as Vio.Me's workforce is quite small at this point, inquiries on larger cooperatives may strengthen or weaken the assertions of this thesis. Finally, further research on labor relations and organizational studies is encouraged so as to find other core topics apart from hierarchies which may result into the reduction of workplace inequalities.

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# Appendix

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## *MCC- Organizational Structure*

The organizational structure of MCC is quite complex compared to a simple cooperative structure. Mondragon is divided in the areas of industry, finance, retail and knowledge and is integrated by autonomous and independent cooperatives. The cooperative bodies are consisted from the General Assembly (GA), which is the supreme body of the cooperative, comprised with all worker-members; the Governing Council; which is the representative and governing body of the cooperative, elected from the GA and represents members as owners; the Social Council; whose members are elected by the departments of the cooperative and represent members as workers; the Monitoring Commission; a consultative body, and the Management Council; who has the executive role of the cooperative. All these cooperatives operate independently, however within the “the framework of an overall strategy, all in line with the strategic policies established at the Co-operative Congress” (MCC, 2014). The MCC is constituted from: the Cooperative Congress; which counts 650 members delegated from the cooperatives, meets once a year and poses the strategic criteria for MCC’s administration planning; the Divisions; association of cooperatives which function in the same areas in order to coordinate cooperatives’ management; the Standing Committee; a monitoring body set from delegates from the Cooperative Congress, so as to control the implementation of policies taken in the congress; the General Council; which plan the strategies of MCC; and finally, the Industrial Council; which coordinates the Divisions of the industrial sector (MCC, 2014; Williams, 2007, pp.11-117; Whyte,1995, pp.62-65).

## *Cooperatives’ Legislation in Greece*

According to the law 1667/1986 in 1986, which apart from minor changes is valid until now, cooperatives do not have great autonomy (Nasioulas, 2012). In particular, this law states that every cooperative partner can have up to five cooperative shares. The cooperative share can be transferred only to a cooperative partner however, no matter the amount of shares, the members of the cooperative have only one vote in cooperative’s general assembly; which is cooperative’s ultimate decision-making instrument (Bank of Greece, 1986, pp.4-8). Finally, the supervision of cooperatives belongs to the Greek Ministry of Economy (*Ibid*, p.14).

In 2011, there was set a distinct legislation for social cooperatives under the law 4019/2011 of 'Social Economy and Social Entrepreneurship', which institute Social Economy in Greece. One of the most important aspects of this law is that "profits are not to be distributed to members, except in case such members are also employees. In that case, 35% of the profits may be distributed to them, a 5% should be reserved and the rest 60% should be invested in new jobs creation" (Nasioulas, 2012, pp.156). Together with the fewer taxes compared to the taxation of civic cooperatives, this law promotes social cooperatives as tools to counter unemployment. Moreover, social cooperatives adopt more horizontal and emancipatory characteristics as these have been set during the development of the global cooperative movement. In particular, they give primary importance to people than capital, are democratically self-managed from their members, are independent and autonomous, and aim at community's development (Nasioulas, 2012; Nikolopoulos and Kapogiannis, 2013).

### *Political Instability in Greece*

Political instability can be reflected in the national elections of June 2012. The percentages of the socialist and the liberal parties dropped from 43.92 in 2009 to 12.28 and from 33.5 to 29.66 respectively. On the contrary, the percentages of the leftwing and the extreme nationalist parties increased from 4.6 in 2009 to 26.89 and from 0.29 to 6.97 respectively (Hellenic Parliament, 2012).