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# **The odyssey of “alternative firms”: new organizational propositions from a case-study**

## **Abstract**

Lately, “conventional” firms have been roughly criticized for both the legitimacy of shareholder value and the production of negative externalities that affect society. In the crisis context, “alternative” firms are often presented as candidates to design renewed organizations. However, there is a high risk of arousing as much initial enthusiasm as following disillusion. In this paper, we address the issue of the organizational dynamics of such corporate projects over time. After a (brief) historical overview of alternative firms, we discuss the limitations of dominant approach which sustains the “degeneration thesis.” We then elaborate a new analytical framework that raises the issues of alternative firms in another fashion to go beyond traditional tradeoffs between democratic functioning and financial performance. The framework is then used to longitudinally analyze the story of Garden Concept, an alternative firm operating in artistic gardening, over seven years. Our findings show how the building of dynamic relations between members, common purpose and organizational devices are at the heart of the alternative firm’s project. So doing, we explore a larger redefinition of these three elements and depart from a close association of “alternative” project to strict democracy. Contributions to “alternative firms” as well as research perspectives on professional and artistic organizations are eventually considered.

## Introduction

Lately, “conventional” firms have been roughly criticized for both the legitimacy of shareholder value and the production of negative externalities that affect society. The roles of firms in Western societies as well as of management in the professional development of people are consequently questioned. Although critiques on regulation of and management in “conventional firms” are as long as the history of modern businesses<sup>1</sup>, this provides a refashioned need for management practices that would pay more attention to social and environmental issues. To such a broad issue, two main approaches have developed. The first one, labeled today “Corporate Social Responsibility” (CSR), has focused on external regulation of and managers’ behaviors<sup>2</sup> in large firms (Capron 2007). The second one has developed under the label of “alternative firms” or “democratic firms” which stems from various historical oppositions to the so-called “conventional firm”, i.e. the dominant form of firm characterized by hierarchical organization and institutional non-ownership of workers<sup>3</sup>.

In this paper, we only consider the second approach for two main reasons. Firstly, while “alternative firms”, such as cooperatives or self-managed firms, have recently been riding a new wave of interest and popularity<sup>4</sup> there is still a lack of empirical research in that field. Secondly, although researchers have formerly argued that democracy at work may be a relevant organizational approach for knowledge workers (Rousseau and Rivero 2003;

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<sup>1</sup> The modern issue of “corporate social responsibility” and of regulation between “Business and Society” dates back to the creation of large trusts and firms in the USA during the last decade of the 19<sup>th</sup> century.

<sup>2</sup> The stream of research in CSR is far from being unified but the overall issues are about the specific role of managers as a pivotal position in trying to cope with antagonistic incentives and the fact that responsible organizational behaviors should be better reached through tight regulation or through corporate initiatives.

<sup>3</sup> This definition is further explained in the first section.

<sup>4</sup> In France, articles and special issues in newspapers have been flourishing from the economic and financial crisis spread in 2008.

Harrison and Freeman 2004; Kerr 2004), we are convinced that there is a pending risk for arousing enthusiasm that could end up in disenchantment as it has already been the case over history (see especially the second half of the 19<sup>th</sup> century or the 1960s and 1970s; (Webb and Webb 1897; Desroche 1976; Sainsaulieu, Tixier et al. 1983; Pendleton 2001)). Such opinion does therefore not reprove the contemporary importance of Business and Society issues, but rather suggest that organizational perspectives on “alternative firms” still merit further development, especially when trying to “rethink the firm.”

In this paper, we thus seek to contribute to a better understanding of the functioning and transformation of “alternative firms” on both an empirical and a conceptual basis. Building on results from an in-depth single case study, we will tend to answer the following research questions: how to understand and theorize the dynamics of “alternative firms” at work? What specific issues are they facing with? Which theoretical grounds may sustain an organizational approach that would pay equivalent attention to “alternative” and business issues?

The paper is organized as follows: in a first section, we review the notion of “alternative firms” from an historical point of view in order, first, to analyze on which purpose the concept emerged and, second, to provide the usual arguments on the generation and degeneration of such firms. Then, identifying several limitations to existing approaches, we put forward an analytical framework to further understand the functioning and dynamics of transformation in alternative firms. In a second section, we use our framework longitudinally to investigate the crises and evolutions of an alternative firm over seven years. In the last section, we discussed our findings and suggest new research perspectives intended to rethink both alternative and conventional firms.

# **1. Alternative firms: for a non-prescriptive and non-deterministic approach**

## **1.1 “Alternative firms”: condemned to fail?**

The category “alternative firms” needs to be defined to better understand the logics of such firms and of dedicated research to these organizations. In this subsection, we first focus attention on the nature of “alternative firms” through an historical perspective and then provide with a synthesis on main debates and conclusions about “alternative firms”. We eventually identify several limitations that justify and frame the need for another perspective.

### ***1.1.1 Industrial revolutions and the opposition to "conventional firms"***

“Alternative firms” are tightly linked to the modern business history with upheavals in the organization of work and the emergence of new forms of corporations. The category “conventional firm” relates to the progressive emergence of such transformations from the beginning of the 19<sup>th</sup> century. Schematically, two dimensions are distinctive and can be respectively labeled “governance” and “work organization” (Gand and Béjean 2007; Gand 2008). The former relates to the separation between capital and work that expands from the 19<sup>th</sup> century. It is nowadays exemplified by the terms of “shareholders” and “wage-earner.” The other dimension that defines the “conventional firm” is the hierarchical work organization which developed from the late 19<sup>th</sup> century (Lefebvre 2003). At first look, “alternative firms” can be defined as attempts to depart from the mainstream organization which has been quickly expanding but has also been fiercely criticized over history.

“Alternative firms” may also be differentiated from “reformative” perspectives and experiences that rather aim at rebalancing power distribution inside the firms. For example, at the “governance” level, it comprehends initiatives such as the introduction of employees on

boards (Kaufman 2000), whereas autonomous teams or empowerment experiences are examples of attempts to reform the organization of work (Mintzberg 1990; Müller-Jentsch 1995). We argue that alternative firms' projects contest the tenets of "conventional firms" more fundamentally both at the governance and at the operational level.

As a matter of fact, "democracy" is usually at the heart of the "alternative" approach which was already promoting equality of rights between firms' members at a time where political democracy expanded over Western societies. Still, the notion has often been either restricted to purely institutional democratic aspects such as "elections" and "general assembly", or extended to "general participation." Other approaches have rather characterized such democratic organizations accordingly with their initial project which always aspires to combine business and democratic functioning (Laville and Mahiou 1984; Simons and Ingram 1997; Pendleton 2001).

### ***1.1.2 The degeneration thesis and its limitations***

The twofold purpose of alternative firms requires that these organizations prove to maintain economic sustainability and democratic functioning over time. This possibility has precisely been contested by several major authors in the studies of organizational democracy (Webb and Webb 1897; Michels 1949 [1911]; Meister 1984).

The so-called "degeneration thesis" can be summarized in the following citation: "*All such democracies of producers - either fail or cease to be democracies of producers*" (Webb & Webb, 1920, cited by Rosner 1985). The degeneration thesis thus states that any alternative firm will either fail due to economic or democratic degeneration:

- **Economic degeneration:** because of restrictive conceptions of democratic functioning or of rejections of any management function, the firm is unable to remain competitive

on its markets (Viggiani 1999; Pendleton 2001). The nature of and contingencies on each kind of business constrain the type of democratic organizational form.

- **Democratic degeneration:** Remaining competitive can lead to an abandonment of democratic, in a form of oligarchy, of formal democracy or even a return to a 'conventional' form of organization (Michels 1949 [1911]; Meister 1984; Hernandez 2006).

According to this rationale, the debate is dichotomized between business needs and democratic aspirations, the two being supposed to be antagonistic with each other. The conception of democracy seems to be restricted to the most visible institutional features (vote, election). Although this approach has been dominant over the most part of the 20<sup>th</sup> century, several limitations can be pointed out. In the following, criticizing this perspective we derive propositions that would simultaneously be “requirements” for a renewed analytical perspective.

First, the “alternative firms” category, when restricted to democratic aspects, is problematic since it masks the whole representation of the organization, including business and operational elements. Still, following past research, we argue that business/work and democratic dimensions are inseparable (Stryjan 1994; Warhurst 1998) because:

*“The organization and control of any labor process is [...] both an operational issue and a political action, ensuring the material and ideological reproduction of the mode of production” (Warhurst 1998).*

It is thus our opinion that constructing the “alternative” category *against* the dominant form of organization has made the democratic dimension prevail in the literature and disregarded issues related to other interactions, especially when managing the day-to-day activity.

Consequently, “alternative firms” have mainly been analyzed with imported organizational concepts from “conventional firms” (Stryjan 1989).

***Proposition 1:** understanding and analyzing the dynamics of “alternative firms” requires not separating between the business aspects and the embodiment of progressive ideas, for business/work dimensions operates rather as contingencies on organizational possibilities.*

***Proposition 1bis:** there is a need for broader analytical frameworks that pay attention to distinctive dimensions of “alternative firms”, such as democracy, while not concealing other constitutive dimensions of such organizations.*

Second, we also believe that another main limitation of the degeneration thesis has been to consider and analyze “alternative firms” without taking into account the historical inscription and the business variety of these organizations (see the works of the Webb spouses for instance). Historical analyses have however demonstrated that cooperatives and democratic firms have especially spread in qualified trades and professions, a context in which they have been particularly sustainable because of limited needs for management and almost direct parity between members (Sainsaulieu, Tixier et al. 1983; Bate and Carter 1986; Gand and Segrestin 2010).

***Proposition 2:** there is a lack of analytical approaches which may account for a variety of “alternative firms” without assuming deterministic forms and ways of transformation over time.*



Third, as the degeneration thesis apprehends “economic sustainability” and “democratic functioning” separately, it results in providing a unique variable for assessing the evolution of alternative firms which may be roughly summarized through “more or less” democracy. In our view, this however does not provide a relevant evaluation of the transformation of such alternative firms. Democracy cannot be the sole indicator of success because assuming that corporate democracy is “good” for itself (Collins 1997) remains contestable as long as control variables are not introduced, such as the type of participation, the economic success and the different contributions/retributions expected by members and the organization (Reynaud 1997; Hatchuel 2004). These are many variables which can change over time and space, which are not ready-made solutions, but above all distinctive and core elements to be collectively design in ways as various as members’ ideals.

***Proposition 3:** democracy should not be considered as the sole variable of evaluation of the degeneration or success of an “alternative firm.” The members’ satisfaction, the business performance and the perspective of evolution and development are also of primary importance.*

## **1.2 A renewed approach to alternative firms: conceptualizing organized cooperation**

Drawing on the precedent propositions, we propose an analytical framework, based on previous works of Chester Barnard, who developed a general theory of cooperation in formal organizations (Barnard 1968 (1938)), and of Yohanan Stryjan (Stryjan 1989; Stryjan 1994), who pointed out most of our previous critiques and proposed a dynamic theory of “reproduction” in self-managed firms.

The purpose of our framework is to provide articulated dimensions which conceptualize both the design and the evaluation of cooperative action. This framework will then be used to investigate our case-study. Our rationale is to build on Barnardian “theory of formal organizations” (Barnard 1968 (1938), chap.7) which precisely conceptualizes “cooperative action.” In fact, working on “conventional” firms, Barnard’s aim was to demonstrate and justify the need for “executives” and to discuss moral implications of executive functions. In Barnard's words (see chapter 7 of *The functions of the executive*), three elements represent an organization:

- **Members:** the individuals who wish to cooperate together and commit to an organization
- **Common purpose:** the commitment is driven by a common purpose, i.e. the “objective of cooperation” (p86)
- **Means of communication:** to concretely cooperate, members need to communicate, under an oral form or other means

Regarding the design of organized cooperation, according to Barnard, the three constitutive elements above mentioned are dynamic and evolve in interaction with the environment, possibly independently the one from the other. They are at the same time interdependent and form a system of cooperation. Consequently the role of the executive is to maintain a dynamic equilibrium between the three basic elements, i.e. coherence between the evolutions of the common purpose, the members and the communication means (see Table 1 below). The latter may be considered as synonymous to coordination means in “modern” management terms.

Regarding the evaluation of organized cooperation, the latter, according to Barnard, cannot continue over time unless there is “effectiveness” of collective action, i.e. attainment of the

common purpose, and “efficiency” for members, i.e. satisfaction according to their contributions and their expectations.

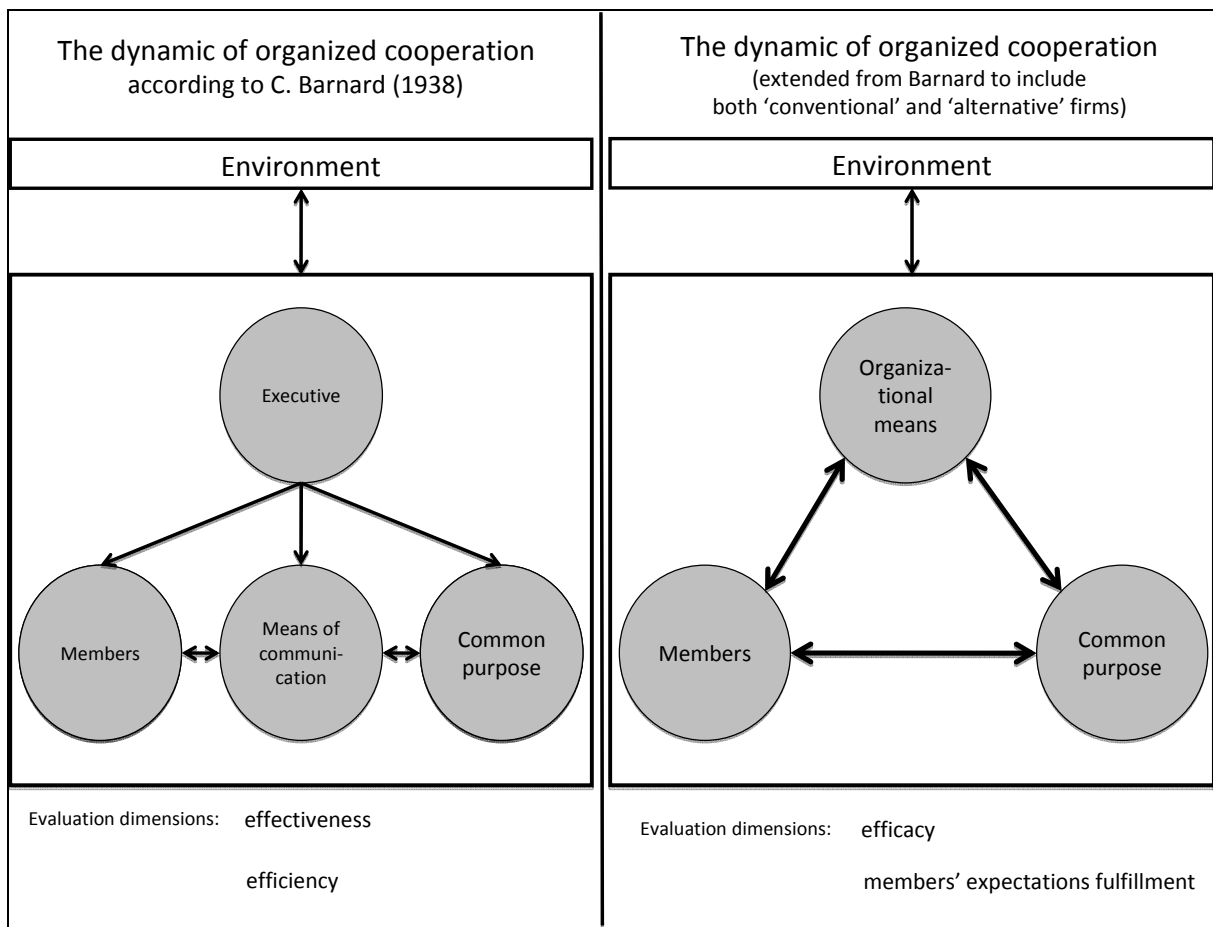
Building on this perspective, we here extend Barnard’s theory to a more general level, i.e. without considering “executive functions” as natural and necessary *per se* in a firm, or as existing only under the form of an “executive.” Doing so, we seek to propose generic dimensions of firms’ organizations, independently from their “conventional” or “alternative” aspect. We then argue that the dynamic links between members and common purpose can be conceptualized under the generic label of “organizational means.” The nature of common purpose and of expected membership, as well as the nature of the business and work, all play either as constraints or enablers of firm’s organization (see Table 1 below).

Likewise, departing from traditional evaluation’s variables of alternative firms that separate business performance from democratic functioning (see our critique and proposition 3 above), we follow Barnard’s rationale regarding the evaluation of sustainable organized cooperation.

We thus suggest two interrelated variables of evaluation:

- **Efficacy:** this first dimension is an evaluation of collective action on the whole, not separating democratic aspects from business ones. It considers the overall efficacy reached thanks to members' contributions and relative to the common purpose.
- **Member’s satisfaction fulfillment:** this second dimension examines the “members’ expectations fulfillment”, defined as the satisfaction that members consider from the organization’s activity and the achievement, or not, of the common purpose. It expresses a relation from the organization to members’ expectations and retributions. This evaluation’s dimension does not consider members as a unified collective and allows for distinction between different categories of people.

**Table 1- Modelling Barnard' organizational dynamics and our extension**



Our framework is thus composed of three design dimensions to consider organizational dynamics: members, organizational means and common purpose. Our framework also integrates two performance dimensions: efficacy at the organizational level and members' expectations fulfillment at the individual level.

The rationale was to depart from approaches that tend to only consider a dimension of the common purpose, i.e. “democratic functioning” in the case of alternative firms. Here the democratic dimension is considered as a dimension of organizational design among others (especially the nature of the business, the work constraints or issues of skills and competencies), and is considered as intrinsically superior to any other mode of organizing.

The proposed framework is designed for investigating patterns of alternative firms over time without pre-defining final results or considering judgments of value.

In the following, we thus propose to investigate a classical research issue on alternative firms with renewed lenses: how to understand the dynamics of “alternative firms”? To which specific management issues are they confronted to? To what extent the common purpose, the organizational answers and the members’ commitment may be original?

The use of such a framework and the potential for discovery is also linked to the choice of a methodology and a research field that are described in the next section.

## **2. Methodology**

We here describe our general methodology. After having set the research context, we detail data collection and analysis. We would like to insist on the fact that our study was above all following an exploratory approach which means that the research approach was discovery- and not validation-oriented (David and Hatchuel 2007). In such situations, case selection criteria have to integrate other dimensions than the sole “representativeness” and include: important changes in the organization, originality of the context and opportunities for experimentation. In the following, we try to demonstrate that our single case study matches such heuristic criteria and thus provided a rare opportunity to get new insights on alternative firms’ management.

### **2.1 Research settings**

Our research is based on the longitudinal study (Pettigrew 1990) of Garden Concept a small firm which designs, realizes and maintains private gardens with a special focus on artistic and ecological dimensions. During the research period, from 2004 to 2008, Garden Concept experienced a commercial growth and hired new employees. The firm is currently employing

ten people, has been awarded two regional prizes for the innovativeness of the project and has tripled its sales over the studied period.

While it was officially founded in 2003 by five partners, the origins of the whole project trace back to the middle of the nineties. At that time, Eliane was finishing her studies in landscape and garden design. Solicited by some people, she started to create gardens for private clients with the help of her husband, Pierre, and, subsequently determined to set up a sole proprietorship to professionalize her emerging activity. Between 1996 and 2002, the family business grew up. Several garden projects were realized and regularly necessitated to hire seasonal gardeners. At the end of this period, two of them were durably recruited.

The economical and internal evolutions of the organization changed the way in which the two founders were conceiving their project. Facing new commercial and organizational issues and having no background in these areas, they decided to associate with someone who will be in charge of the administrative work. Still, finding an “administrative” partner would not be an easy task. A first attempt failed because of radically different conceptions on the way to manage the firm. An experimented entrepreneur in the software industry was the first potential new partner. As he was emphasizing the necessity to grow rapidly, the two founders, who had a more “artistic” background, were frightened by the business plan and feared that such way of development will put in danger their original project. They thus decided not to fully delegate the administrative function, but to ask for an external help to structure it. Moreover, on the basis of their first and unsuccessful experience with what they felt to be the “conventional” management doctrine, they started to look for an alternative way in which to incarnate their citizen and artistic aspirations.

The previous decisions led one author of this paper to be involved in the setting up of Garden Concept, for he was precisely asked to help Eliane and Pierre to find the “right structure” for

their alternative project. Although the founding partners eventually managed to set up the firm and to progressively gather new people who apparently believed in an alternative and democratic way of running a firm, between 2003 and 2008, the organization endured three important crises. These three collective crises induced the founding partners to address issues related to their alternative project and to revise their beliefs about core and distinctive elements of their democratic functioning.

Garden Concept's history thus gave us a remarkable opportunity to observe an entire process of creation, crises and transformation of an alternative firm. As a result, this made it possible to explore the value of our analytical framework as a means to further understand the difficulties to combine *efficacy* and *members' expectation fulfillment* in the day-to-day activity of alternative firms, as well as the role that *management functions* can play to overcome them.

## **2.2 Data collection and analysis**

While being mostly based on results from a four-year collaborative research (David and Hatchuel 2007), our study also combines different qualitative methodologies such as semi-structured interviews and archival or documentary search (Marshall and Rossman 1995; Yin 2003; Thiétart 2007). In addition to our empirical observations, we thus possess an exhaustive corpus of official documents that have been produced internally or externally by the firm as well as many notes taken during formal and informal discussions between the founders since the genesis of the project.

Our study started as two separate research projects that converged into a common exploration. Both authors shared an interest in understanding how traditional management theory and doctrines might be enriched through the case of alternative firms. In 2002, the first author started to collaborate with Garden Concept on an informal basis. This gave him access quite

soon to crucial data about the genesis phase and induced him to start an official research with the firm. The researcher was then deeply involved in the day-to-day activity of the firm, an “immersion” which is considered as a key element for a successful research in the field, because observing formal aspects only has already proven to be of limited interest in the case of alternative firms (Stryjan 1994).

Meanwhile, the second author was carrying research on professional service firms with a particular focus on democratic and/or self-managed firms. He was introduced to the case of Garden Concept in the early stage of the research. To balance the position of the first researcher, he did not have a formal role or responsibility in the transformation of the firm but several research meetings as well as data exchange were organized over the period of investigation.

Following methodological prescriptions described above, we analyzed the data progressively and separately to prevent our study from theoretical biases. Likewise we discussed the case with other colleagues and academic scholars in international peer-reviewed conferences. This conferred to our work an increased robustness and counterbalanced the local results of any single case study.

### **3. Findings**

In this section, we explore the value of our analytical framework to better understand the dynamics of organized cooperation in alternative firms. We start with describing the transformation process of Garden Concept through the lens of three critical “events” (Langley 1999) which occurred over the studied period.



### **3.1 Emphasizing members' expectations fulfillment through a “highly meaningful” common purpose**

During the first six months of Garden Concept's existence, the number of members rapidly increased and came to seven persons. Five of them were officially associated to the cooperative functioning, including Eliane and Peter who owned 95% of the shares at that time. The three other associated co-operators included the two former gardeners of the family business as well as the researcher who had been symbolically given some shares to account for his help in the setting up of the firm.

Regarding the common purpose, the “genesis phase” of the collective project started in 2002 and ended in early 2003 with the official setting up of Garden Concept. Looking for “*an alternative way of working with people, which enables each member to find its place within the organization,*” Eliane and Pierre determined to choose the French co-operative legal status named *Société Cooperative de Production (SCOP)*. It was firstly suggested by the researcher and was not previously known by the founders, but appeared to match their beliefs and values so much that it was almost immediately selected. Moreover, Eliane insisted on the necessity to formulate fundamental values and work principles, including ecological principles and artistic excellence, in a corporate charter, which would be communicated to any potential new member of the cooperative. Her aim was to make clear and shared a “highly meaningful” common purpose and to ensure a harmonious functioning in the future.

Regarding the membership, the choice for a “democratic” structure as well as the nature of the common purpose inspired the cooperative members and stimulated strong commitment. They accepted to start working with low wages and were regularly contributing to the collective project beyond what is commonly expected in a conventional firm. Of course this devotion was not equally distributed between members and some of them feel more involved than

others, but every worker had the impression to be “all in the same boat.” As far as Eliane was concerned, the idea of sharing her personal artistic project with other people was exalting her and she strongly believed in “the powerful transformation from ‘I’ to ‘We’”, as she often declared.

Regarding the organizational means, the founders were convinced that their democratic functioning would be sufficient to self-manage the firm. “Democracy” was seen as a universal organizational principle that could make it possible to coordinate collective work rightly. In that sense, any word referring to hierarchical or supervising position was proscribed by the founders who only accepted to define themselves as “pillars” of the firm. While implicitly emphasizing their technical expertise in botanic and garden design, this role was however not formally described and, actually, it rather referred to a position of “leaders” or “guardians of the common cause.” This also explains why there were only unsophisticated management tools which basically consisted in counting working time or giving instructional worksheets of the day. Since this excluded any flowchart or more formalized job description, patterns of work distribution were underdeveloped and mechanisms of coordination only relied on professional principles which were supposed to be found in individual gardening skills.

Building a “highly meaningful” common purpose to ensure strong commitment and vitalize membership was thus the priority of the first phase of Garden Concept’s life. Still, this first configuration (see Table 2) disregarded the development of organizational means. As a result, the firm endured an important crisis at the end of the period. On the operational side, many projects were delayed because of bad coordination and quality of service was declining whereas it was supposed to be a core and distinctive element of Garden Concept’s offer. On the administrative side, occupied by the operational difficulties, Eliane was unable to manage the firm alone. As she did not realize that prices were too low to support rising fix costs of the

new structure as well as new investments in the meantime, the firm started to face important cashflow problems. In this context, she felt the necessity to find support and determined with Pierre to hire a new employee who would be in charge of the managerial work. They solicited a person named Sylvia who had just left her previous job in a large international company and had an important background in management. Seduced by the “venture”, she accepted a part-time job in the small firm.

### **3.2 Emphasizing efficacy through the structuring of a traditional management function**

After this first phase, Sylvia started to play an ever more important role in the executive management of the firm. Seen as the one who could save the project from financial and organizational troubles, the former “pillars” devolved many decisions upon this new member.

Regarding the organizational means, the change was significant and had an important impact on the efficacy of the firm. On the operational side, accustomed to operations management in her former job, Sylvia set up new management tools to organize and supervise the day-to-day activity. The results of this re-structuring were almost immediate and led to better coordination and efficacy. On the administrative side, Sylvia instituted new reporting tools and provided Eliane with provisional budgets to help her plan operational work as well as resources allocation. Moreover, while recognizing the value of dialogue and participation, Sylvia reproved the former self-managed functioning which was, according to her, more paralyzing the whole organization than vitalizing it. Convinced that the firm needed a clear “decision-maker”, she stated that the cooperative had to “emerge from immaturity.”

Regarding the membership, although the co-operative model was not abandoned, debates on what “being a member” may signify arose over this period. On the one hand, having in mind the search for better efficacy, Sylvia and other members of the cooperative were convinced

that the firm should hire new members on a strict professional basis. This meant that “being a member” would above all signify to bring one’s workforce to the firm and to get a wage in return. Such a view, on the other hand, unsatisfied Eliane and Pierre, who still believed in a stronger commitment to the “cause.” Bringing the initial corporate charter out in meetings again, they insisted on the distinctive nature of members’ contribution that was required to carry out their original project. According to them, it was not enough to behave as a “wage earner”, be it on the most professional basis, to become a “member” of the organization.

Regarding the common purpose, changes in organizational means and membership generated debates on the fundamental “reasons for cooperating.” In fact, the managerial tools implemented by Sylvia implicitly referred to a specific way of “making gardens” that appeared to be inconsistent with Eliane’s one. For instance, although she was convinced by Eliane’s skills and constantly complimenting her artistic talent, Sylvia, as well as other gardeners, considered that Eliane was unable to organize her design work and that she was wasting much time with details that were unimportant, particularly during the plantation phase. Likewise, she disapproved the way the artist was incomprehensibly stocking plants that were intended neither to an identified garden project nor to retail selling. According to her, such inventory management was inefficient, risky and expensive.

Reaching better collective efficacy through the structuring of an effective managerial function was thus the leitmotiv of the second phase that we have identified in Garden Concept’s existence. Even though this second configuration primarily seemed to enable the cooperative to go through its financial troubles, the organizational change led by Sylvia then raised more fundamental issues all related to the “reasons for cooperating.” Although Eliane was unable to formulate it clearly, she was particularly suffering from this restructuring. With Pierre, she felt that the initial common purpose had been lost on the way and was even thinking to put an

end to the overall project. Still, new financial troubles and persistent disagreements on the management of the firm led Sylvia to resign first. The official collaborative research started in this new context of collective crisis.

Phase		Genesis and federation (1)	Structuring and degeneration (2)	Collaborative research and regeneration (3)
<b>Configuration</b>		<p>Evaluation dimensions: efficacy <b>members' expectations fulfillment</b></p>	<p>Evaluation dimensions: <b>efficacy</b> members' expectations fulfillment</p>	<p>Evaluation dimensions: <b>efficacy</b> <b>members' expectations fulfillment</b></p>
<b>Content on</b>	<i>Common purpose</i>	Highly meaningful common purpose and search for “an alternative way in which to run a firm”	Disagreement on the “reason for cooperating”	Restoring an artistic tradition of garden design considered as “fine place - making”
	<i>Membership</i>	High commitment and choice for a cooperative legal status	Disagreements on what “being a member” may mean	Re-assessing the nature of members’ contribution and required skills
	<i>Organizational means</i>	Almost inexistent	Structuring of an administrative function	Designing original managerial functions with a special focus on design activities
<b>Output/ crisis</b>		Coordination crisis and financial troubles	Collective crisis and departure of the manager	New symbolic space for organized cooperation and departure of some former members

**Table 2 – Synthesis of main findings**

### **3.3 Managing a collective odyssey: designing original managerial functions and differentiated roles towards a common purpose**

The third phase of Garden Concept's life that we analyzed in this paper started in a difficult context. The departure of Sylvia was not without any impact on the other members and some of them continued to defend her point of view.

Regarding the membership, the first reaction of the founders, including the researcher, was to gather all the cooperative's members in order to abate the conflicts through dialogue and free debate. They organized meetings to deal with members' expectations fulfillment and regenerate the participative functioning. However, it only resulted in legitimizing members' dissatisfaction and intensified oppositions. Members' commitment was significantly undermined and some of them were even considering bringing a prosecution against the founders because they thought that the collective functioning was no more complying with co-operative legal requirements. As far as they were concerned, Eliane and Pierre were, once again, thinking about stopping the project for they did not want to play the prescriptive role of "executive managers", a position which would have been contradictory with their original ideals.

Regarding the organizational means, the researcher started to organize a collaborative work with Eliane on garden design processes and languages. The aim was to further understand what "the object to manage" was and to revise Sylvia's understanding of the garden activity. This collaborative research work led to a new and shared language of value which made it possible to further discuss the links between the business and the creative processes. For example, as far as the inventory space was concerned, the research phase revealed that the plants were not only commodities to be stored but also artistic materials required to complete the design work. Thus, Eliane needed to possess not only what Sylvia named the

“managerially reasonable inventory level”, but also a huge variety of plants with which to compose. Moreover, the research identified the potential role of such collection in the selling process. It revealed that the inventory space should not only be managed as a costly space to reduce, but rather as an “exhibition and learning” space in which the clients would be educated to the minimum garden “sol-fa.”

Regarding the common purpose, a collaborative work on design languages combined with documentary research on garden art history made it possible to restore an artistic tradition in which garden design was better understandable as fine “place-making” (Hunt 2000). On a conceptual side, it led to revisit Sylvia’s assumptions on Eliane’s design work. Referring to traditional distinction between design and execution, the former administrator was for instance giving priority to “creativity” during the planning phase and promoting “better operational efficacy” during the planting phase. Nevertheless, the collaborative research brought to light new design dimensions (e.g.: textures, colors, sounds, odors...) which were underestimated by this formal representation, whereas they were essential to Eliane in making her gardens. This led to re-assess the role of plantation in the overall design process and to give full consideration to the manipulation of multiple design dimensions at work, as well as to the required skills to obtain evocative and valuable scenographic effects. On a symbolic and social side, the new representation of garden design modified in return both Eliane’s status within the group and the type of collective needed to support this idiosyncratic common purpose.

The research phase thus coincided with (and supported) a third phase of Garden Concept’s history. Departing from former debates on democratic functioning, the collaborative work re-focused the analysis on the management of design activities. Revealing several misunderstandings about the profound nature of the common purpose, it also sustained new



managerial actions. This transformation allowed cooperative members to envision an extended space of collective action in which most of the former oppositions on “democracy” and “participation” failed away. While giving sense again to the “reason for cooperating” and reenergizing most of the - present and future – members, it also induced, at that time, others to quit the cooperative.

#### **4. Discussion and conclusion**

As a matter of fact the “democratic appeal” has been at the heart of traditional perspectives on alternative firms since their first premises (e.g. see Section 1 and Garden Concept’s case). Even though we believe that it is difficult to reprove such attempt to improve “organizational life”, we consider that the academic debate has been impoverished by a too strict dichotomization between “economic performance” and “democratic functioning” (e.g. see authors of the degeneration thesis). We argue that this current opposition is of little value for both theoretical and managerial efforts, because it limits the range of collective actions which can be carried out to “reproduce” alternative firms (Stryjan 1989). Historically, corporate democracy has mainly dwelt on qualified trades and professional firms due to work autonomy and little needs for coordination. This did not prevent from embodying large solidarity in numerous cases, as historical examples in the social economy and in the cooperatives proved it (Desroche 1976; Demoustier 1984; Gueslin 1998).

Nevertheless, democracy, when uniquely understood as a *modus operandi* for decision-making, can be antagonistic to “solidarity” and produce “dissatisfaction”. Rather than a managerial technique intended to promote formal “equality” and “participation” between members, the concept of “democracy” may thus be better apprehended from a more opened and “metaphorical” perspective (Matten and Crane 2005).

Following the “degeneration thesis”, there is no doubt that Garden Concept is a case of degeneration. Extended democratic functioning has been abandoned, management roles, while original, have been structured and are today not subject to rotation as it is the case in kibbutz for example (Billis 1977). Still, such a theoretical lens would have led to degeneration in any case, since there is little chance that Garden Concept would still exist without any transformation. This is why our proposed framework, while being very large, offers no organizational restriction in designing potential cooperation devices. As it has been previously argued, cooperation develops over time thanks to two elements: coordination, i.e. the capacity for working efficaciously collectively, and cohesion, i.e. what founds the collective and bind people together (Segrestin 2005; Segrestin 2006). Our dimensions of evaluation consider the relation between the organization, understood as a collective action towards a common purpose, and the members. We argue that this relation is at the heart of “alternative firms” projects, with a common purpose and a nature of membership that may be enriched compared to “conventional” firms.

The case study exemplifies such perspectives on organized cooperative action. For instance, during the second phase, when there were attempts to set up “classical” management functions, it was not simply a question of democracy or of economic performance that was at stake. The relation of some members, especially of the main artist, Eliane, to both the organizational means and the evolution of the purpose were in fact “degenerating.” During this phase, the case shows a high-risk of a “de-meaning” of the project that could also have led to the loss of another dimension of the project, distinct from “democracy” or “economic viability”: it is the *work content*, i.e. the peculiar relation to objects and clients that the artist tries to sustain despite the incomprehension of her workmates unconvinced by its value. This emerging link between specific collective practices, organizations, common purpose and

membership may be a future direction for research on “alternative” firms that would depart from classical debates on “degeneration.” This may also be of particular interest when studying the growing sector of Social businesses, i.e. “cause-driven businesses” (en.wikipedia.org).

#### **4.1 Can alternative firms contribute to rethinking the (conventional) firm?**

Are “alternative firms” condemned to evolve in “social economy” or in other supposed specific sectors? We argue that their problems, understood in the renewed fashion that we have tried to set up, might share similarities with organizations of professionals and creative workers. We here try to open research perspectives from our work on “alternative firms.”

In a knowledge economy, where competition is driven by innovation, there has been a growing interest for the study of knowledge and creative workers (e.g. Drucker 1999; Scarbrough 1999; Alvesson 2000; Rousseau and Rivero 2003; Rousseau and Shperling 2003). While traditional approaches have tended to expose a view of such organizations with very few management and coordinated organizations (Gouldner 1957-58; Scott 1965; Hinings, Brown et al. 1991), current challenges due to environment and business evolutions demands new cooperative patterns and changes in ways of organizing.

Regarding professional workers, which have been studied over the last two decades under the label “Professional Service Firms” (PSFs), the supposed loss of professional values, the supposed introduction of “commercialism” or the supposed rise of bureaucracy are current issues (e.g. Cooper, Hinings et al. 1996; Greenwood and Lachman 1996; Powell, Brock et al. 1999). In consulting firms, it has also been argued that the control of professionals was achieved mainly through identification and symbolic values (Alvesson 1993; Alvesson and Robertson 2006; Alvesson and Empson 2008). We argue that understanding such issues might

be enriched by a specific investigation on the links between organizational evolutions and their links to a common purpose or to the definition of possible membership in the firm.

Further research in these areas could contribute to understanding how a common purpose encompasses both a business perspective and a representation of membership into a “joint-commitment”, to borrow the word of the American philosopher Margaret Gilbert. In a nutshell, without being ready-made solutions, alternative firms are some kind of “extreme cases” which might contribute to rethinking conventional firms in a more general way.

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