
Guest editorial: Introduction to the special issue “diversity and employee participation”

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In the last few decades in the USA and in Europe, diversity and inclusion in the workplace have been in the spotlight, both in politics and in research in social science. Meanwhile, the literature on employee participation and shared capitalism has found a second wind (Jones, 2020; Mirabel, 2021 for a review of the literature) with a particularly rich emphasis on empirical work with large datasets. This special issue explores the links between the two topics.

A common perception is that practices that empower employees should improve the situation of employees from groups that are often disempowered by marginalization, othering and discrimination in the workplace. Giving everybody a voice, through employee participation and in democratic workplaces, should allow all groups to be heard and permit discriminatory practices and structures to be challenged and dismantled. In addition, greater egalitarianism in worker cooperatives may promote better pay for employees with commonly discriminated characteristics.

However, the available evidence is mixed. Case studies of worker cooperatives have repeatedly shown that the issue is complex. Some democratic workplaces display remarkable degrees of inclusive equality and diversity, while others reproduce gender inequalities grounded in occupational segregation and gendered power structures (Sobering *et al.*, 2014). Employee participation in ownership has been found to mitigate racial wealth inequality in the USA (Boguslaw and Brice, 2022; Boguslaw and Schur, 2019). The two studies looking at wages in worker cooperatives and conventional firms offer nuanced findings. Clemente *et al.* (2012) show that gender pay discrimination is present in both groups of firms in Spain, though slightly less in worker cooperatives. Discrimination against immigrant employees is non-existent in the cooperatives, in contrast to conventional firms. However, wage discrimination against workers with a disability is found to be, if anything, more significant in the worker cooperatives than in conventional firms, though the sample sizes there are smaller (Clemente *et al.*, 2012). Magne's (2017) investigation of French firms similarly finds that gender pay discrimination is present in both types of firm, if anything, more so in worker cooperatives, although women are found to be more likely to access higher responsibilities in worker cooperatives.

As we examine the ways participation affects employee outcomes as well as firm performance, how inclusive, diverse and equal participation is across all groups of employees is key. Traditionally, employee heterogeneity in participative workplaces has been approached on the basis of Hansmann's (1996) hypothesis. He proposed that heterogeneity of the workforce in participative workplaces is costly because of irreconcilable preferences across skills sets: decision-making will require longer debates and arguments than if the workforce was homogenous. The overall implications of Hansmann's hypothesis have not been borne out. Employee-owned and labor-managed firms are present in a range of industries with heterogenous workforces, yet their total factor productivity is found to be at least as high as that of conventional firms (Fakhfakh *et al.*, 2012; Jones, 2022; Pérotin, 2012). Employee-owned firms and worker cooperatives also seem to survive longer than conventional firms (see, e.g. Burdín, 2014; Kurtulus and Kruse, 2017). However, we do not know whether democratic workplaces could perform even better if they were more, or less,



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diverse and inclusive. As far as employee outcomes are concerned, the quantitative evidence remains very limited and primarily focused on pay and wealth.

In this special issue in the wake of the 2022 International Association For the Economics of Participation (IAFEP) conference in Montpellier (France), we are very pleased to present three articles that empirically tackle the issue of diversity and employee participation in democratic and other workplaces and the impact on employee outcomes. The three papers contribute to the emerging literature on workplace empowerment and inequality in participatory firms. This literature seeks to answer the question: who benefits from the development of “shared capitalism” (Kruse *et al.*, 2010)? We believe the three papers are innovative and relevant for five main reasons.

First, they consider workers’ diversity, which is still relatively rare in the literature on participatory practices in firms where workers are all considered to be the same (with microeconomic models assuming a representative agent). In most of the economic literature on labor-managed firms, the effects of participatory practices are examined for all workers on average, with a few studies investigating the role of differences in skills levels among employees (e.g. Burdin, 2016; Estrin, 1991; Fakhfakh and Pérotin, 2000). Including workers’ diversity allows authors to build models that are closer to reality and account for differences in the *voice* of different categories of workers. This is representative of the evolution of the demographic in some participative workplaces. For example, worker cooperatives in countries like Italy and France were historically comprised mainly of semi-skilled white men in the manufacturing industry. However, descriptive statistics for many countries now show a wider diversity in terms of industry, gender, race and immigration status. It also contributes to the visibility of the many groups of people involved in employee participation and workplace democracy whose part may have been ignored, as for example African Americans (see Gordon Nembhard, 2015).

Second, diversity is not only considered, but also examined from a thorough, comprehensive and innovative perspective. A variety of individual characteristics are measured: gender (Ibukun and Pérotin; Reibstein and Schlachter), race (Reibstein and Schlachter, Ibukun and Pérotin), immigration status (Reibstein and Schlachter) and disability (Hyseni, Schur, Kruse and Blanck). The effect of equality policies in the workplace is also considered (Reibstein and Schlachter, Ibukun and Pérotin). A wide range of participation practices are also explored: employees’ perceptions of Organizational Citizenship Behavior (OCB) (Hyseni, Schur, Kruse and Blanck), employee involvement practices measuring the level of job control perceived by workers (Ibukun and Pérotin) and cooperatives fully owned and managed by the workers with a focus on psychological ownership, autonomy and participation (Reibstein and Schlachter). These aspects are not only explored separately or additionally, but the interaction effects between them are also considered to test for any intersectional effects, using the appropriate statistical tools to measure complex factors.

Third, the data are very rich. Two of the three articles use new USA data collected by the authors themselves: Reibstein and Schlachter collected a dataset in 2017 on more than 1,100 workers in 82 worker-owned firms with data on gender, race and immigration status and Hyseni *et al.* collected data on 2,000 workers in law firms regarding their perception of OCB and disabilities. The third article (Ibukun and Pérotin) focuses on the UK, using Workplace Employment Relations Survey data to answer a new question on the mediating effect of firms’ equality plans on the effect of job demands and job controls on employees’ job satisfaction.

The methodology used in all three articles is thorough econometric analyses well suited to the research questions at hand. In particular, the variables are carefully constructed using multiple regressions, robustness tests and Principal Components Analysis (PCA—Reibstein and Schlachter, Ibukun and Pérotin). In all three cases, the richness of the data allows for a large number of control variables investigating effects “all else being equal” (e.g. “pure

discrimination”). However, all three articles also give detailed descriptive statistics, showing sectoral disparities and a nuanced vision of the various forms of inequalities that are sometimes wrongfully ignored by economists.

All articles in this special issue find a variety of situations and contrasting results. Some findings are encouraging, such as the absence of direct pay discrimination when controlling for job type, tenure, worker ownership and immigration status in worker cooperatives (Reibstein and Schlachter) or that workplace culture including workplace policies for equality, inclusiveness and diversity improve the engagement of employees with disabilities (Hyseni *et al.*) and that those policies improve employees’ satisfaction with control over their job and mitigate the negative effects of job demands (Ibukun and Pérotin). However, all three articles show that much remains to be done to reach a point where all groups are truly able to participate and workplace democracy fully benefits from all employees’ contributions. Occupational segregation, access to ownership and multiple barriers still limit employees from groups facing discrimination in their engagement, sense of autonomy and control at work as well as rewards, in both democratic and other participative workplaces. Clearly, we cannot take for granted the idea that employee participation would automatically mean an absence of discrimination and the idea that participatory workplaces only make sense for homogenous groups of workers is definitely obsolete. We believe that these results are precious in the field and pave the way for substantial empirical work on the topic going forward.

The first article is “Inequalities in Democratic Worker-Owned Firms by Gender, Race, and Immigration Status: Evidence from the First National Survey of the Sector” by Sarah Reibstein and Laura Hanson Schlachter. It focuses on material (pay) and non-material benefits for workers and ownership status in USA worker cooperatives across gender, race and immigration status and checking for intersectional effects. The authors start by finding a gender wage gap when they do not control for firm characteristics, which is then reduced by half when they control for firm characteristics. This gender wage gap finally disappears when firm fixed effects are included. The paper concludes that sorting in different firms is important in explaining pay disparity. The authors also find no evidence of a wage gap by race or immigration status. In addition, they examine three non-material outcomes – psychological ownership, autonomy and participation – derived from a PCA on related scale variables. The sector-wide disparities in material and non-material outcomes by gender, race and immigration status reflect differences in individual-level human capital and job characteristics as well as widespread occupational segregation and homophily. In other words, white men earn more than any other group on average and the differences are explained by firm, job type, tenure and ownership status. As expected, employee owners exhibit higher autonomy and higher participation. Although women, people of color and immigrants are well represented in the USA worker cooperative sector, male, white and non-immigrant respondents are disproportionately represented both in worker ownership status and ownership of an individual capital account. Their results also demonstrate that immigrant employees report less workplace autonomy in worker cooperatives than non-immigrants, even when controlling for all other individual and firm effects.

The second article by Hyseni, Kruse, Schur and Blanck is called “Disability, workplace inclusion and organizational citizenship behavior: an exploratory study of the legal profession.” In this article, the authors administered their own survey online to 200,000 employees. There were about 4,000 respondents with almost half of them completing the whole survey. The paper focuses on analyzing how perception of OCB within the firm varies with disability status as well as race, gender and age and with organizational culture. The OCB measure was derived as a sum of three scale (0–7) questions related to (1) taking action to protect the organization, (2) keeping up with the development of the organization and (3) offering ideas to improve the future of the organization. The article looks at the effect of each individual characteristic as well as interactions between them. Using OLS regressions,

the authors find that employees with disabilities and persons of color have lower perceptions of OCB. The company culture, approximated here by supportive co-workers and by effective diversity, equity and inclusion strategies play a mediating role since the impact of disability and being a person of color on the employee's perception of OCB is halved in the presence of a supportive company culture. Workers with disabilities also have lower perceptions of co-workers' support. Interacting gender and disability was not significant, while older workers are those who report the highest OCB. To give more robustness to their results, the authors used an ordered logit model and found similar results. Finally, to explain the negative impact of disability on OCB, the authors recall results that show disability is found to reduce job satisfaction. The lower satisfaction, related to the perception of a worse treatment by management and lower job security, could be also a source of less OCB.

The role of equality and diversity workplace policies and their effect on job satisfaction is the subject of the third article, "Employee empowerment, equality plans and job satisfaction: an empirical analysis of the demand-control model" written by Ibukun and Pérotin. The paper uses UK data to measure the effect of individual employee empowerment on various types of job satisfaction, controlling for job demands and testing for joint effects with the presence of a workplace equality plan. Individual employee participation and empowerment is measured using PCA on a series of variables measuring employees' sense of control over their job and variables measuring job demands. The effect of individual participation is then tested with logit estimations of nine equations explaining different aspects of job satisfaction. The test uses a demand-control model, which is also validated separately and shows that job control improves employees' satisfaction but that this is partly dependent on the level of job demands. The authors find that employee empowerment, or job control, is a key predictor of job satisfaction and job demands are negatively associated with various aspects of job satisfaction, controlling for a wide range of individual and workplace characteristics including incentives and other forms of (collective) participation. All else being equal, women report lower satisfaction than men on four of the nine measures (initiative, influence, training and opportunities for skills) and employees of color report lower levels than white employees on four other aspects of job satisfaction (the sense of achievement, pay, the work itself and involvement in decisions). The presence of equality plans strengthens the positive effects of job control on several forms of job satisfaction (the sense of achievement, initiative, influence and the work itself) and mitigates the detrimental effects of job demands on the sense of achievement, opportunities to develop skills, pay and the work itself.

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