Democratize the Corporation
Contribution to GTI Forum Corporations in the Crosshairs

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The capitalist system is "on fire," putting global democracy, climate, and peace at risk. Oxfam International reports that billionaires worldwide grow $2.5 billion richer every day, while the poorest half of the global population falls further behind. With social mobility still handicapped by the Great Recession, people from frontline communities are not finding their way into more prosperous ones, deepening their sense of betrayal and being left behind.

Many of the world’s most distressed communities exist side-by-side with the richest regions. Unchecked private capital produces governments that favor the rich. Governing elites insulate themselves from the costs of the policies they impose on others. On social media platforms, the loudest voices are not representative of those working multiple, low-paying, dead-end jobs with barely enough to survive. A self-interested Boomer generation pushes back on younger generations seeking shared prosperity and aspirational work.

Do we just apply situational band-aids, however effective, to these human-induced disasters, or can we more effectively scale systemic antidotes to the underlying socioeconomic-political diseases? Clearly, for Corporation Reform & Redesign (CR&R) to be transformational and inclusive in our lifetimes, and not be a mere academic exercise, a number of steps are necessary.

First, pundits, politicians, and practitioners should acknowledge that moving away from shareholder primacy to stakeholder primacy requires a deeper and broader move toward worker and employee ownership. Second, we need common vocabulary and metrics to operationalize and then measure transitions from corporate social responsibility (CSR) to Environmental, Social and Governance criteria (ESGs), and then from ESGs to alternative business models (“social
enterprises”) and, even more broadly, Social Enterprise Ecosystems (“SEEs”—my acronym). A sustainable enterprise ecosystem is one marked by virtuous cycles, by multiple inter-cooperating for-profit enterprises with common deep-rooted values and inclusive workplace democracy practices, and an all-encompassing solidarity culture sharing sacrifices, risks and rewards.

Third, the gargantuan task before us is to build organic consensus on how best to convert failing culture and power paradigms into creative, inclusive, climate-sustaining, economically democratic, stakeholder-owned, ecosystem-centric social enterprises wedded to global practice communities.

A Middle Way for Earth

Democratizing corporate governance will be an essential part of this transition. The basic democratic principle underlying nation-state and shared-ownership models is one person, one vote. Within enterprises, an equity share gives the right to vote and provides the basis for changing the power paradigm in the culture in order to build community wealth, civic solidarity, and self-reliance. Experience suggests that broad-based, worker ownership is more stable, inclusive, equitable, democratic, resilient, and competitive. Such companies outperform their peers with fewer job losses, especially during downturns. The transition from CSR to ESG to SEEs requires transcending historically rooted, intergenerational poverty and dependency cultures with proven, localized, hybrid worker and employee ownership models.

Worker-owned enterprises, such as Mondragon, cooperative economies as found in Emilio Romagna, and other enlightened, time-proven ecosystems show social enterprises rooted in shared ownership can nurture self-reliance, fulfilling work lives, and economic democracy, while contributing to a sustainable planet. These alternative enterprises and economic ecosystems are growing phenomena, crossing oceans, borders, markets, and silos to empower underserved stakeholders and transform commoditizing culture/power paradigms. Such models help to increase participatory democracy and redefine citizenship, aided by educational and cultural outreach in partnership with disadvantaged communities. Eclectically localized, hybrid versions of the “one worker, one vote” cooperative ecosystem are unfolding in the US (e.g., Cincinnati, Dayton, Nashville, Brooklyn, Indianapolis, Albuquerque, Jackson/MI); and globally (Preston/UK, Seoul, Columbia, Argentina, Mexico, Costa Rica, South Africa, West Africa, Japan, Singapore, Bermuda, and elsewhere). The rise of such alternatives is no longer a question of “if” but “when”.

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About the Author

Michael Peck is a co-founder and executive director of the 1worker1vote movement, which co-launches worker-owned enterprises and projects with local stakeholders. He has served as the first and only US delegate in the Cooperative Congress of the Mondragon Corporation since 2000, a board member of the American Sustainable Business Council, and on the corporate advisory board of the Blue Green Alliance. He is also the founder of the MAPA Group, a mission-driven, business development consultancy. He holds degrees from Rice University and the Johns Hopkins University Paul H. Nitze School of Advanced International Studies (SAIS).

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