



Organizing the study of degeneration and regeneration in worker cooperatives: A semi-systematic review from institutions to identity

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ABSTRACT

This semi-systematic literature review synthesizes 90 studies on degeneration and regeneration with a focus on worker cooperatives. It asks: How do formal structures and informal practices interact to amplify regeneration and degeneration, and how are these dynamics explained across research streams, geographical contexts, and discourses? Using the Deetz Matrix as a heuristic framework and PRISMA to guide the review process, four analytical dimensions of degeneration and regeneration are identified: institutional environment, organizational governance, organizational culture and leadership, and member identity. Future research directions grounded in methodological pluralism and pathways for more context-sensitive and practice-oriented scholarship on degeneration and regeneration are proposed. Degeneration is conceptualized not as linear but as a dynamic and paradoxical phenomenon formed by institutional trajectories, governance tensions, and fluctuations in member engagement. Regeneration arises through practices that reinforce democratic values, foster cultural alignment, and cultivate psychological ownership. Despite governance mechanisms, democratic resilience ultimately depends on the interplay and alignment of structure, culture, and agency. The epistemological mapping shows a dominance of critical discourse and growing interest in ethnographic approaches. Significant gaps persist in the theorization of identity formation within worker cooperatives, considerations of institutional and historical specificity, and geographical diversification of studies on degeneration and regeneration.

1. Introduction and relevance

The purpose of this semi-systematic literature review is to synthesize existing research on degeneration and regeneration in worker cooperatives by exploring the drivers of democratic organizational decline and strategies to counteract them. Its main contribution lies in identifying four analytical dimensions through which this phenomenon can be examined and from which future research directions emerge:

- I. Institutional environment, market influence, and political discourses
- II. Organization and organizational governance
- III. Organizational culture and leadership
- IV. Identity, member perception, and individual attitudes

The degeneration thesis describes the process by which cooperatives lose their democratic character and increasingly resemble for-profit firms in aspirations, structures, and ideology (Cornforth, 1995). It raises doubts about cooperatives' ability to stay grounded in their original

value framework (Jaumier, 2017). Typically, this is attributed to market pressure, growth, and oligarchic tendencies as decision-making becomes centralized among a leadership elite (Sausser, 2009; Storey et al., 2014). These tendencies are not merely organizational but linked to broader capitalist environments and institutional conflicts (Egan, 1990; Las Heras et al., 2024).

Although its inevitability is increasingly contested (Unterrainer et al., 2022), degeneration has been observed across cooperative forms (Bretos et al., 2020). While the literature has primarily focused on worker cooperatives (see Cornforth, 1995), similar pressures also affect consumer cooperatives (Barros & Michaud, 2020), producer cooperatives (Cook, 2018), and credit unions (Byrne et al., 2023). As alternative organizations founded on mutual support, participation, and shared ownership (Langmead, 2017), cooperatives collectively encounter conflicts between democratic ideals and market imperatives (Arnaud & Château-Terrisse, 2024).

Studying degeneration and regeneration is essential, as democratic decline threatens cooperative identity and purpose. Renewal strategies can restore participation and sustain cooperatives as democratic

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Degeneration

("Cooperatives" OR "co-operative" OR "cooperativism" OR "Cooperative Enterprise" OR "Worker-managed firms" OR "worker managed firms" OR "employee-owned organizations" OR "employee owned organizations" OR "Cooperative" OR "Worker-owned firms" OR "worker owned firms" OR "Labor managed firms" OR "Labor-managed firms" OR "Worker Cooperatives" OR "Producer Cooperatives" OR "Consumer Cooperatives" OR "Alternative Organizations") AND ("Degeneration" OR "Degeneration Thesis" OR "Organizational Degeneration" OR "Cultural Degeneration" OR "Constitutional Degeneration" OR "Oligarchization" OR "Oligarchisation" OR "Oligarchy" OR "Bureaucratization" OR "Democratic Erosion" OR "Mission Drift" OR "Institutional Decay" OR "Stakeholder Disenfranchisement" OR "Institutional Isomorphism") AND (LIMIT-TO (SUBJAREA,"BUSI") AND (LIMIT-TO (DOCTYPE,"ar")) AND (LIMIT-TO (LANGUAGE,"English"))

Regeneration

("Cooperatives" OR "co-operative" OR "cooperativism" OR "Cooperative Enterprise" OR "Worker-managed firms" OR "Worker managed firms" OR "employee-owned organizations" OR "employee owned organizations" OR "Cooperative" OR "Worker-owned firms" OR "worker owned firms" OR "Labor managed firms" OR "Labor-managed firms" OR "Worker Cooperatives" OR "Producer Cooperatives" OR "Consumer Cooperatives" OR "Alternative Organizations") AND ("Regeneration" OR "Regeneration Thesis" OR "Revitalization" OR "Democratic Renewal" OR "Participatory Governance" OR "Democratic Governance" OR "Workplace Democracy" OR "Organizational Democracy") AND (LIMIT-TO (SUBJAREA,"BUSI")) AND (LIMIT-TO (DOCTYPE,"ar")) AND (LIMIT-TO (LANGUAGE,"English"))

Fig. 1. Search strings used for literature acquisition.

alternatives (Michaud & Audebrand, 2022; Novkovic et al., 2022).

Cornforth summarizes the thesis as follows:

[...] worker co-operatives will have to adopt the same organizational forms and priorities as capitalist businesses in order to survive. As a result, [...] cooperatives will gradually become dominated by a managerial elite who will effectively take decisions in the cooperative and so undermine democracy and the influence that other workers can exert (Cornforth, 1995, p. 488).

Existing work often distinguishes between (a) mechanisms to prevent degeneration through governance and organizational practices and (b) regeneration processes through which cooperatives rebuild participation after decline (Arnaud & Château-Terrisse, 2024; Unterrainer et al., 2022). Regeneration is increasingly framed as ongoing, practice-based, and supported by active membership, culture, and

institutional openness to critique (Arnaud & Château-Terrisse, 2024; Cook, 2018; Langmead, 2017). Degeneration and regeneration are therefore conceptualized as dynamic, sometimes simultaneous tensions (Bretos et al., 2019; Dufays et al., 2020; Hernandez, 2006).

Outcomes vary across cooperatives and depend on interacting internal dynamics and contextual conditions (Unterrainer et al., 2022). Less attention, however, has been given to how formal structures and informal practices interact in these processes, and how explanations vary across contexts and research discourses. In this review, formal structures refer to governance and design features such as statutes, membership rules, voting arrangements, board and committee architecture, and incentive and salary systems. Informal practices refer to enacted routines and meaning-making processes, such as onboarding

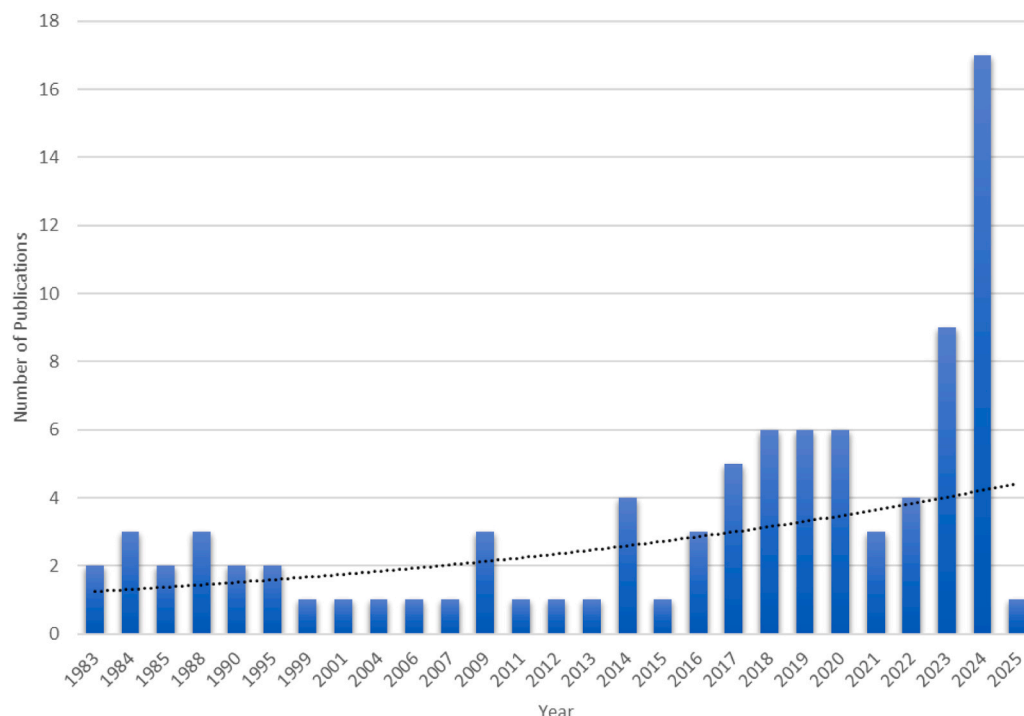


Fig. 2. Development of research field degeneration/regeneration (End of data extraction: January 30, 2025).

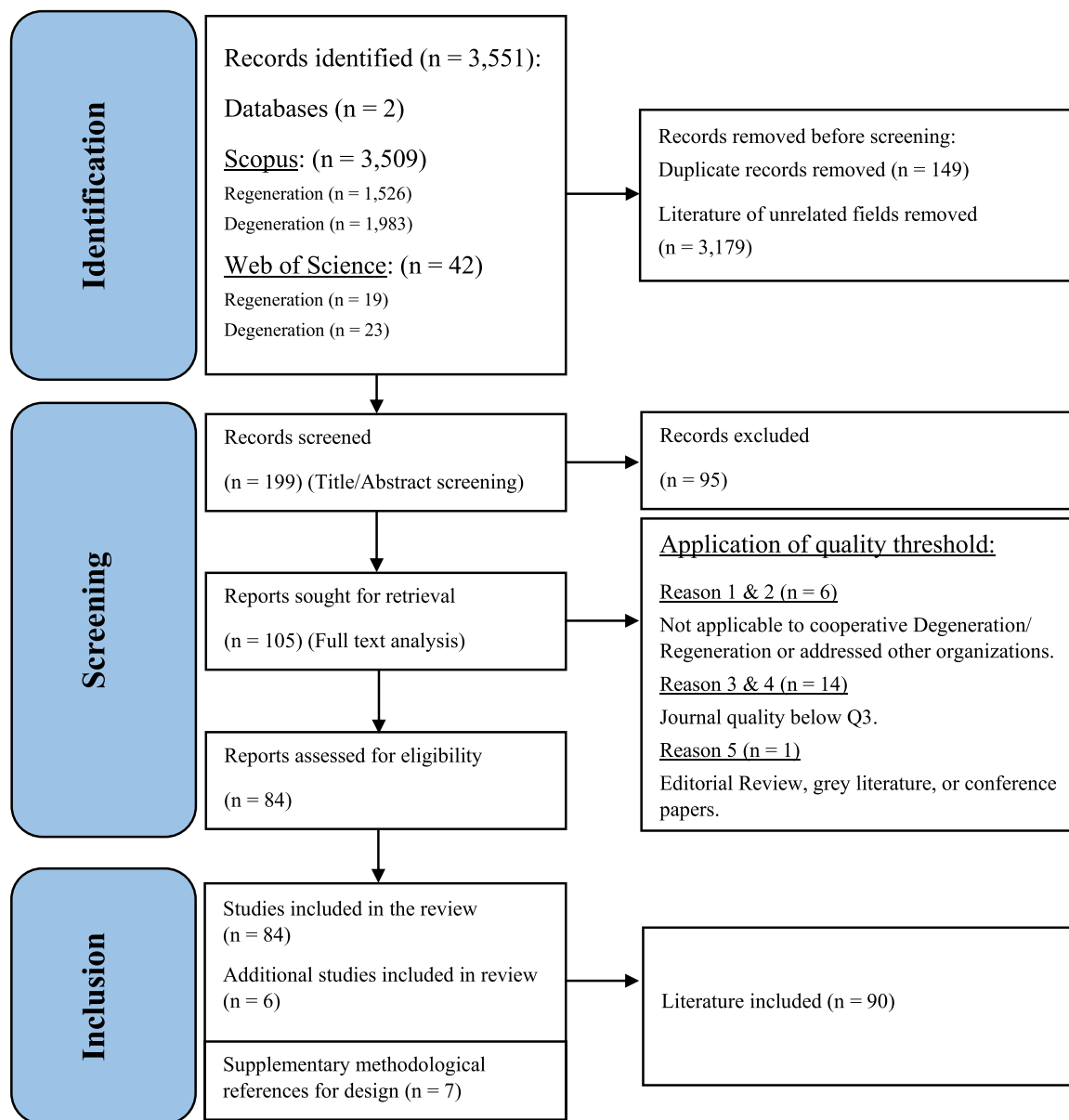


Fig. 3. PRISMA Flow Diagram based on Page et al. (2021).

and socialization, leadership and conflict handling, participation norms, accountability routines, and individual interpretations of cooperative identity. Answering recent calls for greater cross-disciplinary research on the topic (Unterrainer et al., 2022), the review maps studies onto the Deetz matrix (Deetz, 1996). This serves as a heuristic to surface underlying assumptions, paradigmatic orientations, and applied theories. Finally, the geographical distribution of empirical studies is central because cooperatives operate within historically contingent capitalist environments. The tensions and renewal opportunities they encounter vary between institutional environments, sectoral conditions, and context (Bousalham & Vidaillet, 2018; Bretos et al., 2024b; Las Heras et al., 2024). Mapping where evidence is concentrated and where it is scarce serves as an indicator to articulate context-sensitive research gaps.

Accordingly, this review:

- (1) Examines how the interplay between formal structures and informal practices contributes to degeneration or fosters regeneration.
- (2) Synthesizes research streams.
- (3) Maps the empirical study locations.
- (4) Categorizes explanatory theories and paradigms.

The guiding research question is: *How do formal structures and informal practices interact to amplify organizational regeneration and degeneration, and how are these dynamics explained across different research streams, geographical contexts, and research discourses?*

This review begins with an outline of the methodology, followed by a critical examination of the four research streams, and concludes by identifying potential avenues for future research.

2. Methodological approach

The semi-systematic methodology (Snyder, 2019) that follows balances systematic search procedures with interpretive synthesis. A systematic approach can enable the synthesis of all relevant research in a specific field and aid in the identification of research gaps (Petticrew & Roberts, 2006). This literature acquisition is segmented into three

phases based on the PRISMA method (Page et al., 2021): literature identification, screening, and inclusion.

Search strings (see Fig. 1) were developed from an initial scoping review and iteratively refined for precision. Searches in Scopus and Web of Science yielded 3551 initial results from 1983 until January 30, 2025 (see Fig. 2). After duplicate removal and title/abstract screening, studies were retained based on predefined characteristics.

The final inclusion criteria required that studies (1) address mechanisms and conditions that explain degeneration or regeneration, in (2) cooperative organizations, (3) were published in peer-reviewed journals ranked above Q3 (SJR), and (4) were not editorials, grey literature, or conference papers (see Fig. 3).

Despite this systematic approach, some theoretical contributions could not be retrieved through keyword searches, either because of indexing limitations or unconventional terminology. To address these limitations, Google Scholar searches and backward/forward citation tracking were used to identify four additionally relevant studies and two books (Petticrew & Roberts, 2006).

The final analytical sample comprised 90 publications: 88 peer-reviewed journal articles and 2 books. Methodological references were retained for review design but excluded from thematic counts. Studies were coded in a spreadsheet for context (e.g., country, type, level of analysis), and conceptual insights (e.g., focus, theoretical lens, central observations, research gaps) (see [Supplementary material S1](#) [Literature Matrix]). A limitation resides here, as the coding was conducted by a single author. A predefined coding scheme was applied consistently and refined iteratively, and a qualitative thematic synthesis was conducted in methodological line with Anand et al. (2021). These iterations yielded four streams that organize the review. Due to overlaps among some contributions, some papers were assigned to secondary research streams to reflect conceptual interdependence.

Finally, a paradigmatic synthesis was conducted to understand the deeper assumptions embedded in the literature. The Deetz Matrix was employed as a heuristic framework that maps organizational research along two intersecting axes (Deetz, 1996). Discourses are understood as reflections of paradigmatic assumptions and serve as frameworks for interpreting, explaining, and investigating the social world (Burrell & Morgan, 2019; Kuhn, 1996). Kuhn (1996) argues that scientific inquiry within a given paradigm follows shared ontological and epistemological assumptions and norms. Paradigms, in this view, are mutually exclusive and incommensurable, and each offers fundamentally different perspectives on social reality (Burrell & Morgan, 2019). In contrast, Deetz (1996) offers a more flexible conception by emphasizing discourse rather than paradigmatic determinism. He argues that understanding how research representations are produced, disseminated, and used is more productive than debating their epistemological validity (Deetz, 1996, p. 193). His matrix classifies research along two axes: elite/a priori vs. local/emergent perspectives and consensus vs. dissensus. The first axis distinguishes between theory-driven and practice-grounded knowledge, while the second contrasts research that affirms dominant norms with that which challenges them. This framework thus includes four discourses (see Deetz, 1996, p. 198):

- I. Normative (elite/consensus)
- II. Critical (elite/dissensus)
- III. Interpretive (local/consensus)
- IV. Dialogic (local/dissensus)

In short: “Elite/a priori conceptions lead more to the development of ‘theoretical codified’ knowledge, a kind of ‘book’ knowledge or ‘knowing about’. Local/emergent conceptions lead more to the development of ‘practical’ knowledge, a kind of ‘street wisdom’ or a ‘knowing how’” (Deetz, 1996, p. 196). Each paper was thus assessed in relation to its purpose (theory development vs. practical insight), methodological foundation (deductive vs. inductive), and stance toward dominant systems (consensus vs. critique). Classification followed the dominant

framing in the research question and contribution claim.

3. Analytical dimensions of degeneration and regeneration

To structure how cooperative degeneration and regeneration are conceptualized and investigated, this section synthesizes four research streams:

- I. Institutional environment, market influence, and political discourses
- II. Organization and organizational governance
- III. Organizational culture and leadership
- IV. Identity, member perception, and individual attitudes

Rather than treating degeneration as a unidimensional phenomenon, the literature reveals it as a multi-layered process, formed by internal dynamics as well as external constraints. Following an outside-in logic, the review begins with institutional environments as boundary conditions, then examines how these pressures are translated into governance structures, cultural practices, and ultimately identity-related dynamics.

3.1. Institutional environment, market influence, and political discourses

Institutional context affects sense-making processes, organizational identities, and the practical space for cooperatives to sustain democratic principles. Socioeconomic, political, and cultural conditions, therefore, amplify or inhibit degenerative tendencies (Baldacchino, 1990; Jaumier, 2017; Major & Preminger, 2019). While cooperatives are member-owned by design (Diefenbach, 2019), they remain situated between tensions of democracy and hierarchy (Hartz et al., 2024) and thus constitute arenas of ongoing negotiation between these forces (Hernandez, 2006).

Hierarchical, organizational configurations may be culturally taken for granted, yet their effects depend on how cooperatives are embedded in broader political movements and movement ties that inform how they position themselves within their institutional environment (Ames, 1995; Estragó, 2023). Cooperatives situated in contexts with strong ties to labor movements and cooperative federations thereby gain institutional advantages. These external entities facilitate cooperative resilience by providing essential resources, including training, funding and coordination, and normative guidance (Egan, 1990). When cooperatives become increasingly detached from these institutional ties and the principle of solidaristic organizing, they might become more susceptible to what Diamantopoulos (2012) terms movement degeneration. That is, a process in which erosion of democratic engagement and distancing from movement values weakens cooperative identity and democratic practices at the organizational level. Although primarily conceptual, these arguments suggest an empirical pathway on how movement embeddedness and support infrastructure condition democratic resilience.

Specific conditions of institutional support constitute a central factor in analyzing internal cooperative design, governance structures, and sustainability outcomes (Dickstein, 1988; Jones, 2023). Conversely, the absence of strong cooperative associations or supporting organizations may increase vulnerability to degeneration and make isolated cooperatives more susceptible to drift towards mainstream organizational logics (Egan, 1990). This dynamic is illustrated by Atzeni and Ghigliani's (2007) study of worker takeovers in Argentina, where initial factory occupations gave way to market-driven rationalization, rigid role divisions, and power imbalances that favored members in administrative roles. In the absence of supportive institutional mechanisms, technological and market imperatives left little room for democratic experimentation: “[...] structural factors created the conditions for a workplace-based class action. In an inverse process [...] the market is limiting these changes by forcing workers to compromise (p. 668).” Without institutional support mechanisms, competitive environments

and survival imperatives can “undermine emancipatory potential” by intensifying isomorphic pressures that undercut democratic foundations (Bousalham & Vidaillet, 2018, p. 403). However, strong cooperative networks and successful exemplars create positive spillover effects and serve as inspirational models that reinforce democratic resilience (Pansera & Rizzi, 2020). More broadly, historical pathways and the dominant political direction of a country further form cooperatives’ capacity to resist degeneration (Giagnocavo et al., 2014; Soydemir & Erçek, 2023). For instance, Gupta and Nath (2024) suggest the macro-level democratic environment and dispersion of democratic values as central to cooperative success and performance at the organizational level. Regional disparities are also evident in the higher cooperative degeneration rates observed in Southeast Africa due to overall limited managerial capabilities (Francesconi & Wouterse, 2019).

Institutional influence is also visible in discursive practices. In the Mondragon network, Heras-Saizarbitoria and Basterretxea (2016) observed discursive inconsistencies between formal democratic values and the managerial language adopted by member cooperatives. In practice, member cooperatives often comply with stakeholder expectations in ways that emphasize customer relations and quality management in their communication, rather than depicting themselves as cooperatives with democratic governance principles. This decoupling shows that language, as argued by Pigeon and Rixon (2023), reflects underlying structural dynamics and institutional tensions. It makes discursive practices crucial indicators of degeneration or regeneration processes. Aligning managerial discourses and communication more closely with foundational cooperative values could thereby create conditions for regeneration, because members and stakeholders then relate to their cooperative in a specific way (Heras-Saizarbitoria, 2014).

Similar institutional dynamics are observed in the analysis of a large Canadian food cooperative (Barros & Michaud, 2020). In this case, members leveraged social media as a platform for resistance against managerial attempts to change governance structures. The digital environment thus emerged as an arena for actively contesting managerial discourses, deconstructing institutional power structures, and echoed the Habermasian tension between “lifeworld” and “system” discussed by Dufays et al. (2020). Cooperatives, in this view, occupy a liminal space as neither fully aligned with dominant capitalist systems nor entirely separated from them. They function as agents that resist the systemic colonization of democratic values by fostering “communicative forms of solidarity” (Dufays et al., 2020). However, attempts to institutionalize democratic solidarity are systematically mediated by market competition, which produces forms of solidarity that are instrumental, selective, and calculative (Las Heras et al., 2024). Cooperatives operating in hostile institutional contexts must thereby continuously defend their legitimacy against externally imposed norms (Soetens & Huybrechts, 2023), with their responses determined by their institutional settings and sectoral conditions (Arnaud & Château-Terrisse, 2024; Bousalham & Vidaillet, 2018). Shanahan (2024) distinguishes two strategic responses that cooperatives employ to address issues around legitimacy. Symbiotic strategies, which engage actively with dominant systems, expose cooperatives to risks of mission drift and internal oligarchization. Interstitial strategies, which seek autonomy from dominant capitalist systems, lead to isolation, stagnation, or organizational inertia (Errasti et al., 2017). Degeneration thus emerges not merely from internal dysfunction but from institutional pressures and the strategic accommodations mobilized to address legitimacy demands.

Internationalization studies further highlight institutional tensions in coopitalist hybrids, where subsidiaries operate under capitalist structures and democratic principles are only selectively transferred (Bretos et al., 2018, 2019; Bretos & Errasti, 2017, 2018; Errasti, 2015). Multi-national cooperatives may thus display partial regeneration, by maintaining democratic integrity at their core while tolerating degeneration in peripheral units (Bretos et al., 2020), and mobilize host-country institutions as discursive resources to legitimate these arrangements (Bretos et al., 2024b). Importantly, these dynamics are frequently

associated with internal stratification and precarious employment practices. Yet the direction of causality remains contested. Market pressures may trigger deteriorating job quality and democratic dilution, but alternatively, deteriorating job quality may be instrumentalized as a competitive strategy to gain and maintain market share (Dorigatti et al., 2024).

In short, institutional environments condition degeneration and regeneration by guiding and constraining formal governance options and by setting boundaries for the informal practices through which members interpret, enact, and contest cooperative democracy. At the same time, these dynamics may unfold differently across cooperative types, as sectoral conditions, institutional arrangements, and membership structures vary. The analysis now moves inwards to organizational governance as another locus of formal structures.

3.2. Organization and cooperative governance

The governance discussion of degeneration in cooperatives has largely been framed through the cooperative life cycle theory (Batstone, 1983; Bretos et al., 2020; Cook, 2018; Meister & Ross, 1984; Unterrainer et al., 2022). It conceptualizes degeneration as a gradual drift whereby cooperatives dissolve or transform into for-profit firms when their operations no longer align with members’ original objectives (Cornforth et al., 1988). This shift from direct to representative democracy is commonly linked to increasing informational and resource asymmetries between members and management (Meister & Ross, 1984). It is, however, mediated by recognition and introspection instances, where democratic deficits are identified and addressed (Bretos et al., 2020; Cook, 2018). Cornforth et al. (1988) further categorize degeneration into three dimensions: constitutional degeneration, in which cooperatives adopt capitalist formulas and change their structures to comply with rationalization pressure and efficiency demands from the market (Ben-ner, 1988); goal/cultural degeneration, as cooperatives shift culturally toward conventional profit-oriented objectives (Stryan, 1983); and organizational degeneration, as managerial elites dominate governance and limit member participation (Bretos & Errasti, 2017; Cornforth, 1995).

Regenerative governance strategies emphasize job rotation (Cornforth, 1995) and hybrid forms of direct and representative democracy as countermeasures to elite entrenchment (Pek, 2021; Rosner, 1984; Ruiz & Bretos, 2023). Yet, structural and market conditions, such as geographic dispersion or sectoral demands, can limit its applicability (Atzeni & Ghigliani, 2007; Cornforth, 1995). In larger cooperatives, stratification of work sites and the creation of subsidiaries may threaten democratic cohesion and complicate job rotation schemes. One proposed response is to democratize subsidiaries through mixed cooperative forms and greater autonomy, which requires intentional diffusion of democratic knowledge and practice (Bretos & Errasti, 2017; Errasti et al., 2023). However, such reforms may generate strategic ambiguity, tensions, and resistance from core members. This potentially reinforces capitalist peripheries or symbolic participation, with the potential for constitutional and organizational degeneration (Bretos et al., 2024a, 2024b; Errasti, 2015). Resisting degeneration, therefore, requires continuously negotiating the extent of rationalization, standardization, and managerial control that members perceive as compatible with their democratic enterprise (Jaumier & Daudigeos, 2021).

Another central governance driver of degeneration concerns reliance on non-member labor (Dean, 2019). While often justified on efficiency grounds concerning administrative or strategic positions (Burdin & Dean, 2009), this practice can weaken adherence to cooperative values (Ng & Ng, 2009) by creating bifurcated organizational structures: One governed through peer-based democratic control among members, and another managed hierarchically for hired staff (Lambert, 2017; Rosner, 1985). As member-owners potentially seek to limit the distribution of shared profits to a wider member base, instrumental reliance on non-member labor can reinforce internal inequalities and so undermine

solidaristic governance (Bretos et al., 2018; Russell, 1984). Degeneration in this sense is not only a matter of formal membership status but also of how participation and remuneration are structured across subgroups. For instance, institutionalized gender pay inequality has been associated with declining workplace democracy (Oseen, 2016). Under market pressure, cooperatives might therefore restrict full membership to specific groups or introduce differentiated membership statuses as a symbiotic strategy and thereby weaken democratic governance. However, the impact of hired labor is contingent on context. Jensen (2011) shows instances of high social cohesion and inclusive profit-sharing preserving democratic integrity despite hiring more non-members than intended. Operationalized and imprinted democratic governance structures can hence buffer the risks associated with external hiring (Darr & Lewin, 2001). Similarly, Lambert (2017) notes U.S. cases where cooperatives prioritize job security over profitability.

Recent perspectives examine degeneration through a paradox lens. This approach sees governance tensions as generative contradictions that must be actively managed (Hernandez, 2006; Storey et al., 2014). Ng and Ng (2009) show that it is precisely the tension between democracy and hierarchy that enables cooperatives to thrive. Degeneration follows from persistent failures to navigate opposing poles, while regeneration occurs when paradoxes are productively balanced (Diamantopoulos, 2012). The source of degeneration is thus increasingly attributed to imbalances in opposing organizational tensions, and shifts attention from the temporal logic of the cooperative life cycle theory to a more configurational perspective.

In this context, Audebrand (2017) and Michaud and Audebrand (2022) identify seven paradoxical governance tensions that cooperatives, and particularly their boards, must continually manage. These tensions describe enduring challenges of cooperative governance. Their imbalance, however, is not uniformly theorized as a direct driver of degeneration:

1. Member cohesion: homogeneity vs. heterogeneity
2. Board member motivation: extrinsic vs. intrinsic incentives
3. Board independence: control vs. collaboration
4. Member participation: efficiency vs. collectivity
5. Board elections: expertise vs. representation
6. Performance measures: economic vs. social goals
7. Organizational identity: mainstream acceptance vs. alternative positioning

Specifically, considerations on degeneration are addressed most explicitly in the last dimension. Yet each of these tensions aligns with broader categories of paradoxes in cooperative organizing and offers implications for considerations of degeneration and regeneration.

The organizing paradox captures tensions between hierarchical coordination and democratic participation (Varman & Chakrabarti, 2004), most directly reflected in board independence and member participation (paradoxes 3 & 4). Managing this paradox involves setting clear rules while enabling flexibility, maintaining strategic clarity without stifling engagement, and fostering collaboration without sacrificing oversight (Hernandez, 2006; Michaud & Audebrand, 2022). Hartz et al. (2024) emphasize that successful navigation of these tensions depends less on size or sector than on how clearly democratic values mirror governance arrangements in everyday practice. Cooperatives that foster inclusive, reflective participation are more resilient, while those that merely symbolically ritualize participation are more vulnerable. Conditions of reduced oversight and muted voices can thereby provoke internal realignment and regeneration. This becomes especially salient in times of prolonged economic success, which might generate complacency, reduce scrutiny over managerial decisions, and encourage centralization (Storey et al., 2014). Declining economic success, however, creates the condition for a reverse dynamic. In a Mondragon case, managers delayed advancing cost-cutting proposals to the General Assembly for fear of rejection, a hesitation reinforced after the dismissal of a CEO

(Basterretxea et al., 2022). This underscores the need for countervailing power through dispersed authority across committees, not only to limit executive overreach towards a symbiotic strategic direction, but also excessive member influence that may opt for interstitial strategies (Paranque & Willmott, 2014; Shanahan, 2024).

Yet, formal power dispersion alone is insufficient. Executives may still neutralize governance bodies through subtle tactics like suppressing debate or delaying member induction. Many of these issues trace back to early-stage design flaws, such as inadequate onboarding, training, participatory infrastructure, or lacking incentive structures (Paradox 2) (Bourlier-Bargues et al., 2024). Horizontal governance structures, therefore, require robust conflict-resolution mechanisms (Darr, 1999; Darr & Lewin, 2001; Mannan & Pek, 2024). Open and increased participation can expose and amplify these tensions, but can, when managed constructively, strengthen democratic structures (Mori & Cavaliere, 2024). Degeneration can be triggered precisely by an inability to accommodate political antagonism, which paradoxically arises as a consequence of effective democratic practice (Pastier, 2024). Within this context, Pek (2021) further highlights the degenerative potential of electoral cycles and repeated re-election. Sortition is proposed as a corrective to increase representativeness and disrupt elite continuity, though its effects remain empirically underexplored (Paradox 5).

The performing paradox further underscores the tension between balancing business efficiency with social objectives (Paradox 6) (Estragó, 2023; Siedlok et al., 2024). Limited democratic awareness and institutional support often exacerbate degeneration in this area (Varman & Chakrabarti, 2004). Additionally, the learning paradox reflects the tension between economic modernization and democratic renewal. As seen in Mondragon's global expansion, efforts to remain competitive can compromise democratic principles, especially in subsidiaries (Bretos et al., 2018). Regenerative potential thus requires cooperatives to reflectively combine external market-adaptation with internal participatory renewal (Paradox 7) (Hernandez, 2006).

Lastly, the belonging paradox addresses the reconciliation of the cooperative's alternative identity with mainstream demands. Cooperatives must remain true to their foundational values while adapting to members' diverse roles and identities, such as consumer, worker, citizen, as well as aspirations (Paradox 1) (Novkovic et al., 2022; Soetens & Huybrechts, 2023). The challenge, hence, lies in the continuous renegotiation of these competing identities to sustain a cohesive sense of purpose. Las Heras et al. (2024) extend this discussion by framing this tension as the solidarity paradox, by which worker-cooperative members simultaneously enact capitalist and laborer roles.

In essence, governance studies portray degeneration and regeneration as outcomes of how cooperatives institutionalize formal choices and how these arrangements are configured and enacted. Within the paradox lens, degeneration is theorized most explicitly through the identity tension, while other governance paradoxes are discussed more implicitly. A research gap, therefore, resides in whether, and through which mechanisms, repeated resolutions of these tensions in favor of mainstream logics generate degenerative drifts and how specific institutional instances contribute to this. These governance mechanisms are mediated by the informal practices through which members interpret and enact cooperative democracy in everyday organizational life.

3.3. Organizational culture and leadership

Resisting degeneration is not only a matter of formal structures but depends on organizational culture and leadership practices that cultivate autonomy, voice, and democratic assertiveness (Heras-Saizarbitoria, 2014; Hernandez, 2006; Jaumier, 2017; Ng & Ng, 2009). Culture is reproduced through everyday routines that empower members and constrain leadership within cooperative norms (Varman & Chakrabarti, 2004).

Ethnographic research in a French worker cooperative shows how informal practices can discipline leadership (Jaumier, 2017; Jaumier &

Daudigeos, 2021). Jaumier (2017) exemplify how board members are only symbolically legitimized and how workers collectively prevent power centralization through practices such as ridicule, permanent critique, and the rejection of hierarchical language. This institutionalized suspicion channels leadership into accountable, peer-sanctioned roles without formal hierarchy and prevents the rise of undue individual authority (Hernandez, 2006; Jaumier, 2017). Jaumier and Daudigeos (2021) further show how cooperatives resist work degeneration, the alienation from autonomy and meaning of work under market pressures, by sustaining craft-based ethics. Workers at the cooperative reject rationalized control systems, preserve task integrity, and legitimize authority based on peer recognition and technical competence rather than position. In other words, cultural belonging in cooperatives can be conditional and tied to informal standards of legitimacy and the mode through which upward control is exerted (Diefenbach, 2019; Jaumier & Daudigeos, 2021). In these cases, management control is averted by seeing management as a function, rather than as a position that automatically holds legitimacy (Cornforth et al., 1988). Structural elements of the organization are thereby mediated by cultural aspects, community norms, and their peer-based enforcement. Yet, this also entails the risk of marginalizing members who do not conform to established performance, competence, or voting norms. Peer recognition might become a mechanism of informal discipline and norm alignment. Workers who deviate from craft standards may be mocked or socially discredited, and may even conceal errors to avoid humiliation (Jaumier & Daudigeos, 2021). Similarly, Hernandez (2006) illustrates how open voting in general assemblies can trap individuals between complying with pre-decided subgroup decisions and voting independently. Because voting is visible, deviations may be sanctioned through marginalization on the shop floor.

By contrast, some studies suggest that the informal rise of charismatic or dominant personalities is seen as unproblematic. These individuals may attract members' support through competence or charisma, even without formal authority (Ng & Ng, 2009). Democracy and managerial control are thereby complementary in countering degeneration if a collective sense of responsibility and transparent oversight by members is ensured (Charmettant, 2024). Certain cultural conditions, as shown, can amplify the collective capacity to influence or criticize formal leadership. These further extend to egalitarian leadership styles, and an organizational culture that encourages assertiveness, open disagreement, and reflective dialogue (Diefenbach, 2019). These behaviors are not reducible to individual attitudes. Rather, they are learned through sustained exposure to participatory norms and internal learning programs that enhance political consciousness and democratic skills (Diamantopoulos, 2012; Diefenbach, 2019). From a bottom-up perspective, these regeneration initiatives should not be implemented as detached, formalized programs but should be seen as part of a broader socio-educational process embedded in daily work. From the top down, this process must be supported by management initiatives aligned with cooperative values and governance policies that prevent a disconnection between principles and practice. Through mutual reinforcement between learning and organizing, cultural practices become ends in themselves and exceed purely functional considerations (Heras-Saizarbitoria, 2014; Pek, 2021).

In this sense, embedded egalitarian practices create space for animated discussions, shared learning, and alignment of individual and collective identities. Instead of suppressing tensions, these practices reframe the risks of degeneration, such as managerialism or informal hierarchies, as productive opportunities for experimentation and reflexivity (Langmead, 2017). This resonates with evidence from Dufays et al. (2020), who frame organizational culture as a medium that connects the cooperative with the wider movement. Through communicative action, shared identity reinforcement, and embedded practices, cooperatives reproduce "lifeworld" resources (society, personality, culture) while resisting institutional colonization and managerialist degeneration.

Cultural considerations matter as much in preventing degeneration as organizational growth matters for continuity in business. However, growth and recruitment create a tension between openness and value integration (Stryan, 1983). Soetens and Huybrechts (2023) demonstrate that mobilizing a strong ideology can strengthen cooperative identity, yet it may also involve individual sacrifices, exclusionary tendencies, and reduction of group heterogeneity. Rosner (1984) similarly contends that degeneration can arise if a cooperative is unprepared to respond to technological or societal developments. As cooperatives grow, establishing a member-to-staff ratio that maintains cultural continuity becomes critical. Under such conditions, members need knowledge of cooperative values and must engage in relational work, which has been shown to reduce cultural disparities and degeneration risk (Basterretxea et al., 2019; Pohler, 2024).

Leadership quality further affects cultural cohesion. High-quality leader-member exchanges serve as key mechanisms through which loyalty is translated into effective participation (Mori & Cavaliere, 2024). Leaders ought to act less as managers and more as facilitators who foster trust, dialogue, and creativity (Mori & Cavaliere, 2024; Pansera & Rizzi, 2020). Inclusive leadership should approach heterogeneity not as a liability but as a source of democratic vitality (Soetens & Huybrechts, 2023; Torchia et al., 2023). Human resource strategies that prioritize informal feedback and relational engagement, such as coaching-style leadership or regular face-to-face dialogue, can foster participation and reinforce democratic culture (Byrne et al., 2023; Mori & Cavaliere, 2024). Knowledge-sharing practices that center inclusion and relational accountability further reinforce commitment and member identity (Siedlok et al., 2024). These interactions transform loyalty into actual involvement (Mori & Cavaliere, 2024). Participation, then, is not merely a function of structure but a product of the interplay between process, ideology, culture, and, as a result, intrinsic willingness to participate (Brown, 1985; Hernandez, 2006). The importance of culture in halting degeneration and promoting regeneration is hence predominantly framed as a matter of value internalization and mutual democratic vigilance (Sausser, 2009).

In this view, cooperative resilience depends on members translating shared values into everyday monitoring, accountability, and participation. At the same time, cultural and leadership conditions mediate whether formal governance remains substantive or becomes symbolic. They inform the quality of formal practices and condition their functioning. Which arrangements are accepted or rejected is subject to their perceived appropriateness. At the same time, as the next section will elaborate, cultural anchoring only unfolds fully when collective identities resonate with individual ones.

3.4. Identity, member perception, and individual attitudes

A democratic organizational culture ultimately depends on members' capabilities and willingness to exercise democratic skills and to perceive themselves as co-owners (Hernandez, 2006; Summers & Chillias, 2021). Structures, egalitarian leadership, and cultures of assertiveness inform individual behaviors, attitudes, and self-efficacy. Regeneration and resistance to degeneration depend on this democratic spirit (Diefenbach, 2019). When members stop identifying with the cooperative or feel they lack influence, psychological ownership fades. In a Finnish consumer cooperative, low transparency, minimal participation, and insufficient education led members to see themselves as consumers rather than co-owners. This resulted in disengagement and passive participation (Talonen et al., 2018), and thus reduced scrutiny and oversight. The internalization of neoliberal norms and growing individualism exacerbate this subjective detachment from ownership roles and increase the susceptibility to degeneration (Langmead, 2017).

Low affective commitment and weak social capital further restrict members' perceived abilities to participate. Members with stronger ties or longer expected tenure not only tend to engage more, but are expected to do so (Bunders, 2024; Bunders & De Moor, 2024). Yet such

embeddedness can also concentrate influence and foster informal elites (Diefenbach, 2019; Hernandez, 2006), and democratic competence becomes narrower and inaccessible (Cathcart, 2013). Regular educational programs are thus essential, not only to regenerate participation but also to prevent degeneration from taking root (Ruiz & Bretos, 2023). Where members cease to view themselves as responsible agents, free-riding increases and democratic functioning deteriorates (Sauser, 2009). These risks might be grounded in poor work-life quality, disempowerment, and lack of social interaction and represent psycho-social threats to democratic functioning (Lapoutte, 2020). Essentially, integrating values, behaviors, and knowledge along with psychological ownership serves to uphold cooperative principles (Sauser, 2009). Because members continually interpret and renegotiate cooperative values in practice, identity is to be seen as co-constructed (Heras-Saizarbitoria, 2014). Bryer (2018) illustrates how participatory budgeting and shared deliberation can foster belonging even under financial stress by framing economic decisions as collective social acts. In a related argument, Bryer (2020) stresses that these practices are not inherently inclusive. Rather, their effects depend on context and members' socially oriented capacities. The transformational effect of belonging, however, does not emerge when participation is invoked instrumentally and discursively, that is, when the underlying aim is not democratic collaboration but increasing return on capital (p. 658).

This supports the idea that intrinsic rewards, such as peer recognition, achievement, purpose, and the possibility to participate, matter more for democratic engagement than extrinsic incentives. Identity alignment with the cooperative mission is hence closely tied to emotional commitment and perceived efficacy (Lapoutte, 2020). With the absence of extrinsic reward systems, however, this intrinsic impetus potentially gives rise to self-exploitative behavior (Dorigatti et al., 2024).

In this sense, capitalist pressures can activate conflicting identities. In worker-owned cooperatives, members embody two roles: as capitalists and wage-laborers (Las Heras et al., 2024). Specifically, "[...] cooperatives generate an idiosyncratic paradoxical consciousness because their members personify the forces of two mutually undermining commodities: money- capital seeking higher profits, and labor-power seeking to secure better working conditions" (Las Heras et al., 2024, p. 23). These constituents of identity may distort governance and culture toward instrumental ends, even when democratic structures remain intact (Cathcart, 2013). The dual dynamic is particularly visible among younger members (Basterretxea et al., 2019). Pesci et al. (2025) show that their discursive engagement and participation intensify when economic interests become salient. It reflects the activation of competing identities, which, however, diminish with increased exposure to and assimilation with cooperative values. Meaningful and value-consistent participation, therefore, depends on sustained education, value alignment, and inclusive integration processes that enable members to grasp cooperative membership as a bundle of rights and responsibilities (Heras-Saizarbitoria, 2014). Identity construction also intersects with societal education and institutional factors. Because cooperative business models are often absent from curricula, educational institutions shape the cognitive frames through which cooperative membership is understood (Pesci et al., 2025). Embedding these principles into management education may foster critical thinking, reflexivity, and democratic awareness. In that sense, it may function as a meta-strategic lever for value preservation, prevention of degeneration, and democratic awareness (Audebrand, 2017).

4. Conclusion and future research

4.1. Connection points: structures and practices

This review addresses how formal structures and informal practices interact in relation to cooperative degeneration and regeneration, and how these dynamics are explained across research streams, geographical

contexts, and research discourses. Across the literature, regeneration and degeneration are understood as ongoing, often paradoxical, processes that emerge where organizational structures, member agency, and institutional environments are better or worse aligned. Institutions at both societal and organizational levels inform what members perceive as possible, legitimate, and worthwhile in governance, thereby conditioning democratic vitality and the capacity for renewal.

A central synthesis is that formal governance arrangements are necessary but rarely sufficient. Democratic procedures, job rotations, participatory rules, recruitment policies, and committee structures can limit elite entrenchment and strengthen accountability. Yet, their effect depends on how they are enacted in everyday organizational life. Informal practices, such as relational leadership, democratic vigilance, peer regulation, conflict-handling routines, and the degree of value internalization, determine whether formal mechanisms remain substantive or drift towards symbolic compliance or rejection. In cooperatives, culture does not merely support governance, but it is to be seen as an underlying constituent of structural configurations. It can be a living, internal bulwark against degeneration and deterioration of values by connecting the cooperative to its initial purpose and movement values.

Context further amplifies or constrains these dynamics. Cooperatives embedded in supportive environments, through federations, policy frameworks, movement ties, or stakeholder networks, tend to show greater value-resilience. Yet, internationalization, competitive pressures, and specific sectoral conditions can intensify the risk of drift and internal stratification. Importantly, these pressures are mediated through organizational design choices and through the organization's capacity to sustain meaningful democratic control under changing conditions and survival imperatives.

Paradox theory, however, provides an integrative explanation for why degeneration is not simply the outcome of inappropriate design or life cycle decline. Tensions are constitutive of cooperative governance, not merely pathological. Hence, a way of viewing degeneration lies in linking it to persistent imbalances in how these tensions are resolved. This specifically addresses conditions when the cooperative's identity shifts towards mainstream logic in ways that weaken democratic substance. Conversely, regeneration becomes possible when cooperatives accommodate plurality deliberately, institutionalize participation beyond ritualized forms, and prevent elite continuity while maintaining operational viability.

At the member level, these dynamics are experienced through psychological ownership, self-efficacy, and the meaningfulness of participation. Degeneration is associated with disengagement, reduced voice, and weakened alignment with cooperative values. Regeneration is supported by empowerment, social connection, and competence-building that enables members not only to act effectively in governance, but also to see themselves as an integral part of it. Such micro-level conditions, however, only translate into durable renewal when matched by organizational commitment, reflective leadership, and infrastructures that make participation feasible and consequential.

Essentially, cooperative value-sustainability depends on the alignment between formal arrangements and informal practices through which it is enacted and depends on specific institutional and market conditions. Degeneration and regeneration are thereby situated at the intersection of context, structure, and agency. Yet despite the recognized importance of these enactment processes, comparatively few studies examine how cooperative culture and identity are formed, contested, and reproduced in practice, or how these cultural dynamics mediate the relationship between governance arrangements and degeneration/regeneration outcomes. This constitutes a theoretical and methodological gap and points to the need for a deepening of process-sensitive research that moves beyond normative and structural accounts. Democracy might be filtered through institutional-cultural contexts, sectoral conditions, and movement-based value traditions, which inform members' expectations of participation, legitimacy, and identity. What

Table 1
Discourses, theories, and methods.

Discourses/ Streams (I, II, III, IV)	90	Theories	90	Methods	90
Critical (I)	49	• Critical Theory (Ideology, Labor process, Discourse Analysis, Performativity)	9	• Conceptual	12
(II)	15	• Degeneration Theory – Regeneration Theory (Life cycle, general)	14	• Discourse Analysis	1
(III)	19	• Grounded Theory (Degeneration/Regeneration/Paradox)	3	• Ethnography	6
(IV)	7	• Institutional and Political Economy Approaches (Latourian, Marxist, Micro-politics, Neo-Weberian, Pierre Clastres, movement)	18	• Netnography	1
	8	• Organizational Governance & Participation (Agency, Stewardship, Paradox, Sensemaking)	5	• Qualitative Case Study	27
Normative	21	• Degeneration Theory – Regeneration Theory (Life cycle)	5	• Quantitative Logistic Regression	2
(I)	5	• Organizational Approaches (Path Dependency, Development Economics, Agency Theory, Institutional Theory, Horizon Concept, Paradox)	8	• Conceptual	10
(II)	10	• General (Degeneration Theory – Regeneration Theory)	8	• Case Study/Mixed Method/Qualitative	3
(III)	4		8	• Quantitative (regression, panel, ANOVA)	8
(IV)	2			• Discourse Analysis	1
Interpretative	17	• Behavioral, Psychological & Communication Theories (Psychological Ownership, Leadership, Sensemaking Theory, Identity)	5		
(I)	3	• General (Degeneration Theory – Regeneration Theory)	4	• Case Study with Ethnographic Elements	5
(II)	6		7	• Mixed Method	1
(III)	5	• Organizational Approaches (Paradox, Organizational Ecology, Institutionalism, Performativity, Conflict Resolution, Semantics)	1	• Qualitative Case Study	7
(IV)	3	• Grounded Theory	1	• Quantitative (Logistic regression, text as data)	3
Dialogic	3	• Thévenot's Sociology of Engagement and Zelizer's Relational Work	1	• Ethnography	3
(I)	0	• Sociology of Worth	1		
(II)	2	• Critical Accounting, Dialogic Thinking, Dialogic Accountability	1		
(III)	1				
(IV)	0				

counts as degeneration may thereby not merely be a structural outcome but a contextually mediated perception, arising from a variety of life-world resources.

Furthermore, there is a significant lack of research on how identity and psychological ownership evolve, and how this process informs the perception of degeneration or the necessity to regenerate. Because a small number of studies suggest that members who do not perceive themselves as co-owners tend to disengage, future research might examine how individual identity is shaped by organizational culture, leadership, daily work practices, and historically transmitted values in specific settings.

While the literature reviewed acknowledges the importance of these variables, few studies explicitly use institutional context to explain cooperative dynamics in relation to degeneration and regeneration. Further insights in this area might offer pathways to augment the cooperative life cycle theory by incorporating contextual factors and thereby arriving at a more comprehensive picture of the temporal process of degeneration. As the degeneration process has been examined predominantly in the context of worker cooperatives, future research may develop a systematic understanding of how degeneration unfolds across different cooperative types. Differences in membership structure and in members' economic and social embeddedness within the cooperative may significantly influence both degeneration and regeneration. Greater attention to sectoral conditions, institutional arrangements, and individual identity formation could therefore comprehensively explicate how these processes differ across consumer, producer, agricultural, and worker cooperatives.

4.2. Theories and discourses

Theoretically, critical research remains the dominant discourse through which scholars have approached the explanation of degeneration. This is followed by normative and interpretive studies. Dialogic studies are still largely absent from the literature (see Table 1). The reviewed literature has historically emphasized structural determinism and placed a strong focus on governance, particularly through the cooperative life cycle theory. These a priori concepts have proven useful

in generating knowledge on cooperative degeneration from diverse perspectives. Only recently has there been a visible shift toward more dynamic and paradox-based interpretations of governance and degeneration. These studies increasingly investigate the mechanisms of degeneration using ethnographic and interpretative methods. They underscore the richness of informal practices that condition structural arrangements and point to the need for more fine-grained analyses of daily practices, organizational routines, and identity of cooperators. Phenomenological approaches could therefore yield rich insights into the contextual and lived experience of democracy in cooperatives by tracing the narratives through which members interpret drift, conflict, and renewal. Regarding methodological gaps, the literature remains heavily reliant on qualitative case studies and semi-structured interviews, particularly within the critical and interpretive paradigms. This has resulted in a lack of methodological diversity. Although ethnographic, netnographic, and discursive approaches have recently gained attention, they are still rare exceptions. Additionally, grounded theory methods are seldom employed, even though they hold significant potential for developing new theoretical insights that move beyond present a priori concepts in the field.

4.3. Geographical distribution

In terms of geographical focus, empirical research on cooperative degeneration is heavily concentrated in Western European countries and regions with historically strong cooperative movements. Most studies have been conducted in Spain, France, Italy, and the United Kingdom (see Fig. 4). From this depiction, conceptual papers and articles with worldwide coverage or Europe-wide data extraction were excluded (Bunders & De Moor, 2024; Gupta & Nath, 2024). Due to the breadth of some cross-country data, assigned numbers are to be understood as relative research indicators, not absolute counts.

Particularly in light of the institutional environment's significance in forming cooperators' identity and providing structural guidelines, regions such as Central and Eastern Europe, along with much of the Middle East and Africa, remain largely underexplored in terms of degeneration dynamics. Especially in Eastern Europe, worker cooperatives exist but

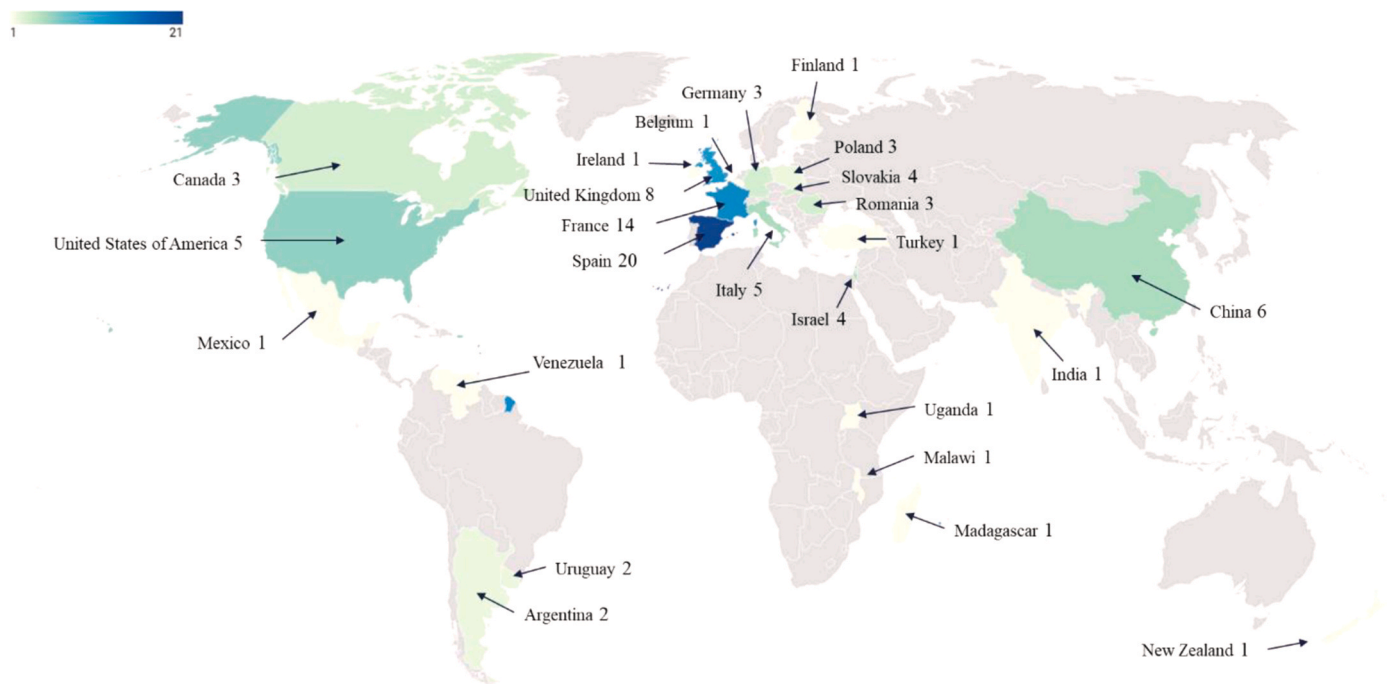


Fig. 4. Regional dispersion of empirical studies investigating degeneration/regeneration.

may be influenced by post-socialist legacies and remain marginalized organizations. Also, emerging economies could present a context where the dynamics of degeneration and regeneration could be especially complex and revealing. Investigating these regions more thoroughly holds the potential to uncover new mechanisms, constraints, enabling factors, and identity considerations that have so far been overlooked in predominantly Western-centric literature.

CRedit authorship contribution statement

Adrian Josef Amon: Writing – review & editing, Writing – original draft, Visualization, Validation, Methodology, Formal analysis, Data curation, Conceptualization.

Declaration of Generative AI and AI-assisted technologies in the writing process

During the preparation of this work, the author used DeepL (DeepL SE), Grammarly, and ChatGPT (OpenAI) in order to improve linguistic quality. After using this tool/service, the author reviewed and edited the content as needed and takes full responsibility for the content of the published article.

Declaration of Competing Interest

The author has no competing interests to declare.

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Appendix A. Supporting information

Supplementary data associated with this article can be found in the

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Data availability

The coding matrix used is retrievable as a supplementary material.

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