

A Brief Manifesto on Organizational Governance for Founders and Reformers

F I R S T D R A F T
Comments are requested and welcome

Neil Carlson, Duke University Department of Political Science
nec@duke.edu
<http://www.duke.edu/~nec/ps/>

Last Updated May 24, 2003

Table of Contents

Table of Contents	2
Prologue	3
Introductory Summary	5
1. Respecting Political Human Nature	8
2. Rules, Norms and Freedom, Three Pillars of Political Order	11
3. Collective Power, Specialization and Subsidiarity	13
4. Institutional Design and Organizational Democracy	15
5. The Representative Constitutional Convention	18
6. Governmental Categories as an Outline for Organizational Governance	20
7. Transfers from Organizational Democracy to Democratic Society	24
References	27

Prologue

The thoughts following this prologue are purposely generic, without making reference to specific organizational cases, except for a few very general allusions. This is for several reasons: first, the generic case has to be made before writing particular applications of it, and this is the first attempt to summarize the entire argument. The content may be thoroughly revised or supplemented to address an organization's particular challenges later. Second, it will be helpful for others—especially those who have more direct experience of their organization's experiences—to participate in the application process as they read this; your interpretations of how these categories apply to your organization will be more valuable if they are not prejudiced by mistaken illustrations. Finally, the generality allows us all to take nothing for granted and to begin with the most basic observations. Most readers will find much that is familiar from other contexts, but perhaps each reader will find at least something new and find the presentation of old and new together to be unique and thought-provoking.

Why did I write this document? The immediate cause is an ongoing discussion with a very real would-be organizational founder, and much of the contents reflect our conversations. A less direct cause is found in my numerous personal experiences of needless organizational dysfunction due to a lack of the “political technology” described below: upstart churches without procedures for selecting new leaders; charitable organizations for whom a stated commitment to the poor or children is too often overwhelmed by a *de facto* commitment to keep the CEO happy; and academic institutions governed proudly by “consensus,” where consensus means reluctant acquiescence to the will of the strongest two or three personalities around the table rather than real agreement. I am motivated by this perception of a lack of structure and participatory culture, and I must confess I have relatively small experience with real democratic, rule-governed organizations, other than the observation that some of the most successful organizations do it very well. As a practical advisor on designing institutions and implementing reforms, I would now be a mere pundit, but my current research agenda seeks to repair this shortcoming. A final, ulterior goal is to expand the job market for political scientists; there are too few jobs in government and academia, and too much value in the discipline. If corporations and associations can hire anthropologists and psychologists to solve management problems, they can certainly hire a few political scientists to do what they were trained to do.

This document is very much a draft, and needs a great deal of polishing. Any comments or critiques of form and content are requested and welcome. If there is any merit at all in this attempt, I owe a great debt of thanks to too many people to mention for listening to me harangue them about these ideas. Among these are the fine people of the Department of Political Science at Duke University, the Graduate InterVarsity chapter at Duke, the

congregation of Blacknall Memorial Presbyterian Church in Durham, and my longsuffering (and understandably eye-rolling) wife, LaVonne.

Neil Carlson, Durham, NC, May 2003

Introductory Summary

This document is intended to offer practitioners of organizational design and management a vocabulary, categories and frameworks for considering their task. It is not by anyone's account the only or the best approach, but it does reflect problems and solutions no leader should forget.

The central thesis of this "manifesto" is that the founding of a new organization (or the reform of an old one) has a great deal in common with the founding of a new government (or, again, the reform of an old one). Governments and organizations both face substantive issues that both founders and reformers ignore at their peril. Several claims are implied by this thesis:

1. ***Human beings are political beings.*** This claim is not intended to trump the observation that humans are also social, economic, religious, rational, emotional, etc. Nor does it claim that all humans have equal degrees of political interest and ambition. Nor does it mean that political interest and ambition are necessarily selfish—some of the best people are interested and ambitious for the sake of others. But no government or organization should ignore the *certainty* of conflict in collective decision-making, especially under worst-case conditions, and the need to create constructive, permanent, reliable, fair and legitimate channels for political action and conflict resolution by *all* its constituents.
2. Just like governments, ***organizations must learn to foster all three of the following "pillars of political order": maximal room for individual initiative, the rule of law and procedure in making collective decisions, and a strong informal culture of virtues and norms appropriate to the organization's mission.*** Although these three are frequently in superficial tension with each other, they can be strongly mutually reinforcing over time: formal rules and informal norms can actually define and protect the space for individual freedom; individual freedom and informal norms provide legitimation for the formal rules; and the rules and individual freedoms combine to create the preconditions for a virtuous culture of cooperation. Founders and reformers must rehearse their recognition of these interdependent pillars to avoid various dysfunctional extremes of governance ideology.
3. Total power is not a zero-sum game, a tug-of-war between expert and novice, headquarters and field, staff and volunteers, donors and recipients. ***To maximize total collective power, individual and group power must be distributed, delegated and demarcated.*** Democratic nations and a number of democratized businesses and non-profits have clearly demonstrated that the power of their leaders is built on the power of their people, not on a relatively powerless population. The successful concentration of power by one constituent or group of constituents often produces a net loss of total power for both states and organizations. Of course, the disorderly diffusion of power (a sort of "boneless"

organization) will also debilitate the organization; the challenge is to create a strong skeleton of rules of specialization or “subsidiarity” that will hold up and hold apart the distributed powers of individuals and groups.

4. Therefore, founders and reformers should *be sure to include institutional (or constitutional) design in the checklist of tasks to be undertaken* in creating or repairing an organization, and to *weigh the costs and benefits of democratic structures* in various settings. An effective organizational democracy is *never* a matter of having everyone decide on everything; the goal is to create at least a few institutional channels for mass participation in appropriate important decisions, representative participation in other decisions, and executive prerogative in others. Below we describe one possible method for framing which decisions belong in which category, by comparing “decision costs” and “exclusion costs”.

In today’s ecology of thousands or millions of successful organizations, it is far too easy to believe that a new organization can simply borrow a ready-made organizational model from elsewhere, as long as it has a powerful vision, people with strong leadership and managerial skills, and the resources to put the vision and skills to work. Organizations, especially those whose vision professes a mission to serve the public or the poor, should beware adopting “successful” models that concentrate political power at the top. Such models can broadly suppress or discourage dissent and conflict in the name of efficiency and flexibility; but logic and experience both show that such designs only bottle up conflict for later explosions in times of crisis, and they are ultimately neither efficient nor flexible.

5. *The process of institutional design itself should be as representative of the people it will affect as possible.* This means engaging in a process *analogous* to the U.S. Constitutional Convention of 1787 and the subsequent public ratification by the states. Here the will and commitment of the inspired few founders is crucial. Constitution-making suffers from a problem of “infinite regression,” a chicken-or-the-egg problem of whether “who is involved” comes before or after the rules for deciding who gets to be involved. Ultimately, it is up to the founders to establish a precedent and a protocol for ever-widening circles of decisive input to the rule-making process.
6. Once institutional design is actually under consideration, *the categories necessarily considered by governmental founders are a useful heuristic or outline for organizational founders* as well. This is not to say that political categories are all that needs to be considered, nor that a specific organizational form that mimics the U.S. Constitution is desirable. But the governmental design process entertains principles and categories that are thoroughly applicable to organizations. Thus, below we consider some of the classic

constitutional design questions: the constitution itself and its amendment and ratification arrangements; citizenship (or membership in the organizational case) and its basic levels, rights, duties, and nonnegotiable tenets; decentralization strategies and federalism; candidate elections and referenda; executive and legislative powers; parliamentary procedures; and formal limits on organizational purpose and extent.

7. Finally, as a matter of moral principle and of factual reality, *a successful organizational design is not only beneficial to itself, but to its members as individuals and to the society it inhabits*. Studies show, and governments clearly believe, that civic education is essential to the maintenance of a democratic society; a well-designed participatory organization provides individuals a place to learn civic skills and become better citizens. Scholars also herald the role of organizations playing a mediating role between citizen and government; such mediation is more legitimate if the organization's internal governance is itself legitimately participatory and representative.

The pages that follow expand on each of these seven claims.

1. Respecting Political Human Nature

In principle, most people recognize something like Abraham Maslow's hierarchy of needs; human beings are not motivated by just one thing, and political power is one of many potential motivations. In practice, organizational leaders too often emulate petty tyrants, acting as if the less access to power is available outside the inner circle, the better. From this perspective, any political forum is an invitation to all kinds of avoidable annoyances: complaints, obstructionism, sneaky manipulation and dirty tricks. But by analogy to the human need for food, this strategy is like starving a child to keep him from crying. The strategy works, but at great price. The hallmark of liberal democratic government is the recognition that personal and group autonomy are basic desires of human beings that cannot be long suppressed, only constructively directed. Great empires from the Romans to the Soviet Union mistook human nature and paid for their mistake. Likewise, organizations that suppress internal politics are treating people as if they were only partly human and are thus ripe for failure.

Organizations may view their mission as too precious to risk debate, but that was the mistake of the medieval Inquisition and of Communism in the twentieth century. On the contrary, *the integrity of the mission itself depends on harnessing conflict over the meaning of that mission and directing it to constructive ends*. Later, we describe the value of strong membership standards that filter members for loyalty to the mission before they are enfranchised to participate in decision-making. But even an organization that successfully filters its members for agreement on certain nonnegotiable principles (such as allegiance to a Bill of Rights, a business model, a religious creed, a scholarly method, or a charitable purpose), some members will inevitably disagree on *how* best to achieve that mission. Organizations that create no means to manage internal conflict and dissent may survive on borrowed time, but eventually all such brittle, inflexible structures break down. When they do, the resulting anarchic conflict is more like war than politics. If the mission is important enough to preserve for decades or centuries, it is worth the trouble of coping with politics and political institutions.

Therefore, founders and reformers must plan ahead to accommodate the certainty of conflicts of interest and contests for influence. Leaders must work from the beginning to create a culture of healthy internal dissent and debate. It is not necessarily an expression of disloyalty to the organization's mission or selfishness to challenge a leader's decisions, to seek a position of authority, or to seek greater independence for a local unit of the organization; the culture should teach everyone to resist seeing disloyalty in dissent. The consistency of early responses to internal political conflict will set important precedents and first impressions, and leaders must resist the temptation to do things "quick and dirty" instead of "by the book."

Offering people merely *apparent* influence is not adequate to the task; people must have binding, consistent decision-making power in well-defined and protected arenas, or they are likely to take participation lightly and fulfill expectations that they are apathetic and irrelevant. Holding an occasional internal poll is not to be compared with regular delegation of important decisions. Politically ambitious people will often shrug and go somewhere else where they *can* directly make decisions; the least ambitious persons will not be persuaded to participate enough to convey information that may be critical to organizational survival and success.

The most politically ambitious individuals should not be treated as troublemakers-to-be; they should be seen as growth engines and potential leaders, both empowered and restrained by rules they know are fair, consistent, and reliable. The least ambitious individuals should not be treated as sheep; they should be educated, encouraged and empowered to participate in the organization, for the sake of the success of its mission. In all cases, the paths to the highest positions of authority and the smallest levers of influence should be visible, unobstructed and stable. If the organization's president has to have a certain level of skill and experience, the organization should provide everyone the opportunity to get that skill and experience.

People are usually more concerned about knowing they *could* influence or even make decisions than they are in actual participation; that knowledge produces immense political capital for an organization through member loyalty and satisfaction. Indeed, an organization with strong participatory internal political institutions may be able to demand that its people be publicly tight-lipped and discreet about their disagreement once the internal debate is over (this point is developed further in section seven, below).

Checklist

- When making decisions, always ask, "what happens if someone disagrees with this decision?" The answer to this question should almost never be simply "tough luck," at least not until a number of legitimating steps have occurred. Every potential participant, internal and external, should have easy access to a forum to express (and contain!) discontent, and information about the process by which complaints, protests and new ideas will be handled should be readily available. As we will discuss below, when the stakes are high, expression is not enough, and enfranchisement in the decision itself is necessary.
- When considering leadership, always ask "how would an ambitious person we don't know yet get this job?" If the answer to that question is not transparent, make it so. Some positions should be elected, others appointed, but in both cases it should be clear that personal favoritism and internal cliques are not decisive in choosing leadership, in the same way that baseball umpires are expected to be impartial agents of rules of fair play.

- When considering rewards and incentives for the organization's people, don't forget power. Some people will gladly give generously of their time, energy and money in exchange for responsibility, purpose and influence. Indeed, organizations may have to pay dearly in other currencies (money, of course, as well as the time and labor of central personnel to handle all the decisions others could be making) for the ability to deprive local unit leaders of powers they would otherwise naturally exercise. Remember, power as a reward is no different from money or other rewards in at least one respect: if it is offered willy-nilly and then withdrawn, it is no better than a bad check written against insufficient funds.

2. Rules, Norms and Freedom, Three Pillars of Political Order

One of the hallmarks of political theory is a perpetual debate over the appropriate mixture of the liberties of individuals and the formal and informal social structures necessary to protect and support those liberties. This manifesto very much emphasizes the need to respect, unchain and empower the individual and group virtues of rank-and-file members, and to build a “marketplace” or “forum” for ideas and talents. But such freedom and empowerment rarely happens by accident or “market forces” themselves, in the absence of the rule of law and a virtuous culture. It is often a product of careful institutional design and cultural cultivation.

Consider the three extreme examples of governance ideologies that overemphasize one of these three pillars of political order.

1. The leader or manager who exalts formal rules to the disadvantage of all else is the consummate bureaucrat, and his organization is notorious for “red tape,” “rubber stamps” and creative stagnation. Excessive resources are expended on handbooks, policies and rule enforcement, and the organization’s people feel stifled.
2. Likewise, the cultural ideologue puts too much faith in the “mood” or group personality of the organization, expecting everyone to get along “just because we have so much in common.” At the first real conflict, in the absence of ample space for individual freedom that is also protected by strong political rules, the emphasis on norms can turn from a paradise of consensus into a puritanical, Orwellian world of peer pressure, persecution and “groupthink.” A leader with a team-oriented, consensus building personality is valuable, but she is no substitute for a consensus building system that will survive her.
3. Nevertheless, rules and norms are necessary, and any organization that lacks a strong political-cultural infrastructure is boneless and therefore relatively powerless. An extreme managerial libertarian or anarchist, who disdains rules and cultural norms and expects free agents to cooperate simply out of self-interest or goodwill, is a sort of social Luddite, an opponent of the “organizational technology” strong rules and norms can offer. Such a leader is an easy target for the first group to come along with better social technology, better organization. That may mean defeat at the hands of an opponent or competitor.

Governments perpetually struggle with this mixing problem, and it is likewise impossible to write a fixed prescription for a single organization. But a good governance ideology realizes that *simply addressing the problem of combining rules, culture and freedom is itself the solution to a host of other problems*. Organizational founders and reformers must recognize that all three are indispensable and learn to be habitually conscious of the combination problem.

Checklist

- When building the organization or solving problems, remember the three pillars of political order: rules, norms and freedom.
- The pillars are a system, so we must resist the temptation to categorize problems onto just one of the three pillars and deal with it that way. Rather, always ask, “What rules, norms and freedoms are involved in the problem, and how might changing one affect the others?”

3. Collective Power, Specialization and Subsidiarity

In spite of the fantastic complexity, productivity and wealth that specialization and the division of labor has produced in contemporary society, we are still tempted at times to think of resources as zero-sum. From this jaded perspective, life is a tug-of-war, and if I get more rope, you necessarily get less. It is certainly the case that zero-sum problems exist in plenty, but many of them can be converted into “positive sum” situations by changing the terms of the game. Organizational power is one of those situations.

Collective power is generally a good thing, or at least a means to good things. There may be a few people who are committed in principle to reducing organizational power itself, but most of us will realize on reflection that we are not opposed to power itself, but to its misuse and to our own powerlessness. If an organization is strongly dedicated to a good purpose, there is no shame or evil, nor even great danger, in pursuing maximal organizational power to achieve that purpose. But organizational leaders often fail to recognize the complex relationship between their own power and that of the organization as a whole. The temptation is strong to perceive the centralization of internal power *in me* as a way to increase *our* external power. Many organizations experience internal power struggles whose result is to reduce the power available both to the warring parties and to the organization as a whole. Such conflict is inevitable, but a “subsidiary” structure and culture can reduce its liability for the organization.

In the last century, Catholic moral philosophy and many sympathetic secular thinkers have embraced the idea of *subsidiarity*. Section 79 of the 1931 papal encyclical *Quadragesimo Anno* reads: “Just as it is gravely wrong to take from individuals what they can accomplish by their own initiative and industry and give it to the community, so also it is an injustice and at the same time a grave evil and disturbance of right order to assign to a greater and higher association what lesser and subordinate organizations can do.” (Pope 1938).

The idea of subsidiarity applies particularly to levels of a hierarchy, but the principle can extend to other divisions, including skill specializations. When it comes to organizational politics, one of the most important specializations is information. Every constituent of an organization has information that no one else has. The single best way to ensure that information is tapped productively is to give that constituent the personal freedom and organizational means to use it. It is a violation of subsidiarity for a staff person at headquarters to assume he knows what a volunteer in the field would decide when she is entirely capable of making and implementing the decision herself.

Let us return to the theme comparing organizations and governments. The President of the United States is widely acknowledged to be “the most powerful man in the world.” Yet presidents frequently comment on the limits on the power of their office. Which is the right

perspective? The fact is that *it is partly those very limits that make the office powerful*. The confidence of thousands of government employees and millions of citizens that the President will not, can not intrude on their own powers makes them both much more disposed and much more able to contribute to the increase of those powers the President does have.

In political-economic theory, scholars have fastened on the idea of “credible commitments”: when elite leadership “tie their own hands” to prevent intrusion into the affairs of the weak and routinely live up to the bargain, great things happen for both the strong and the weak. Author Gary Miller tells the inspiring story of Lincoln Electric, a company in a dying industry that survived and profited by making a credible commitment not to lay off a single employee, ever. The resulting long-term trust and cooperation from employees happy with their job security allowed Lincoln Electric’s management to cut wages during hard times (Miller 1992, p. 116). Giving up the power to lay off increased the power both of management and of labor, and produced a net increase in the power of the company.

In summary, a good way to increase organizational power is not to fight over it, but to formally delegate more of it to everyone, small and great, near and far.

Checklist

- Institutional designers should look for subsidiarity issues in every choice they make. Are we assigning a power or responsibility to someone at headquarters because it’s convenient, and we know her, she’s right there by the water cooler? When the problem on the table is how to enable the organization to achieve a new goal, stop before making the common move of delegating the task entirely to a central, internal czar. Instead, ask “can we divide the decision-making labor to empower the maximum number of our constituents to accomplish this goal together?”
- Ask a further question: are we even the right people to be deciding who will make the decisions about this task, or does subsidiarity demand that we defer to a more appropriate, relevant body of constituents?

4. Institutional Design and Organizational Democracy

The inferences that emerge from the previous points are 1) a permanent, intentional process of institutional design and evaluation is critical to organizational success, and 2) the entire scope of democratic institutions have a presumptive place in the design toolbox for *any* organization. This is not to say that every organization should obsess on constitution-writing and look formally like the United States government (or an even more democratic form like California's) – but the categories of institutions implemented in the national constitutions are very appropriate categories to give some serious consideration. Organizational democracy does *not* mean that everyone decides on everything; even the most democratic regimes distribute decisions, so that some are made by all eligible citizens, some by representatives, some by elected executives and some by expert bureaucracies. This section offers a vocabulary and method organizational founders and reformers can adopt when discussing institutional design and democratization.

The Calculus of Consent is a very complex book by 1986 Nobel Prize winner James Buchanan and his colleague Gordon Tullock (Buchanan and Tullock 1962). But one of these economists' insightful analyses can be adapted simply for use by organizations. A constitution, they write, is simply a collection of decision rules: which constituent(s) decide issue B and what fraction of them is decisive? Is it by the executive decree of a single individual, by majority rule, by a 60% supermajority, by unanimous consensus, or some other fraction in between?

If we want to know which fraction to use for a particular issue, we can consider two simple costs. First, there are *decision costs*. Generally speaking, the more people the rules say must agree to reach a decision, the more time and energy must be expended. Unanimity is presumably always the most expensive decision rule in terms of decision costs, while an executive decree is the least expensive. Sometimes a "dictator" issuing decrees is just what is needed, but the calculation of decision costs *alone* has justified many wrongheaded dictatorial regimes. If we see this as a cost curve, the costs are lowest for a low decision-rule fraction (decree), moderate for majority rule, and highest for unanimity (see Figure 2 on the next page, taken from page 70 of the book).

The picture isn't complete – and the dictator hasn't earned his stripes – until we also calculate what the economists call "external costs;" here we will call them by the more descriptive name of *exclusion costs*, because we are calculating the cost to an individual of being excluded from the fraction required to make the decision. For example, if the decision is made by executive decree, the chances are probably highest that he will make a decision I disagree with that costs me something. If we have majority rule, I only bear exclusion costs if I am in the minority 49.9% or less; the probability of a big loss or cost to me is smaller. If we have

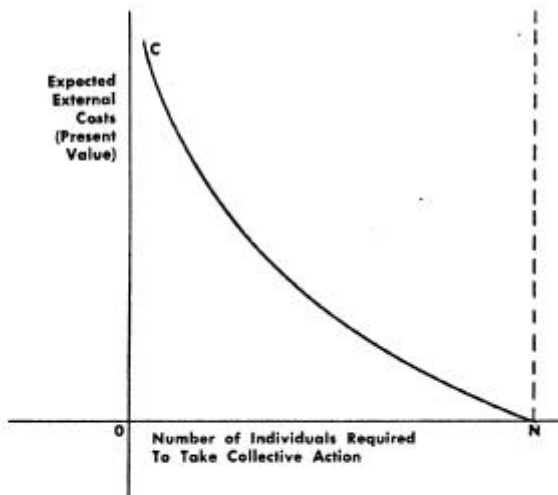


FIGURE 1

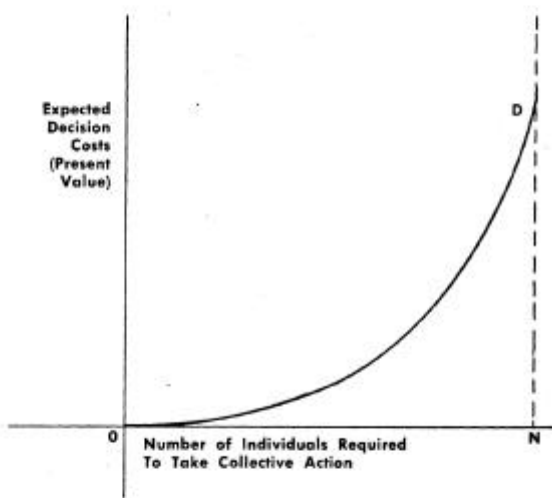


FIGURE 2

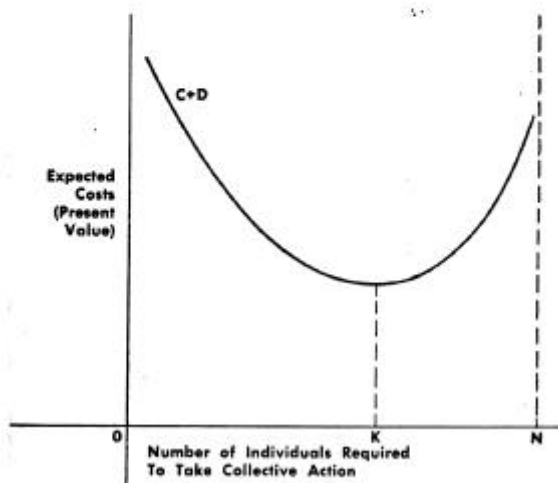


FIGURE 3

a unanimity rule, I will never be excluded, I can veto any decision, and I bear no exclusion costs at all. So the typical curve for exclusion costs runs in the opposite direction from the decision-cost curve: it is highest for a low fraction and lowest for unanimity (see Figure 1 at left, from page 65 of the book).

When we add these two curves together, we get a *total cost* curve (now see Figure 3, from page 71). Because one kind of cost is often high at either end of the range of decisive fractions, in most cases, the lowest total cost is somewhere in the middle, in between decree and unanimity; majority rule is a common low-total-cost solution. Sometimes a committee is the best solution, and sometimes it's a convention.

The constitutional design challenge is to analyze each issue area and assess the cost curves, which are not the same as the examples in the figures for every decision. For some decisions, exclusion costs are low across the board. For example, in most organizations with fairly healthy finances, a manager who sets the salary for a single new employee probably does not impose significant exclusion costs on other employees. They aren't going to lose much by being excluded from the decision of how much to offer Bill, and the time necessary to participate — the decision costs — would be prohibitive. An executive decision is appropriate.

But if the same manager is going to decide the pay range for a whole class of employees, the situation is altered: now many people have a high stake, and the exclusion costs move the

optimal low point of total costs toward at least a committee and perhaps majority rule. In the United States, Congress, not the president, decides on tax policy for good reason. Labor unions get a bad rap for some dysfunctional attributes, but once collective bargaining is a given, the majority rule principle for approving contracts is necessary. The total cost curve makes it so.

On the other hand, the decision-cost curve is not always low for executives with the power of decree. Some decisions are terribly difficult to make without significant input, and organizations get the best input from people who are actually making the decision, not just advising on it. Thus in some cases, such as launching a new product line or tackling a major charitable initiative, unanimity or some supermajority vote may actually cost less in deliberation time than it would for a highly stressed executive to make up her mind about a high-stakes decision, even though the decision holds relatively low stakes for most of the other constituents.

This may seem to be a very abstract exercise, but don't miss the clincher: there are great additional "cost savings" to all constituents when the appropriate decision rule for a given situation is well-known and consistently applied. After all, who wants to take the time to figure out whether each decision should be made by the local president, the district council or by the international convention? That means having a constitution. The constitution is both an informational shortcut and a legitimizing contract that helps everyone know just who makes the decision and by what rule.

Checklist

- Get institutional design on the agenda early and keep it there permanently.
- Don't confuse organizational democracy with holding a vote on everything; learn to analyze decision and exclusion costs and assign decisions to the appropriate decision-making body and decision rule.
- Build a constitution, a set of written, accessible decision rules, that will reliably guide everyone to the appropriate decision arena for the foreseeable future.

5. The Representative Constitutional Convention

In the summer of 1787, fifty-five representatives from twelve of the thirteen States of the Union (Rhode Island was absent) met in Philadelphia to revise the faults in the Articles of Confederation; in the end, they decided to discard the Articles and write a completely new governing document, which is still our Constitution to this day. The process took almost fourteen months, from the first meeting of the Convention on May 25, 1787 until New Hampshire's ratification on July 2, 1788. But fourteen months was a small price to pay for more than 225 years of relatively stable government. Few organizations should need anything like fourteen months to establish a working constitution. But those that set up shop in too short a period of days or weeks, without ample consultations, may be condemning themselves to a long history of painful restructuring, revolution or even collapse.

One of the keys to the success of the U. S. Constitution was the legitimating process of representation; each state's representatives returned home and persuaded the public of the Constitution's logic. For some organizations, representation on a territorial basis will make good sense. But for new organizations with a small territorial base to begin, functional representation might be better. Organizations would be well advised to invite representatives of all classes of people who may be affected by the organization's structure. The usual suspects are future executives, staff, elite advisors and board trustees, but other groups should also be invited. In business, partners, vendors, financiers and customers can provide valuable input; for charities and service agencies, volunteers in various capacities, donors, and members of the population that will be served are presumptive constituents.

Of course, constitution-writing cannot by definition be thoroughly democratic. At some point there is a problem of "infinite regression", a chicken-and-egg problem, where some person or group of people must either decide who is invited to engage in writing rules, or begin writing the rules themselves. One or the other must come first. This is why the constitutional creation process and the behavior of key leaders during the process, are so critical: it sets the tone for the rest of the organization's history. George Washington's clearly impartial role in presiding over the 1787 Convention is widely recognized as a primary reason for the Constitution's success. Leaders must be committed to an ever-widening process of inclusion and legitimation, and must practice what their constitutional rules preach.

In many cases, it may be difficult for organizational founders or reformers to conceive of a way to integrate some constituent groups into a single government-like organizational decision-making structure. One solution is to set up parallel organizations: a more hierarchical employer for the professional service providers and one or more self-governing, representative organizations for the service volunteers and members of the served community. Relationships

between such organizations are sometimes very adversarial, as they have been between corporations and labor unions.

Consider the result when the two organizations cooperate in the founding of an organization, as did General Motors (GM) and the United Auto Workers (UAW) in the creation of the new Saturn car-making division of GM: by most accounts, Saturn workers are among the most satisfied in the country, and the division became profitable ahead of expectations. Leaders of new organizations may fear opposition from agitators within certain constituent groups. But rather than freeze potential opponents out and suffer the consequences when they organize for the sole purpose of opposition, leaders should consider the benefits of “organizing opponents in” and representing them in the process of designing rules that will control and direct inevitable future conflicts.

Checklist

- Hold an extended series of meetings similar to a constitutional convention, to decide on governance rules and procedures.
- Invite a substantial number of representatives from every conceivable constituent group.
- Don't exclude a class of possible opponents on principle; if possible, *organize the potential opposition as part of the organization.*

6. Governmental Categories as an Outline for Organizational Governance

Governments by nature must handle a basic set of problems of political order.

Organizations can benefit by thinking about the same categories; the result may not look like any known government, but most of the same questions can be asked and answered. Let's move directly to a checklist format:

Checklist

Organizational Purpose

- What is this organization intended to accomplish?* The Preamble to the U. S. Constitution states its purpose: "to form a more perfect Union, establish Justice, insure domestic Tranquility, provide for the common defense, promote the general Welfare, and secure the Blessings of Liberty to ourselves and our Posterity." Mission statements are a dime a dozen among organizational leaders today, but some of them do not actually state the mission; they may describe how the mission will be achieved or why the mission is admirable, but they do not really say what it is. The statement is necessary to provide the basis for the membership requirements described below.
- What is the organization explicitly NOT empowered to attempt?* A constitution or charter must be clear about any ambitions are permanently denied to the organization. An obvious example is that a non-profit organization should not attempt to be profitable.

Citizenship and Membership

- Who are the constituents (or formal "members") of the organization?* See the previous section for a discussion of including all affected groups, including potential opponents, in the process of making this decision.
- To which fundamental, nonnegotiable principles must all persons agree before they can be considered legitimate members or citizens of the organization?* After being asked by an American immigration official if he was an anarchist – a rude question to a British ear – the great thinker G. K. Chesterton wrote that "America is the only nation in the world that is founded on creed" (Chesterton 1922). Chesterton observed that the ethnically and socially inclusive nature of America's immigration-driven democracy produced a necessary dogmatism about the philosophical commitments of its citizens as a substitute for a traditional national culture. In the same way, organizations that simply cannot tolerate any significant conflict over certain principles should ascertain the allegiance of members to those principles *before* admitting them to membership. The rules defining these commitments must be clear, so that enforcement of them (by expelling, disenfranchising or disciplining members) is clearly expected and legitimate.

- ***What rights, duties and privileges do members enjoy, and who decides what they are?***
These issues are often handled by auxiliary documents, such as by-laws, handbooks, and so on, but the basic constitutional arrangements should be clear and transparent about what decision-making body sets these standards, and how they are decided.

Federalism and Local Authority

- ***What kinds of local and intermediate-level organizational units will exist, and how would new units of each kind be established?*** Just as the Constitution specified a process for the admission of new states to the Union, organizations should specify the terms for growth, subdivision of large units and other geographic and functional divisions.
- ***How are the local units legally and financially related to the larger organization? Do they all have the same constitution, or can each unit have its own governance methods?*** There is a wide array of possible models. In some organizations, the national chapter is a weak separate organization “wholly owned” and funded by state chapters with a variety of organizational forms (a confederation or trade union). In others, local and intermediate chapters are simply branch offices of a single national organization with a tight hold on trademarks and purse strings. The ideal is often somewhere between these options, with some degree of financial and legal independence for local and intermediate units; franchising and federation are examples.
- ***What jurisdiction and protected areas of authority will be held by smaller units?*** The Tenth Amendment of the U. S. Constitution prescribes that any jurisdiction not specifically granted to the federal government by the Constitution is “reserved to the states and the people.” The organization can strengthen itself by making *credible commitments* to local units, for example, that dues or fees will not be raised without approval of some fraction of the chapters in good standing, or that layoffs will be approved only by a vote of elected branch employee representatives.

Executive, Legislative and Judicial Powers

- Which official (or group of officials) holds the *executive power*, and what jurisdiction and duties does that official have?
- Which officials hold the primary *legislative or policy-setting authority*, and what jurisdiction do they have? If this group is the same as the executive group, is this a safe and efficient arrangement if conflicts of interest arise?
- What organizational official or unit has a *judicial or arbitration role*, handling disputes over interpretations of policy, conflicts over resources, and accusations of malfeasance? This role may seem like overkill when the state’s courts are ready to hand, but it has served any number of organizations well, including church courts and ombudsmen in business.

Candidate Elections and Referenda

- ***Which offices are elective and which are appointed?*** Many states organizations elect a largely ceremonial chief executive or president who is then responsible to hire and fire an executive director or prime minister.
- ***How do interested persons become candidates for elective offices?*** Nomination procedures and qualifications for office are very important means to get the best people into office, who are both ambitious and rule-abiding.
- ***How do interested persons become candidates for appointed offices?*** As anyone knows who has endured weeks of office gossip about why Julie got the job instead of Jenny, appointed employment needs procedures to reduce unnecessary conflict and promote fairness as much as elections do.
- ***When and how often are elections held, who votes, who officiates and what kind of ballots are used?*** These questions are just as important whether you decide to have a membership governed organization with thousands of voters or a board governed organization with ten voters. The details may seem trivial until one recalls the ballot debacle in Florida's 2000 presidential election. You may be inclined to say "no election in our organization is going to have such high stakes that we should invest time in hashing out these details." But if your organization isn't important enough to provide for high-stakes elections, what message are you sending members and leaders about how important your mission really is?
- ***Which kinds of issues are decided by representatives, and which are decided by a direct membership vote (a referendum?) What fraction have to agree to approve a proposal? If there are referenda, how does a proposal qualify for the ballot?*** Remember the calculation: total decision-making cost is the sum of decision costs and exclusion costs. For very high stakes decisions, where every member may have information about the best outcome, the high decision costs of a referendum may be worth paying. If your organization depends heavily on the voluntary cooperation of a large number of people, you should have some institutional means available to allow all of those people to make a decision, even if that institution is infrequently invoked.

Meetings and Parliamentary Procedure

- ***What kinds of regular public and private decision-making meetings will be held, and on what schedule?*** Examples include board meetings, executive committee meetings, conventions, district councils, local chapters, etc. Such decisions may seem trivial, but arbitrary meeting schedules are one of the most basic reasons for unnecessary conflict and miscommunication – if someone has a small protest to lodge and the relevant meeting is

held without reliable notice, with intentional secrecy or just accidental oversight, that small protest can balloon into a major issue.

- ***How will the agenda for meetings be set and published?*** It does me no good to know when the meeting will be if I don't know in advance whether my subject of interest will come up, or if the rules will prevent me from bringing it up under New Business or proposing it for addition to the official agenda before a regular official deadline.
- ***What set of rules will govern decision-making meetings?*** Robert's Rules of Order is a traditional choice, and there are other systems; for examples, go to the Amazon.com web site and look up an edition of Robert's Rules, then see the list below of other titles bought by buyers of Robert's Rules – there are several options, some very simple and accessible.
- ***How will rules be transmitted to participants?*** Issuing copies of the rules and holding brief seminars before some subset of important meetings is important.
- ***Who will be ultimately responsible for maintaining, publishing and interpreting meeting rules?*** That is, who is or are the organization's parliamentarians? Again, this is an office that sounds hopelessly obscure, until we recognize that the largest successful mass organizations in the United States nearly all have the equivalent of a professional parliamentarian's office that works full time to ensure the smooth operation of decision-making meetings.

Constitutional Ratification and Amendment

- ***Under what terms will the constitution become official?*** A majority vote of some group of delegates? Ratification by a certain number of existing chapters? The decree of the current executives? The last option is undesirable; as important as a constitution is, it may be worthwhile to delay its development long enough to recruit enough constituents of the desired organization to be sure that the constitution has legitimacy among of the population it will eventually govern.
- ***What body can alter the constitution and or by-laws, and under what terms?*** No document is perfect from the start (although the more perfect the better!), and change processes must be clear. They should also be difficult enough to discourage frivolous experimentation, but flexible enough to prevent frustration from causing outright revolt (as happened when the delegates in 1787 quite literally had to break the law to replace the Articles of Confederation with the Constitution).

7. Transfers from Organizational Democracy to Democratic Society

Once the organizational constitution is designed and ratified, the real work begins: to put it to work and work within its limits. The constitution is not worth typing, let alone printing, if it is merely window dressing for a *de facto* dictatorship or oligarchy. If adhered to and improved when needed through its own mechanisms for improvement, the constitution can serve the organization's mission well. But it does more than that: it serves its individual constituents, as members, and it serves a democratic society, through improving its citizens and adding its legitimate voice to public dialogue.

A wealth of scholarship (see, for example, (Putnam 2000; Putnam, Leonardi, and Nanetti 1993; Verba, Schlozman, and Brady 1995)) has found strong evidence that participants in self-governing voluntary organizations are more likely to develop the skills necessary to advance further in the rest of life. Preparing presentations and making speeches, joining in discussion and debate, voting and campaigning in elections, and learning specific organizational skills, all contribute to the efficacy of citizens. Just as organizational power is enhanced by more powerful constituents, so the power of our society to solve its problems is enhanced by more powerful citizens, capable of organizing collective action in their workplaces, neighborhoods, churches and governments.

Finally, some organizations are explicitly intended to have a voice as an organization in public debates, as interest groups lobbying the Capitol, the bureaucracy, or the voters themselves. Other groups believe they do not want such a voice only until a crisis thrusts the need for voice upon them. In either case, a strong internal democratic mechanism is a good way to strengthen public voice, both by making members more articulate, experienced representatives, and by ensuring the positions that are taken truly represent the membership's commitments.

This manifesto rejects the common belief, current among even some of the most radical democratic scholars (Warren 2001), that an effective public organizational voice requires autocracy and hierarchy behind the scenes, to avoid the appearance of internal conflict that might dilute the effectiveness of the organization's public position. Instead, leaders should recognize that the worst public-relations nightmare that can happen to their public voice is for a group of internal dissenters to approach the media and say, "The membership is completely opposed to what the leaders are doing, and they never let us have a say." No waving of membership poll results or a few proponents will do away with the damage such criticism could do to the organization's public voice.

Organizational leaders with a robust constitution backing their words should be able to say, "We held a legitimate, fair, procedural internal debate, and all the pros and cons were

considered. The dissenters lost fair and square, and this is the confirmed public position of our organization.” Organizations that depend on public unity are in a much better position to demand discretion and to punish public dissenters if the internal conflict-resolution process is fair and inclusive. What is more, processing conflict internally will better ensure that organizational constituents are actually willing to work hard to support the public position, to donate funds, and so on. A public position that is unpopular in the wider society may be unavoidable, but taking a public position before discovering that it is unpopular internally is pure foolishness.

Democratic theory depends on inferences from a set of assumptions about human nature and the problem of conflict. Those assumptions and inferences are not unique to governmental situations; social organizations of all kinds face the same human nature and many of the same kinds of challenges on a daily basis. If democracy is worth defending as a method of limiting violence and producing public goods for an entire society, it is worth defending as a way of handling the more mundane but equally valuable business of organizations. When we make such a defense, we are not demanding a knee-jerk transformation of every problem into a political circus complete with soapboxes and ballot boxes. But every organization has *some* problems that would be best addressed by decentralization, representation, debates, elections and referenda. By organizing to handle those problems, we do a service to ourselves, our organizations, our fellow members and our society.

Checklist

- Once you have a constitution, *use it or lose it*. It only takes a few visible exceptions to the rules to transmit the message to all that the constitution is unreliable and it's every man for himself. On the other hand, the uphill battle to do things consistently can pay off over the years in a highly educated, committed and well-trained membership that knows how to organize to accomplish big things in short order.
- It's not enough to have the document; democratic governments must invest significant resources in educating their populations and facilitating elections, legislative activity and so on. Likewise, *the democratic organization must actively educate its constituents about its structure and provide them with some of the means of participation*. Leadership training programs that prepare people for local or lower offices are particularly valuable.
- When the organization needs a public voice, *remember that every member has a voice*. You can silence those voices within the organization, cross your fingers and hope they don't cry out in public opposition, or you can handle conflict internally and truthfully say at the end that the organization itself speaks with one voice. The constituents will be much better

disposed to lobby along with the organization if they were part of the process of taking a position.

References

- Buchanan, James M., and Gordon Tullock. 1962. *The calculus of consent, logical foundations of constitutional democracy*. Ann Arbor,: University of Michigan Press.
- Chesterton, G. K. 2003. *What is America?, a chapter from What I Saw in America* [Web page]. libertynet.org, 1922 [cited May 21 2003]. Available from <http://www.libertynet.org/edcivic/chestame.html>.
- Miller, Gary J. 1992. *Managerial dilemmas : the political economy of hierarchy, The Political economy of institutions and decisions*. Cambridge [England] ; New York: Cambridge University Press.
- Pope, Pius XI. 1938. *On the reconstruction of the social order (Quadragesimo anno) Encyclical of His Holiness Pope Pius XI*. New York, N.Y.: The America press.
- Putnam, Robert D. 2000. *Bowling alone : the collapse and revival of American community*. New York: Simon & Schuster.
- Putnam, Robert D., Robert Leonardi, and Raffaella Nanetti. 1993. *Making democracy work : civic traditions in modern Italy*. Princeton, N.J.: Princeton University Press.
- Verba, Sidney, Kay Lehman Schlozman, and Henry E. Brady. 1995. *Voice and equality : civic voluntarism in American politics*. Cambridge, Mass.: Harvard University Press.
- Warren, Mark. 2001. *Democracy and association*. Princeton: Princeton University Press.