



Research Paper

## Participation and viability of self-managed enterprises in Brazil: a study of two cases of the textile industry

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**ABSTRACT:** The self-managed enterprises have represented in Brazil, mainly in the 1980s and 1990s, an alternative to workers who have lost their job due to the bankrupt enterprises. In these enterprises, the collective participation of associated workers is a constant with the characteristics and procedures of the organizational processes of production. Therefore, this study aimed to discuss the relation between this participation and the viability of this type of enterprises, through the theoretical approach on the themes studied (participation and self-management) and the study of two cases of bankrupt textile companies. In interviews with workers associated with these enterprises, we have noticed differences in relation to cooperation and participation, effective in one and so poor in the other. Therefore, it was concluded that the effective participation of workers is associated with an essential element in the viability of cooperatives in the long run.

**Keywords:-** Participation and workplace democracy, employment, organizational culture, work environment.

### I. INTRODUCTION

The acts adopted by the Brazilian federal government between the 1980s and 1990s resulted in the transformation of the organization of the national productive sector. Trade liberalization promoted during this period has exposed the sector to the foreign trade. Several industrial sectors, which were not prepared for this exposure for reasons such as the long period of protectionism, went through changes in management, internal organization, and number of companies.

Moreover, for the Brazilian industrial sector, the closure of businesses was an important fact because of this new framework, especially in terms of social impact: unemployment increase, informality, and precariousness of labor relations.

Yet the companies that remained on the market began to adopt technological and organizational innovations for the production processes, resulting in impacts on the labor market due to increased requirements regarding the formal and technical skills.

In order to reduce the effects of closing a business over work and income, workers of some of these bankrupt companies have taken control of these by legal means, and organized in a collective way and assumed the management of such companies in a democratic and participatory manner.

Such initiatives of the workers in order to regain job position and income originated a process of intensification of the movement of self-management of production in Brazil since the 1990s as an alternative organization against precarious work and unemployment found by them in small groups on the number of workers at plants of medium or large size, and in various industrial sectors.

Thus, considering the effective participation of members of these self-managed enterprises as an essential element, the objective of this article is to approach how such participation contributed to the feasibility of these ventures, or how its preservation served as a viable alternative employment and provided income, over time.

For this, we conducted a case study in two enterprises related to the textile sector which were located in the textile region of Americana - São Paulo, and the region of Belo Horizonte - Minas Gerais, during the second half of 2011.

Through interviews based on a set of pre-defined questions, we obtained information on how the participation of the members are taking place, and reviewed the results of the participation for the productive process in general, and the viability of the enterprise.

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## **II. CONCERNING THE PARTICIPATION CONCEPT**

Approaching the participation concept, Bordenave [1] initially mentioned the meaning of this as being "part," "take part," or "have part" in something.

The author believes that despite being designed as a basic feature of a human being, participation as an action is not an inherent characteristic. The individual is not born knowing how to participate, but acquires and perfects the various actions that constitute the dynamics of participation.

Therefore, a group of individuals have different forms of participation, which means that there is a difference between the dynamics of participation of small or large groups of people.

The author warns that what is important is not how much you take part, but how to take part. It also distinguishes between the processes of micro participation (facing immediate and personal interests) and macro participation (directed toward intervention within the social, political, and economic structure).

The concept of social participation or macro participation is also approached by Ammann [2]. According to this author, this occurs when individuals are involved in dynamic processes.

The author points out some forms of individual participation: participation in the processes of production, in which workers share in the ownership of the means of production, organization and control of work; and the generation and appropriation of the production, taking part in the management of the company, which implies the involvement of individuals in the political system and in the organization.

To Demo [3], participation is not something finished, but something in construction, where the learning process occurs daily, on family relations, social, religious, and so forth in defense of individual interest or collective immediate. However, as participation implies power relations, there is a tendency to have constant opposition of interest between social classes.

Among the participation targets, the author highlights the search for self-promotion (in other words, focuses on their own interests, in order to overcome themselves): the realization of citizenship; implying on unveiling injustice; drawing reaction strategies and fighting for changes; promoting the democratic exercise; exercising power control, not only by institutionalized means such as laws and decrees but also by a control made by the base, the control of bureaucracy, demanding patterns of effectiveness and efficiency in public scope; negotiating conflicts and differences; and creating a democratic culture, which expresses itself through participatory and transparent processes.

Regarding the participation of workers in labor relations, some approaches suggest ways production organization can be related, at some degree, to the involvement of employees with the management of production processes.

The approaches by Motta [4] consider that the participation of workers on how management can be an achievement, but also a "weapon against them" (p. 15), can be used by the capitalist system as an instrument in order to further maximize the use of labor in the production process (an example is a bonus engine or instruments that encourage employees to make suggestions for improving the production process). However, the author believes that such instruments can still be an achievement to restore the dignity of workers to some extent.

Regarding the level of the employee's participation or involvement on the management of the production processes, Guillerm and Bourdet [5] pointed, in a gradual manner, such participation with the use of the concept of self-management.

Self-management is treated by the authors [7] as a form of production management where the participation of the workers is fully taking place, including an increased participation in social and political institutions. In self-management, the workers are also owners of the enterprise and account for it in the same way as in the cooperative. However, conscious workers, in relation to the conditions set by capitalism (search for maximum profit, competition, exploitation of labor-work), would tend to result in a transformation in the economic conditions, whereas social and political workers, as this would be extended to the management of the society, would lead to the elimination of the state and greater direct participation of employees in the organization of society in general.

The practical steps of what came to be known as production self-management are the result of the workers' action during the 1970s in France where they took over a watchmaker company that was in bankruptcy. These actions became common after this period, especially in Europe, where workers of bankrupt companies took over the production and started to manage them collectively, creating collective enterprises in which workers were the owners managing in a collective way [8].

Thus, the self-management concept, which was initially considered as a result of the employees' participation in the production of transforming society through the expansion of this participation in social and political spheres, from this period on passed to be used within the organization scope and on the production process specifically.

It is based on this perspective that such concept is used in this article, such as the productive units using such form of production: the self-management enterprises.

### **III. THE SELF-MANAGEMENT ENTERPRISES IN BRAZIL**

In Brazil, the actions in relation to the production self-management, in a similar form to the one used in Europe, were highlighted in the 1980s and intensified during the 1990s, due to the increase of the bankruptcy of the enterprises because of the changes in the internal competitive pattern or the commercial opening.

In the 1980s or 1990s, the Brazilian economy went through successive crises, which first resulted from the inflation increase and demand retraction, and afterward from the exchange open.

For Singer [9], such change in the social economic chart was to push the several initiatives all over the country toward the production of alternatives organized in a participative and collective way.

Within such initiatives are the ones adopted by the employees of bankrupt companies, which organize themselves in ways of production based on team work, including the initiatives related to the shares control as well the production means control of industrial companies placed in urban zones.

From then on began a proliferation of production initiatives of the recuperated enterprises by the workers, with the support of several organizations representing unions, government agencies, and funding institutions.

Data of 2007 from the Brazilian Department of Labor [13] showed the existence in the country of 89 enterprises that have emerged from the bankruptcy of conventional companies, with the participation of approximately 10,000 workers.

They were installed mostly in the south and southeast regions of the country (60 enterprises) in an urban area, and worked in the industrial sectors (metallurgy, textiles, footwear, glass and crystal, ceramics, mining, and services).

Regarding the features of this organization form of production, it represents one of several forms of management making up a set of alternatives to the conventional management models, in which the company is owned by a group of individuals (the workers) in order to establish conditions and production strategies in a democratic and collective form.

The management of these enterprises is shared by associate workers, and is characterized by power sharing, absence of subordination relations, as well as partial or full control of the work process by the workers [14].

However, like any company (conventional or collective), self-managed enterprises are inserted and integrated to the set of established relationships in the capitalist mode of production, and are therefore subject to the same logic of accumulation and competition determined by the market.

As for the organizational aspects, authors such as Liboni and Pereira [15] and Gonçalves [16] list some features which should be observed in this type of enterprise:

(a) Collective ownership of the production means, in other words, there is no legal figure of the person or a group of people that are responsible for the possession of the machinery and equipment of the enterprise. They account for the ownership by the group of workers, through their legal representatives;

(b) Democratic process decision, which involves the establishment of decisions related to production and administration of a collective and democratic way, through the collective participation of members in meetings and assemblies;

(c) Equal participation in decision making, in other words, each associated worker has the right to vote in the decisions laid down by the assemblies, as well as to apply collective representation of positions under the statute;

(d) the functions of representation and leadership are exercised by the direct election of members for a specified period, and may be deposed by the group in case this has been pre-established in the statute, which allows rotation and alternation of the functions of implementation and management of productive activities between these members;

(e) Equitable sharing of the financial results (called "leftover of money"), in which each associated worker is entitled to a part of this result from the previously established criteria in the statute;

(f) Internal dissemination of information through common communication practices, such as pamphlets, newspapers, bulletin boards, meetings and assemblies, among others, aiming the access to information concerning the conditions of the enterprise by the workers, as well as information related to the external environment.

Thus, such organizational aspects resulted in the direct participation of the associated worker on the central issues of the enterprise, consequence of the collectivity of the production activities, and greater autonomy of workers in the production.

However, regarding the reservation made by Tauile *et al.* [17], self-managed production does not represent a lack of discipline, standards and objectives in production, but they are made and decided collectively, as established by the statutes of the practical relationships among its members.

The production self-management corresponds to a pattern in which the enterprises are organized in a collective way, aiming for the expansion of the internal democracy toward a change in social relations of production.

Thus, this not only requires the creation or maintenance of jobs but also "... a steady job, relationships participatory, creative, efficient and effective" [18].

However, the participation of workers in the self-management enterprises requires the full involvement with the process of this work, both in relation to the technical aspect and in its design and management. However, greater participation means having more work to the everyday production and also in relation to strategic and administrative matters [19].

Therefore, the self-managed production is part of a set of alternative forms of management in which the established relations are based on principles that distinguish or diverge from those adopted by conventional businesses.

#### **IV. PARTICIPATION AND FEASIBILITY OF STUDIED ENTERPRISES**

After the presentation of the literature used as a theoretical tool to make this article, an observation in relation to the subject on the studied enterprises will be approached.

##### **1.1. Characteristics of the surveyed enterprises**

The Cooperativa Nova Esperança (Cones) is a self-managed cooperative venture in the city of Nova Odessa, in the region of Campinas, interior of São Paulo State. Established in 1998 from the bankruptcy of an important cotton-spinning company, this enterprise has become one of the main suppliers that specialized on the production of cotton yarns to the various segments of the textile chain. It became one of the main suppliers of cotton yarns for the production of fabric and knitted fabric in the South and Southeast of the country.

During the research period, this enterprise operated in two daily shifts, six in the morning and ten in the evening, with about 85% of installed capacity used. It had, during this period, a total of 243 cooperative workers, of which 31 belonged to the administrative sector and 212 to the productive sector. Around 65% of the workers were female, whose age (about 80%) was between 45 and 50 years according to the enterprise direction.

The education level of workers in this enterprise was a high school education, mostly, with no one who did not own at least a basic education, and some had college degrees (about 20% of all workers).

The other enterprise studied, the Cooperativa de Produção Têxtil de Para de Minas (Coopertêxtil), is a cooperative of textile production in the city of Para de Minas, near the capital of Minas Gerais.

It was established in 1997 also from the failure of a large enterprise that specialized in the production of cotton yarn and fabrics. Currently, this cooperative has specialized in the production of cotton yarn for knitting and is a major supplier of cotton yarn for knitting producers south of Minas Gerais.

This cooperative operated in the period of the research in three daily shifts of eight hours each, with about 90% of capacity occupied. During this period, it had a total of 306 members, 42 of workers connected to the administrative sector and the remaining 264 to the productive sector. Of this total, approximately 60% of workers were female, with an age ranging (around 65%) from 45 to 50 years, according to the direction of the enterprise.

The education level of workers of the enterprise is similar to the Cones. There are, likewise, workers without basic education, and some workers who attained the college level.

Therefore, it is noted that the researched enterprises, of which the associated workers take part, are similar, because they have roughly the same number of workers, the same market segment, and were established on the same period and for the same reasons.

##### **1.2. Description of the researched sample**

The composition of the researched sample was made from the early scenario (total socio-workers of the enterprises), and the selection of workers was made without a pre-established criterion (random sample). The only requirement was to be a cooperative member. The approach was also made randomly and directly.

Regarding the number of the members' samples, we searched a numerically representative group composition in relation to the researched scenario, consistent with the time of research and availability of those surveyed. We interviewed 48 workers in both surveyed enterprises, 21 at Cones and 27 at Coopertêxtil.

From this sample, 19 employees worked in the administrative sector of the studied enterprises, and 29 in the productive sector and for operational support.

Such composition of this sample was made, as mentioned earlier, randomly and some stratification representing a composition of the group studied (relation in between the number of workers from each sector and the total workers in the enterprise searched) was not sought. There was no homogenization of the sample (half of the workers composed of the productive sector and half of the administrative sector, for example).

Nevertheless, the relationship between the number of workers studied by sector and the total employees of the enterprise (universe) is similar, researching around 4% of employees in the administrative sector and around 5.5% of the productive sector in the both enterprises.

### **1.3. Participation and feasibility in the studied cases**

The relation of the workers on the management enterprise, and its consequences for the viability of the projects, is shown as follows:

#### **a) Cooperativa Nova Esperança**

At Cones, the participation of cooperative workers in the enterprise management occurred, according to the interview, through decisions on the production organization, cooperation in between the productive sectors (and intra-sector), and the sharing of responsibilities in work performance.

The participation mechanism of this cooperative is by means of eventual meetings and the sessions determined by statute.

In the first case, such meetings shall be convened by leaders of the committees, or by expression of a group of workers based on observed events during the work process.

Such occurrences are related at the meeting to the committee members directly and to the members directly involved with the management of the cooperative, seeking for reasonable solutions by consensus. These are reported to the general assembly in due course, in which the cooperative is aware of these events and can give opinions over them.

In this meeting, the workers also discuss the main actions to be taken in relation to the cooperative like labor organization, the production aims, and marketing goals.

In this sense, for the cooperative participation be effective, it is necessary to share the knowledge about the different function components of the cooperative production process among the members, even without having executed a large part of them.

This knowledge is built, according to the cooperative indications, in the daily life of the cooperative by means of dialogue with other members and by daily participation in meetings and sessions throughout the year. Thus, much of the workers are replaced by an overview of the entire cooperative, being capable to decide, effectively, on the form of organization of labor relations in the enterprise.

It is worth mentioning that the cooperative report presents the fact that these work relations reproduce, in some aspects, the same relationships observed in a conventional company, in which the functions are fixed and their characteristics (technical knowledge and necessary routines and procedures to be performed) are determined by the market in general. The market is, after all, who determines, for example, what skills should have a machine operator.

Thus, it is not possible to verify, in this enterprise, the existence of new settings in the performance of duties during the production process, to the extent that the exercise of these functions is based on conventional procedures.

Nevertheless, a greater autonomy and self-control by the members are noted in the organization of work, as they decide effectively the daily life of this organization using collective decisions. Thus, there is the existence of a formal hierarchy, whose purpose is to oversee and assist the implementation of the established activities and goals in the general session, making this the main role of the production supervisors.

Another aspect pointed refers to the collaboration between different sectors in which the cooperative is subdivided within the same industry. This collaboration occurs through the involvement of the various issues associated with the procedures of each of these sectors.

In a practical manner, these workers are often interested in the progress of activities related to different sectors to which they are acting, such as the production workers that seek for information about the administrative conditions, sales, through conversations with workers involved in such activities, or by searching for information with the leader of management.

These procedures are adopted from the initiatives of the workers themselves, who see the needs of production and advise the committees, asking or not the displacement of these workers. This fact demonstrates the shared responsibility of the production members, who collectively take on the task of solving problems and occurrences observed in daily production.

As pointed out by Faria [22], in other cases studied, the production organized in a collective way represents greater involvement of associate employees with the issues related to the everyday of the business, represented in the way that the work is organized and by the work relations established during the course of the production process.

However, as with any social organization, such relationships between the cooperative do not work perfectly. We note that the reports of cooperative workers point to some cases of lack of commitment of some of these workers with the daily life of the company, or others who understand the business only by the immediate



aspect and functional, like a regular business, whose goal is to ensure income in end of the month, and only seek a regular job.

Yet the respondents consider that such participation in daily life and the goals of the cooperative are essential for maintaining the viability of the enterprise. Some examples pointed by them are: a way to pay these members (withdrawals), the allocation of operating profit (surplus) at year end, the investments to be made in the project and going into debt.

The remuneration of the members, in this case, is made by the exercise of specific functions, grouped in bands of remuneration based on predefined criteria by the General Assembly, which also determines the percentage and adjustment periods (usually at the beginning of each year, based on the financial situation of the cooperative at the time).

Therefore, the value of withdrawals is not guided by the values set by the market, nor is it adjusted for the same periods (collective bargaining) and the percentage determined by the market. In fact, according to the information of members, these monthly withdrawals are above the amounts paid (between one and a half and two and a half) of the employees of conventional firms that perform the same functions.

The financial results of the annual exercise, called "surplus" when positive, and "loss" if negative, represent an important financial resource generated by the cooperative as a source of investment in production improvements or facilities, and as a resource for additional financial allocations for the members. The reports submitted by the board of the cooperative researched show that this result has always been positive (surplus) from the first year of operation.

The investments on the cooperative, according to the workers interviewed, are generally allotted to new machinery and equipment, as well as production and administrative improvements.

The workers interviewed consider, in most cases, that this form of division and application of the financial resources obtained is the most convenient for their viability. They point to the need of investing in new machinery and equipment and in the acquisition and modernization of facilities, but also consider the need of allocation of a part of these resources for their own members, so they can invest in personal property that will allow a better quality of life.

For this situation to remain, these workers point that it is necessary for the cooperative to continue to maintain its financial revenue in the current situation, which is considered sufficient for their sustainability, and to keep updated the debts payment with suppliers and other institutions, as has been done since the beginning of operation.

Thus, Cones keeps its financial results stable, despite ongoing cost increases due to the higher cost of the main raw material, the cotton.

In addition, the cooperative has made investments in their physical structure, through the acquisition of a building, and through the formation of a fund for future acquisition of a second building, where the branch is installed. Investments were made also on improvements of the production process through the implementation of programs of production management, despite small investment on upgrading the machinery and equipment used in the production.

As a consequence of this situation, Cones has remained viable in the long-term, and has been an alternative of employment and income to their workers.

#### b) Coopertêxtil

In this cooperative, we identified, through the interviewed members, the business procedures that have kept the cooperative as a form of participative and democratic production organization, such as the collective decisions of the function execution (schedules, shifts divisions, number of cooperative members per shift, etc.). According to the interview, the workers of the cooperative consider that the group's participation in the cooperative decisions occurs through the presence of a large number of members, however, not as such an effective way and at the same intensity of the previous years.

In the last two or three years, the cooperative has undergone a process of renewal of the members, due to the retirement of some founding members.

Thus, the cooperative has tried to attract new members to its board. However, there have been arguments that these new members do not have a connection with the history of the cooperative, resulting in participation without expression, or in adopting a posture of caution in relation to their opinions, or submission to the positions of the oldest members.

Another aspect pointed out by the respondents refers to what we call "lack of commitment" of these new cooperatives with collective movements or even the principles of self-management, as adopting a functional posture in relation to the cooperative only as a means of obtaining income. The workers interviewed believe that the gradual replacement of the cooperative members could have the viability in the long term, with the degradation of application of the principles of self-management in daily production, resulting in its transformation into a conventional company, which was stipulated by Luxemburgo [23] in relation to such cooperatives in general.

This aging of the cooperative members also have resulted in the form of participation of older workers in the collective decisions. This is because such members, by fatigue, discouragement, or future prospects of retirement, fail to act effectively in the discussions, taking over a passive role for the validation of group decisions, without getting involved in previous discussions.

As a result, the effective participation in decisions about the cooperative has been made by a small group of about fifteen members, who occupy positions of representation in the cooperative as presidency, advice and coordination areas.

The cooperative respondents say that it is this group that effectively manages the cooperative, in a consented way and collective approval, because they consider that they are capable, have more knowledge, and have determination.

Thus, the cooperative has gone through a representation crisis. The same group of members has taken over the collective leadership positions, since 2005, due to the lack of interest from the rest of the group to assume these positions, through the collective vote.

As a result, the cooperative members consider that there are difficulties between them to take certain collective responsibilities over the main issues of the cooperative, such as investment, production targets, and remuneration, among others.

This responsibility over the cooperative in general, and of the production and administrative actions in particular, are generally determined in assemblies and are practiced daily through coordinated actions among the cooperative members in order to achieve a common goal.

In the case of Coopertêxtil, this coordinated action ceased to exist a few years ago, and the proposed targets in assemblies do not have the same force as in previous years. The cooperative members reported that in previous years, the group engaged more fully with the set targets, and would "take over" responsibility of the cooperative success.

The problems raised by the cooperative members in relation to the effective participation of workers in the organization management of the cooperative have reflected also over the financial aspect, especially in relation to the payroll forms and surplus destination.

The remuneration form, which corresponds to fixed values paid by the market according to the functions exercised by the members, was appointed by them as inappropriate, because they consider that the values should be specific for each function and should be based on the financial condition of the cooperative.

In this way, the proposition is that the values of withdrawals are changed and adjusted according to the cooperative income: in the month which the income raised to a determined percentage, the withdrawal would be adjusted accordingly, the same applied to a possible reduction in revenue. Thus, the reference would be the financial condition of the cooperative, rather than provide variations determined by the category in collective bargaining.

The cooperative members claim that this remuneration was the initial form adopted, which prevailed during the first six years of the cooperative. Afterward, changes in the remuneration form were introduced by the directors in general meeting, which were approved without restrictions.

They affirm that there were attempts to change the previous form, however, the proposals were defeated in the assembly due to the conviction of the presidency in favor of the current form, and the lack of interest of cooperative members to promote changes.

Dissatisfaction with the withdrawals of the cooperative has been reported, not so much for the amount, considering that it was established by the market, but by form of the readjustment, because, as owners of the cooperative, they should have greater autonomy in setting the adjustment, based on the cooperative's internal conditions.

Another discrepancy between the cooperative members refers to the destinations of the cooperative surplus, or the final result of the accounting period. The disposition of these remains is decided by a general assembly, in which all cooperative members can position themselves with proposals and suggestions on ways of applying resources.

In 2007, the Assembly decided by majority that the surplus of the next five years will be used on the formation of a fund in order to pay debts related to a bank loan used to purchase new machinery and equipment at the beginning of that year.

However, they affirm that on the following year, the cooperative found an increase in revenue, and consequently, of the annual surplus, which resulted in investments made, causing a financial revenue increase of the fund for the debt payment, with the creation of an amount that represented over the double of the necessary resources to pay installments over the year. With this, some members started to claim that only a part was designated for this fund, while the rest was intended for them, and then they would decide the destination of the remaining funds.

This proposal was put to a vote in some meetings during the following years, but did not get majority support, although many may agree with it, informally. This fact justifies the lack of interest and dismay of the oldest members in relation to the daily life of the cooperative.

The other issues related to the cooperative's financial aspects in the interviews. The cooperative members have concerns regarding the financial viability of the cooperative, due to the behavior of monthly income, which has been falling since the early months of 2009 until the time of the study in September 2010. By the year 2007, the cooperative noticed a steady increase in the gross income of an average 12% per year. In 2008, this increase was around 47% over to the previous year, a result attributed in large part to the introduction of new machinery and equipment, as mentioned previously. In 2009, this revenue has dropped to less than half of the previous year and in the first half of 2010, the financial result continued to drop (on 15% average) in the previous years, for reasons not mentioned explicitly by the cooperative members.

Thus, in relation to the financial aspects of Coopertêxtil, it was noted by members that despite the current conditions of the cooperative, indicating a positive situation which allows them to obtain income, suppliers payment and others financial commitments, there is a concern with the recently observed decline in the revenue, which has resulted in apprehension among the members that such situation may continue in the long run and may jeopardize the sustainability of the cooperative. This is because such a situation could greatly impact the future ability of the cooperative to ensure monthly withdrawals of their members, and pay off debts recently gained over the last years for machinery and equipment upgrade.

## **V. CONCLUSION**

Created with greater intensity in Brazil during the 1990s, as a result of workers' initiatives to take over production of the companies they have worked in, which were in the bankruptcy process, the self-managed enterprises are a production organization commonly found in many countries around the world since the 1970s. These enterprises were formed together with other initiatives undertaken by the workers and popular movements, which organized groups and enterprises targeting the production and goods and service sales based on principles such as democracy, participation, collectivism, and solidarity in various productive activities, such as agricultural production, recycling urban waste, taxi services, food processing, among others.

In the case of self-managed production, based on the workers' recovery of the bankrupt companies, we noted that the vision of the workers involved and the approaches made by researchers and scholars on the topic are about the objective aspects of these initiatives, such as the difficulties encountered initially and during the consolidation of self-managed enterprises, as well as the participation of the workers in the project management and long-term economic viability, as proposed by this article.

The cases are represented by several other initiatives, which took place during the 1990s in the various branches of production. However, the textile industry stood out as one of the most affected industries brought about by the actions of the federal government during this period.

Both cases are similar because they have been created in the same period, between 1997 and 1998, and they belonged to the same segment of the textile chain (the production of cotton yarn) and have originated from similar processes: the bankruptcy of companies in the traditional market and family management.

In these cases, it was noted that the feasibility has been maintained by principles adopting the organization and production management, as well as the basic characterization of self-managed production, such as the effective participation of members in the management of enterprises.

This can be identified as the main element that has ensured the viability of Cones and, due to absence or low incidence, has compromised the viability of Coopertêxtil.

In the case of Cones, the existence of a democratic environment, kept by the associated workers through the exercise of daily involvement in the resolution of these key issues connected to the development, can be observed. This way, the political space, where all the internal issues can be addressed, is retained, and the negotiation practice of the argumentation and the pursuit of consensus, which represents the basis that consolidates the viability, is observed.

In Coopertêxtil, this effective participation of members has lessened over the years, due to discouragement or lack of interest on the cooperative management, which resulted in the establishment of asymmetrical power relations, in which a small group of members dominates the daily decisions of the cooperative. As a result, the cooperative has presented a situation of instability since 2007, despite a major upgrade of machinery and equipment used in production.

From this period on, the cooperative noted changes of quality and sales price of the product, threatening their market competitiveness. This reflected later, especially after 2009, on sales and surplus reduction, generating crisis in the relationship between the cooperative members and threatening the future of the cooperative.

Thus, in both the cases studied and considering the main objective of this article, we may conclude, from the explaining factors of the self-managed enterprise, that the effective democratic participation of



members in the daily production is essential for such viability. This is because it is through this participation that the long-term targets are determined, and the short-term measures are taken to solve specific problems.

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