

Is Worker Ownership a Way Forward for Market Basket?

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Save Market Basket Rally, August 5, 2014. (Photo: **Tim Carter**)

The Market Basket situation is indeed, as many commentators have remarked, nearly unprecedented in the annals of American labor relations: When have we ever seen so many workers protest so vigorously for, rather than against, their boss! (For those new to the story, the New England supermarket chain has been wracked by massive employee protests, organized without any union involvement, after a faction of the family that owns the chain took control and ousted extremely popular CEO Arthur T. Demoulas. The mobilization in support of the former chief executive has resulted in nearly empty shelves and the mobilization of angry communities of formerly happy customers.)

But beneath the surface of the singular job action, in which workers and community have banded together to demand the reinstatement of the former CEO, the conflict in New England points toward something much more

fundamental: the need to build institutions that can sustain the kind of community- and worker-friendly business leadership that earned "good brother" Arthur T. such incredible loyalty.

Happily, such institutions already exist, here in the United States. While undoubtedly not perfect as a form of workplace democracy, the Employee Stock Ownership Plan (ESOP) offers a proven template for making the interest workers have in a thriving business part of the discussions about a company's future. As Market Basket demonstrates, lovable CEOs who treat their workers well are wonderful - until someone else takes their place. With millions of Boomer bosses set to retire in the coming years, a transition to employee ownership - with the attendant tax breaks it offers to business owners - is an attractive and sensible option that allows a culture of community and sense of mission to outlast changes in the person sitting in the chief executive's chair. And selling to your employees doesn't mean immediately handing over the reins: As examples like the employee-owned brewery New Belgium or the publishing house Chelsea Green show, a transition to employee ownership can keep the leadership that built a company's culture in place, while simultaneously laying the groundwork to maintain that culture for the long haul by rooting ownership in the company itself.

Interestingly, regional supermarket chains like Market Basket seem particularly well suited for this kind of democratized ownership: The National Center For Employee Ownership estimates [that at least 300,000](#) American supermarket workers are also owners of their workplaces. Take Boise-based [WinCo Foods](#), for instance: Its nearly 15,000 employee-owners enjoy generous health-care benefits, high wages and a large stake in the company as retirement savings, with the company itself able to operate so effectively and efficiently that it beats Walmart on prices - something much appreciated by the communities the business serves. On the leading edge of food cooperative development, such mutually beneficial relationships between fairly treated workers and satisfied communities of consumers are being taken a step further and made explicit in so-called "multi-stakeholder cooperatives," like [Weaver Street Market](#) in North Carolina, where

185 workers and 18,000 consumers democratically co-own a chain of groceries with more than \$30 million in annual sales.

With approximately 6 million more worker-owners than private-sector union members in the United States today, this kind of democratized ownership is not a marginal or niche approach. While unions are an excellent tool to protect workers from the abuses of bad bosses, it's less clear how well-suited they are to protecting good bosses from the abuses of stock owners with no long term stake in the future of the community. Indeed, many unions seem to be recognizing that they need to be ready to help workers on both fronts: UFCW, for instance, recently negotiated the conversion of the Homeland grocery stores in Texas and Oklahoma to 100 percent employee ownership, with a significant seat at the table for the company's 15,000 employees in the management of the business and with the union's involvement guaranteeing that the deal was a good one for the workers. If such democratized ownership and workplace co-determination is possible in some of the reddest of the red states, surely it's possible in New England!

Ultimately, whether or not an ESOP conversion makes sense in the current no-holds-barred battle raging around Market Basket is difficult to say from a distance - the situation may have changed significantly before this piece even appears. But there can be no doubt that in the long term, an employee-owned company would provide a much better solution for the workers and larger community than the current mess.