Ashley:

Hi, I'm Ashley Nickels.

Casey:

And I'm Casey Boyd-Swan.

Ashley:

We're podcasting from Northeast Ohio. This is the Growing Democracy Podcast, a space for citizens, experts and advocates to create community together. Each week we invite a guest to talk about civic engagement, governance, and how to grow our democracy. This episode is part of a series on demystifying policy relevant research. We're talking with academics throughout Northeast Ohio in a range of fields, from public health scholars, sociologists, criminologists, political scientists, and more. We're trying to unpack how expertise is developed, how research gets made, and why this is policy relevant work. This is a collaborative series with support from the Northeast Ohio Chapter of the Scholars Strategy Network. The Northeast Ohio Chapter of the Scholar Strategy Network was launched in 2017 to bring together local university based scholars who are committed to using and sharing research to improve policy and strengthen democracy. If you want to be involved in the podcast and get behind the scenes content about each episode, head on over to patreon.com/growingdemocracyoh.

Casey:

You sure can. So today, of course, we're talking about something that is near and dear to my heart, which is labor and work and really exciting stuff.

Ashley:

It's labor and work but it's also like, democratic practice and policy.

Casey:

I mean, what I think is really interesting about the research that today's guest does is that, anybody that pays any attention to politics knows that one of the top things that politicians talk about is work, right? How do we get people back to work? Or how do we get people making more money? Right. So there's a natural steering towards talking about minimum wage or as recently with the Amazon workers who were talking about unionizing, right? That there are these tried and true topics or solutions that come up as these are the ways, these are the policy tools that can have some sort of impact on labor and work. And what we're talking about today really pushes back against those ideas that those are the only two. I mean, there's more than just those two. But really a different kind of approach to thinking about labor and work.

Ashley:

Yeah, and thinking about what the workplace is like. So we've had conversations with labor organizers, people active in labor unions. And so being able to think about in that context, we talked about what it looked like in the organization. And so in this conversation I think a lot of that is the same which is thinking about worker ownership and employee ownership, and thinking not only about kind of the policies that structure whether or not it is a policy solution to that question of jobs, but also like, what's taking place inside the organizations and the broader implications about wealth generation and kind of political and economic equality? And so for me, it's an interesting kind of juxtaposition with some of the other conversations we've had on the podcast.

Casey:

Yeah, absolutely. I think if anybody gets- one takeaway that I hope everybody gets from this episode is that, instead of thinking from this Adam Smith perspective of worker and owner as being, as this relationship is that it has to be adversarial, that in fact, it doesn't. That there are other ways in which you can form that relationship that have better outcomes, right? And so, I think that our listeners will really get a lot of enjoyment out of listening today's episode.

Ashley:

Yeah, so I'm really excited to introduce today's guest. We have with us, Michael Palmieri. And Michael Palmieri is originally from New Jersey and has since joined us here in Ohio. Michael started his PhD program in political science at Kent State University, where he studies American politics and public policy. Michael is interested in the ways employee ownership can be used as a local economic development strategy to create individual and community wealth and lessen economic and political inequality. He's currently working on his dissertation tentatively titled *The Politics of Employee Ownership: Organizational and Individual Level Dynamics.* In 2019 Michael began working at the Ohio Employee Ownership Center, OEOC, as an assistant researcher where he helps conduct research that overlaps with his graduate work.

Lately this includes things like producing estimates of the economic impact of baby boomer retirements on local communities, and the role networks of nonprofits play in helping develop employee owned businesses. His most recent work can be found in the 2019 Owners At Work newsletter, Fifty by Fifty, and the IEDC Economic Development Journal. Michael also helps manage and develop the OEOC's year round education and training programs oversees the technical operations of the center and produces and edits the OEOC's new podcast Owners At Work, which he co-hosts with Chris Cooper.

Casey:

Great to have you with us Michael. Now, I know that Ashley just read your bio. So, this is always an awkward moment for people. But, I think that when you have a chance to tell us about who you are and part of your journey to where you are at that, some things come out that aren't maybe just so cut and dry as what's in your bio. So would you mind telling us and your listeners a little bit about yourself?

Michael:

Yeah, sure. So, I grew up and was raised in New Jersey, it was a pretty small town. I was always pretty active in local politics and organizing. I was pretty interested in movements around climate change and the like. So, kind of going through undergrad and even graduate school, those were always the things that I was doing out in the world. Worked in the nonprofit sector for a bit of time. And while I was doing that, got involved and learned about employee ownership. So I was always interested in questions of economic and political inequality, really frustrated about kind of lack of support for policies that could make a dent in those two areas. And kind of stumbled on employee ownership, just kind of looking for those solutions.

And from there I did what a lot of people in the employee ownership kind of sector call, I drank the Kool-Aid, I got the bite, kind of got obsessed. And that's when I started looking for PhD program where I could focus on employee ownership, led me to Kent State. Because it's actually home to one of the oldest and longest running state centers for employee ownership in the country. And that kind of takes me to where I am so.

Ashley:

That's fantastic. So I want to ask really quickly, first, what is employee ownership and worker ownership? And can you elaborate a little bit about how you came to study the politics of employee ownership?

Michael:

Yeah, okay. So really good question. And I would say if you ask anyone in the employee ownership field, you'd probably get a bit of a different answer, right? But I always like to think of employee ownership on a continuum. There are some basic pieces that you'll find in any form of employee ownership, which is that the workers in those businesses have claim to the financial rights of the firm. Whether that be through stock ownership, whether that be through profit sharing or the like, all forms of employee ownership are going to provide employees a financial stake within the firm they work. When it gets a little bit different and you see models kind of changes, what level of governance rights does the company provide employees, so are they actually making decisions? What's the representation on the board?

And so I always like to think of it as a continuum. On the one side, something I call shared capitalism, where it's really those financial rights that are being provided to employees. And if you were to think of it continuing to have more and more governance rights, you can think of that as economic democracy, where workers have not just financial rights but governance rights. In terms of how I got into studying the politics of employee ownership, for me like I said before, what attracted me to employee ownership was that politically speaking, it's one of these few things that can really put some meaningful wealth into workers hands. And when I say workers, I mean all workers, right. Shop floor to the C-suite, not just those in managerial positions. And it's just so rare to find policies that are able to do that and not excite a bunch of polarized reactions. And so what I found so interesting about employee ownership is that it attracts both people from the right who might be interested in employee ownership in the sense that it can create more capitalists, right. That it kind of emphasizes this market-based approach. It redistributes resources, but not through government redistribution rather at the private firm itself. And so a lot of those things are attractive to conservatives. But it also accomplishes a lot of the same goals that those on the left or maybe self-described liberals would hold as important, which is providing meaningful work with dignity, good benefits, good wages, and then wealth building.

So, when you come across something like that these days, your ears kind of perk up. I was already studying Political Science at the time. So I knew that this isn't something that commonly happens. And so I got into it, but in terms of what I'm really interested in studying is, if employee ownership provides much higher wages, wealth, employment stability than a conventional company. And those are kind of the same factors that political scientists find correlate with increased participation, civic, political. The question came to me as, well, perhaps employee owned companies not just through the fact that they're more participatory, but through material wealth building could have a positive effect on civic participation.

So there's kind of two levels to the politics that attracted me is, one, how does it affect individuals and their behaviors? But at a larger kind of macro sense, it's one of those few palatable policy responses that get support from the whole political spectrum.

Casey:

I mean, you've hit on a couple of things here that I kind of want to unpack. And the reason for the unpacking is, so the purpose of this series really is to kind of pull apart or demystify, right, politics, policy, the processes involved in creating policy. And in many ways, the work that you're doing is kind of about exploring the politics of how labor is structured in some ways. And that can be as you just described, something that is not necessarily political in nature. But it sounds to me as though you see it as very political in nature, just perhaps not necessarily partisan in nature. Is that an accurate assessment?

Michael:

Yeah, it really is. One of the things that I learned even more so at my time at the OEOC, is that a lot of business owners just traditionally, they're not always going to be the most progressive set of individuals. That doesn't necessarily mean that they don't care a lot about their workers, it doesn't necessarily mean that they don't want their community to benefit from the business, that they're just looking to sell and get the highest price. And so, it's really important I think for people to keep in mind that a lot of people can arrive to a similar point regardless of the kind of partisan politics. And they might get there for different reasons, they might get there because they're holding different beliefs, but what I really think is important with employee ownership is you can get large swaths of people to commit to it for whatever reason they commit to it, right? And sometimes it's best if you don't ask what their political leanings are, you just surmise through conversation and you find out that there's different ways of kind of framing employee ownership and what it can do. But I think the most powerful framing for me that really attracted me to it, is that it puts meaningful levels of wealth into workers hands who otherwise wouldn't have the ability to be able to amass that that level of financial wealth.

Casey:

Now, I'm curious, because I think it's pretty fair to say that a lot of just lay people aren't probably familiar with worker ownership. And even among labor economist this isn't a heavily studied topic. So, as somebody who is kind of digging into an area that isn't well known among a fairly broad segment of the population, did you learn anything during the process of doing this research that you think would help our listeners understand this a little bit more? Was there anything that you demystified for yourself?

Michael:

Yeah, I think that one of the things that is really important to understand is that some people can confuse, really the question you opened up with what is employee ownership? And I think that that is where I spent a lot of time in trying to find that answer, right? And when it came down was on that kind of continuum I talked about, shared capitalism versus economic democracy. But to get even more specific, there's really two or three of the most common forms of employee ownership that you find in the United States. And one of them is called an ESOP, which is short for Employee Stock Ownership Plan. And what that actually is in terms of US legislation is a retirement plan. It's a trust that holds stock within the company, and the company puts contributions into that trust. As they contribute to it, the shares are disbursed to employees in an account. And when those employees retire, they get the financial value of whatever was placed in their account while they were there. And so that's an ESOP. And that's one of the most prevalent forms of employee ownership in the US, there's about 7000 companies in the US with an ESOP. And I believe they have around 10.5 million employees, so not a small amount- what's that, that 8 or 9% of private sector workforce? So they're pretty large. The less common form is a worker co-op. And that worker co-op kind of sits on that economic democracy side of employee ownership in the sense that workers elect the board, and they elect it on one share one vote. They're able to also accumulate wealth through internal capital accounts, or through something that's called a patronage, which is like a profit sharing at the end of the year. They decided to kind of divvy up the profits, obviously put some in to the company to invest in capital and equipment. But if there's some leftover they can decide to pay employees out with it. And for worker co-ops, they're much rarer. About 425 in the US. I think they employ 7000 or 8000 people. So a lot less than ESOPs. But what's interesting about worker co-ops is that economic democracy kind of function, they're a lot more participatory. And in the US at least, the majority of worker co-op members are women of color. And so they've been getting a lot of attention in the sense that they're able to provide really good paying jobs in industries where you don't find those kinds of wages, let alone any kind of wealth building benefits.

So that generally gets, if you can understand those two different forms at the ESOP, the worker co-op, a lot more ESOPs, a lot less worker co-ops, and they kind of sit on two different sides of that spectrum that gets you pretty demystified employee ownership. That took a while for me to finally get to that, but that generally gets you through the landscape.

Ashley:

So that's broad, right? Those are in many ways significantly different types of organizations and organizational structures, with different, possibly, philosophies towards worker ownership, employee ownership. So from your perspective given the breadth of this space that you're working in, why do you see this work as important to policymakers?

Michael:

Oof. Well, so, again, I'll return back to the fact that we're just seeing unprecedented levels of income and wealth inequality. Precarious work is becoming more and more common, some of the fastest growing industries are those industries that have the lowest paid wages, the worst benefits, most likely to fire employees when time gets hard and not really think about it. And when you think through those things, and I should add a third kind of crisis or component- like there's not enough crises going on today, right? But a third really important crisis that's maybe not getting as much coverage as it should is the retirement of baby boomer generation, in that they own nearly half of all small businesses in the US and a majority of them aren't going to be able to sell their business. Either because their family members don't want to run the business, that's becoming less and less common, or they just can't find an outside buyer on the market which often happens. And when you can't do those two most owners think that okay, well, I guess we're just going to liquidate close up shop, and a lot of them aren't knowledgeable that there exists this other option that in some cases you can sell to your employees. So, I take those three things, right? Economic inequality, precarious work, this baby boomer business closure crisis that we're in the midst of. And I think a lot of policies might aim to solve one of those separately. But I think that they missed the fact that those three different things are very much linked to one another. And employee ownership is kind of uniquely positioned in the sense that it can- not solve, right, but it's a policy that can at least make a dent in all three of those, right. It provides a selling owner an option to get liquidity from the business that they helped build for so long. It also provides employee owners with a great place to work, wealth building opportunities, much more stable employment a lot of the research shows. And because the employees are now, have these real wealth building opportunities, you can make a dent in economic inequality. And so I think for policymakers to understand that employee ownership isn't just something that a private business decides to do, but if brought to scale can kind of have effects across the community. And if really brought to scale ,the state or the nation, is something that they would benefit from. Not to mention that it gets the bipartisan support, right? So there's tons of policies that could solve all those three kind of problems that I outlined. The question is, could they actually get support in different state houses throughout the country or even nationally.

Ashley:

So I have a really quick follow up. But my question is more along the lines of the civic and political engagement components. So I want to ask, if Casey I know has a follow up too I just wanted to make sure I didn't like go too far off topic.

Casey:

So, yeah, I do have a follow up question and that's particularly about labor policies and other labor crises that we're having right now. So I mean, at least it's pretty widespread in Ohio but across the US too. Businesses especially in the service industries are having a very difficult time finding workers. How do you see worker ownership-- if it does at all--as addressing that issue where folks just don't feel like either that there is a job that is maybe a mobile position where they can actually work over a sustained period of time where it's useful for them to actually go to work every day, or where they also feel where they don't have any specialized training, let's say, what they'd really love to be is a chemist but you have to have a degree in that, right? You can't just jump in and become a chemist. So how do you see worker ownership as matching with those dual problems of people that are maybe under skilled, but also don't want to be employed in a position that has really no future?

Michael:

Yeah, so it's useful to take a step back and just I guess, I'll answer it through kind of pointing to a couple of research studies out there that show how employee owned firms just kind of act in economic downturns in general. So generally, an employee owned company is much less likely to lay off employees for any reason, but in particular during economic downturns. And a lot of that has to do with the whole idea of with the worker co-op that internal account, or with an ESOP, again, that retirement account, is that the companies are investing in the workers themselves, right? And so, that's what the ESOP is, that's what that internal account is, something for the long term. And so, they're going to really do anything that they can to keep those employees around. And in doing so, employees tend to give a lot more effort, they tend to call out sick a lot less. And then in those crises, they tend to pull together and make options. So in employee owned companies it's much more likely for the company to consider reducing hours, right, or kind of have kind of rolling, people taking hours rather than completely severing ties with an employee through a layoff. There was a really interesting study that looked at employee owned firms, I believe it was from two- from 1999 to 2011. And that included both the 2001 and 2008 financial crises. And they found that they were half as likely, employee owned companies were half as likely to lay off workers during economic crises compared to the conventional counterparts.

Now, there was some research that also occurred during the pandemic for both worker co-ops and Employee Stock Ownership Plans, ESOPs. And they found the same thing, they were a lot less likely to lay off workers. And they were more likely to institute safety measures and protective measures for employees, which again I'm sure, I mean, they didn't get this fine grained in the study, but I'm sure that that helps you kind of want to go back to work. You know it's a safe place to work, right? But to your point about getting people into a workplace, we talk to a lot of employee owned companies, and they are also kind of feeling that same strain, right, that some people don't want to come back yet. I think that the pandemic is going to have like lasting kind of shocks to the labor market in terms of what people will put up with, what they want, how they want to work. But I would say what I've also learned from talking to individuals who work at these companies, is that when they are doing recruitment, the employee stock ownership plan or that profit sharing or patronage, if you're in a worker co-op is used as a recruitment tool, right. Because it's something that if the company, another company is not employee owned, they simply can't say that they're going to do that for you. And when I'm talking about meaningful levels of wealth, it is not uncommon in an ESOP company for a shop floor employee to retire with hundreds of thousands if not millions of dollars in that retirement account. It's not uncommon at all. And I think we usually put up a top 50 list of the account balances for ESOPs in Ohio. Last year we did it, it was in 2019. And I think the top average balance or median balance was like $750,000. And this was for a manufacturing company that I think made metal tubing, right. And so, when you start talking about that, because employees are there for the long term, the companies also treat the employees different in that they offer them a lot of, even if it's not governance rights, like the worker co-ops get, if you're in ESOP, much, much more likely to receive leadership training, to advance through the company, to get education, to get financial literacy and education. And there's even cases there's nothing saying that ESOP can't be just as participatory as a worker co-op. Sometimes we call them ESOPeratives to kind of like ESOP meets the worker co-op. And right here in Ohio there's an ESOP that's been around for quite some time, and employee owners can run for the board and get elected to the Board of Directors, right. So in a company like that if someone is kind of telling you, these are the things that you get when you come here it's hard to say no. I would add that to another piece of research and maybe this is something that we could get stuck in the show notes was a piece of research that I believe looked at the Bureau of Labor Statistics had this data set on millennials. So those 28 to 34, kind of tracking them over time in a panel study, and looking at them from when they were 28. I believe they came back every two or four years. So they had a couple of different snapshots. And interestingly they asked all the typical questions about wealth and income and what benefits you're getting, right? All of that. They also had a question of, I don't know how this question got there, but, are you a member of an ESOP? And so, you're able to kind of separate out and look at similar individuals in the industry, the job they had, and then look at their benefits. And those who were in an ESOP had 33% higher wages, 53% longer tenure, and 92% higher net wealth at the household level. And then if you go to the benefits part of it, it's just like kind of eye popping. More likely to have paid maternity leave, more likely to have flexible work hours. So, I think when you come to the table with that, people want to work for you, right? They feel like there's some dignity there. They feel like they can have input, and they kind of see a future. That one company I was mentioning, ESOP company who allows employees to kind of elect individuals to the board, or to elect non managerial employees to the board has multi generations. So fathers, like the daughters of fathers of sons are working there now. This kind of just shows this ownership culture that kind of goes beyond just the finances.

Ashley:

So my question I think is related to this, but you referenced policy spaces, right? So I see, everything you're talking about, it's relevant to all sorts of different areas. But you mentioned state policies. Could you quickly give us a snapshot of what some of those policies might look like that would kind of foster this type of economic development policy?

Michael:

Yeah, for sure. So, definitely a patchwork as all policies are here in the US, right? And there are some states who have been doing really, really kind of cutting edge or leading work. One of them that's pretty interesting it just happened recently is out in Colorado. And what they were able to do was through- I believe it was changes to their tax code there, was to enable any business that was considering converting to employee ownership, to be able to deduct the cost of all of those steps and processes that would need to happen from their taxes up to $100,000 for an ESOP, up to I think $25,000 for worker co-op. ESOPs are a lot more expensive to put in place than a worker co-op. That's why those two differences. And that's kind of that like wonky in the weeds barrier that people don't want to usually talk about. But a lot of times if a business owner really wants to do this and they are interested and they care about their employees and the employees are interested too. Okay, that's the first hurdle. But even if you pass that the question then becomes okay, if you're serious about this you have to go get a valuation to your business, right? Because you're going to sell it. And so you need to know what it's worth. And a valuation of a pretty large company can be 20,000, $30,000. You're also going to have to have probably some investment bankers come in, you're going to have to have attorneys come in. And it can get expensive fast. And so, one of those barriers to expanding employee ownership is just those upfront costs for business owners who one, may not have the time to do all of that, or two, even if they had the time might consider that kind of a steep dollar amount. And so, that's one way to do it is to kind of lower the costs of investigating that route. The other one would be, and again Colorado was able to do this, but to be able to develop or house within government, a certain part of the government that focuses and advocates for employee ownership. And that part or department whatever form it ends up taking, can put aside dollars to give to organizations who provide that technical assistance, and walk that business owner through that process to kind of be able to get them to the other side, right? A lot of things that may take a business owner hours, weeks, maybe months to go through an organization like the Ohio Employee Ownership Center kind of has a roster of professional service providers, "oh, you need this, we're able to give you a list of people who can do that for you." And so I think those are kind of the two key ways is to reduce costs for business owners to investigate this route. And then also increase funding for organizations who are already out there doing exactly that, right? Helping business owners kind of investigate it.

Casey:

Now, I'm curious because at some point, right, you had to develop an expertise in this area, and where you didn't- as I think the last metaphor I used was, you didn't hatch out of the egg an expert. So where did you go to kind of discover reliable, but reliable and meaningful information about worker ownership?

Michael:

Yeah, that's another barrier for why a lot of business owners don't know about it is the reliability of this information. I'd be lying if I wasn't to say that probably one of the best repositories for employee ownership research, is the National Center for Employee Ownership. They actually have a page, it's called Employee Ownership Research. And it documents probably all of the major most rigorous studies over the last 30 years about company performance, employee owner benefits. But I would say that a lot of that research is kind of ESOP heavy. And that's because employee ownership in the United States is

ESOP heavy. The way that I kind of developed an expertise in worker co-ops was a little bit different, a lot more of the studies out there are based out of Europe. And that's because the worker cooperative sectors in Spain, Italy, France, they're just much larger, they are supported by the government. And for that reason, that's where that led me. In terms of how I found out how to look there, oh boy, that's a long story. Just looking really hard for quite some time and having conversations with practitioners. So when I was back in New Jersey, there was a lot going on in New York City at the time, they're actually just about to receive a couple of million dollars worth of funding from the city council. And so that was the same time where I was working for a nonprofit that advocated for worker co-ops, so I was able to rub shoulders with people there. And really just kind of find out about key examples. Since then, there's been a huge proliferation of organizations and think tanks that are centered on community wealth building, and even employee ownership specifically. So those are all pretty good repositories for that as well. I mean, one example is the Democracy at Work Institute. They do a lot of research around worker cooperatives in the US, right. That was kind of the huge gap is, there was tons and tons of research about worker co-ops, but very little in the US. And since like 2013, they've been pretty systematically doing a census of all the worker co-ops, doing some individual level surveys of worker co-op members. And so I think over time the body of evidence for employee ownership won't be as unbalanced as it is right now. But yeah, it's still a patchwork, right? You go to the NCEO for your ESOP stuff, you go to Democracy at Work Institute for your worker co-op stuff, and anything you don't understand you reach out to a practitioner. And the beautiful thing is everyone who's working in that space is going to send you back an answer and is going to engage you and people are very giving in the employee ownership center.

Casey:

Now, I'm curious because, I mean, you're sandwiched kind of in a unique position where a lot of the work that you do and I mean, just a lot of the data that you get comes from practitioners or non academic organizations. But you're in a PhD program and you're writing this stuff for academics to consume. How do you translate between these two kind of groups of people that may not really have a shared language?

Michael:

Yeah, that's a great question. I mean, so right before this interview, we're working on producing a pretty large, and big report about employee ownership here in Ohio. And we submitted a book chapter a few months back. And so, we were kind of going through there and pulling certain excerpts. And right away once we paste it on this report which is for a broader audience, right. It's for maybe a public official or a nonprofit leader, someone who might not be well versed in employee ownership. And you kind of paste it in there and you look at it and you're like, that's not going to fly, right? And it's absolutely true. I mean, for me it's a challenge. But I think that because when I was coming up through undergrad and graduate school when I first learned about employee ownership, I was always kind of out in the field and kind of working and doing that. And so for me, it's not as difficult to take that academic language and kind of write it almost as if you're at someone's doorstep making a pitch. And I think if you take that kind of sensibility to your writing, it's a little bit easier to realize that people don't want to get bogged down in the weeds like academics do, right. They want the grand pitch and then maybe after they've learned that and they've returned, they want more. That's when we can get into more details. But it is kind of a funny sandwich. I find myself slipping. So if I'm writing in an academic setting, kind of maybe a little bit too informal and then vice versa. But it's fun, right? And it's engaging and it kind of keeps you on your toes to have to constantly jump back and forth so.

Casey:

And how do you stay confident in that space where you have developed an expertise, but our academic expertise isn't the only kind of expertise, isn't the only form of expertise, right? So how do you kind of stay in that space and appreciate other types of expertise, and listen and learn from those while still being confident in what you know?

Michael:

Yeah, oh, man, that's such a great question. And it really hits home because as much as I can cite probably like 50 studies about employee ownership, ask me whether or not I can sit with a business owner and confidently talk them through a transition. I can't, right? I don't have that type of expertise. Someone who would have that as someone who's been talking to business owners for 20 plus years, right? And so here at the center I get to see that right, I get to go on those meetings and sit in those meetings, quietly, of course, taking lots of notes. But it is humbling. But I also think that that humbling experience is at least for me, kind of a driver, it kind of lets you know that you don't know nearly as much as you should or could know. And so, I really like it. But I also recognize that what I'm learning when I'm going to those meetings and seeing employee ownership, talk to a variety of audience, other nonprofit executives, or business owners, what have you, is I'm learning something you can't really get from a book, right? There's just certain things that come from practice and listening, actively listening, watching people's body language, right, before we talked about how people come to agree that the idea of employee ownership works, but you don't necessarily need to know what their political leanings are but you can kind of tell. I mean, that's huge in these kinds of meetings, right. What aspects are going to really tap into where they want to go, their objectives and goals. You have to learn to read that from body language. So a lot of that is something I'm still learning in terms of how do I keep the confidence, I know that I can write, I'm confident that I can write. If I lose that I don't know what else I'll have. But really, it's through kind of looping the information back and forth with my colleagues here at the center and then also within the department. “Hey, does this make sense?” Someone might say, "No, it doesn't." “Okay, what would?” And then you change it and now you do feel confident because you got a second set of eyes, or maybe a third, fourth, fifth set of eyes. So, that's how I maintain the confidence is kind of sharing it with people before it goes out to the world, kind of keeps me feeling like, well if it got under your nose and four other people's it can't be that big, right?

Ashley:

Excellent. So Casey mentioned this earlier and I want to kind of go back to it, kind of think through this area a little bit more. So Casey referenced that some of the work that you speak to is labor economics, you study political science. And so these are two different fields and you're also talking to business leaders that probably have their own skill sets coming from their own disciplines. In the academy we organize by discipline: sociology, political science, law, economics. But political bodies, legislative bodies, public agencies don't. They're organized around things like you were talking about before: economic development, safety, and so on.

So given these differences, one of the things that we've heard from people as we've been having these conversations is that policy experts don't always know where to go to find expertise, right? To knowing that they have a gap in their knowledge, they want to identify that expertise, and they don't always know where to go especially within the academy because we don't organize the way that they do. If you had a chance to talk with a policymaker, or a public agency official, who would it be and why?

Michael:

Oof. Like a specific individual, or like what?

Ashley:

Or an entity.

Michael:

An entity?

Casey:

An agency, state, federal, what have you.

Michael:

Got you, yeah. I think that and this might be easier to answer than I initially thought. I think that one of the key things that's preventing employee ownership from really expanding is to have it be integrated into our existing economic development infrastructure. And when you think about what that is, particularly around small businesses is kind of the Small Business Administration, right. And they also have a lower, I shouldn't say lower but more local offices called Small Business Development Centers, right. And they're the ones who are really working with business owners on these day-to-day problems. And some of individuals there might know a bit about employee ownership, but a lot of them are super busy, they don't have a lot of time to kind of learn up on it. And so, if I was able to talk to someone, it would probably be the Small Business Administration, and would probably be to convince them to go to Congress and get a lot of funding so that they can hire on individuals at the Small Business Development Centers, who know about employee ownership, or at least know that it exists and are able to refer people out. I think, we have this infrastructure there it's just a matter of integrating employee ownership into it. And to not treat it as something separate, but really treat it as one option and a menu of options for business owners, that can be very beneficial to them. In terms of the tax advantages and stuff like that from selling your owners. We will not get into that it's super weedy. But, or maybe this is the place where you get into that. But to have something like that happen with gre- I mean, back in 2018, there was this Main Street Employee Ownership Act that was passed at the national level, it mandated Small Business Administration to make it a bit easier for worker cooperatives, people to get loans and loan guarantees. Had a bunch of different reporting requirements. But the problem was, and this going to probably sound familiar, there was no funding. So they told them to do all these things but gave them absolutely no resources to do it. And I think that there's a lot of individuals in Small Business Administration, and Small Business Development centers who don't need to be wholly convinced that employee ownership makes sense, but instead need to be given the resources so that they can actually do work around it.

Casey:

What do you think it would take for any sort of attention to worker ownership places of employment to get attention at the national stage, right? I mean, so we've had presidential candidates that are really concerned about the conditions that workers endure. And yet, I can't think of an instance in which, right, this has gotten national attention. So what do you think would have to happen for it to be kind of a national agenda item?

Michael:

Well, I think the only time I've ever heard employee ownership brought up, I don't know if it was 2016. No, I think it was 2019, Bernie Sanders was like stumping for the 2020 race. And he brought it up and everyone was texting each other, "Oh, he just said employee ownership!" So yeah, I think that that might be a signal of how rarely that happens. But I would say that it's actually, there are some champions in the Senate right now at the federal level for employee ownership, and there have been bills introduced for quite some time. They keep getting more and more co-sponsors but never enough to quite get over the hump to create banks that will loan specifically to employee owned companies, and to also give a lot of funding to state senators in each state. Now, what would it take to actually get that national policy passed? I think a lot of it has to do with a bit of luck, being in the right place at the right time. That's kind of the story of why ESOPs were created in the first place, right. It was this very strange relationship between a finance banker and a populist Democrat from the South, who just happened to be on the committee that was rewriting a tax legislation at that time. And the finance banker was able to convince them that, "Hey, you should stick this in the laws that govern defined benefit retirement plans." It was like super weird the way it happened. And so that might be the way it occurs, or and I think that this is probably more likely the case, is that you're going to see states begin to kind of move, find innovative ways to grow the sector. Other states kind of looking at those states saying, "Hey, that looks like it worked." I mean, the Employee Ownership Center is one example, right? The founder of the Employee Ownership Center was a professor who's since passed away, John Logue, who was a professor at Kent State's Political Science Department. And he was inspired to create the center through the founder of the National Center for Employee Ownership. Once John founded the OEOC, there was another state center a few decades later that was also established kind of looking at that same type of structure. And now today, there's a large nonprofit called the Employee Ownership Expansion Network, which is setting up, is looking to set up state center in all 50 states. And so, I think what a lot of people in the employee ownership sector have realized is that yeah, it'd be great if we could get some federal funding or federal support. But that most likely until then we shouldn't hold our breath and we should kind of go on to state by state push. Even within states, Ohio in particular, certain cities are adopting different ways of supporting employee ownership. So it's more of that kind of local-state. I don't think we'll ever have a national moment. I pray that we will, I hope that we will. There's lots of organizations who are in DC lobbying so that we will. But at the same time, I think a lot of the energy and some of the biggest breakthroughs are at the state level.

Casey:

I'm curious, as an academic that is engaged in I mean, really research that has a lot of applied implications for this work, do you see the work that you're doing as kind of part of your own personal civic identity?

Michael:

Yes. Yeah, it's definitely part of that identity. I mean, I have to admit, I don't do as much of the actual field organizing that I used to do, especially when I was back in New Jersey. And I kind of need that as an outlet. And so, I think that going out in these conversations with business owners or other nonprofits, kind of trying to put together these plans and different programs and education that we have is kind of my civic duty. I feel good when I do it, I feel like I'm giving back and in some ways, I almost feel like I'm giving back in more meaningful ways than I would have say if I was, I don't know, knocking doors and getting campaign dollars. Which is also great and I've also done that, and it's also rewarding. But today the work I'm doing with the center has definitely filled that void. And it definitely is my identity, this kind of employee ownership champion.

Ashley:

Mike, thank you so much for being on the show. We really appreciate having you.

Michael:

Oh, this was a lot of fun. Thank you both.

Casey:

Thanks for listening to the Growing Democracy Podcast. I'm Casey Boyd-Swan and with me as always, is my co-host, Ashley Nickels. Our podcast is edited by Jeremy Demery, at Golden Ox Studio right here in Cleveland, Ohio. This series is supported by the Northeast Ohio Chapter of Scholars Strategy Network. If you like our show and want to know more, check out our website growingdemocracyoh.org. If you want to support the podcast, as well as get access to behind the scenes content, live chat and swag, V train designs, buy donuts and coffee. Head over to patreon.com/growingdemocracyoh. Join us next time when we continue this conversation about demystifying policy relevant research. (silence).