Promoting Social Cohesion Through Innovative Human Resource Practice: The Carris Community of Companies

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This paper traces the evolution of how one sole entrepreneur owner of a corporation promoted social cohesion through his determination to sell his company to his employees at below market price, while engaging in an extensive training and employee empowerment program so that the new owner-employees can effectively manage the business, while also being good corporate citizens in society at the local and global levels. These missions are accomplished through an employee corporate committee which receives and distributes grants taken from corporate profits to worthy local charitable institutions as well as the Full Circle Program where employees are granted travel-learning sabbaticals to developing nations to perform service work for those communities.

Keywords: social cohesion, corporate social responsibility, CSR, human resource management, ethics in organizations, entrepreneurship, organizational development

INTRODUCTION

For decades, the Human Resource department in most companies was considered a bureaucratic function serving its organization. Largely, it processed and stored information-based paperwork on its employees and potential employees**.** As the economic transition in the United States progressed from a heavy manufacturing-based economy to a high-tech, knowledge-based service economy (see, for example, Fombrun, Devanna, and Tichy, 1984), awareness of the strategic importance of the human resource function rose dramatically.

Bowen (1953) and Davis (1960) were among the first to argue that corporations have a social responsibility to the cultures in which they are embedded beyond earning profits and providing employment. Frederick (1994, 1998, 2006) traced the development and maturation of this line of inquiry in his four phase CSR 1 through CSR 4 theoretical model (CSR 1, CSR 2, CSR 3, and CSR 4).

CSR 1 (termed corporate social *responsibility*) represented the earliest thinking on the role of corporations in society, argued that business corporations have an obligation to work for social betterment. This theoretical thinking transitioned to a more practical interpretation in CSR 2 (termed corporate social *responsiveness*). This perspective focuses on how businesses respond to social pressures and their ability to react to those pressures and demands.

Thinking in the field continued to mature, moving from concepts of *responsibility* (CSR 1) and *responsiveness* (CSR 2), to a concept of corporate social *rectitude* (CSR 3). This perspective emphasizes the moral correctness of an organization's actions and policies. It highlights the importance of ethical behavior and integrating ethical considerations into core decision-making processes. CSR 3 extends organizational action beyond reacting to social pressures, requiring organizations to proactively infuse moral integrity into their operations.

In the final conceptual developmental phase, which Frederick (Ibid.) labels CSR 4 and refers to as corporate social reason, an emphasis is placed on a broader understanding of business's role in society beyond profit and economic interest. It examines how business operations have an impact on the planet and the fabric of society. Going beyond short- term profitability, to a more holistic approach to business and society.

Wood (1991) deepens and expands this theoretical line of inquiry. Epstein (1998) argues for an ethics-based understanding of corporate social responsibility and Mitnick, Windsor, and Wood (2023) conclude that there is a moral component and moral obligations in corporate social performance**.**

Extending this larger CSR perspective to the human resource function, Jamali, El Dirani, and Harwood (2015) argue for a connection between effective human resource management and the effectuation of an organization's corporate social responsibility in society. Aust (Ehnert), Matthews, and Muller -Carmen (2020) develop this line of inquiry further to what they call a "common good" perspective on effective human resource practice and its residual effect in the economy and greater society.

ORGANIZATIONAL BACKGROUND

Carris Reels, Inc. was founded in 1951 in Rutland, Vermont by Henry Carris (father of Bill Caris, the subject of this paper). The original product line of the company were large scale plywood reels upon which cables and wire of all sizes could be wound, transported, and installed. As the company matured, it achieved market dominance in this product line. (Brown 2018, Brown 2000).

Founder Henry Carris retired in 1980, and his son, Bill Carris assumed leadership of the organization. Under Bill Carris' leadership the company expanded its operations dramatically through acquisitions and new initiatives by the parent company. The company's product line expanded through this growth to include high-end wooden furniture, wooden shipping pallets, tin, bolts, and plastic tubing. The result was a 415% rise in sales and a 664% increase in assets (Brown and Betit, 1998). By this time, the company had grown to over 775 employees in 15 operational locations in eight states (Sanders, 2006).

While the legal name of the company is Carris Financial Corporation, the organization has informally adopted the name Carris Community of Companies to better align with its strategic initiative of workplace community building.

Carris' Vision for the Company and His Employees

Bill Carris articulates his strategic vision for his company and its employees in the Long Term Plan, referred to within the company as the LTP (Carris 1994). Carris states "For the longest time I have had a faded, ragged piece of paper taped to the bookcase in my office. It reads: to improve the quality of life for our growing corporate community" (Carris 1994, p.1).

The vehicle through which he would attempt the accomplishment of this vision is employee ownership and governance of the organization, "…the employee-owned and governed company structure will enable individuals to solve their own problems by providing some powerful tools: security (profit), power (resources, money), opportunity (education, services), desire (new emphasis on the improving the lives and the lives of others" (Carris, 1994, p.2). Carris expands on this: "Our goal is to upgrade employees' health, wealth, and happiness as a result of changing from a traditional, privately held company to an employee-owned and governed organization" (Carris 1994, p.ii).

Carris continues his rationale for employee stock ownership and the transfer of legal ownership and strategic governance of the organization: "Legal owners are very willing to promote 'emotional' ownership because it clearly improves the performance of an organization and consequently the value for the legal owners. As meaningful as emotional ownership is to the employee, however, legal ownership is what gives them their fair share of the fruits of their labors and control over the organization to which they devote so much 'blood, sweat, and tears'. True devotion and loyalty to a company seem to be essential attributes of what ownership should be**.** Morally, such devotion should be complemented with legal ownership." (Carris, 1994, p.6).

Carris sees strategic benefit to the organization, as well as to the employees: "In a structure where all levels of employees have a voice in the distribution of wealth and overall direction of the organization and see it as a vehicle to help them personally develop, they should be very interested in keeping the organization healthy" (Carris, 1994, p. 3).

Carris attributes two forces that have influenced his thinking and actions: the Mondragon Cooperatives of Spain and Robert K. Greenleaf's work on servant leadership (1977, 1996).

Employee Ownership as a Strategic Goal

The impetus to sell his company to his employees began with Carris' discovery of the Mondragon Cooperatives in the Basque region of Spain and the writings of Robert K. Greenleaf (1977, 1996). The Mondragon Cooperatives, which produce most of the appliances and tools in Spain, are completely employee owned. These organizations, over the years, have been highly productive and highly profitable. Robert L. Schwartz (1994, August, p.16) in describing them has said: "The Mondragon Cooperatives are at once more effectively socialist than are doctrinaire socialists, and more militantly capitalist than a right-wing Republican. They take the best of both and create a wholly new economic reality." These organizations foster a strong collaborative environment emphasizing consensus, friendship, and profitability. Founded in 1956 with five workers, they have grown to over 42,000 employee-owners across 120 different companies, with assets exceeding $14 billion and revenues surpassing $6 billion (MacLeod, 1998). More information on cooperatives can be found in Mollner (1991), MacLeod (1998), Kasmir (1996), and Mondragon: A Better Way to Go to Work? (2008).

In addition to the Mondragon Cooperatives, the writings of AT&T senior executive Robert K. Greenleaf (1996, 1977) shaped Carris's thinking and actions. Greenleaf argued that an effective leader was actually a servant of the rank and file followers: "the servant leader is servant first…that person is sharply different from the one who is leader first…The difference manifests itself in the care taken by the servant – first to ensure that other people's highest-priority needs are being served. The best test, and difficult to administer is: Do they while being served become healthier, wiser, freer, more autonomous, more likely themselves to become servants?" (Greenleaf, 1977, p.13-14). Herman Miller Furniture CEO Max DePree expressed a similar sentiment, stating the art of leadership is "liberating people to do what is required of them in the most effective and humane way possible" (DePree, 1989, p xix).

This goal of employee ownership and governance is articulated in both the *Long Term Plan* (1994), and Carris Corporation's *Mission Statement* (1997). It was to be accomplished through a program of payroll deductions and an aggressive training program. The vesting schedule for the ESOP was designed to be non-hierarchical, with senior management receiving a relatively equal distribution compared to the rank-and-file employees. The ESOP's vesting schedule was designed to pay out 30% of the funds annually, evenly divided among all eligible employees. Additionally, 20% of the funds are distributed based on seniority with the company, and 50% is distributed according to salary, with a cap of $30,000 adjusted annually. By the end of 1995, employees owned 10% of the company; by the end of 1996, 20%; and by the end of 1997, 25% (Brown and Betit, 1998; Daley, 1996a; Hahn, 1996; and Skiffington, 1996).

Employee ownership was not the only goal, employee management and governance were intended to go hand in hand with ownership. Block (1993, p. 6) draws the distinction between management and governance. Governance, he describes as "…pervasive power, purpose and wealth of an organization," whereas management is more "defined, objective and neutral."

To accomplish this short term goal of management and long term goal of governance, a Corporate Steering Committee (CSC) was created to not only oversee the ESOP's rollout, but to also oversee the transition to employee management and governance. The CSC consisted of the seven senior company executives (including Bill Carris), and an elected employee representative for every 50 employees.

Carris made the two initial decisions about the ESOP, but once the CSC was established, the CSC made the remaining 16 decisions regarding the design and implementation of the plan. The CSC formulated three designs for the ESOP, and the rank-and-file employees voted for the one they wanted to be implemented.

As a result of this initiative, Carris Reels was named ESOP of the Year by the ESOP Association. President of the Association, J. Michael Keating, said of the Carris Corporation's efforts: "Carris Reels is an example of the value and potential that employee ownership can bring to (a) company. The employee owners of Carris Reels strive to make their company stronger each day and it shows in the work they do and in the value they place on the individuals who make up their company" (Gwiazdowski, 2008, P, 1).

Individual Employee Training

Carris realized that in selling the organization to his employees, they would need specific skills training if they were to manage the company successfully. In the long run, Carris stated the training initiatives were about personal growth of the organization's employees: "This company is about personal growth. Whether it is growth in job responsibility, pay, education, or psychological and spiritual growth, we need to encourage all! Along with growth within the company, we need to make every effort to promote personal growth when we bring new people into the organization (Carris, 1994, p. 12).

Due to this perspective, Carris Reels began a vigorous training and development program. For the Corporate Steering Committee (CSC), training days scheduled within each quarter. The CSC received training in subject areas such as decision-making techniques, with an emphasis on consensus-based decision-making, trust-building, and different personal work styles (using the Myers-Briggs Type Indicator).

At each specific plant location, individual employee needs were identified, and training initiatives were implemented to address these needs. Training included a literacy program in reading and writing. One plant locale has a high number of Spanish-speaking workers. A robust English as a Second Language (ESL) training program was instituted.

Training programs were also implemented to help prepare rank-and-file employees for managing the organization. The subjects of these training events included: financial statement analysis, employee performance coaching, and the rights and responsibilities of stock ownership (Hahn, 1996). One particular initiative for personal growth that had a profound impact was the Full Circle Program.

Local Organizational Citizenship

Embedded in the Long Term Plan (LTP), which described the transition to employee ownership, was the stipulation by Carris that 10% of the corporation's profits should be set aside for charitable giving to local organizations and individuals. In the early stages of the ESOP rollout, many employees objected to the amount, but Carris was resolute that local charitable giving should be a function of the plan. Accordingly, an allocation process was designed and implemented so that each plant locale would receive a per capita distribution of an amount from the overall corporate pot equivalent to a cumulative 10% of profits, in recognition of their financial support for local charitable projects. The organization began with 7% of corporate profits and gradually increased to the 10% level (Rodgers 2001).

Each plant site within the company elected employees to a Charitable Giving Committee (CGC). The purpose of each CGC was to receive and analyze requests for funds from local charitable organizations. The employees had sole discretion, without management oversight, to choose funding recipients, the level of financial support, and personally deliver the checks to the organizations. Various Carris plant sites have provided financial support for local charitable initiatives, such as a battered women's shelter, helping a volunteer ambulance corps purchase a new ambulance, and financially assisting a local community in building a Vietnam Veterans Memorial, among many other projects (Brown and Betit, 1998).

Global Travel and Learning Program

As the Employee Stock Ownership Plan (ESOP) began to be instituted, Bill Carris discovered travel-learning seminars at Augsburg College, known as the Full Circle Program. Carris saw aspects of this program as congruent with his desire to foster employee growth. Carris employees who wish to participate in the program submit their names for a monthly drawing, where two employees are randomly selected, without consideration for rank or seniority, to participate in the program.

Individuals are granted a paid travel learning sabbatical to visit a developing nation and undertake work that serves the community. As a result, Carris employees have worked on service projects in countries such as South Africa, Namibia, Nicaragua, Guatemala, Honduras, and Mexico. The goal of the program is to have employees "…leave home, reflect on themes central to home life (justice and security, minimum conditions of life, nurturance and survival) and return home to a place that is at once familiar and newly strange" (Daley, 1996b, p. A-10).

Employees share their experiences upon returning home in interviews featured in the corporate newspaper and in informal discussions with fellow employees. Many individuals who participated in the program report that it was life-changing (Hewitt, 1997).

Carris emphasized the importance of a program like this for his employees because: "…a program like this not only empowers employees in their own life and their own work, it also makes you a world citizen" (Daley, 1996b, p. A-10). Carris' hope was that upon return, employees will see the need for and engage in more volunteer projects in their own community. Carris saw a further residual benefit of broadening understanding of others in the increasingly diverse U.S. workplace.

EPILOGUE

The company continued to grow through prudent acquisitions and start-ups such as expansion to new plants in Indiana (1970), North Carolina (1980), and purchases of Bridge Manufacturing (1986, Connecticut), Wood Fabricators (1990, California), Grogins Plastic (1999, Virginia), as well as the establishment of Carris de Mexico (2000, Monterrey, Mexico). Further acquisitions included J. Hamelin (2015, Canada), and Lone Star Reels (2016, Texas).

As of 2005 the Employee Stock Ownership Plan (ESOP) became the organization's majority owner of the company fulfilling Bill Carris' vision. Not only do the employees own the company, but they are also responsible for its daily operations, as well as long-term operations and strategic planning for the organization. With the achievement of majority employee ownership, Bill Carris retired as President of the Carris Community of Companies. In 2008 the ESOP became the 100% owner of the organization (About Carris Reels, 2025).

New leadership of the organization was promoted from within, with Mike Curran (a 38-year employee) becoming President upon Bill Carris' retirement. He was succeeded in the corporation's presidency by Dave Ferraro (previously Vice President of Sales and Marketing in 2014) and Alberto Aguilar (Vice President of Manufacturing in 2021) (About Carris Reels, 2025).

If examined as a whole, the multiple initiatives at Carris Reels go beyond building a successful company. Employee empowerment and education, employee financial security growth, giving to improve the social fabric of local communities, and global learning sabbaticals for service work in foreign countries all have a cumulative effect on building social cohesion within the greater community's culture. Carris Reels and the Carris Community of Companies continue to operate successfully today, promoting social cohesion through their individual, local, and global initiatives.

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