

OWNING THE WORK · CHAPTER THREE

Every Egg, One Basket

Chapter Three of Owning the Work

Ammanuel Santa Anna

Santa Anna, A. (2026). Every Egg, One Basket. In Owning the Work (ch. 3). Luminous Prosperity Inc. https://doi.org/10.5281/zenodo.23989567
Luminous Library Licence 1.0 · business.hautelumiere.life/library/owning-the-work

THE LICENCE

Every Egg, One Basket
Chapter Three of Owning the Work

Owning the Work · Chapter Three. The Haute Lumière edition, 2026. © 2026 Ammanuel Santa Anna.

Released under the Luminous Library Licence 1.0 (hautelumiere.life/library-licence): free to read, share, quote, translate and teach, non-commercially, for ever. The Author keeps every other right, including every commercial right.

Published by Luminous Prosperity Inc. for Haute Lumière. Author ORCID 0009-0008-3244-0306.

DOI 10.5281/zenodo.23989567 · this record's page: business.hautelumiere.life/library/owning-the-work/03-every-egg-one-basket/

Please cite as: Santa Anna, A. (2026). Every Egg, One Basket. In Owning the Work (ch. 3). Luminous Prosperity Inc. https://doi.org/10.5281/zenodo.23989567

Chapter Three of Owning the Work. The whole book, with every chapter, is at business.hautelumiere.life/library/owning-the-work (DOI https://doi.org/10.5281/zenodo.23988988).

A NOTE BEFORE YOU READ

This work is offered for education and leadership development. It is not legal, financial, accounting, investment, medical or psychological advice; take the advice of a qualified professional who knows your circumstances. Companies and events are described from the public record as the author understands it; characterisations are the author's analysis. Examples are illustrative, and no particular outcome is promised to any reader.

ABSTRACT

In November 2013 Fagor Electrodomésticos, the appliance maker that had helped found the Mondragón cooperative group in the Basque Country, declared bankruptcy. It had begun as Talleres Ulgor, whose first stone was laid in April 1956 and whose first bylaws were approved in 1959; by the time it failed it was a multinational with subsidiaries in France and Poland, competing in a global market for washing machines and refrigerators. For a movement that had used Mondragón as its proof for half a century, the failure was a hard morning. Ammanuel Santa Anna does not leave it out of his book. Writing about Mondragón's strengths, he stops himself in four words: "Mondragon is not utopia." He goes on to describe the bankruptcy as a failure "that tested the cooperative model severely and produced real suffering for the worker-owners involved," and then gives his reading of the response: "The crisis was metabolized by the community rather than externalized onto individuals."

CHAPTER THREE

Every Egg, One Basket

A November in the Basque hills

In November 2013 Fagor Electrodomésticos, the appliance maker that had helped found the Mondragón cooperative group in the Basque Country, declared bankruptcy. It had begun as Talleres Ulgor, whose first stone was laid in April 1956 and whose first bylaws were approved in 1959; by the time it failed it was a multinational with subsidiaries in France and Poland, competing in a global market for washing machines and refrigerators.[18] For a movement that had used Mondragón as its proof for half a century, the failure was a hard morning.

Ammanuel Santa Anna does not leave it out of his book. Writing about Mondragón's strengths, he stops himself in four words: "Mondragon is not utopia."[19] He goes on to describe the bankruptcy as a failure "that tested the cooperative model severely and produced real suffering for the worker-owners involved," and then gives his reading of the response: "The crisis was metabolized by the community rather than externalized onto individuals."[19]

That is a claim about how the wider group absorbed the shock, and the scholarship complicates it. Errasti, Bretos and Etxezarreta, studying the same collapse, describe "radical job restructuring processes" in the Basque plants and in the foreign subsidiaries before the bankruptcy, and they treat the case as a question about whether the cooperative model can survive becoming a multinational at all.[20] A writer in this lineage owes the reader both accounts. Santa Anna's account, that the group moved displaced members into sister cooperatives, names a real strength of the federation, and the record bears it out in part: by May 2014 the group reported that it had found places for about 980 members of Fagor and its subsidiary Edesa in other cooperatives, out of roughly two thousand people affected, with a further 255 taking early retirement or other settlements.[29] That is a large share and it is not everyone; the subsidiaries' workers, who were never members, did not share in that protection, which is the weakness the scholars name. Both are true, and the space between them is where this chapter works.

Chapter 2 set out the evidence that shared capitalism tends to help when it is joined to voice and fair treatment. This one is the fair critique. Santa Anna's book gives the license for it in a sentence that serves as the standard for the whole lineage: "Honesty requires acknowledging that vitality-centered economic experiments fail — sometimes spectacularly."[21]

There are six serious objections. Each is real. Each has a way through.

The first objection: one basket

The most practical objection is about households, not firms. A worker whose wages, bonus and retirement savings all depend on one employer has concentrated risk in the one place where a bad year arrives all at once. If the firm fails, the job goes, the profit share goes, and the shares lose value in the same quarter. Financial advisers have warned about this for as long as there have been employee stock plans, and the collapse of large American firms whose retirement plans were heavy in their own stock made the warning concrete for a generation.

The objection is sound, and it is about design, not about ownership as such. Three moves answer it.

Ownership on top of a wage, never instead of one. The research distinguishes plans that add to pay from plans that replace it. E. Han Kim and Paige Ouimet, studying broad-based ESOPs in public companies, found that some large plans were "implemented for nonincentive purposes such as conserving cash by substituting wages with employee shares."[22] A plan that replaces wages with shares transfers risk to the people least able to carry it. A plan that adds shares to a market wage does not.

Diversification rights. Many ESOPs let older participants move part of their balance into other investments as retirement approaches. A plan without such a path should get one.

For the household: name the concentration and set a ceiling. The ownership inventory from Chapter 2 asked what share of household savings sits in one employer. A household can choose its own ceiling and hold to it. No book can set that number; it belongs to the family and its adviser.

The second objection: the free rider

The classic economic objection is arithmetic. If a profit pool is shared among a thousand people, any one person's extra effort earns them a thousandth of its value. Economists call this the *1/N problem*. On paper, everyone should coast and let the others carry the load.

Richard Freeman, Douglas Kruse and Joseph Blasi took the objection seriously enough to measure it. Most workers they surveyed said they could detect colleagues who shirked; many said they would talk to the shirker or report it; and the share who acted was greatest "among workers paid under group incentive systems, in smaller companies, and in companies with good employee-management relations."[23] Group incentives worked best alongside involvement teams, training, varied tasks, light supervision and good fixed wages.

The evidence is self-reported, from surveys, and so it shows what workers say rather than what a camera would record. It still answers the objection where it is weakest: the arithmetic assumes people are isolated,

and in a workplace they are not. Kim and Ouimet's finance data adds a limit worth keeping. The productivity effects of ESOPs in their sample "are weaker when there are too many employees to mitigate free-riding."[22] Size matters. The way through is to keep the unit of sharing small enough that people can see each other's work: a plant, a team, a store.

The third objection: ownership without voice

The third objection comes from inside the movement. An employee who owns shares but has no information and no say is an investor with an unusually concentrated portfolio. Nothing in that arrangement changes how the working day feels.

Chapter 2 showed that the research supports the objection. Kruse and Blasi found in 1995 that perceived participation "is not in itself automatically increased through employee ownership."[24] Andrew Pendleton and Andrew Robinson found in 2010 that stock plans "seem to need other forms of employee involvement and 'voice' in the firm to be effective."[25]

Santa Anna's book draws the same line in its own terms. Describing the features shared by every arrangement he counts as working, he writes of distributed agency:

> *This distribution is not ideological ("power to the people" as slogan) but structural (specific governance mechanisms that ensure broad participation in economic decision-making).*[26]

The way through is structural, exactly as he says. Open the books on a schedule. Give employee-owners a seat, or several, where decisions about the shares are made. Teach the plan, because an owner who does not understand what they own cannot act like one. These are not perks added to ownership. On the evidence, they are the part that makes it work.

The fourth objection: the plan as a shield

The fourth objection is the cynic's, and it is partly right. Some employee ownership plans are adopted to protect incumbent managers, not to share wealth.

Kim and Ouimet's finding is the clearest statement of it. Alongside wage substitution, they name "forming a worker-management alliance to thwart takeover bids" as a nonincentive purpose behind some large ESOPs, and they find that the average effects of such large plans are small for that reason.[22] The small plans in their sample, holding under five percent of shares in firms of moderate size, increased "the economic pie, benefiting both employees and shareholders."[22]

The house's book sees the same structural fact from the other side. Santa Anna praises ownership structures precisely because they resist capture, and names the feeling they relieve: "the fear that the structures you depend on will be captured by interests that don't care about you."[27] Protection against an outside

raider can be a good thing for workers and communities. It becomes a bad thing when the people it protects are only the managers.

The way through is to ask who the protection serves. A plan whose trustees answer to management, whose shares cannot be voted by participants on major questions, and which was adopted in the same quarter as a takeover approach deserves a hard look. A plan with independent trustees, pass-through voting on sale and merger, and a record of sharing results is a different animal.

The fifth objection: the drift

The last objection is the slowest and the most important. Organisations built on shared ownership can drift back toward the patterns they were meant to replace: a cooperative that hires non-member workers at lower pay, a firm that keeps its ESOP but quietly stops sharing information, an enterprise that grows until no member can see the whole.

Fagor's subsidiaries are one example of that drift: the cooperative grew by acquiring firms whose workers were employees, not members.[20] Santa Anna names the mechanism in his book's list of common pitfalls, and his diagnosis is precise. Purpose-driven organisations, he writes, must build in structural rest, "or they will reproduce the extractive pattern in alternative clothing."[21] On measurement, he is just as direct: "If a cooperative measures its success only in financial terms, it will gradually drift toward extractive behavior."[21]

He also names a way through scale itself, and it agrees with the free-rider evidence above: "Perhaps the goal is not one giant cooperative but a network of small ones."[21]

> *Honesty requires acknowledging that vitality-centered economic experiments fail — sometimes spectacularly.*

The drift is answered by three habits. Measure more than money, on purpose, every year. Keep the unit of ownership small enough to be seen, and federate rather than swell. And write down, when the plan begins, who is a member and who is not, so that the line can be checked rather than forgotten.

The sixth objection: who is left out

There is one more objection, and it is the one most often raised by people who support the idea. Ownership arrangements can reproduce the very exclusions they were meant to repair. A plan that allocates shares by salary gives the most to those who already have the most. A plan with a long vesting period gives nothing to the seasonal worker, the contractor or the person who leaves after two years to care for a parent. A cooperative whose membership fee is a year's savings is open in principle and closed in practice.

Santa Anna's book takes this seriously under a name of its own, the exclusivity shadow. Alternative economic structures, he writes, can create communities "accessible primarily to the privileged," and the rem-

edy he proposes is not a slogan but a practice: "a willingness to redesign practices that reproduce existing patterns of exclusion."[21] The phrase is plain, and it is the right one. Exclusion in an ownership plan is rarely intended. It is written into the allocation formula, the eligibility rule and the vesting schedule, and it can be written out of them.

The way through has three parts. Allocate on more than pay. Many plans allocate by salary because it is simple. A formula that blends salary with tenure, or gives an equal floor to everyone before any pay-weighted share, changes who ends up owning the firm without changing what the firm costs. Shorten the wait. Vesting periods exist to reward staying, and they also penalise the people whose lives make staying hard. A shorter schedule, or partial vesting from the first year, spreads the stake. Count the people outside the line. Contractors, temporary staff and the workers of subsidiaries are part of the living system whether or not they appear on the plan register. The tool at the end of this chapter asks for their number, because a number nobody writes down is a number nobody changes.

There is also a defence of ownership in hard years that belongs here, because it answers the fear behind the whole list. Fidan Ana Kurtulus and Douglas Kruse studied how American firms with broad-based employee ownership came through the recessions between 1999 and 2011; their book's own chapter heading asks "Why Do Employee Ownership Firms Have Greater Stability and Survival?"[28] The study cannot say that ownership causes survival, and it covers only the firms it could observe. It does mean that the objections above are objections to bad design, made against an arrangement whose average record in a downturn is not weak.

The way through, in one place

Read together, the six objections share a shape. None of them is an argument that ownership fails. Each is an argument that ownership without a particular piece of design fails in a particular way. Concentrated risk needs ownership on top of wages and a path to diversify. Free riding needs small units and good relations. Ownership without voice needs open books and seats at the table. The shield needs independent trustees and pass-through votes. The drift needs broad measures and a clear membership line. Exclusion needs an allocation formula that someone has read with the people it leaves out in mind.

That is the same conclusion Chapter 2 drew from the positive evidence, reached from the opposite direction. Chapter 4 asks why: what it is about a living system that makes these particular pieces of design matter. Readers who want the history of the incentive side of the same question will find it in the lineage's series on gainsharing (*The Gain Was Always Shared*), and readers interested in why some shared resources hold and others collapse will find Elinor Ostrom's design principles a close cousin to the six design answers above (*The Pasture Was Never Empty*). Where the risk question leads into a firm's whole competitive position, the Alpha Papers' reading of SWOT is a sound place to set it down.

When ownership is the wrong move

A fair critique owes the reader one more thing: an honest account of the cases in which employee ownership, however well designed, is not the right next step. There are at least four, and naming them is part of taking the idea seriously.

When the firm cannot carry the debt. A leveraged ESOP borrows to buy the owner's shares and repays the loan from future earnings. A business whose earnings are thin, volatile or about to be disrupted may not carry that loan without starving the investment it needs to survive. The structure that protects workers from an outside buyer can then become the weight that sinks them. This is a question for valuers and lenders, and the honest answer is sometimes *not yet*.

When the owners do not mean it. A plan adopted to look generous, to defend against a bid or to reduce a tax bill, without any intention of sharing information or voice, will produce the outcomes Chapter 2 described for ownership alone: a financial asset held at a distance, and a workforce that learns to distrust the next announcement. Santa Anna's book names the counterfeit in a phrase that fits: such a plan is "the extractive pattern in alternative clothing."[21] It is better not to adopt a plan than to adopt one whose purpose the people inside it can see through.

When the people do not want it. Ownership is a relationship, and a relationship cannot be imposed. Some workforces have good reasons to prefer a higher wage now over a stake later: young families, high local costs, a history of broken promises. The answer is not to persuade them out of their reasons. It is to start with the smaller, closer forms, a visible profit share and open numbers, and let the case for more be made by experience.

When the household is already exposed. For an individual worker, a plan that asks them to buy shares with savings they cannot afford to lose is the wrong move however good the firm. The first objection in this chapter applies with full force, and no account of the firm's merits should be allowed to answer it.

None of the four is an argument against the idea. Each is a reason to sequence it. Santa Anna's book describes the people who make these arrangements work as "pragmatically idealistic — clear about their values and flexible about their strategies,"[21] and the sequencing is where the flexibility lives. Chapter 8, the field manual, sets out an order that begins with what costs least and risks least, and lets each step earn the next.

Read this way, the critique is not a brake on the book. It is the part that keeps a good idea from being spent on the wrong occasion. The firms that come to grief with ownership rarely do so because the idea was wrong. They come to grief because one of these objections was visible from the beginning and nobody wrote it down.

The Tool: The Risk and Voice Check

Use the Ownership Inventory from Chapter 2 as your starting point. Answer each question with a fact, not a belief. Where the honest answer is "we do not know," write that; it is the most useful answer on the sheet.

1 · One basket (households and plan designers)

- Is any employee's ownership given in place of a market wage? yes · no · in part: _____
- Do participants have a right to diversify part of their holding? at what age or tenure? _____
- Household: share of savings in the employer __ % · ceiling we have chosen _ % · *date we will next check* ___

2 · Free riders

- Size of the smallest unit whose results drive a profit share or ownership allocation: _____ people
- Can members of that unit see one another's work day to day? yes · no
- Fixed wages in this unit compared with the local market: below · at · above

3 · Voice

- How often are financial results shared with all owners? _____
- Number of employee-owners on the board, trust committee or equivalent: _____
- Do participants vote their shares on sale, merger or closure? yes · no
- Hours of plan education offered per year: _____

4 · The shield

- Who appoints the trustees? _____ · Are they independent of management? yes · no
- Was the plan adopted within a year of a takeover approach? yes · no · unknown
- Has the plan ever been used to block a sale that a majority of participants favoured? yes · no · unknown

5 · Drift

- Measures other than profit reported to owners each year (list): _____
- Share of the workforce that is eligible for ownership or membership: __ % · five years ago: ____ %
- Units or subsidiaries whose workers are not owners: __ · plan to include them: ____

6 · Who is left out

- Allocation formula (salary · tenure · equal floor · blend): _____
- Vesting period: __ · share of leavers in the last three years who left with nothing vested: ____ %
- Contractors, temporary staff and subsidiary workers outside the plan: _____ people

The reading

- The one objection that applies most strongly here: _____
- The single design change that would answer it: _____
- Who owns that change, and by when: _____

References

1. Errasti, A., Bretos, I., & Nunez, A. (2017). The viability of cooperatives: The fall of the Mondragon cooperative Fagor. *Review of Radical Political Economics*, 49(2), 181–197. https://doi.org/10.1177/0486613416666533. A single case study; it cannot by itself establish whether cooperatives fail more or less often than other firms.
2. Santa Anna, A. *Ecstatic Economics*, "Worker Cooperatives: Ownership as Somatic Practice." Luminous Prosperity, 2026.
3. Errasti, A., Bretos, I., & Etxezarreta, E. (2016). What do Mondragon coopitalist multinationals look like? The rise and fall of Fagor Electrodomésticos S. Coop. and its European subsidiaries. *Annals of Public and Cooperative Economics*, 87(3), 433–456. https://doi.org/10.1111/apce.12137
4. Santa Anna, A. *Ecstatic Economics*, "Common Pitfalls: What Can Go Wrong When Good Intentions Meet Economic Reality." Luminous Prosperity, 2026.
5. Kim, E. H., & Ouimet, P. (2014). Broad-based employee stock ownership: Motives and outcomes. *The Journal of Finance*, 69(3), 1273–1319. https://doi.org/10.1111/jofi.12150. Public companies only; it cannot speak to private ESOPs, cooperatives or profit sharing.
6. Freeman, R. B., Kruse, D. L., & Blasi, J. R. (2008). *Worker Responses to Shirking under Shared Capitalism* (NBER Working Paper 14227). https://doi.org/10.3386/w14227. Self-reported behaviour.
7. Kruse, D. L., & Blasi, J. R. (1995). *Employee Ownership, Employee Attitudes, and Firm Performance* (NBER Working Paper 5277). https://doi.org/10.3386/w5277
8. Pendleton, A., & Robinson, A. (2010). Employee stock ownership, involvement, and productivity: An interaction-based approach. *ILR Review*, 64(1), 3–29. https://doi.org/10.1177/001979391006400101
9. Santa Anna, A. *Ecstatic Economics*, "The Pattern Beneath the Practices." Luminous Prosperity, 2026.
10. Santa Anna, A. *Ecstatic Economics*, "Steward Ownership: When Capital Serves Purpose." Luminous Prosperity, 2026.
11. Kurtulus, F. A., & Kruse, D. L. (2017). *How Did Employee Ownership Firms Weather the Last Two Recessions? Employee Ownership, Employment Stability, and Firm Survival: 1999–2011*. W. E. Upjohn Institute for Employment Research. https://doi.org/10.17848/9780880995276. Open access. Observational; the authors' findings were read here at the level of the book's abstract and contents, not the full text.
12. Orain, "El Grupo Mondragón ha recolocado a 980 socios de Fagor y Edesa," 16 May 2014, https://orain.eus/es/actualidad/economia/2014/05/16/grupo-mondragon--ha-recolocado-980-socios-fagor-edesa/ (read 19 October 2026). The group's own figures as reported by the press; Eurofound's restructuring record gives 2,093 affected, 1,603 of them members. Sources count Fagor, Edesa and the French unit differently. Ulgor's founding dates are from Mondragon Corporation's published history.

Every Egg, One Basket

Ammanuel Santa Anna · Luminous Prosperity Inc. · Haute Lumière

Set in Cormorant Garamond and Manrope.

Read the Business Library at business.hautelumiere.life/library.

Luminous Library Licence 1.0 · hautelumiere.life/library-licence

REQUEST A CONVERSATION

business.hautelumiere.life/book/?kind=gainshare

The Business Library

business.hautelumiere.life/library/

The packages

hautelumiere.life/pricing/