

2018-01-01

Market Basket: The Study Of A Company's Conflict And Resolution

Devon Connors
Salem State University

Follow this and additional works at: https://digitalcommons.salemstate.edu/honors_theses



Part of the [Business Administration, Management, and Operations Commons](#)

Recommended Citation

Connors, Devon, "Market Basket: The Study Of A Company's Conflict And Resolution" (2018). *Honors Theses*. 165.
https://digitalcommons.salemstate.edu/honors_theses/165

This Thesis is brought to you for free and open access by the Student Scholarship at Digital Commons at Salem State University. It has been accepted for inclusion in Honors Theses by an authorized administrator of Digital Commons at Salem State University.

**MARKET BASKET: THE STUDY OF A COMPANY'S
CONFLICT AND RESOLUTION**

Honors Thesis

**Presented in Partial Fulfillment of the Requirements
For the Bachelor of Science Degree in Business Administration**

In the Bertolon School of Business
at Salem State University

By

Devon Connors

Dr. John McArdle
Faculty Advisor
Department of Management

Commonwealth Honors Program
Salem State University
2017

Abstract

In 2014 thousands of Market Basket employees and customers stood together in what became known as one of the largest labor disputes of the decade. The purpose of this research is to understand why customers and employees stood behind Arthur T. Demoulas during the Market Basket labor dispute of 2014, and briefly explore the conflict that began that dispute. Using articles written during the time of the dispute and other secondary data collected about the company, this study examines the conflict that led to the events that transpired during 2014. Additionally, interviews conducted with both employees and customers will highlight the idea that stakeholders had a significant role in saving the company. Results indicate that conflict within the company began with the shareholders and that the resolution was made possible by the stakeholders.

Keywords: Market Basket, labor dispute, organizational conflict, shareholder, stakeholder

Table of Contents

Abstract.....	ii
Introduction.....	1
Literature Review.....	2
Stakeholder Theory.....	2
Organizational Conflict.....	2
Responsibility of a Business.....	4
Organizational Culture.....	6
Research Questions.....	7
Method.....	7
Case Study.....	8
Conflict.....	8
Resolution.....	10
Analysis.....	13
Results.....	19
Conclusion and Limitations of the Study.....	20
References.....	23
Appendices.....	25
Appendix A: Employee Interview Questions.....	25
Appendix B: Customer Interview Questions.....	26

Introduction

Market Basket is a privately owned, multibillion dollar company that was established as a “mom-and-pop” store in Lowell, Massachusetts by Athanasios Demoulas in 1917. While the company had been successful in expansion and profitability, it underwent major organizational conflict during the summer of 2014 when the board of directors fired Market Basket’s chief executive officer, Arthur T. Demoulas. Rather than accepting the change, employees and customers rallied around Arthur T. and fought to bring him back in what became known as one of the largest labor disputes of the decade.

The organizational conflict that affected the company for years was an underlying cause of why the 2014 dispute occurred. It stemmed from two contrasting views on what the focus of the company should be. Should the sole focus of the company be to please its shareholders, or should it focus on its stakeholders as well? Arthur T. Demoulas advocated for the latter and constructed an organizational culture that adopted familial values. The aim of this study is to analyze the organizational culture of this company to determine why customers and employees fought behind Arthur T. Demoulas rather than accepting the change in leadership. First, in order to understand the reasoning behind the stakeholders’ actions, one must understand the conflict associated with this dispute and where it originated.

Literature Review

Stakeholder Theory

In the business world, there are stakeholders and there are shareholders.

Shareholders are individuals or other entities that own shares in a company whereas stakeholders only have an interest within a company. Stakeholders typically do not have a say in how a company is run, but the decisions that are made by the shareholders can affect them greatly. Some rely on a company for jobs, others for the services or goods it provides, and some stakeholders even rely on a company to help stabilize the economy.

The stakeholder theory suggests that “shareholders are stakeholders” (Freeman et al., 2004). While many argue that shareholders hold a more specialized role in a company or organization, they are still a part of the overall scope of the stakeholder network. This theory tries to draw a correlation between the two groups. It emphasizes that both shareholders and stakeholders can work together to “advance their interests over time” (Freeman et al., 2004).

In doing this, shareholders not only base their decision making on what can benefit them, but they take into account how decisions can also benefit stakeholders. This can enable both groups to share in the success of the company and continue moving towards prosperity in the future.

Organizational Conflict

Organizational conflict is something that all businesses may struggle with at any point in time. Many argue that is an inevitable part of managing a business. It can be resolved quickly or take a longer amount of time. It can stem from different factors such

as resource management or asset allocation. While organizational conflict can produce many negative outcomes, it can also be “beneficial in certain situation” (Lowry & Overton, 2013).

Research has shown that there are four major types of conflict: intrapersonal, interpersonal, intragroup, and intergroup. Intrapersonal conflict occurs within one individual and is typically psychological. It is when one person within an organization is conflicted based on his morals, values, or emotions. It can occur because an individual disagrees with a direction the organization takes or a decision that has been made by members of management. Primarily, it is up to the individual to resolve intrapersonal conflict through communication with others or personal growth (Lowry & Overton, 2013).

On the other hand, interpersonal conflict occurs between two individuals and originates from differences between the two, based on choices made or their own opinions. It is important for this type of conflict to be solved in organizations so individuals can move forward in a cohesive manner to further the growth of the organization. Interpersonal conflict can be resolved through compromise, discussion, or solution (Behfar et al., 2008).

On a larger standpoint, intragroup conflict deals with conflict coming from members of a team. In a business, this could be conflict arising within a team such as the board of directors or within a smaller department or the organization. While this type of conflict can cause tension between team members, it can also be helpful in stimulating different views and innovations on reaching specific objectives for the team.

Finally, intergroup conflict arises when different teams within an organization either have a misunderstanding or contrasting goals. If left unresolved, intergroup conflict can be detrimental to an organization. Lack of communication between teams can hinder the ability of an organization to achieve company objectives and accomplish business goals. It is important to resolve intergroup conflict in order to build “trust and agreement” within the organization and “meet performance goals” (Behfar et al., 2008).

Studies have shown that organizational conflict is not always negative despite the pessimistic connotations associated with the term. Some would argue that it is important not to “eliminate conflict” and that it can have “both positive and negative consequences depending on how the conflict is managed” (Lowry & Overton, 2013). Conflict presents opportunities for the growth and development of an organization while establishing better communication and loyalty between individuals.

Responsibility of a Business

There are numerous studies and theories on what the responsibility of a business is. One of the most prominent theories, developed by American economist, Milton Friedman (1970), suggests that the “responsibility of a business is to increase its profits.” Others argue that businesses should have a social responsibility to its stakeholders through corporate social responsibility (CSR). Studies show that “company[ies] will achieve higher reputation by implementing CSR actions” (Baraibar-Diez & Sotorrio, 2016).

People often learn that the goal of a company is to maximize profit. When a chief executive officer is appointed to a company, his responsibility is “to use [the company’s]

resources and engage in activities designed to increase its profits” (Friedman, 1970). Essentially, the first priority is to uphold the interests of the shareholders and make sure that they are taken care of first. The only stipulation is that those activities must “stay within the rules of the game” (Friedman, 1970). In other words, there must be a complete absence of fraud or deception in the company, which should be a given.

CSR, however, describes other obligations of a business. In the recent years, businesses have emphasized a responsibility to focus on the society as well as the economy. It is important that companies “prioritize the economic feature in the interaction between business and society” (Baraibar-Diez & Sotorrio, 2016). Focus has shifted from businesses having a sole responsibility on profit towards making strides to improve social issues. This includes activities such as donating to charities, volunteering, and fair treatment of employees. Companies should continue this approach as long as there is “an economic return” (Baraibar-Diez & Sotorrio, 2016). For many businesses, the economic return would be that companies that engage in CSR tend to be viewed in a more positive light. This benefits a company’s image while building loyalty between the company and its community.

These two views on the responsibility of a business are stark contrasts. If two individuals or two teams within one organization each adopt one of these ideologies, organizational conflict will be inevitable. A company must share similar values in order to grow and move forward.

Organizational Culture

In 2013, Michael D. Watkins, a professor at IMD business school, opened a discussion on LinkedIn about what organizational culture is. Hundreds of responses poured through and a few stuck out that demonstrate what company culture is. “Culture is about ‘the story’ in which people in the organization are embedded” (Watkins, 2013). This “story” includes the values, traditions, and ideals of the entire company.

All of these factors unite people within the organization and it is the idea of unity that shapes an organization. A company is able to build connections and “satisfy interests of a heterogeneous group of stakeholders” (Baraibar-Diez & Sotorrio, 2016). Employees can work together better once they feel they are united towards a common goal and customers can share in a company’s success. It enables a company to have better productivity and organizational growth. A company that has a better understanding of their organizational culture and prioritizes their values has a better chance at being more successful against competitors and within the consumer market.

Many organizations differ based on their values and beliefs. Yet, corporate social responsibility has helped build common goals between corporations as they begin to focus more on social and environmental aspects of their communities. Companies use corporate social responsibility to relate to society and their communities and in turn develop connections with their consumers. When consumers can feel part of any organization, they want to contribute to the success and culture of that company (Peterson, 2017). It enables those consumers to value that company and be more loyal to it in the future.

Research Questions

The purpose of this research is to understand why Market Basket customers and employees stood behind Arthur T. Demoulas during the 2014 labor dispute. Even though Arthur T. was fired from his position of CEO did stakeholder theory and organizational culture spur him into taking action for his employees and customers? This dispute also led to a summer filled with boycotts and strikes. While discovering the reasoning behind the stakeholders' fierce loyalties, this study will also consider why those boycotts and strikes were successful and how the organizational conflict was resolved.

Methods

This study primarily employed the use of secondary research sources including news articles, media reports, and a book about the dispute. The book written by Daniel Korschun and Grant Welker (2015) was read and analyzed closely to piece together events that occurred prior to 2014 to understand the reasoning behind the conflict that plagued the company in earlier years. The research was grounded with academic literature on stakeholder theory, organizational conflict, the responsibility of business, and organizational culture.

Field interviews were also conducted. Three employees within the company, ranging in experience from three to twenty years, were asked a series of eight questions, included in Appendix A, inquiring about their views of the company presently and during the labor dispute of 2014. Two customers, both of which have been longtime customers of Market Basket stores, were asked a series of ten questions, which can be found in Appendix B, about their insights regarding the company and the events that transpired in 2014.

Case Study

Conflict

It is difficult to pinpoint exactly when the conflict began within the shareholders at Market Basket. Brothers George and Telemachus Demoulas bought the company from their parents for \$15,000 in the early 1950s. Together, they expanded the business and had equal shares until George's death in 1971 (Korschun and Welker, 2015, p. 21). George's shares were passed down to his children as Telemachus furthered expanding the company.

Figure 1: The table below shows a partial family tree for the Demoulas family starting with the founders to those involved in the company today.

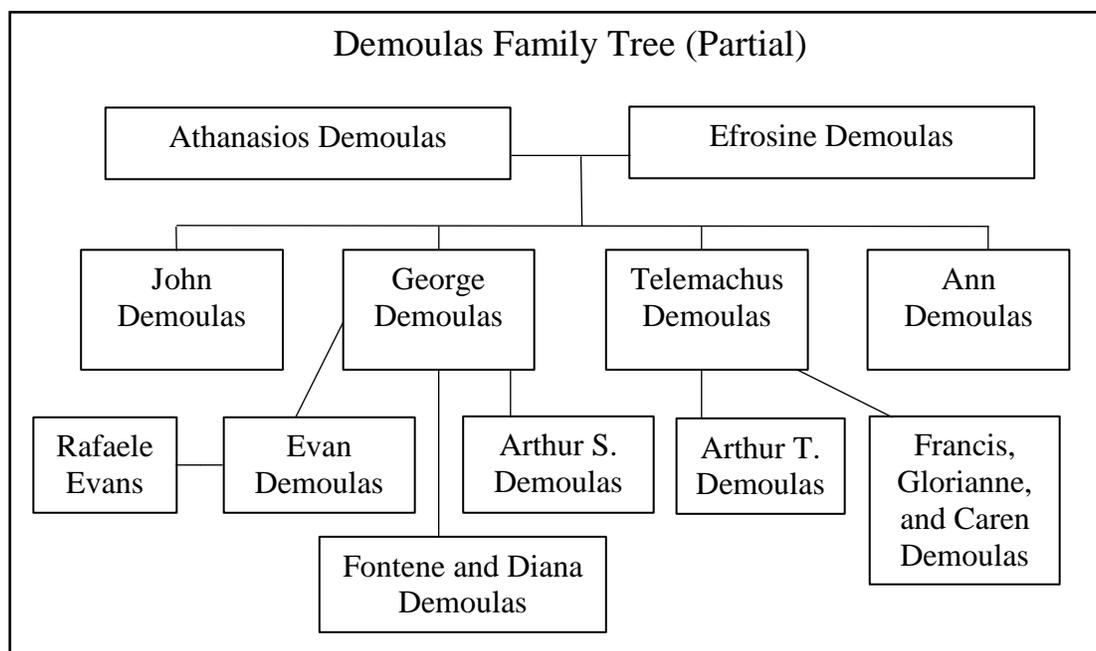


Figure 1 above illustrates a partial family tree of the Demoulas family beginning with the founders of Market Basket. It lists the names of the four children of Athanasios and Efrosine Demoulas, then focuses on the heirs of sons George and Telemachus. George and Telemachus's heirs were important players in the Market Basket conflict.

More specifically, their sons Arthur T. and Arthur S. Demoulas (both named after their grandfather) are the key individuals that play important roles in this conflict. John and Ann Demoulas's children were not included in this figure because they had little significance in the conflict being studied.

While Telemachus ran the business, he wanted his children, primarily his son, to be involved in the company. Growing up, Arthur T. worked in many different departments and performed many different nonmanagement tasks before being elected to the board of directors once he finished high school. Even on the board, he would continue to work in the stores to "keep him[self] grounded" (p. 33).

He also knew the value of customer service and putting customers first as he was taught by his father and grandfather. Athanasios would often allow customers to keep a running tab of their groceries for the week and allow them to pay their bill when they could afford it. In addition, he allowed for free deliveries. When the Great Depression hit in 1930, he would give underprivileged customers free bread with ham (p. 10). Today, Arthur T. can be seen continuing that level of customer service as he can be found helping customers "load groceries from their shopping carriages into their cars" (p. 29).

As Arthur T. was learning about the company from the ground up, Arthur S. was studying finance at Babson College (p. 38). There, he learned of Milton Friedman and drew from the philosophy that the responsibility of a business is "to use its resources and engage in activities designed to increase its profits" (Friedman, 1970, p. 178). While Arthur S. believed that the shareholders should be prioritized, Arthur T.'s philosophy remained "customers first" (p. 39).

Initially George's heirs, led by Arthur S. Demoulas, claimed that Telemachus was cheating them out of company stock by moving assets to shell companies. In 1990, a lawsuit was filed against Telemachus and the judge ruled in favor of George's heirs, finding that there had been losses of between \$500 to \$800 million. They were awarded 50.5 percent of the company, which allowed Arthur S. and his side of the family the majority of the shares of the company (p. 27).

Despite the lawsuit and the many smaller ones that followed, Arthur T. Demoulas was appointed chief executive officer of the company in 2008, five years after the death of Telemachus (p. 34). The reason for this was in 1993, George's oldest son, Evan, died in a car accident. His wife, Rafaele Evans, and his daughter, inherited his shares of the company (p. 91). Evans respected the role Arthur T. portrayed as CEO and had sided with him during the constant feuding, allowing Telemachus's heirs to remain in control. In 2013, Evans switched allegiances and sided with her brother-in-law, Arthur S (Slade, 2014). It was this flip that gave Arthur T. the power to remove his cousin from the CEO position.

Resolution

Rather than accepting the change of losing Arthur T. Demoulas as their CEO, employees and customers alike banded together to bring him back as CEO. The same day Arthur T. was fired, the board of directors also fired two of Arthur T.'s most trusted executives. When word spread about the terminations, three associates at headquarters quit their jobs that day and four resigned the following day (Korschun & Welker, 2015, p. 108). The entire ordeal was a shock to many employees. Samantha Burke (2017), a

cashier enrolled in high school at the time, was worried about what this meant for employees. May Watson (2017), an employee of eleven years was shocked by the news. “I’d heard rumors, but didn’t think he’d actually be fired,” she says of the incident.

Felicia Thornton and Jim Gooch took over as co-CEOs after Arthur T. was fired. Both came from outside the company and had experience working as chief executive officers in companies in different industries. Thornton had prior experience in the grocery industry whereas Good did not (Korschun & Welker, 2015, p. 108). During their time heading the company, rumors circulated about the sale of the company. When confronted by long-time executives about the possibility of a sale, Thornton and Gooch “sidestepped the question” (p. 113). The lack of trust and honesty among the CEOs and the executives caused an ultimatum to be put on the table. The demand was: “bring back Arthur T...[or] they planned to shut down the company” (p. 114).

In response, Thornton and Gooch terminated eight corporate employees a few days later (p. 116). Around the same time those eight employees were fired, the warehouse staff decided it was time to take action, too. Senior managers walked out and many of their staff was behind them. They began a strike on July 17, 2014 (p. 118). When the company tried to replace the warehouse staff, the new employees could not keep up with the orders and activity “slowed to a near standstill” (p. 121).

This meant that goods were not being shipped to store locations. During this time, Ethan Scarn (2017) was a grocery clerk responsible for stocking the shelves in his store. He mentions how he was still required to work twenty-five hours as a full-time associate, but would mainly be cleaning the store or staying near the registers since there was little work to be done as product was not coming into the store (Scarn, 2017).

To further this company “shut down,” customers were also being asked to boycott Market Basket locations. Carla Peterson (2017), had been shopping at Market Basket stores since she was a kid, mentions she supported the boycotts because the “employees thought it was best” and it was “the right thing to do.”. Over the years, she has built personal relationships at the Market Basket she currently shopped at and knew many employees by name without having to look at their nametags (Peterson, 2017). Steven Smith (2017) also participated in the boycotts. He’d been shopping at Market Basket stores for more than fifteen years and was “blown away by the loyalty of employees and had to respect it” (Smith, 2017).

With both the strike and boycott occurring, the company was suffering. Profits would rapidly decrease because stores would not be making sales, but the company would still need to pay employees and a stores’ fixed costs. The company lost \$583 million in sales and lost contracts with some vendors (Slade, 2014). Samantha Burke (2017) ended up getting a job at Hannaford, a competing grocery store chain. “I got a job at Hannaford because I needed the money,” (Burke, 2017). She explains that she was not getting any hours because she was only a part time worker.

In addition to the strike and the boycotts, employees held rallies. Many occurred in Tewksbury where thousands of employees and customers would gather. Stores associates would even chip in to rent buses to send employees and customers to those rallies (Korschun & Welker, 2015, p. 135). Managers would share stories about their interactions with Arthur T. Demoulas and reminded the crowd of why everyone was gathered together. Scarn (2017) was amazed by these rallies. “It was surreal,” he states.

“So many people were uniting for a cause and it was breathtaking” (Scarn, 2017). There were thousands of people who had never met all coming together for one man.

As the strikes, boycotts, and rallies were occurring, the shareholders were discussing ways to resolve the conflict. Arthur T. was trying to make a deal with his cousins to buy the company. Finally, on August 27, 2017 an hour before midnight, a deal was struck between Arthur T. and Arthur S.’s side of the family. Arthur T. and his three sisters would buy the remaining 50.5 shares of the company for more than one and a half billion dollars (Slade, 2014).

When stores opened, hundreds of customers arrived to buy anything they could off the shelves to show their support. May Watson (2017) explains that customers were just as thrilled to come back to Market Basket stores as the employees were. “Customers were coming in crying and hugging us once we reopened.” In addition, those that left to get new jobs, like Burke (2017), immediately returned to work. From that point on, Market Basket stores picked up where they left off before the summer began.

Analysis

Based on the research above, there were many initial conflicts that occurred prior to the Market Basket labor dispute of 2014. Though there were two groups of people involved, it seems like the Market Basket conflict primarily revolved around cousins Arthur T. and Arthur S. Demoulas. Seeing as the conflict largely circulated between these two individuals, it was determined that this was an interpersonal type of conflict. Two individuals that played a pivotal role in the company disputed over what the responsibility of the business was.

Seeing how Arthur S. Demoulas studied finance and embraced Friedman's (1970) philosophies on the purpose of a business, Arthur S. advocated for the interests of the shareholders. According to this philosophy, he was doing right by the company and it was Arthur T. that, as the chief executive officer of Market Basket, should have been supporting the shareholders. After all, it is the CEO's duty to "serve the interest of his principal" (Friedman, 1970, p. 175). In other words, Arthur T. should have run the company in a way that puts the shareholders above the stakeholders.

Arthur T. Demoulas, after having worked from the ground up within the company, did not believe in the same philosophies. He believed that it is important to have a responsibility to more than just the building up the success of the company and benefiting the shareholders. It is important for a business to account for the interests of stakeholders, especially with the emergence of corporate social responsibility and stakeholder theory. Businesses are now expected to focus on more than profit. Arthur T. was focusing on this concept for years now. He has understood the importance of putting stakeholder's needs and interests first. Not only did this allow Market Basket to be seen in a more positive light, but it united the community with the company.

These differences in beliefs were major reasons for the feuding. These two ideas are stark contrasts from one another. One idea supported shareholders while the other supported stakeholders. While there is no answer to whose philosophy should be the focus of the company, one side did win out. It was not because the other was person wrong. It was because Arthur T. was more revered for the path he had chosen to lead the company down.

It was this respect and loyalty to Arthur T. Demoulas that allowed the Market Basket labor dispute to end the way it did. The company had always preached a “family” culture. Employees liked working for the company because Arthur T. created a culture of unity, fairness, and honesty. In fact, many employees who have worked for Market Basket applied for a job after hearing about opportunities from other employees who enjoyed working for the company. Samantha Burke (2017) had “friends working [at Market Basket] who liked it a lot.” Ethan Scarn (2017) also heard about the opportunity from friends. May Watson (2017), a cashier since 2006, had a daughter working at the store and decided to apply on a whim after seeing a “help wanted” sign on one of the store windows. Each had recommendations from someone within the company. This shows that current employees enjoy their jobs and want to promote it to other individuals.

When asked what employees liked best about the company, no one mentioned that they enjoyed the work they do. Instead, both Scarn and Watson said that they enjoyed the people they worked with. “I like seeing customers that have been coming to the store for years,” Watson (2017) said. “It’s like catching up with friends.” Scarn (2017) mentioned that at Market Basket “everyone looks out for everyone” and that they “have the best interests for each other.” This added to the idea that Market Basket has a “family” culture. People were able to rely on each other in any situation. Burke (2017) mentioned that she will go to a manager if she has any issues with customers, coworkers, or scheduling. “Once I had a shift that conflicted with a school event. My manager adjusted my hours without a question,” she said (Burke, 2017). This kind of open communication made it easier for everyone to work together and trust each other.

Employees at Market Basket also felt that they were treated fairly by their superiors. In addition to the relationships built between coworkers and customers, Watson (2017) said she liked the flexible hours and the lack of pressure. “Your drawer doesn’t have to be exact to the penny and you can be a few minutes late if something comes up,” she explained. Small allowances like those may not seem significant to most, but they can go a long way. It helped make employees feel more comfortable in their daily tasks and kept the work atmosphere more relaxed. Burke (2017) conveyed that Market Basket appreciates its employees. The company used its culture to motivate those who work for them. “It has helped me understand what it means to be a good employee and what it means to be treated well as an employee” (Burke, 2017).

Honesty also went a long way with employees. Executives in the company never trusted Thornton and Gooch when they took over for Arthur T. Korschun and Welker (2015) mention that executives felt that the co-CEOs were dishonest and untrustworthy, especially when the withheld information about a possible sale of the company (p. 113). Behavior such as that only threatens to create a barrier amongst employees and their superiors. There would be no sense of unity or honesty if an employee cannot trust the person(s) leading the company.

In addition to the employee’s sense of loyalty to Arthur T. Demoulas, customers also felt a faithfulness to the Market Basket CEO. The boycott that took place during the summer of 2014 would not have been possible without the support of Market Basket’s customers. May Watson (2017) admitted that she did not think that customers would boycott the stores when she and other employees encouraged them to. “I was amazed by their loyalty,” she said. “I didn’t think they would boycott.”

Still, the company seemed to mean something to the customers. Not only did customers appreciate the low prices, but they also liked the store cleanliness, variety, and friendliness of associates. Customers believed that Arthur T. was the man behind these advantages and wanted to do their part in helping him come back to the company.

Low pricing was one of the biggest reasons customers continue to come back to Market Basket stores. Carla Peterson and Steven Smith both believed it was what sets the company apart from its competitors, such as Shaw's and the Big Y. Smith (2017) stated, "Even though those stores may have better shopping experiences, I'm not willing to pay for it." Prices at Market Basket were unbeatable. During the boycott, Smith shopped at another grocery store chain and mentioned how the price of Tostitos brand tortilla chips were nearly five dollars a bag whereas they are never more than three dollars a bag (Smith, 2017). Peterson (2017) also liked how there are no "gimmicks" that come along with Market Basket. "You don't need a membership card to get a good deal," she explained.

Customers also appreciated how stores are kept clean. Associates are always asked to keep their general work areas clean and free from debris (*Cashier Training Manual*, 2017). They kept up with store maintenance because they understand that customers notice when a store is clean or not. "If I notice a spill on the ground, there's usually already someone working on cleaning it up," Peterson (2017) mentioned. Customers did not want to shop at stores that are dirty. They buy food to feed their families and if the store was not clean, it could be very off-putting.

Carla Peterson (2017) liked that Market Basket stores have a good variety as well. "One thing I expect when shopping at a grocery store is a decent variety and Market

Basket delivers that,” she said. With over seventy-five Market Basket locations, each store aimed to provide its customers with every item they are looking for. One of the best things Market Basket did in terms of variety is if a store does not carry a specific item, then a manager will order that item for the customer that requests it (*Cashier Training Manual*, 2017). This not only helped increase the variety at stores, but it also demonstrated the lengths store associates will go to service customers.

Finally, customers were also impressed by the friendliness of store associates. In Peterson’s opinion, customer service could not be better. She liked the fact that she is able to build personal relationships with many of the employees she encountered at the store location where she shops (Peterson, 2017). Smith (2017) also mentioned that he thinks employees were very personal. Managers will often be on the floor helping out rather than sitting in an office. “It’s great to see them interacting with customers,” he stated.

All of these factors are what helps build customer loyalty. When employees and customers felt part of the organization, it was able to bring people together by the thousands to stand up for a cause. It seemed like the stakeholders wanted to do their part to help sustain Market Basket as the way it was run by Arthur T. Demoulas. His philosophies proved that he was loyal to the stakeholders. With the success of this labor dispute, stakeholders proved that they could return that loyalty in order to preserve an organizational culture.

Results

After survey and evaluating research collected on the Market Basket labor dispute of 2014, it has been determined that while many conflicts occurred between the shareholders over the course of decades, the main conflict was an interpersonal conflict between cousins Arthur T. and Arthur S. Demoulas. Part of their conflict may be personal, but the underlying cause was their differing views on how the company should be run and what the responsibility of this business was.

Arthur S. Demoulas clearly supported the shareholders and believed that the company should be maximizing profits in order to support shareholder interests. On the other hand, Arthur T. Demoulas adopted the policy of “customers first” which was derived from the way their grandfather prioritized the customers of the original store. He also epitomized the stakeholder theory seeing as he acknowledged the fact that shareholders should stand with the stakeholders as they all shared interest in the company.

Furthermore, customers supported Arthur T. Demoulas because they knew it was the right thing to do. Employees wanted to remain faithful to the man they felt could best represent the company and the values it was founded on. Customers also felt a similar sense of loyalty to Arthur T. because he helped them with taking pride in the company they loved. They wanted to preserve the culture of the company. The Market Basket labor dispute became a story of how “good triumphed over evil” (Watson, 2017). Customers and employees both felt part of that and it only emphasizes the strength of the unity in this company’s organizational culture.

Conclusion and Limitations of the Study

Market Basket is a company that underwent a labor dispute that was unprecedented. Most companies do not see employees and customers unite to stand up for one individual. Most communities would not put in the effort to boycott a grocery store chain with over seventy stores. The fact that these events did occur allows this company to stand out in terms of customer and employee loyalty.

That seems to be what this dispute came down to. The boycotts and strikes were successful because employees and customers were loyal to Arthur T. Demoulas. The CEO of Market Basket has created an organizational culture where people can be united toward common goals. That culture allowed for a mutual loyalty among the stakeholders and Arthur T. It was that loyalty that spurred thousands of people to stand behind one man.

Arthur T. also proved that making a profit was not his number one priority. He cared about making the company's focus benefit its society as well as the economy. His views may have opposed that of his cousin's, but it was those views that allowed him to reclaim the company and end the longstanding conflict.

This study interviewed a narrow scope of individuals who have either shopped at or worked for stores located north of Boston in Massachusetts in an area where most shoppers tend to be in the upper and middle classes. This kept the sample size small and only allows data to be collected from one demographical type of interview participants, despite the attempt to choose employees based on their differing positions and years of experience in the company. It also would have been more beneficial to have heard from members of the Demoulas family directly rather than learning about the history of their

conflict through secondary sources. Researching the conflict from those directly involved would offer more concrete conclusions of the reasoning behind the company's conflict.

Further research would allow a wider range of views on how additional employees and customers perceive the company in terms of company culture and the labor dispute of 2014. There could be a possibility to find employees who dislike working for the company and do not agree that Market Basket promotes a "family" culture as described by Korschun and Welker (2017). There is also a likely chance that some customers may not value the company as much as Peterson (2017) and Smith (2017) do.

Additionally, while this study examines the company as it went through a labor dispute, future research might study the after effects this labor dispute had on the company. As Slade (2014) states, Market Basket lost millions of dollars in sales as well as contracts with some vendors that summer. It would be thought-provoking to discover how the company dealt with the decline in sales as well as whether or not it was able to renew vendor contracts.

Regardless of the challenges Market Basket faced in 2014, the company continues to stand out. Market Basket is a grocery store chain that is essential to many consumers' daily lives. Low income families depend on the company's low prices to put food on the table. Young kids in high school and college also rely on the company to give them flexible hours as they continue their education.

Researching this company not only gives readers an idea of what happened in the company, but it proves that there are leaders in the corporate world who still care about their stakeholders. The responsibility of a business can be more than just making an

honest profit. It can involve creating an environment where employees enjoy working and customers can feel welcomed.

References

- Baraibar-Diez, E., & Sotorrio, L.L. (2016). The mediating effect of transparency in the relationship between corporate social responsibility and corporate reputation. Retrieved January 17, 2018 from <https://corvette.salemstate.edu:5208/abicomplete/docview/1977741850/7B7B0570E95145F2PQ/16?accountid=13661>
- Behfar, K. J., Mannix, E. A., Peterson, R. S., & Trochim, W. M. K. (2008). The Critical Role of Conflict Resolution in Teams: A Close Look at the Links Between Conflict Type, Conflict Management Strategies, and Team Outcomes. In *Journal of Applied Psychology, Vol. 93, No. 1.* (p. 170-188). Retrieved January 7, 2017 from <https://www.socialresearchmethods.net/research/JAP%20Conflict%20Resolution%202008.pdf>
- Burke, S. (2017, November 29). Email Interview.
- Cashier Training Manual* [Pamphlet]. (2016). Tewksbury, MA: Market Basket.
- Freeman, R. E., Wicks, A.C., Parmar, B., (2004). Stakeholder Theory and “The Corporate Objective Revisited”. *Organization Science* 15(3):364-369. Retrieved January 18, 2018 from <https://pubsonline.informs.org/doi/pdf/10.1287/orsc.1040.0066>.
- Friedman, M. (1970). The Social Responsibility of Business Is to Increase Its Profits. *Corporate Ethics and Corporate Governance*, 173-178. doi:10.1007/978-3-540-70818-6_14

- Korschun, D., & Welker, G. (2015). *We are Market Basket: the story of the unlikely grassroots movement that saved a beloved business*. New York: AMACOM, American Management Association.
- Lowry, A. C. & Overton, A. R., (December 2013). Conflict Management: Difficult Conversations with Difficult People. Retrieved January 22, 2018 from <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3835442/>
- Peterson, C. (2017, November 26). Personal Interview.
- Scarn, E. (2017, December 5). Personal Interview.
- Seltzer, L.F. (2012, October 17). Greed: The Ultimate Addiction. Retrieved November 26, 2017, from <https://www.psychologytoday.com/blog/evolution-the-self/201210/greed-the-ultimate-addiction>
- Slade, H. (2014, September 10). Inside The Billionaire Family Feud That Nearly Killed Market Basket. Retrieved November 9, 2017, from <https://www.forbes.com/sites/hollieslade/2014/09/10/inside-the-billionaire-family-feud-that-nearly-killed-market-basket/#4d65e79042d4>
- Smith, S. (2017, December 2). Personal Interview.
- Watkins, M. D. (2014, August 07). What Is Organizational Culture? And Why Should We Care? Retrieved November 26, 2017, from <https://hbr.org/2013/05/what-is-organizational-culture>
- Watson, M. (2017, December 5). Personal Interview.
- Wilkinson Rojo, H. (2014). The Demoulas Family Tree. Retrieved December 1, 2017, from <https://nutfieldgenealogy.blogspot.com/2014/08/the-demoulas-family-tree.html>

Appendices
Appendix A

Employee Interview Questions

1. When did you start working for Market Basket?
2. What made you want to work for this company?
3. What aspects do you like the best about working for Market Basket?
4. Do you think working for this company has shaped you as an individual? If so, in what ways?
5. What are your thoughts on the organizational culture of Market Basket?
6. What was your initial reaction when you heard Arthur T. Demoulas was removed from his position as CEO in June of 2014?
7. Describe your experiences during the time of the “shut down.” Did you attend rallies, get a new job, etc.?
8. What did you feel when Arthur T. bought out the company in August of 2014?

Appendix B

Customer Interview Questions

1. Approximately how long have you been shopping at Market Basket?
2. Do you shop for your groceries elsewhere? If so, where?
3. What do you expect when shopping at a grocery store?
4. Do you feel you get the best shopping experience at Market Basket? Why or why not?
5. How do you think Market Basket stands out amongst its competitors?
6. During the summer of 2014, Market Basket experienced a series of boycotts and rallies when their CEO was removed from his position. What do you remember of that summer in regard to the company?
7. Were you regularly shopping at Market Basket stores at this time? If so, did you participate in the boycotts and/or rallies? Why or why not?
8. Do you feel employees made the right decision in standing by Arthur T. Demoulas? Why or why not?
9. If Arthur T. hadn't been able to regain control of the company, would you have shopped at Market Basket stores going forward? Why or why not?
10. Do you feel customer loyalty is important for a business to succeed? Why or why not?