



# Voluntary sustainability standards, employee ownership, and the sustainable development goals: can VSS leverage EO to accelerate progress towards the SDGs?

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## ABSTRACT

Employee ownership (EO), broadly defined, refers to business models that distribute power and/or profit more widely than conventional firms. EO aims to foster a more equitable distribution of income and wealth. The Sustainable Development Goals (SDGs) are a set of 17 social, economic, and environmental objectives. In 2015, all 193 United Nations member countries agreed to work towards achieving the SDGs by 2030. This article explores the connection between EO and the SDGs. It addresses two questions: 1) Could the benefits of EO support the SDGs, and if so, which specific targets? 2) Is EO promoted by voluntary sustainability standards (VSS), also known as 'sustainability certifications' or 'eco-labels' (e.g. Fairtrade)? This study suggests that EO has the potential to support the implementation of five SDGs. More specifically, the benefits of EO may catalyse progress towards nine targets, none of which is currently on track for achievement by 2030. This study also finds that only 26% of VSS organisations encourage companies to engage in or support EO. Removing the two VSS that focus specifically on fair trade, this figure falls to 18%. Overall, this article suggests that employee ownership may be an underutilised tool for accelerating progress towards the UN SDGs.

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## 1. Introduction

In 2017, all 193 UN Member States resolved to adopt a set of 17 'Sustainable Development Goals' (SDGs) to be achieved by the year 2030. They also laid out a series of targets for each goal, specifying a clear threshold for success (UN 2017). The SDGs have since become a common framework for the global governance of sustainable development (van Niekerk 2020). In 2024, midway between the goals' establishment (2015) and deadline (2030), the United Nations reported that:

only 17 per cent of the SDG targets are on track, nearly half are showing minimal or moderate progress, and progress on over one third has stalled or even regressed.

The scarring effects of the COVID-19 pandemic, escalating conflicts, geopolitical tensions, and growing climate chaos are hitting SDG progress hard.

Furthermore, systemic deficiencies and inequities in the global economic and financial system leave developing countries to tackle enormous and growing challenges with only a fraction of the international support they need and deserve.

Inequalities keep growing. The climate crisis continues to escalate. Biodiversity loss is accelerating. Progress towards gender equality remains disappointing. And conflicts in Ukraine, Gaza, Sudan and beyond have left an unprecedented 120 million forcibly displaced people worldwide.

This situation is not going to improve on its own: developing countries, as a whole, *face the worst medium-term economic outlook in a generation . . .* (UN 2024)

In his forward to this report, UN Secretary-General António Guterres suggested that meeting the goals would require a ‘surge in implementation’ that that included ‘more effective partnerships’ with non-governmental actors, such as NGOs, labour, and the private sector. Academic research points to similar recommendations: place a greater emphasis on implementation (Hickmann et al. 2024; Michie 2023) and do more to leverage the power of the private sector (Bäckstrand, Koliev, and Mert 2022; Haas and Ivanovskis 2022; Koliev and Bäckstrand 2022).

Within business and public policy communities, the last decade has also brought a surge of attention to employee ownership (EO). EO describes any business model in which a company’s employees own shares in their company or the right to the value of shares in their company (NCEO 2024). Research suggests that EO may be an effective strategy for improving companies’ social, economic, and environmental impacts (Stranahan and Kelly 2020).

Given the common mission of the SDGs and EO, it is surprising that scholarship relating the two is very limited. A search for these and related terms in the databases Google Scholar and WorldCat, for example, yields only one result – a journal article that examines EO as a tool for supporting sustainable tourism in a hotel in North Cyprus (Timur and Timur 2016). Although the study contributes to a better understanding of how EO may support sustainable development, its scope and generalisability are both limited. Thus, further research is required to better understand the relationship between EO and the SDGs.

The research presented in this article addresses two questions. First, where do the purported benefits of EO overlap with SDGs and their specific targets? Drawing on a review of secondary literature, the article suggests that EO may contribute towards progress in implementing 5 of the 17 goals: no poverty (SDG 1), decent work and economic growth (SDG 8), reduced inequalities (SDG 10), peace, justice and strong institutions (SDG 16), and partnerships for the goals (SDG 17).

The second question is as follows: To what extent do common tools for implementing the SDGs promote, engage, or support EO? More specifically, to what extent do voluntary sustainability standards (VSS) – also known as ‘sustainability certifications’ or ‘eco-labels’ – engage EO? VSS, such as Forest Stewardship Council and Fairtrade International, are non-governmental certifications that support suppliers and buyers in global value chains to adopt more sustainable practices and effectively communicate their efforts to promote sustainable development (Bennett 2022). Today there are hundreds of

labels, which are applied to a wide range of products all over the world. In some sectors, market penetration is quite deep. Nearly 50% of speciality coffee is VSS-certified, for example (Bermudez, Voora, and Larrea 2022).

Drawing on an original data set of 32 VSS – in a wide range of sectors, including agriculture, apparel, and golf – this study shows that only a quarter of standards-setting organisations engage EO. Removing the two ‘fair trade’ organisations from the data set, the study finds that only 18% of sustainability standards-setting *organizations*. Furthermore, because some organisations set multiple standards, only 9% of sustainability *standards* engage EO.

Drawing on these findings, this article makes two points: First, EO often generates benefits that directly align with SDGs. Furthermore, the specific *targets* that EO is most likely to support are among those identified as ‘off track’ or ‘behind schedule’ for achievement by 2030. Thus, scholars and practitioners should evaluate whether and how EO could be better leveraged to accelerate progress towards the SDGs. Second, most VSS do not promote EO, despite their stated mission to support firms and supply chains in adopting more sustainable business practices. Future research should aim to understand what occurs on the ground when VSS *do* promote EO, why more VSS *do not* promote EO, and how the challenges limiting EO promotion in this context may be addressed.

Overall, this research suggests that employee ownership may be an underutilised tool for accelerating progress towards the sustainable development goals. More research is needed to understand whether and how voluntary sustainability standards or ‘eco-certifications’ could play a greater role in employee ownership promotion.

## 2. Employee ownership and the sustainable development goals

### 2.1. What is employee ownership?

This research conceptualises ‘employee ownership’ (EO) at the broadest level. Here, ‘EO’ includes any business model in which power and/or profit are distributed broadly, with an aim to foster a more equitable distribution of income and wealth than is common in conventionally organised firms (see J. Blasi and Kruse 2023). Scholarship on EO comes from a broad range of disciplines, including (but not limited to) law, history, economics, politics, sociology, finance, and business management (Jones 2018; Mackin 2023). Among the most common and well researched models of EO are worker cooperatives, employee-owned businesses, and employee stock ownership plans (ESOPs). A worker cooperative is owned and democratically controlled by its employees, who share in both the decision-making and profits. In a worker-owned business, employees own a significant share of the company but may or may not participate in its management. In an ESOP, an employer provides its employees with ownership interest in the company through stock allocation, often used as a retirement benefit, without necessarily sharing control over management decisions (J. Blasi and Kruse 2023; D. L. Kruse, Freeman, and Blasi 2010; Mackin 2023).

Other forms of EO include self-help groups (Saha 2020); worker councils (Jirjahn 2018); community development corporations, financial institutions, and land trusts (Millstone 2015); and some social enterprises (Mair, Battilana, and Cardenas 2012). EO

firms engage a wide variety of mechanisms to distribute profits. These include bonuses, pay increases, and benefit allocations (Kato 2016); group incentive plans (Han and Kim 2018; Kato 2016); and the emerging supplier contract innovation of “value chain profit sharing” (Bennett and Grabs 2024). Businesses adopt EO models for many reasons. For example, they may aim to improve productivity, provide benefits, recruit and retain workers, receive tax advantages, facilitate stock purchasing from major owners, or encourage employees to think like owners (Scharf and Mackin 2000).

EO business models, governance systems, and profit-sharing mechanisms vary widely (Mackin 2023). Some are more common than others, and throughout the world, they are subject to very different legal regulations and tax obligations (Rosen and Case 2022). Yet, what all EOs have in common is the intention to distribute power and/or profits more equitably among those who contribute labour to the company.

## 2.2. How do EO benefits relate to the SDGs?

Research suggests that EO likely to generate benefits related to sustainable development. EO can ‘create wealth while maintaining . . . [a] commitment to equity, social justice, and sustainable development’ (Mendell 2009, 236). EO has been identified as a ‘progressive pro-poor variety of capitalism’ that aims to ‘reduce inequality, promote economic development, and strengthen social infrastructure’ (Michie and Padayachee 2020, 415). Studies show how EO may be as a ‘more sustainable’ approach than conventional shareholder models that orient around the short term, require constant growth, prioritise profit and share price, and externalise costs to labour and the environment (Stranahan and Kelly 2020, 9). One study, for example, found that B Corps firms – companies that voluntarily adopt and verify that they meet the non-profit organisation B Lab’s standards for sustainability – have sustainability scores that are 21% higher than non-EO B Corps firms and more than twice as high as conventional businesses (Stranahan and Kelly 2020).

Despite the clear linkages between EO and sustainability, this is (to the author’s knowledge) the first study aimed at understanding the relationship between EO, the 17

**Table 1.** Employee ownership benefits related to SDGs, targets, and progress (as of 2024).

Pillar	Sustainable development goal	SDG target related to EO benefits	Progress
Economic	1. No poverty	1.5 Resilience to disaster	Marginal
	8. Decent work/economic growth	8.1 Economic growth	Marginal
		8.2 Economic productivity	Regression
		8.5 Full employment and decent work	Moderate
		8.8 Labour rights/safe working environment	Regression
Social	10. Reduced inequalities	10.1 Income growth of bottom 40%	Marginal
		10.2 Income distribution	Marginal
	16. Peace, justice, and strong institutions	16.b Non-discriminatory laws	Insufficient data
	17. Partnerships for the goals	17.1 Domestic resource mobilisation (tax)	Stagnation
<b>No evidence of EO generating relevant benefits</b>			
Economic	2. Zero hunger; 3. Good health and well-being; 9. Industry, innovation, and infrastructure		
Social	4. Quality education; 5. Gender equality; 11. Sustainable cities and communities		
Environmental	6. Clean water and sanitation; 7. Affordable and clean energy; 12. Corporate sustainability; 13. Climate action; 14. Life below water; 15. Life on land		

SDGs, and the related 169 sustainable development targets. The results are presented in Table 1 and described below.

### **2.2.1. Goal 1. End poverty in all its forms everywhere**

Target 1.5 focuses on resilience: ‘By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters’. Research suggests that EOs may improve workers’ capacity to respond to their own emergencies and offer greater stability during national economic crises. In the United States, a national survey of 1,147 workers in 82 worker cooperatives across 14 industries found that 65% of respondents reported being at least slightly confident that they could find \$2,000 within 30 days to address an unexpected expense (Schlachter and Prushinskaya 2021). This is remarkable given most people in the United States report being unable to manage a \$400 emergency expense (Federal Reserve 2016).

### **2.2.2. Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all**

Target 8.1 focuses on economic growth: ‘Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7% gross domestic product growth per annum in the least developed countries’. Scholarship suggests that EO shows similar or improved productivity, growth, and profits, as well as retains more profits in the local economy. A longitudinal study of cooperatives found comparable growth rates between EO and conventional firms (Fakhfakh, Pérotin, and Gago 2012). Another study found that after firms became ESOPs, their productivity, sales, and employment grew more than 2% faster per year than would have been expected (J. Blasi, Kruse, and Weltmann 2013). Other studies found that ESOPs averaged greater employment growth than non-ESOPs, even in a recessed economy (J. R. Blasi, Kruse, and Freeman 2017); EO cooperatives report higher profit margins across industries (DAWI 2014); and worker-owned cooperatives tend to employ local workers, which can keep profits circulating in local communities (Huertas-Noble 2016; Millstone 2015). Although one study suggests that growth rates are similar among EO and conventional firms, it also found rates to be higher among EO firms with more involved employee owners (Arando et al. 2014).

Target 8.2 focuses on economic productivity: ‘Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value-added and labour-intensive sectors’. Research suggests that EO may improve company performance (Beyster and Economy 2007; O’Boyle, Patel, and Gonzalez-Mulé 2016). One study showed that producer cooperatives have greater input efficiency than traditional corporations because they tend to use natural resource inputs effectively (Booth 1995). Several studies across a variety of EO firm types found that they were marginally more productive than traditional firms (E. H. Kim and Ouimet 2014; Kurtulus and Kruse 2017; Pendleton and Robinson 2010). In one study, EO firms in knowledge-intensive industries were more productive, compared with conventional firms in the same industries, because they gave authority to those with relevant knowledge and encouraged intrafirm information-sharing (Hyman, Magne, and Kruse 2023). EO workers are also shown to be less likely to leave their jobs, and/or more willing to work hard (J. Blasi, Freeman, and Kruse 2015; Freeman, Blasi, and Kruse 2010; Kurtulus

and Kruse 2017). One study, however, suggests that too much employee engagement in management may decrease firm productivity (Pendleton and Robinson 2010).

Target 8.5 focuses on employment and decent work: ‘By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value’. The literature suggests that EO firms may provide more stable employment – both in terms of higher retention and fewer layoffs than conventional firms (Beyster and Economy 2007; Blair, Kruse, and Blasi 2000; J. Blasi, Kruse, and Weltmann 2013; Park, Kruse, and Sesil 2004; Pencavel, Pistaferri, and Schivardi 2006). Multiple studies found that during the COVID-19 pandemic (2020–2022) US-based EO firms retained more employees than conventional firms (EOF (2020); J. Blasi, Kruse, and Weltmann 2021). EO firms were also more likely to maintain standard hours and salaries than conventional firms (EOF 2020). Similarly, two studies have found that EO firms retain more employees during recessions (Burdín and Dean 2009; Kurtulus and Kruse 2017). This was the experience of workers at the Mondragon Cooperative Corporation in Spain, during the Great Recession (2007–2009). Although Spain suffered its worst economic crisis in decades between 2008 and 2014 (Royo 2020), Mondragon—one of the most well-known and well-researched worker-owned cooperatives in the world – cut salaries by only 5% on average. The few workers who were laid off were often hired at other Mondragon companies (Tremlett 2013). Likewise, US-based EO firms in the food sector are reported to have lower firing and resignation rates than traditional firms (NCEO 2022).

Target 8.8 focuses on labour rights and a safe working environment: ‘Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment’. Research highlights that EOs may provide workers with greater wellbeing and less work-related stress. One study found that many ESOPs have health and well-being committees in which employees participate actively. In these firms, workers described how EO decreased their stress, and how their company enhances their quality of work and work–life balance (Boguslaw and Schur 2019). Other studies have similarly concluded that EO can maximise wages and benefits of workers, provide democratic workplaces, demonstrate more responsible corporate behaviour, and positively impact communities (Huertas-Noble 2016). One study found that EO firms’ ‘worker impact scores’ (an index of several company-level features) were twice as high as conventional firms (Stranahan and Kelly 2020). Numerous studies find that EO workers have more positive thoughts and feelings towards their work and environment, especially with economic incentives, perceived organisational influence, greater autonomy, and/or higher performance standards (Berry and Bell 2018; J. Blasi, Freeman, and Kruse 2015; J. R. Blasi et al. 2008; Freeman, Blasi, and Kruse 2010; Jenkins and Chivers 2021; D. Kruse 2002; D. Kruse et al. 2004; Schlachter and Prushinskaya 2021; Weltmann, Blasi, and Kruse 2015). At the same time, some studies suggest that the relationship between EO and worker attitudes is less straightforward or greatly context-specific (Arando et al. 2014; Basterretxea and Storey 2017; McCarthy, Reeves, and Turner 2010).

### **2.2.3. Goal 10. Reduce inequality within and among countries**

Target 10.1 focuses on increasing low incomes: ‘By 2030, progressively achieve and sustain income growth of the bottom 40% of the population at a rate higher than the

national average'. The literature suggests that EO may increase income from labour, income from capital, and retirement savings, all of which may support income growth for low-wage earners. Several studies find that various forms of EO have had an equalising impact on both wages and wealth distribution within the firm (Bernstein 2016; Onaran 1992; Schlachter and Prushinskaya 2021). Several studies also suggest that EO firms tend to offer higher wages than conventional firms (Freeman, Blasi, and Kruse 2010; Huertas-Noble 2016; Onaran 1992; Wiefek 2017), though at least one study finds evidence to the contrary (Pencavel, Pistaferri, and Schivardi 2006). EO workers also report that they believe they can earn higher wages working for their EO employer than they would elsewhere (Schlachter and Prushinskaya 2021). Similarly, a study of low- to moderate-income employees in 21 EO firms across 16 U.S states found that EO workers had more than 12 times more retirement savings than the national average, putting them in the 82nd percentile of national workers (Boguslaw and Schur 2019). Finally, these firm-level equalising effects are theorised to contribute to more equitable income and wealth distribution for the broader population (Bernstein 2016; J. Blasi, Freeman, and Kruse 2014; J. Blasi, Kruse, and Freeman 2018; Palmieri and Cooper 2023).

Target 10.2 focuses on inclusion: 'By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status'. Scholarship suggests that the benefits of EO can reach traditionally marginalised and exploited groups, supporting movement towards equity. One study suggests that less-hierarchical EO firms may have reduced discrimination (Meyers and Vallas 2016). Other studies identify ways that EO has made advances in addressing the racial wealth gap and promoting minority ownership (Abell 2020; Michie and Padayachee 2021). Employee-owners of colour were found to have 32% higher tenure than non-employee-owners of any group (Wiefek 2017). Multiple studies find that employee-owners who are women or people of colour have greater median household wealth than their non-employee-owner counterparts (Boguslaw and Schur 2019; Wiefek 2017). One study determined that the benefits of EO may help to mitigate some of the economic disadvantages faced by people with disabilities (Schur et al. 2024). Another found that ESOP firms provided 33% higher median wages to millennial workers than traditionally-organised firms (Wiefek 2017). Finally, EOs may recruit workers locally, which could generate employment benefits for low-income and minority communities (Millstone 2015). Although research points to EO's positive impact on equity and inclusion, some studies also point to mixed effects and continued challenges (Carberry 2010; J. Kim 2022; Klein et al. 2023; Reibstein and Hanson Schlachter 2023).

#### ***2.2.4. Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels***

Target 16.b focuses on laws against discrimination: 'Promote and enforce non-discriminatory laws and policies for sustainable development'. Research in South Africa illustrates how EO may create space for dialogue and contentious politics related to labour rights and economic justice (Bezuidenhout, Bischoff, and Mashayamombe 2020). Relatedly, research in Venezuela found that people who were members of cooperatives were more likely to be involved in community matters than people who belonged to other types of associations (Tak 2017).

Although that study did not specify the types of outcomes they promoted, some scholars suggest that experiences of workplace power and profit sharing can extend into activism for a more democratic economy and society (Ferrerias and Ferreras 2022).

### **2.2.5. Goal 17. Strengthen the means of implementation and revitalize the global partnership for sustainable development**

Target 17.1 focuses on public resources: ‘Strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection’. Multiple scholars have argued that, by distributing capital more evenly at the firm level, there is less burden on the state to engage in confiscatory (distributional) taxation or wealth redistribution schemes (Palmieri and Cooper 2023; Rosen 2015). One study found that the stabilising effect of ESOPs on employment saved the U.S Federal Government six billion dollars annually between 2002 and 2010 (Rosen 2015). In the words of Rosen and Case (2022), EO ‘doesn’t redistribute wealth – it *predistributes* it’ (p. 102). By supporting economic growth, providing social benefits, and reducing precarity, EO may reduce government social spending (Mendell 2009).

### **2.3. Summary: how may EO support the SDGs and catalyze progress toward specific targets?**

The benefits of EO appear to support five of the sustainable development goals and promote nine of the sustainable development targets. EO benefits align with SDG 1, no poverty; SDG 8, decent work and economic growth; SDG 10, reduced inequalities; SDG 16, peace, justice and strong institutions; and SDG 17, partnerships for the goals. EO benefits may support targets related to resilience to disaster (1.5); economic growth (8.1); economic productivity (8.2); full employment and decent work (8.5); labour rights and safe working environments (8.8), income growth of the bottom 40% (10.1); income distribution (10.2); non-discriminatory laws (16.b); and domestic resource mobilisation (e.g. taxes) (17.1).

The SDGs are at times organised into three ‘pillars’: economic (SDGs 1, 2, 3, 8, 9), social (SDGs 4, 5, 10, 11, 16, 17), and environmental (SDGs 6, 7, 12, 13, 14, 15). None of the SDGs that appear to be supported by EO are categorised as environmental – they are all economic and social.

Each year, the United Nations assesses progress towards the SDG goals and targets. As of 2024, none of the nine targets addressed by EO were reported to be on track for achievement in 2030. To the contrary, two had actually *regressed* since 2017, one had *stagnated*, and most had made only marginal progress (United Nations 2024). Thus, EO may complement existing efforts, as opposed to being redundant. This is noteworthy because research suggests that the most easily attainable and affordable goals seem to receive the most attention, resulting in an uneven distribution of achievements (Biermann et al. 2023). Even when companies or organisations claim to support ‘sustainable development’ they often focus their efforts at a small number of goals. This practice is sometimes dubbed ‘rainbow washing’, in reference to the SDGs’ often-colourful visual depictions (Bennett 2025a).



Overall, this analysis suggests that EO is likely to generate benefits that accelerate progress towards several social and economic goals that are not currently on schedule for achievement. Given this potential, it is important to understand whether EO is being incorporated into efforts to implement the SDGs. The following section asks whether and how sustainability certifications, which promote the SDGs in global supply chains, engage EO.

### **3. Voluntary sustainability standards and employee ownership**

#### **3.1. What are voluntary sustainability standards?**

Voluntary sustainability standards (VSS) are non-governmental regulations that businesses can choose to adopt if they want to engage in business practices that are more sustainable than what is legally required, and be able to credibly communicate these claims to buyers. Often, they are used in global value chains where suppliers are competing to differentiate themselves from one another and contract with (often a few, large) international buyers (Bennett 2025b). Suppliers, such as factories and farms, adopt these standards and hire a third-party auditor to verify compliance. Verified companies can apply for VSS ‘certification’, and this certification can be used to market products to other firms or consumers (Marx et al. 2024).

VSS emerged in the 1990s in response to globalisation, and have proliferated and expanded significantly in the three decades since. Today, about 2% of the world’s agricultural land is certified as sustainable, and this is increasing (UNFSS 2020). Although VSS often fall short of sharing power (Bennett 2017) or distributing value (Grabs 2020), they do, in some contexts, generate outcomes aligned with the sustainable development goals (Bennett 2022; Marx et al. 2024).

#### **3.2. Case selection, data, and methods**

The International Trade Center ‘Standards Map’ database includes nearly 350 VSS, and there are undoubtedly many more (ITC 2024). This study examines a subset of VSS – members of ISEAL, an organisation that aims to support VSS by identifying best practices in standards-setting, verification, and credible claims (ISEAL 2022a). ISEAL members are commonly considered to be among the more credible VSS,<sup>1</sup> as the organisation verifies their compliance with its ‘Codes of Good Practice in Standards-Setting, Assurance and Impacts’ (ISEAL 2022b).

The data for this study were collected in June of 2022. At that time, there were 20 ISEAL members, 19 of which committed explicitly to sustainability or sustainable development in their mission statements<sup>2</sup> Most organisations issue a single standard. For example, the Roundtable on Sustainable Palm Oil has only one certification program for all palm oil producers. However, some organisations issue multiple standards. FairTrade USA, for example, has differentiated standards for agriculture, fisheries, and textiles. This study examines each of the standards issued by all 19 sustainability-focused ISEAL members. The resulting dataset is comprised of 32 standards, which are all publicly available. Additionally, some VSS publish additional documents, such as auditor

guidelines or implementation manuals. This study analysed all 52 documents for each of the 32 standards, as listed in [Appendix A](#).

To evaluate whether each standard engaged EO, broadly defined, the documents were electronically searched for 24 words or phrases: coop, co-op, co-operative, employee owned, employee shareholder, employee ownership, employee-owned, equality, equitable, ESOP, income, payment, profit sharing, profit-sharing, relationship trade, share ownership, shared ownership, shared value, stock, stock ownership, value distribution, value sharing, value-sharing, wealth. The search results were reviewed to evaluate whether the standard suggests, recommends, or promotes EO. The findings are described in the following section.

### 3.3. Findings

The findings of this analysis are summarised in [Table 2](#).

*Do VSS engage EO?* Of the 19 VSS organisations included in this study, only 26% engage EO in their standards. Among their 32 standards, only 25% of VSS engage EO.

*Which VSS engage EO?* Two of the 32 organisations studied explicitly identify with the fair trade movement. The principles of fair trade centre on economic justice, redistribution of value, and alternative business models (Raynolds and Bennett 2015). Most VSS do *not* identify with the fair trade movement. Thus, to more accurately understand how non-fair trade VSS engage EO, the analysis was repeated after removing the two fair trade organisations and their eight standards from the data set. This study shows that both of

**Table 2.** Voluntary sustainability standards and employee ownership.

Voluntary standard-setting organization	Standard	Employee ownership
1 Fairtrade International	1 Contract Production	Cooperative organisation, premium and minimum price
	2 Gold/Precious Metals	Democratic management, premium and minimum price
	3 Hired Labour	Worker association, premium and minimum price
	4 Small-scale Producer Organizations	Democratic cooperative organisation, premium and minimum price
	5 Textiles/Apparel	Democratic election of worker representatives, living wage
2 Fair Trade USA	6 Agricultural Production	Cooperative organisation, premium and minimum price
	7 Apparel and Home Goods Factories	Organized for community development, equitable distribution of a premium
	8 Capture Fisheries	Democratic management, premium
3 Responsible Jewellery Council	9 Jewellery	Community voice in decisions
4 Roundtable on Sustainable Palm Oil	10 Palm Oil	Participatory decision-making, shared benefits
5 Union for Ethical BioTrade	11 BioTrade	Fair and equitable benefit-sharing

Organizations not found to engage EO in their standards: Alliance for Water Stewardship – water; Aluminium Stewardship Initiative – aluminium; Aquaculture Stewardship Council – aquaculture; Better Cotton Initiative – cotton; Bonsucro – sugar; Forest Stewardship Council – timber; Geo Foundation for Sustainable Golf – golf courses, 3 standards; Gold Standard – gold; LEAF – farm products; Marine Stewardship Council – fisheries; MarinTrust – marine ingredients; Rainforest Alliance – agriculture, 2 standards; Roundtable on Sustainable Biomaterials – bio fuels; Textile Exchange – textiles, 5 standards. (data collected June 2022).

the fair trade VSS organisations (100%) engage EO. The analysis finds that 18% of the non-fair trade VSS *organizations* engage EO in their standards. The study also finds that 9% of the non-fair trade VSS *standards* engage EO in their standards.

*Are VSS organizations that issue multiple standards consistent across those standards?* Yes and no. On one hand, every VSS organisation was consistent in either engaging EO or not engaging EO. For example, all five Fairtrade International standards engaged EO and none of the five Textile Exchange standards engaged EO. At the same time, the organisations that engaged EO in *all* of their standards did so differently in each standard. For example, FairTrade USA mentioned ‘cooperative organizations’ in its agricultural standard; ‘organizing for community development’ in its apparel standard; and ‘democratic management’ in its capture fisheries standard.

*How do VSS engage EO?* The information provided in many of the standards documents did not provide enough detail to accurately assess how, exactly, each VSS engages EO. The available data suggest that nine VSS intend to support both broad distribution of power and sharing of profits. One of the remaining VSS appears to promote shared power but not profit, and the other appears to support shared profit but not power.

### 3.4. Limitations

The findings of this study are based on publicly available standards documents and thus report intentions, not actions. More research is needed to understand whether and how VSS support businesses in adopting these standards. Extant research suggests that it is not unusual for implementation to fall short of what is written in the standard, as is the case for living wages (Bennett 2018).

### 3.5. Generalizing to other VSS

The organisations in this study are likely to be among the most well-governed, transparent, and credible VSS promoting sustainable development. However, there does not seem to be reason to believe that they would be any more or less likely to engage EO than the broader population of VSS. Thus, drawing on insights from this sample, this study can suggest the following:

- (1) It may be uncommon for VSS to engage EO in their standards.
- (2) Fair trade organisations may be more likely to engage VSS than non-fair trade VSS.
- (3) VSS organisations that issue multiple standards may be likely to be consistent in their engagement in EO – either engaging EO in *all* of their standards or *none*.
- (4) VSS organisations that issue multiple standards may be likely to be inconsistent in *how* they engage EO across standards – engaging EO differently in each standard.

## 4. Employee ownership, voluntary sustainability standards, and the SDGs

The research presented in this article suggests that EO has the potential to catalyse progress towards several social and economic SDGs. In particular, the benefits of EO seem to support several targets that are, thus far, not on track for achievement by 2030,

such as SDG 1 (no poverty) and SDG 8 (decent work and economic growth) (Ogisi and Begho 2021). This article also suggests that VSS, a popular tool for implementing the SDGs, often do not engage EO. However, the VSS organisations that *do* engage EO do so across all of their standards. VSS that do engage EO are more likely to be affiliated with the fair trade movement.

*Would VSS engagement with EOs be likely to lead to an expansion of EOs or more support for existing EO firms?* On one hand, there is reason to be sceptical. In many locations and sectors, there are few existing EOs to support. EO firms tend to be concentrated in cities, subnational regions, and countries where legislation is the most favourable (Abell 2014; Palmieri and Cooper 2023). Tax incentives, in particular, explain why ESOPs have emerged in some places but not others (Huertas-Noble 2016; Palmieri and Cooper 2023). There are also legal, regulatory, and cultural barriers to extending some forms of remuneration to foreign nationals (D. L. Kruse, Mazewski, and Scharf 2024). Additionally, EOs interested in expanding or internationalising (e.g. by exporting or shifting production offshore) may find their smaller scale and/or core values present complications (Millstone 2015; Reed 2009; Reed and McMurtry 2009; Utting 2015). Finally, the financial benefits that companies receive by participating in VSS are often too meagre to facilitate even basic sustainable business transformations (Grabs 2020). At the same time, however, the entire purpose and mission of VSS is to create incentives for businesses to adopt practices they otherwise would not, and, in some contexts and under some conditions, they have experienced success (Bennett 2022; Marx et al. 2024).

Further research on EO should aim to identify sectors and regions in which VSS support may be sufficient to catalyse greater uptake of EO models and support for EO firms. Further research on VSS may also aim to better understand the consequences of fair trade certifications' engagement with EO. Given the near horizon of 2030 and the state of sustainable development, this is an urgent research agenda.

## Notes

1. ISEAL's membership requirements are not without critique (e.g. Loconto and Fouilleux 2014).
2. This criterion eliminated only one ISEAL code-compliant VSS organisation. Goodweave's mission is to stop child labour in global supply chains.

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## Appendix Standards documents

VSS Org	Document title
<b>ASC</b>	ASC Social Standards
<b>ASC</b>	ASC Certification and Accreditation Requirements Version 2.0
<b>ASC</b>	ASC Document Masterlist
<b>ASI</b>	ASI Performance Standard – Guidance Version 3
<b>ASI</b>	ASI Performance Standard Version 3
<b>AWS</b>	Guidance Note: Definition of 'Site'
<b>AWS</b>	International Water Stewardship Standard Version 2.0
<b>AWS</b>	AWS Standard Version 2.0 Guidance
<b>AWS</b>	AWS Standard Version 2.0: Scoring Rubric
<b>BCI</b>	BCI Principles and Criteria Version 2.1
<b>BCI</b>	Measuring Cotton Consumption: Requirements & Guidance Version 2.0
<b>Bonsucro</b>	Bonsucro Production Standard Version 5.1
<b>Bonsucro</b>	Bonsucro Production Standard Implementation Guidance Current Version: Version 1
<b>Bonsucro</b>	Bonsucro Certification & Auditing Guidance: Guidance and tools for use by auditors V1
<b>FSC</b>	FSC International Standard: FSC Principles and Criteria for Forest Stewardship
<b>FTI – SPO</b>	Explanatory Document for the Standard for Small-scale Producer Organizations v2.3
<b>FTI</b>	Explanatory Document for the Fairtrade Premium Committee in Hired Labor Situations
<b>FTI</b>	Fairtrade Standard for Gold and Associated Precious Metals for Artisanal and Small-Scale Mining v1.2
<b>FTI</b>	Living Wage Explanatory Document for Fairtrade Textile Standard
<b>FTI</b>	Fairtrade Standard for Contract Production v1.4
<b>FTI</b>	Explanatory Document for the Fairtrade Standard for Hired Labour
<b>FTI</b>	Fairtrade Standard for Hired Labour v1.8
<b>FTI</b>	Standard for Small-scale Producer Organizations v2.5
<b>FTUSA</b>	Agricultural Production Standard Version 1.2.0
<b>FTUSA</b>	Capture Fisheries Standard Version 2.0.0
<b>FTUSA</b>	Factory Standard for Apparel and Home Goods Version 1.4.0
<b>FTUSA</b>	Factory Program Guidebook for Apparel and Home Goods
<b>GEO</b>	Voluntary International Certification Standard for Golf Facility Operations
<b>GEO</b>	Sustainable Golf Development: Voluntary Sustainability Standard 2nd Edition
<b>GEO</b>	Sustainable Golf Tournament: Voluntary Sustainability Standard 1st Edition
<b>Gold</b>	Gold Standard for the Global Goals: Principles & Requirements Version 1.2
<b>Gold</b>	Gold Standard for the Global Goals: Safeguarding Principles & Requirements Version 1.2
<b>LEAF</b>	LEAF Marque Standard Version 15.0 Checklist
<b>LEAF</b>	LEAF Marque Standard Version 15.0
<b>Marin</b>	Responsible Supply of Marine Ingredients: Standard for Responsible Supply Version 2.0
<b>MSC</b>	DRAFT MSC Guidance to the Fisheries Standard
<b>MSC</b>	DRAFT MSC Fisheries Standard
<b>RA</b>	Rainforest Alliance Sustainable Agriculture Standard: Farm Requirements Version 1.1
<b>RA</b>	Rainforest Alliance Sustainable Agriculture Standard: Supply Chain Requirements Version 1.2
<b>RJC</b>	Code of Practices: Standard
<b>RJC</b>	Code of Practices: Guidance
<b>RSB</b>	RSB Principles & Criteria
<b>RSPO</b>	RSPO Independent Smallholder Standard for the Production of Sustainable Palm Oil 2019
<b>RSPO</b>	RSPO Supply Chain Certification Standard for Organizations Seeking/Holding Certification 2020
<b>RSPO</b>	RSPO Principles & Criteria for the Production of Sustainable Palm Oil 2018
<b>TE</b>	Organic Content Standard 3.0
<b>TE</b>	Global Recycled Standard 4.0
<b>TE</b>	Responsible Wool Standard 2.2
<b>TE</b>	Responsible Mohair Standard 1.2: User Manual
<b>TE</b>	Responsible Down Standard 3.0
<b>UEBT</b>	Ethical Biotrade Standard July 2020