

RESEARCH ARTICLE



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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Employee ownership may generate benefits that promote 5 SDGs and 9 SDG targets

2015 UN Sustainable Development Goals	Specific SDG Targets
1. No poverty	1.5 Resilience to disaster
8. Decent work / economic growth	8.1 Economic growth 8.2 Economic productivity 8.5 Full employment and decent work 8.8 Labour rights / safe working environment
10. Reduced inequalities	10.1 Income growth of bottom 40% 10.2 Income distribution
16. Peace, justice, and strong institutions	16.b Non-discriminatory laws
17. Partnerships for the goals	17.1 Domestic resource mobilization (tax)

How do voluntary sustainability standards (or “eco-labels”) engage employee ownership?

Standard-Setting Organization		Standard and its Engagement with Employee Ownership	
1	Fairtrade International	1	Contract Production - Cooperative organization, 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 organization, premium and minimum price
		5	Textiles / Apparel - Democratic election of worker representatives, living wage
2	Fair Trade USA	6	Agricultural Production - Cooperative organization, 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
<p>VSS that do not appear to engage EO in their standards: Alliance for Water Stewardship, Aluminum Stewardship Initiative, Aquaculture Stewardship Council, Better Cotton Initiative, Bonsucro, Forest Stewardship Council, Geo Foundation for Sustainable Golf, Gold Standard, LEAF, Marine Stewardship Council, MarinTrust, Rainforest Alliance, Roundtable on Sustainable Biomaterials, Textile Exchange (data: June 2022)</p>			

Findings about voluntary sustainability standards (“eco-certifications”) and employee ownership:

1. It may be *uncommon* for VSS organisations 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 whether they engage 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.