Journal of Business Ethics (2019) 160:913–936
https://doi.org/10.1007/s10551-018-3924-0

ORIGINAL PAPER

Employees as Conduits for Effective Stakeholder Engagement: An Example from B Corporations

Anne-Laure P. Winkler[1] · Jill A. Brown[2] · David L. Finegold[3]

Received: 29 June 2017 / Accepted: 11 May 2018 / Published online: 1 June 2018

Abstract
Is there a link between how a firm manages its internal and external stakeholders? More specifically, are firms that give employees stock ownership and more say in running the enterprise more likely to engage with external stakeholders? This study seeks to answer these questions by elaborating on mechanisms that link employees to external stakeholders, such as the community, suppliers, and the environment. It tests these relationships using a sample of 347 private, mostly small-to-medium size firms, which completed a stakeholder impact assessment organized by the non-profit B Lab. The results support the hypotheses that both employee ownership and employee involvement are positively associated with external stakeholder engagement. Further, we found that certification plays a role, as employee ownership contributes to external stakeholder engagement only in certified B Corporations, and not in firms that merely completed the B Lab Impact assessment. Our findings have import for stakeholder engagement frameworks, as we show that there is interplay between internal employee stakeholders and external stakeholders that may be important to overall firm–stakeholder management.

Keywords Stakeholder engagement · Employee ownership and employee involvement · B Corporations and certification.

Introduction

It's My Company

> If it were your company, what would you do? Look for ways to be less wasteful, be more efficient, recycle and reuse? Yep. It's infectious. Once you start thinking of ways to make your company better, you can't stop. And, like all responsible business owners, it's important to know your bottom-line, barrels, and books.
> New Belgium Brewery, B Corporation and 100% employee-owned[1]

When Jeff Lebesch and Kim Jordan founded New Belgium Brewery over 25 years ago in Colorado, their goals were to make world-class beer and minimize the firm's environmental footprint. As they grew, they shared ownership with their partners as they felt it was the "right thing to do."[2] In 2012, Jordan, still serving as the firm's CEO, expanded on this logic in what is now the U.S.'s third largest craft brewer, introducing an Employee Stock Ownership Program (ESOP) to make the firm 100% employee-owned.

Is New Belgium Brewery an outlier in making employees shareholders and putting them at the center of the organization's focus, while also emphasizing the environment? As primary and internal stakeholders who are essential to firm success, it is not surprising that employees are a key factor in effective stakeholder management (Freeman et al. 2010), and an important aspect of a firm's overall CSR strategy (Morgeson et al. 2013). What *is* surprising, however, is the

✉ Anne-Laure P. Winkler
awinkler@baruch.cuny.edu

Jill A. Brown
jbrown@bentley.edu

David L. Finegold
Finegold@Chatham.edu

1 Loomba Department of Management, Zicklin School of Business, Baruch College, City University of New York, 55 Lexington Avenue, B9-240, New York, NY 10010, USA

2 Bentley University, 175 Forest St., Waltham, MA 02452, USA

3 Chatham University, Woodland Rd., Pittsburgh, PA 15232, USA

1 http://www.newbelgium.com/brewery/company/history, June 2017.
2 ibid.

scant attention given to employees' role in helping the firm manage and engage with external stakeholders effectively. Research has shown that investing in primary stakeholders like employees can lead to valuable competencies that are important to competitive advantage (Hillman and Keim 2001)—pointing to their internal benefits to the firm. However, employees have also been seen to share similar CSR values to those of customers and other external stakeholders (Mason and Simmons 2014), indicating their relational benefits that extend outside the firm. Therefore, it is logical that employees might be important in managing and engaging with external stakeholders effectively. However, it is unclear how they do this, and how the firm can facilitate this.

The stakeholder engagement literature focuses on the practices that an organization undertakes to involve stakeholders in a positive manner in organizational activities (Greenwood 2007; Phillips 1997). As noted by Greenwood (2007, p. 318), the historical focus of stakeholder engagement has been on the attributes of organizations or the attributes of stakeholders to the neglect of the attributes of the relationship between organizations and stakeholders. We address this gap by looking at the interplay between one type of internal stakeholder, employees, and external stakeholders by examining whether employee ownership and involvement leads to greater firm external stakeholder engagement. Studies have examined employee-centric outcomes, such as employees' attraction to firms that exhibited higher corporate social performance (CSP) (Turban and Greening 1997), or higher organizational commitment (Brammer et al. 2007), but few studies have looked at their role as conduits for engagement with external stakeholders. Therefore, the question remains, how might we conceive the role of the employee not merely as a receiver of CSP but as a key generator, enabling the firm to engage more responsibly with its external stakeholders?

To answer this question, we look at two related, but different constructs that have been seen to motivate employees to perform better individually and to enhance company performance: employee ownership (EO) and employee involvement (EI). Employee ownership includes the many ways that employees (beyond top management) can own stock in their companies, but it operates as both a formal (objective) and a "psychologically experienced" phenomenon (Pierce et al. 1991, p. 124) that can improve performance. Employee involvement in decision making, including participation, teamwork and communications, offers the means for employees to identify with an organization's climate and influence organizational processes (Sharif and Scandura 2014; Wallace et al. 2016). Both EO and EI are also related to relevant psychological and sociological mechanisms, such as information sharing, psychological ownership, employee identity, legitimacy, motivation to engage, ethical leadership and employee work meaningfulness, that provide mechanisms through which the firm might attain financial and social performance (Pierce et al. 1991). Drawing on actors' multiple psychological motives for CSR (Aguilera et al. 2007), we posit that there are instrumental, relational, and even moral motives by which employees with EO and EI might be incentivized to engage with external stakeholders.

We empirically test our relationships by looking at a sample of firms—B Corporations—that make social responsibility a core part of their operating principles. B Corporations are a distinct type of corporate entity that commit to provide benefits for all stakeholders, and not just shareholders. In order to retain this status, B Corporations must report and meet minimum standards for their social performance based on a rigorous assessment certified by the non-profit B Lab.

Our paper provides a contribution to several literatures. First, regarding the stakeholder literature, we address some of the shortcomings in the stakeholder engagement literature by focusing on the relationships that span internal and external stakeholder groups (Frooman 1999; Greenwood 2001). This also answers the call for a more "inside-out perspective" on stakeholder management that might account for variance in firms' attention to stakeholders (Crilly and Sloan 2012). Second, we contribute to the newer strain of stakeholder management that suggests a more systems approach to understanding effective CSR and stakeholder management (Mason and Simmons 2014), with an orientation towards understanding how internal and external stakeholders interact for better overall firm performance. Third, we expand the EO and EI literature to a new context, touching those elements of CSR and effective stakeholder management that are arguably neglected in these literatures (Morgeson et al. 2013). Finally, we explore the emerging alternative corporate form of B Corporations and the different levels of commitment to stakeholder engagement evidenced by the different outcomes for certified versus non-certified B corporations. In sum, our manuscript provides a new way of looking at employees and their roles in external stakeholder engagement.

Theoretical Development and Hypotheses

Employees as Conduits for a Firm's Stakeholder Engagement Practices

The concept of stakeholder engagement has been described as something that "can mean many things to many people," but has been generally defined in corporate social responsibility (CSR) and stakeholder theory literature in terms of the practices that an organization undertakes to involve stakeholders in a positive manner (Greenwood 2007, p. 318). There has been some debate as to the moral nature of stakeholder engagement by a firm (i.e., issues of duties, rights, obligations, justice, etc.), particularly in contrast to the strategic nature of engagement, but there is common understanding that businesses must do more than just interact with their stakeholders, to identify the ways their actions may affect each other (Noland and Phillips 2010). Stakeholder engagement therefore is part of a stakeholder approach to CSR that addresses firm–stakeholder relationships as assets that managers must manage (Jamali 2008; Post et al. 2002). It is more than simply managing expectations between stakeholders; rather, it is about creating a network of mutual responsibility (Manetti 2011; Andriof et al. 2002). Hence, stakeholder engagement is a vital part of a firm's stakeholder management and CSR practices.

For the most part, the literature focuses on stakeholder engagement at a broad level, identifying levels of stakeholder engagement by communication, dialogue and exchange (Greenwood 2007), as well as by engagement postures that range from informing and explaining information at a low level, to active and/or responsive efforts to involve stakeholders in company decision making at a high level (Carroll et al. 2017; Friedman and Miles 2006). References to stakeholder engagement are very much part of the sustainability reporting literature, where it is framed as a mechanism to define the relevance and materiality of information for the reporting process (Manetti 2011). However, while the literature has evaluated many institutional and organizational predictors of stakeholder engagement, few articles look at individual- or group-level antecedents specific to stakeholder groups. In fact, in their comprehensive review and content analysis of the CSR literature, Aguinis and Glavas (2012) found that only 4% of the articles examine individual-level antecedents, such as employees, to any CSR activity, including stakeholder engagement. When it comes to employees, rather than evaluating predictors of successful employee–firm interactions, most studies have focused on the positive impact of stakeholder-oriented CSR on employees (Jones 2010; Maignan et al. 1999) or prospective employees (Turban and Greening 1997).

Yet, employees can play a unique role in transcending internal and external firm–stakeholder relationships. Employees can be motivated to interact with external stakeholders based on their values and needs. For example, there is some evidence that employees are likely to treat customers well if the organization treats their employees well (Chuang and Liao 2010; Liao et al. 2009; Schneider and Bowen 1985). Liao et al. (2009) show how psychological empowerment and positive organizational support mediate the relationship between good HR practices (specifically employee-perceived High-Performance Work Systems) and good customer treatment (employee service performance). In another study, Ramus and Steger (2000) found a positive relationship between employees and their ability to affect the natural environment when they perceive positive signals from their supervisors. Hence, the benefits of good employer–employee relationships appear to extend beyond internal benefits to help the firm with effective stakeholder management.

So why has there been such little attention to the role that employees play as a conduit for a firm's orientation towards external stakeholders? Korschun (2015, p. 641) argues that stakeholder theorists have not developed tools to "delve deeper into how employees interpret and act on their understanding of the organization and its stakeholders." To address this, Korschun (2015) adopts a social identity lens to predict that employees tend to engage in adversarial rather than cooperative exchange behaviors with external stakeholders. Marens (2008) argues that researchers like Goodstein and Wicks (2007) focus more on the role of employees in improving a firm's ethical performance, rather than viewing employees as stakeholders who add value on their own and may be important to other relationships. More broadly, Crilly and Sloan (2012) argue that too often stakeholder salience is focused on exogenous influences and an "outside-in" perspective, without appreciating the importance of an "inside-out" perspective on the attention of a firm to its stakeholders.

It is with this view that we highlight the role of employees as key players in external stakeholder engagement. Employees are the recipients of work practices that may transform how they relate to the firm's other stakeholders depending on their perceptions and needs. Employees have instrumental, relational and moral motivations to do this, in accordance with multiple needs theory (Aguilera et al. 2007) that may be seen through the constructs of employee ownership and involvement.

From an instrumental perspective, employees may be incentivized to align their interests with external, non-employee shareholders, for example, when they are provided ownership and/or encouraged to participate actively in firm decision making, which offers employees some measure of control. On the relational side, employees might fulfill a need for belongingness when they can identify with a firm that cultivates positive relationships with its network of stakeholders. Employee ownership and involvement tap into the "roots of psychological ownership" (Pierce et al. 2001) to facilitate this. From a moral perspective, employees are situated to form a "mutually beneficial and just scheme of cooperation" with stakeholders (Phillips 1997, p. 54) that supports a relationship of trust (Greenwood 2007). This moral component further corresponds to employees' needs for meaningful existence (Aguilera et al. 2007).

As noted above, we examine two related, but different constructs that have been seen to motivate employees to perform better individually and to enhance company performance: employee ownership (EO) and employee involvement (EI). Both EO and EI are related to psychological and sociological mechanisms, such as information sharing, psychological ownership, employee identity, legitimacy, motivation to engage, ethical leadership and employee work meaningfulness, that provide mechanisms through which the firm might attain financial and social performance (Pierce et al. 1991). Employee ownership and involvement, in principle, give employees additional rights beyond those normally expected by employees (Rousseau and Shperling 2003) and provide opportunities for the development of trust and aligned interests.

While at first glance, these constructs might appear to orient employees towards a more shareholder orientation of the firm at the expense of a broader stakeholder orientation (Donaldson and Preston 1995)—or even induce tensions between internal and external stakeholders, we argue that this is not the case because employees are more likely to have direct relationships with other stakeholders and share/transfer knowledge in the complex array of a stakeholder network (Rowley 1997). As noted by Ghoshal (2005), an agency interpretation of the employee/shareholder relationship is much more complex, as "shareholders can sell their stocks far more easily than most employees can find another job" (p. 80). Employees carry more risk and contribute valuable knowledge skills, and abilities that are "typically more important" than the contributions of capital by shareholders (Ibid.). In this respect, employees who are involved and have ownership in the firm may be uniquely positioned, and uniquely committed to help engage effectively with external stakeholders because they understand the importance of such engagement. Employees are important to the normative model of intrinsic stakeholder commitment because firm decisions directly affect them (Berman et al. 1999). Hence, while on the surface the pursuit of EO or EI might be in tension with the pursuit of stakeholder engagement, we show how EO and EI may facilitate stakeholder engagement—to help breed the interconnectedness and even dependence of different stakeholders in the "stakeholder interpretation of the firm" (Wicks et al. 1994) that is a necessary part of strategy building (Noland and Phillips 2010). We elaborate on these two key employee practices below.

Employee Ownership

Employee ownership within private or public companies can be categorized in four main categories: (1) Employee stock ownership plans (ESOPs)—where typically the employee is granted the stock, (2) Broad-based individual equity plans such as stock options, (3) 401(k) plans primarily invested in employer stock—where employees buy the stock with wages or savings for some matching shares from the firm, and (4) Employee stock purchase plans (ESPPs)—whereby employees generally buy company stock at a 15% discount to market. Worker cooperatives are a distinct form of employee ownership where employee–owners have an equal vote in key decisions for running the co-op. By far the most common form of employee ownership in the United States is the ESOP.

In their seminal conceptual model on the processes and effects of employee ownership, Pierce and colleagues (1991) note that the benefits of employee ownership have been highlighted since the early 1900s. Many studies emphasize EO's positive effects on employee attitudes and behaviors that translate into better individual and firm performance (Kaarsemaker et al. 2010, Kruse and Blasi 1997; Kruse 2002; Kruse et al. 2008). The central theme of this research is that when employees are given the opportunity to own stock they enjoy the opportunities that come with the right to equity—including the ability to gather information and influence others. These opportunities translate into employees' psychological commitment to the organization, encouraging them to engage in better work processes. With the possible exception of work by Erdal (2011), who evaluated the effects of cooperatives on the community, there is a paucity of research on the effects of employee ownership on external actors.

From an instrumental perspective, we have noted that employees who own shares are financially incentivized to align their interests with external non-employee owners. The logic for this goes back to Smith (1776), who was skeptical of corporations because their members could no longer keep an eye on each other and feel responsible for the overall result—as they might do in partnerships. Employee stock ownership plans change the traditional corporate arrangement by shifting responsibility back to the center of the company's management hierarchy, aligning the agent's interests with those of the principal through monitoring and incentives (Monks and Minow 2011). Thus, employees are motivated to engage with all stakeholders—as in the instrumental stakeholder view, where minding your stakeholders is linked to the creation of value and profits (Harrison and Wicks 2013).

According to Greenwood (2007), stakeholder engagement may be seen as a mechanism for consent, control, cooperation, trust and/or accountability, corporate governance and/or a discourse to enhance fairness amongst stakeholders. It is easy to see how employee ownership might incentivize employees to address some of these issues and operate as a conduit for stakeholder engagement. Formal ownership is an antecedent to the psychological ownership an employee may have with a firm; and as a result, employees feel a sense of commitment to the organization that shapes their attitudes, motivational and behavioral responses (Pierce et al. 1991). Ownership creates the impression for employees that they have a voice in bringing about organizational change (Hammer et al. 1981). It is also not uncommon for the employee–owner to equate ownership with governance

(Hammer and Stern 1980). Hence, employees may feel comfortable engaging with a variety of stakeholders, both internal and external to the firm, given their expectations about property rights and ownership claims.

Employee ownership is also associated with employees' longer-term view of the firm and an awareness of the importance of external stakeholder engagement to the survival of the firm. First, employees have jobs that are tied to the firm, thus they do not have the same flexibility as external shareholders to "exit almost freely" (Freeman and Evan 1990, p. 344). Therefore, employees may have a greater appreciation for the community of stakeholders that represent the firm's interests, rather than a myopic view of the firm that may be associated with more short-term, or transactional stakeholders. In fact, employee ownership is associated with enhanced psychological ownership that can shape the beliefs individuals have regarding the content of and distance between their roles (Rousseau and Shperling 2003, p. 563). Further, as a group, employee owners can be considered as evidence of *patient capital*, which refers to investments made by stakeholders who are willing to take a long-term view (Rousseau and Shperling 2003, p. 565; Smith et al. 2000). In fact, recent accounting research finds that higher levels of non-executive employee stock ownership are related to lower corporate risk (Bova et al. 2015), itself a marker of a longer-term outlook. In sum, it is more likely that workers within an employee-owned firm will adopt a long-term view, which is aligned with a longer-term view necessary to engage external stakeholders effectively.

Hypothesis 1 Employee ownership (EO) is positively associated with external stakeholder engagement.

Employee Involvement

While employee ownership offers the incentive for employees to care about the firm's external stakeholders, employee involvement in decision making offers them the *means* to do so. Employee involvement captures different degrees of employee participation in decision making in the organization. At the job level, this represents information sharing and employee involvement in the decisions that affect job tasks (e.g., Kruse et al. 2012; Pendleton and Robinson 2010). However, EI can also include employee voice in the governance of the firm (e.g., Mackin and Freundlich 1995), and/or participation in decision making at the highest level in a full workplace democracy such as in a cooperative (e.g., Ellerman 1992).

Employee involvement has been seen to meet employees' essential workplace needs by allowing them to thrive and capitalize on their innate desires for personal growth, sense of choice and personal initiative (Deci et al. 1989; Wallace et al. 2013). Employee involvement is important to the stakeholder engagement process because employees are in a unique position to have high engagement with external stakeholders based on their active processes of communication, dialogue and exchange (Greenwood 2007, p. 322). In particular, two processes are activated through employee involvement—a relational mechanism and a long-term mechanism.

The relational motive for employees to engage effectively with a firm's external stakeholder, according to Aguilera et al. (2007, p. 842), explaining that employees stem from individuals' need for belongingness, the desire to be legitimate members of valued social groups. Thus, when activating a relational mechanism, employees would rather belong and identify with a firm that cultivates positive relationships with its network of stakeholders. In turn, with the opportunity to be involved, employees can have an impact on how external stakeholders are engaged. In a control type of environment, managers lead practices; however, in a firm that favors involvement, employees become themselves part and parcel of how external stakeholders are treated and engaged.

Further, when employees are encouraged to have greater involvement, they may be more inclined to use their voices to attempt to repair or improve the relationship with their employer and/or external stakeholders, rather than resorting to the exit mechanism of simply leaving the firm (Crilly and Sloan 2012; Hirschman 1970). Thus, the ability of involved employees to envision a long-term view matters in itself—as it is aligned with long-term outcomes and relationships with external stakeholders—but also fosters the opportunity to use voice to actively propose solutions that will improve engagement with stakeholders. In sum, relating positively with a customer, impacting a community, preserving the environment, sourcing from local suppliers are all outcomes that an employee may be just as motivated to support if not more so than mere financial outcomes.

Hypothesis 2 Employee involvement (EI) is positively associated with external stakeholder engagement.

The Synergistic Effects of Employee Ownership and Employee Involvement

Theoretically, both employee ownership and employee involvement are different facets of the same coin, belonging to the same overarching theme of employee participation in the firm. Prior research has shown that there may be joint effects of ownership and involvement that can contribute to better employee and firm outcomes (Ben-Ner and Jones 1995; Kruse and Blasi 1997; Kruse et al. 2010; Blasi et al. 2016). Specifically, research points to the coexistence of employee ownership practices alongside other HR practices that relate to employee involvement in decision making (Kroumova and Lazarova 2009; Kaarsemaker and Poutsma

2006). In particular, recent experimental, survey-based and comparative research provides causal evidence in support of joint effects (e.g., Blasi et al. 2016; Mellizo 2013).

The relationship between employee ownership and involvement is synergistic in that when employee ownership motivates employers to share, and workers to partake of ownership and related privileges, then interests align across investors, managers and employees (Rousseau and Shperling 2003). When rights and privileges can be bundled, including residual control rights, a right to share in the company's profits, access to information on company finances and operations, and rights to participate in the management of the company, an affective relationship between managers and employees is created—different from one that it exists in ownership or involvement programs alone (Marens et al. 1999). The bundle of rights and privileges form the basis for trust between employees and owners (Rousseau and Shperling 2003), which provide employees with a measure of control that makes them feel empowered to engage with stakeholders. Similar to findings on "high involvement" firms (Lawler 1992), employee ownership (as a reward) may combine with employee awareness about the company (information about the company, knowledge that allows them to contribute, and power to make decisions) to feel comfortable involving stakeholders in a positive manner.

From the psychological ownership literature (Pierce et al. 1991), the combination of stock ownership and involvement, creates a shared responsibility with management. There are rights and responsibilities for both employees and the firm (which is often represented by the managers and executives). Employees may have rights (to the returns of the organization) but they also have responsibilities to be involved in ways that enhance the benefits to the organization. Ownership entails cooperative behavior, and willingness to enable the goals of the organization. This is a strong foundation for aligning with engaging with external stakeholders, as the participative process enhances the employee's sense of identification with the goals and values of the organization (Pierce et al. 1991, p. 132).

Erdal (2011) provides numerous company case studies, such as Litecontrol, John Lewis Partnership, and the Mondragon cooperatives, in order to show how the combination of broad employee ownership and involvement structures lead to higher firm performance and employee satisfaction. Erdal (2011) also argues that broad employee ownership coupled with appropriate involvement structures will balance the power between employees and managers, allowing the former to truly contribute, for organizational benefit and for individual benefit, for employees to fully flourish. Quoting Mackin, Erdal notes (2011, p. 215): "A democratic firm properly structured has the best chance of being a community of equals, but only if you really understand power in organisations and the challenge of the relatively unpowerful and the less educated."

Thus, it is expected that a structure that favors employee involvement would impact how external stakeholders are also treated. The combination of employee ownership and practices enabling strong employee involvement may also facilitate relationships with the firm's external stakeholders that are based on long-term, open, and trust-based qualities. It therefore becomes crucial for employees to believe that the firm they own and work for also relates positively with its stakeholders, in order to preserve a positive self-identity. In sum, we hypothesize that employee ownership and involvement, with their bundled rights and privileges and relational benefits, may work together to enhance external stakeholder engagement, and specifically, that employee involvement will moderate the EO-external stakeholder engagement relationship:

Hypothesis 3 Employee involvement strengthens the relationship between employee ownership and external stakeholder engagement.

As noted in the introduction, B Corporations are unique in their broader mission that includes having a positive impact on its stakeholders and broader society. To demonstrate this commitment, B Corporations are required to meet performance and legal requirements. To meet the latter, if located in the 30 states that have passed benefit corporation legislation, companies need to elect benefit corporation status in their governing documents.[3] The double requirement thus bakes the sustainability into the practices of the company as well as its culture and corporate level decision-making processes. Indeed the legal amendment allows the company to consider the interests of all stakeholders, not just shareholders. The literature on B corporations has identified that there may be contextual differences between certified and non-certified B corporations that are important to organizational outcomes. For example, Gehman and Grimes (2017), noting that category membership offers a means to define an organization's identity, show that B corporation certification offers its members a way to highlight the distinctiveness of its values and practices as a "subordinate category" of the general B corporation structure. This seems to play out in practice as well, as the certification process has been seen as a distinguishing evaluation program for B corporations that can help institutional investors evaluate the impact of a company's CSR initiatives (Wilburn and Wilburn 2014). The legal requirement that accompanies certification—and in particular Benefit Corporation status—may reduce

[3] https://www.bcorporation.net/become-a-b-corp/why-become-a-b-corp/protect-your-mission.

confusion about what the firm stands for to both internal and external stakeholders (Rawhouser et al. 2015, p. 25).

Given that stakeholder engagement requires a type of interaction that is both strategically and morally grounded (Noland and Phillips 2010), and requires honest flow of information between stakeholders, it is logical that the relationship between employee ownership (EO) and external stakeholder engagement will be stronger within firms that gain B Corp certification than within non-certified B corporations. We previously established that employee ownership facilitates both formal and psychological ownership that affects employee perceptions and attitudes. One of the preconditions to these ownership effects is the cultural norms of the organization that shape people's expectations about the way things are supposed to be (Pierce et al. 1991, p. 127). These organizational norms include a sense of legitimacy to share in the equity of the organization, management's philosophical commitment to employee ownership and its form, the degree to which employees approach ownership with a (non) investment orientation, and the context out of which the plan originates. It is obvious that companies who pursue certification under the B corporation scheme have an organizational commitment to these conditions by virtue of their pursuit of a higher evaluative threshold. As noted by Gehman and Grimes (2017), the B Lab operates as a powerful categorizing agent in making this distinction and granting category membership to organizations that uphold the category's standard (Grimes 2010). Because the certification program brings a set of organizational norms and standards that support stakeholder engagement, it follows that the relationship between employee ownership and external stakeholder engagement will be stronger in certified B corporations:

Hypothesis 4 The relationship between employee ownership (EO) and external stakeholder engagement is stronger within firms that gain B Corp certification than within non-certified firms.

Methods

This study focuses on a sample gained thanks to B Lab that offers a unique and novel terrain for the key variables of interest to this study: employee ownership, employee involvement, and external stakeholder engagement. B Lab is a non-profit organization behind certified B Corporations and benefit Corporations that seeks to use business as a force for good. B Lab has a three-pronged approach to support what it calls the B Corp community: through certification, legislation, and impact measurement.

Both benefit corporations and certified B Corporations tend to be called B Corps—whereby "B" can stand for "better" or "benefit." They share a common goal to "provide benefits for all stakeholders not just shareholders," yet they are distinct. Benefit corporations represent a legal status administered by the state, while certified B Corporations gain certification by achieving high standards of environmental and social metrics set by the non-profit B Lab.[4] The B Lab sample of this study focuses on the latter population of certified B Corporations, as well as those who aspire to gain certification.

As of March 2018, B Lab counted 2,441 certified B Corporations in over 50 countries and 130 industries,[5] which are all privately owned, save a handful of notable exceptions such as Ben Jerry's B Corp certified since 2012 as a division within Unilever, Plum Organics—acquired by Campbell's in June 2013 (Schwartz, 2014), and Etsy which became public in April 2015. There are several common features of almost all the firms in the B Lab sample: a private governance structure, the adoption of a common goal and mission statement (to be a force for good in business), and a relatively similar size. These constitute three key variables that shape a firm's behavior (Kotter and Heskett 1992). Indeed the private structure and size are elements of the business context, shaping the particular competitive environment of the firm. The common goal and mission statement underlies a common thread in the leadership and culture of the different members of B Corp community. The relative homogeneity of this sample can thus help to isolate the key relationships of interest: the relationship between employee ownership, employee involvement, and external stakeholder engagement.

The B Corp community further offer a unique context to study the relationships between internal and external stakeholder engagement. All of the B Corps, save a handful of exceptions, are private, and small to medium in size. In smaller and private companies, the ownership is visible and responsibility can be more directly traced and manifested. These offer the terrain for 'real' employee ownership, which encompasses a share in the returns as well as how the business is run (Kaarsemaker and Poutsma 2006). Firms with employee ownership and employee involvement would thus not be plagued with the issue of co-workers shirking—or the '1/N' problem as economists frame it. Thus, the B Corp community offers a relevant breeding ground for employee shareholder-driven stakeholder engagement. As developed in the theory section, employees have complex motives that go beyond instrumentality, to encompass relational and moral motives as well.

Additionally, evaluating employee ownership in a subset of comparatively more responsible companies provides

[4] http://benefitcorp.net/businesses/benefit-corporations-and-certified-b-corps, June 2017.

[5] http://www.bcorporation.net, March 2018.

two particular advantages. First, the opportunity to compare and contrast two types of similar company universes such as the certified B Corps and the Other Sustainable Businesses, helps maintain sufficient variation in the dependent variable of responsible stakeholder management. Second, the more homogenous sample of companies from B Lab, makes it easier to control for other unobserved variables, allowing to test more directly the relationships of interest. Thus, while there is some selection bias created by firms choosing on their own to complete the initial B Impact Assessment, such study represents a stronger test of the proposed relationships within a subset of more responsible firms than the general population. Our approach can be compared to the one Blasi and colleagues (2016) adopted by studying the variation in employee compensation and managerial practices, and how these influenced outcomes in a self-selected group of firms that apply to be the "100 Best Companies to Work For."

Sample Construction

The B Lab sample consists of an initial pool of 1413 private corporations assessed at year-end 2012, and made up of mostly small to mid-size firms that voluntarily completed a 'B Impact Assessment' across the following 'impact areas': workers, community, environment, and governance. The assessment is voluntary and freely administered by B Lab. Out of the initial 1413 firms, 581 sought "formal" review, whereby B Lab audited the firm's self-assessment for a fee. Of the reviewed firms, 417 obtained B Corporation certification by clearing the hurdle of 80 points (out of 200) across the different impact areas. The leftover pool of non-certified firms, whether reviewed or not, is called other sustainable businesses (OSBs) by B Lab.

In order to construct our study sample, we eliminate those firms that did not have a complete impact assessment and did not provide scores on all of our theoretically relevant stakeholder questions. Our study followed a listwise deletion approach by deleting firms with missing values, and thus keeping only those firms that had answered all the relevant stakeholder questions. While listwise deletion can present problems of external validity and generalization (Acock 2008, p. 171; Allison 2001), it is the most suitable method for this study, as it allows working with the same sample of 347 firms across all analyses, unlike pairwise deletion, which would provide different sample sizes and error terms.

The final study sample of 347 firms is fairly balanced between the 140 certified B Corporations and 207 non-certified firms, thus providing an interesting level of variation. The sample comprises all three sectors (manufacturing, wholesale, and service) with a strong predominance of the service sector (75%). While exact industry and region membership was not provided for the B Lab sample in order to preserve firm anonymity, certified B Corps represent a wide array of 60 industries and US regions.[6]

The B Impact Assessment offers both an accessible and reliable process. Various company representatives are able to complete the assessment online.[7] Gaining input from companies that are gaining certification, and ones that have been certified, we confirmed variation in the actual practice of who completes the assessment, based on personal email between March 16–18 with Mark Starik, founder of Always Be Sustaining pending B-Corp, and with Jean Calleja, co-owner of The Eco Laundry Company. Within a smaller company, the CEO may complete the assessment, while for a larger firm, the different sections of the assessment may be completed according to areas of expertise such as the marketing or the HR representative. Despite the variation in input, the process is set up with various phases to ensure reliability. First, there are clear and specific guidelines for companies to enter information on their practices, and which are specific per industry and company size. Second, our data for this study comprises only companies that have completed the assessment. In this process, companies are asked to provide supplementary documentation on randomly selected questions answered in the affirmative, to back-up their practices. A formal assessment review is conducted with a B Lab staff member. For companies that are certified, further background checks are conducted, and a full in-depth on site review is conducted on a random selection of 10% of the companies.[8]

Operationalization of Variables

In order to provide both transparent and theoretically meaningful measures, we developed an index of stakeholder engagement based on the pool of 416 questions in the B Impact Assessment on firms' stakeholder dimensions in the following areas: Employee, Supplier, Community and Environment. Certain areas are further subdivided into more components—i.e., a sub-dimension of questions on "Community" (per the B Lab label) relates more specifically to suppliers. This study retains a meaningful set of 69 unique questions across all stakeholders.

Firms complete the B Impact Assessment internally and it evaluates the impact areas through the existence of practices (e.g., full array available of employee healthcare benefits)

[6] http://www.bcorporation.net/news-media/annual-report-2012, June 2013.

[7] https://www.bcorporation.net/become-a-b-corp/how-to-become-a-b-corp/performance-requirements, March 2018.

[8] https://www.bcorporation.net/become-a-b-corp/how-to-become-a-b-corp/performance-requirements, March 2018.

and actual results/behaviors (e.g., percentage of employees that had participated in company organized community service last year). This study's index creation follows an additive approach (e.g., Batt 2002; Huselid 1995; Ichniowski et al. 1996; MacDuffie 1995; Pendleton and Robinson 2010) and aggregates the relevant questions related to a given stakeholder. The more the practices focused on a specific stakeholder, the more committed the firm is likely to be to the corresponding stakeholder. Following the argument developed by Jiang and colleagues (2012) for HR practices, the additive approach is even likely to underestimate the synergistic and multiplicative effect of stakeholder practices.

The survey questions are of three types: (1) dichotomous (yes/no), (2) scale-like with varying but equal increments, ultimately rescaled to fit within a comparable (0–1) scale, and (3) multi-pick questions with multiple answers, each given the same weight, and where the highest score of 1 goes to the firm checking all the answers for that question. The questions are illustrated in each stakeholder index table.

While B Lab itself gave different weighting to the different questions within their own indexes, this study retains a theoretically meaningful selection of questions, and gives each question an equal weight.

Dependent Variables

External Stakeholder Engagement

Active and constructive engagement in relationships with stakeholders is a key component of stakeholder management, itself the processes piece within the broader corporate social performance construct (Wood 2010). Stakeholder engagement incorporates both the processes of social reporting, and the "dual-way that should characterize, in theory, the relations between corporations and stakeholders" (Manetti 2011, p. 111). In the few studies that have empirically evaluated stakeholder engagement, the inclusion of the latter is more ideal than real as the two-way relations are rarely found in firms and their stakeholders (Cummings 2001; Manetti 2011).

Our measure of external stakeholder engagement incorporates items of practices a firm upholds towards their stakeholders as well as specific items that relate to communication with, and involvement of stakeholders. For example, the community stakeholder builds on items such as: "Has the company created a public facing partnership with a service/charitable organization."

For each of the key external stakeholders, an index is created: Suppliers, Community, and Environment. We elaborate on these below.

Supplier Index

The Supplier Index provides a good example of the approach to creating indexes for stakeholders, as all three types of questions are represented. One question is dichotomous (i.e., yes/no) 'Have you shared your social and environmental mission with all of your Significant Suppliers?' A Likert-like scale question is represented by following 'What is the average tenure of your relationships with Significant Suppliers' which has five possible answers, and four increments of 0.25 each were created. The value 0 is given to the answer '0–1 Year,' 0.25 is attributed to the answer '1–2 Years,' and 1 is given to the highest value of '5 + Years.' The multi-pick question is represented by the item 'When evaluating the social and environmental performance of Significant Suppliers, which of the following practices apply.' Six practices were given, and a seventh answer gave the option of 'none of the above.' Each real practice is given an equal weight, of 1/6, thus a firm possessing all six practices would attain the full 1 point.

Community Index

The community index comprises two dimensions related to charity and local involvement and is made up of thirteen questions, such as the following 'Is there a written community policy?' (yes/no) and 'Do more than 50% of the company's customers reside in the same community(ies) (i.e. within 100 miles)?'

Environment Index

Thirteen questions make up the environment index with Likert scale questions such as 'What % of materials used for office operations (e.g. office supplies, furniture, catering supplies, janitorial supplies, etc.) come from recycled/sustainable input materials?' where the scale ranges from 1 to 4, where '1 = none, 2 = some (less than 49%), 3 = most (more than 50%), 4 = all.' For the scoring, the scale is recalibrated 0–3, whereby '0 = none, 3 = most.'

A second type of question is "multi-pick," such as 'For which of the following activities does your company purchase carbon offsets?' The options provided are 'Travel, Commuting, Office Operations, Shipping, Other, None of the above.' For the scoring, the first five responses are weighted 0.25 each. Thus a firm indicating carbon offset for all first five options score a 1.

Final Scoring Mechanism The range for each stakeholder index is brought to a (0–1) scale by attributing 1/*n* to each of the 'n' questions within the index; this is common to research linking people, strategy and effectiveness (Becker et al. 2001; Huselid and Becker 2000). Thus, each stakeholder index is comparable on the same scale. Stakeholder scores are provided in the descriptives table within the "Results" section.

In the "Appendices," a detailed table for each stakeholder index is given, comprising all the questions and their basic descriptives (initial B Lab survey sample, mean and standard deviation, and this study's sample of 347, corresponding mean, and standard deviation).

Independent Variables

Employee Ownership

Employee ownership is not a simple unidimensional concept (Kruse and Blasi 1997). While most studies use simplistic measures of ownership and whether employees are shareholders or not (Kaarsemaker et al. 2010), our study accounts for ranges of employee stock ownership. Furthermore, our index captures two of the three key dimensions highlighted by Kruse and Blasi (1997): percentage of employees who participate in ownership, and the actual percentage of the company held by employees. In effect, this study's employee ownership index comprised three equally weighted items: percentage of full-time employees and management (including founders and executives) that own company stock, percentage of company that is owned or formally reserved for full-time employees and management; percentage of company owned only by full-time, non-managerial employees. Each question is evaluated on the same Likert-type scale of 1–5 with the first two having values of: '$1=0$, $2=1$–24%, $3=25$–49%, $4=50$–75%, $5\geq75\%$' and the third represented by the following scale: '$1=0$, $2=1$–4%, $3=5$–24%, $4=25$–50%, $5\geq50\%$.'

While the index can provide a fuller picture of the different combinations used by firms to undertake employee ownership, subsequent analyses evaluate each question as an independent variable with specific interest in the third question of strict employee (and non-managerial) percent ownership of the firm.

Employee Involvement

This index combines specific employee practices that broadly relate to employee involvement and are conceptually relevant to test in the potential interaction with employee ownership on firm outcomes such as external stakeholder management. The index is based on a set of four questions related to employee involvement on issues related to financial transparency, voice, and performance feedback. A sample question and answer is "Do all full-time employees have access to information that identifies all material owners and investors of the company? (yes/no)."

Certification

All companies within the study have completed the B Lab Impact Assessment. Certification is a binary variable whereby those who apply and achieve certification are coded 1 and the other firms that do not have certification (whether they sought it or not) are coded 0.

Control Variables

Because size and industry have been suggested to affect stakeholder outcomes (Griffin et al. 2015; Waddock and Graves 1997), this study controls for sector, company size (log of number of employees), and company size dummy. The latter was added because 39 out of the 347 firms either did not provide a size or indicated having no employees. Rather than discard these cases, this study chose to assign a dummy variable to this control, and a potential predictor in the regression, as recommended by Cohen et al. (2013).

The approach to handling missing values was addressed in the creation of the final sample. One variable that had extreme values, company size, was adapted using a log transformation. Additional histograms on scores per stakeholder index were evaluated to check for patterns of distribution, and found normal patterns.

Data Analysis and Descriptive Statistics

Descriptive statistics and correlations for the study variables are presented in Table 1. Average company size was 329 employees with the median at 18 employees owing to many small firms and a few large firms. High correlations are found in logically related variables such as company size and company size dummy, and sectors 2 (wholesale) and 3 (service). Thus, there does not seem to be a concern of multicollinearity among the independent variables. The hypotheses, summarized in the model reported as Fig. 1, were tested using a series of ordinary least square (OLS) regressions. In all the analyses, the significance levels are based on two-tailed tests in order to perform more conservative tests of the suggested hypotheses.

Results

Direct Effects Hypotheses (H1, H2)

Evaluating whether employee ownership is positively associated with external stakeholder engagement (Hypothesis 1), and whether employee involvement is positively associated with external stakeholder engagement (Hypothesis 2), three regressions are run and reported in Table 2. The first

Table 1 Basic descriptives, and correlations of study variables

Variable	Mean	SD	Min	Max	1	2	3	4	5	6	7	8	9	10
1 Employee ownership	0.41	0.28	0.00	1.00										
2 Employee involvement	0.69	0.25	0.05	1.00	0.07									
3 External stakeholder engagement	1.52	0.44	0.40	2.75	0.10	0.36								
4 Supplier	0.59	0.23	0.06	1.00	0.08	0.27	0.81							
5 Community	0.43	0.17	0.03	0.91	0.02	0.30	0.73	0.36						
6 Environment	0.50	0.16	0.11	0.92	0.14	0.27	0.73	0.36	0.40					
7 Company size[a]	1.27	0.75	0.00	4.85	0.07	0.02	−0.02	−0.04	0.01	0.00				
8 Company zero & blank[b]	0.11	0.32	0.00	1.00	−0.11	0.04	0.14	0.14	0.12	0.06	−0.61			
9 Sector2 (wholesale)	0.10	0.30	0.00	1.00	0.06	0.03	0.11	0.18	−0.06	0.09	−0.07	0.04		
10 Sector3 (service)	0.70	0.46	0.00	1.00	−0.04	0.06	−0.08	−0.19	0.15	−0.10	−0.04	−0.04	−0.50	

For all correlations greater than 0.85, $p<0.01$, for all correlations greater than 0.35, $p<0.05$

$n=347$

[a]Logarithm

[b]Dummy variable, 1 assigned to 39 company size values that were either zero or missing

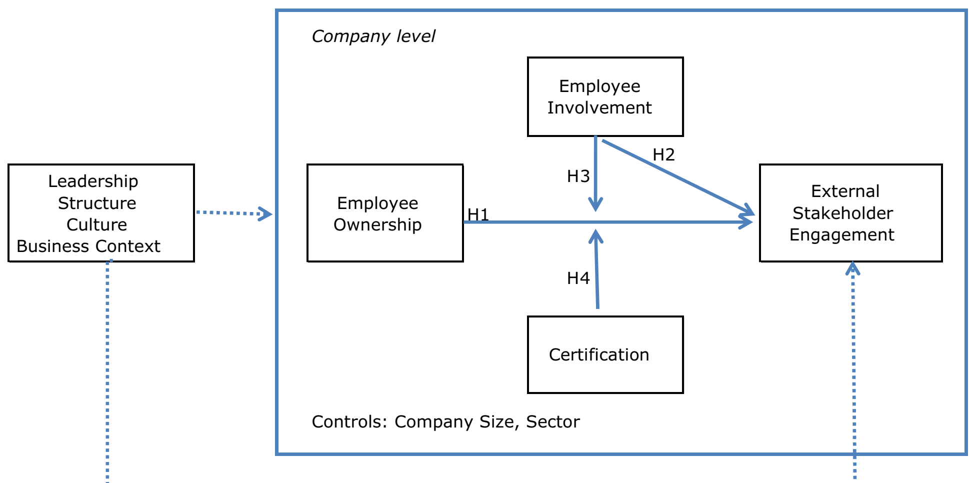

Fig. 1 Model for employee conduits. Hypothesis 1: Employee ownership is positively associated with external stakeholder engagement. Hypothesis 2: Employee involvement is positively associated with external stakeholder engagement. Hypothesis 3: Employee involvement strengthens the relationship between employee ownership and external stakeholder engagement. Hypothesis 4: The relationship between employee ownership and external stakeholder management is stronger for firms with B Corp certification

equation (Model 1) reports the base case of company size and sector controls alone.

Providing support for Hypothesis 1 (Model 2), employee ownership is positively associated with external stakeholder engagement. Statistical significance exists at the $p<0.05$ level. In support of Hypothesis 2 (Model 3), employee involvement is also positively and significantly associated with external stakeholder engagement ($p<0.01$). The overall models (Prob > F) are statistically significant ($p<0.01$ for Models 1, 2, and 3). The controls exhibited no surprising results.

Interaction Effects Hypotheses (H3, H4)

Hypothesis 3 suggests the interaction effect between employee involvement and employee ownership, such that employee involvement strengthens the relationship between employee ownership and external stakeholder engagement. Model 4 in Table 3 reports the statistically significant effects of employee ownership ($p<0.1$) and employee involvement ($p<0.01$) when both are present in the equation, a necessary condition prior to examining the interaction effect. Based on entering the interaction effect (Model 5), hypothesis 3 is not supported. However, it is possible that this is reflective of the often convoluted relationship between employee involvement and employee ownership, as noted by (Pendleton and Robinson 2010). We address this further in the "Discussion" section.

Hypothesis 4 suggests that B Corporation certification strengthens the relationship between employee ownership and external stakeholder engagement. Certification itself lends itself to a contingency model (Hillman 2005; Peng and Luo 2000) whereby splitting the sample enables to interact

Table 2 Employee ownership and employee involvement: main effects + interaction

	Results with external stakeholder engagement as dependent variable				
	Model 1	Model 2	Model 3	Model 4	Model 5
Employee Ownership		0.18**	0.14*	0.09	
Employee Involvement		0.63***	0.62***	0.59***	
Employee Ownership x Employee Involvement				0.07	
Company Size[a]	0.06	0.06	0.05	0.05	0.05
Company Zero and Blank[b]	0.28***	0.30***	0.24***	0.25***	0.25***
Sector 2 (wholesale)	0.15*	0.14	0.11	0.1	0.1
Sector 3 (service)	−0.02	−0.01	−0.05	−0.05	−0.05
Constant	1.40***	1.33***	1.03***	0.97***	1.00***
Observations	347	347	347	347	347
F test	3.50***	3.76***	13.33***	11.72***	10.03***
R^2	0.04	0.05	0.16	0.17	0.17

All significance levels are based on two-tailed tests

[a]Logarithm

[b]Dummy variable, 1 assigned to 39 company size values that were either zero or missing

***$p < 0.01$, **$p < 0.05$, *$p < 0.1$

Table 3 Certification effect

	Results with external stakeholder engagement as dependent variable	
	Model 6	Model 7
	ESE	ESE
	Certified	Non-certified
Employee Ownership	0.19*	0.07
Company Size[a]	0.14**	0.05
Company Zero&Blank[b]	0.41***	0.31**
Sector 2 (wholesale)	0.03	0.15
Sector 3 (service)	−0.08	0.04
Constant	1.38***	1.27***
Observations	140	207
F test	3.22***	1.6
R^2	0.11	0.04

All significance levels are based on two-tailed tests

[a]Logarithm

[b]Dummy variable, 1 assigned to 39 company size values that were either zero or missing

***$p < 0.01$, **$p < 0.05$, *$p < 0.1$

the condition variable—certification status in our case—with all independent variables (Main and Reilly 1993). The coefficient for employee ownership is positive and significant in the certified B Corporate sample, while not significant in the non-certified sample, suggesting support for H4 that in a certified sample, employee ownership is related to external stakeholder engagement, while it is not related in a non-certified sample.

Robustness Checks

In order to focus on a stricter measure of employee ownership, and investigate the role of firm size, further analyses evaluate the effect of a specific employee ownership practice. The focus on a measure of strict employee ownership removes the possible manager and founder ownership. Thus, additional analyses narrowed on a subset of firms of over ten employees, to eliminate partnerships, and allow for strict employee ownership to emerge.[9] Thus, we focus on a single measure over the broader index and examine the strict employee-only ownership percentage. In both the initial analysis and further analysis, we find support for the relationship between employee ownership and external stakeholder engagement.

The second part of the robustness checks investigates more precisely the role of the three external stakeholders that make up the external stakeholder engagement construct, by distinguishing the effect of employee ownership and employee involvement on the three distinct stakeholders (supplier, community, and environment). This represents a robustness check for Hypotheses 1 and 2 and yields six models that are significant, with F tests that are statistically significant for each stakeholder. After taking into account the effects of the control variables, employee ownership is positively associated with managing suppliers ($p < 0.1$) and the environment stakeholder ($p < 0.01$) but not with the

[9] http://www.nceo.org/articles/employee-ownership-very-small-businesses, June 2017.

community. Employee involvement is positively associated with each individual stakeholder ($p < 0.01$).

Discussion

This paper fills a gap in the stakeholder literature on the effects of employee ownership and employee involvement on external stakeholder engagement—moving from the typical "outside-in" perspective whereby external stakeholders and CSR influence employees, to an "inside-out" perspective, where employees are seen as a conduit to achieve external stakeholder outcomes. Examining the relationships in a subset of companies that already are evaluated and rewarded for positive stakeholder engagement, we found that in the community of B Corporations, both employee ownership and employee involvement further make a difference to external stakeholder engagement. Our theory pointed to the relational, instrumental and moral motivations that might accompany employee ownership and involvement (Aguilera et al. 2007), and facilitate internal stakeholders to engage with external stakeholders. Our results clearly point to the importance of employees in the stakeholder management process—a previously under-researched area in the domain of ethical human resource management (Greenwood 2002; Greenwood and De Cieri 2007).

Additionally, our study highlights the concept that managers are important to stakeholder outcomes (Crilly and Sloan 2012) by showing that employees, as daily actors with whom the firm shares control, can be involved with external stakeholder engagement. This concept extends existing theory on the moral and strategic nature of stakeholder engagement (Noland and Phillips 2010) by showing how stakeholder engagement is more than the actions that firm must perform to meet moral standards—it is about relationships that are fostered with stakeholders. While some may see stakeholder engagement as a "morally neutral" activity (Greenwood 2007), the idea that employees may be motivated by the psychological components of ownership and involvement to engage more effectively with external stakeholders speaks to issues of ethical leadership, moral management, good stewardship and normatively appropriate conduct in business (Avey et al. 2012; Hernandez 2008). Hence, our study supports the idea that there is no strict distinction between strategic and moral engagement with stakeholders, as noted in the debate between Habermasian scholars and Ethical Strategists (Noland and Phillips 2010, p. 40).

Our findings on the effects of employee ownership and involvement align with the literature, showing both variables affect key outcomes, such as employee attitudes, behavior and firm performance (Kruse et al. 2012). Indeed, the breadth of the stock ownership can have independent effects from involvement on employee outcomes such as productivity (Pendleton and Robinson 2010). Recognizing that stakeholders are strategically important actors who can help or harm the firm (Frooman 1999), our study endorses the concept that employees are primary stakeholders who can minimize threats and help the firm capitalize on opportunities (Fombrun et al. 2000; Hill and Jones 1992; Mitchell et al. 1997). Indeed, in international contexts, employee ownership and involvement have been seen to be key to effective corporate governance and external stakeholder engagement (Jackson 2005).

Our results identify an interesting relationship—the effects of employee ownership on stakeholder engagement are found only in the sample of certified B Corporations. This is logical as ownership, compared to other employee practices, requires a more sustained, deeper commitment to employees, and Certified B Corps are more likely to share ownership, as they have committed to higher standards and shared norms. This aligns with previous literature that uses categorization theory to show that the B Lab operates as a powerful categorizing agent in bringing a set of organizational norms and standards (Gehman and Grimes 2017; Grimes 2010), which might in turn support stakeholder engagement. While B Corporations have been described as "one of the most significant global sustainability movements to be organized and developed in decades" (Starik et al. 2017), research on the implications of this new corporate structure are emerging (Rawhouser et al. 2015) and have yet to be further explored. Our study shows that certification may create the structure and processes to foster stronger relationships among internal and external stakeholders.

Finally, what comes through clearly from this study's findings is the strength of employee involvement. It makes sense that employee involvement is a more important marker (and potential enabler) of external stakeholder engagement. Firms that treat their employees responsibly—whether for relational, instrumental or normative reasons—tend to support their employees' involvement in working with external stakeholders. The question of employee ownership is a deeper one for a firm to contemplate, and potentially more interwoven in the central mechanisms of the firm. Broad-based employee ownership requires leaders that are committed, and supportive of an ownership culture (Thompson et al. 2013). Nevertheless, both ownership and involvement are facets of participation in decision making and thus key elements of internal/external stakeholder engagement. Since both constructs are theoretically aligned with participatory decision making (Ben-Ner and Jones 1995), this may also help to explain the lack of support for the moderating effects of employee involvement on the relationship between employee ownership and external stakeholder engagement. We tested both separately, as recommended by the literature since the two constructs do not always accompany each other (Long 1978); however, it might be expected that the two conflate in the context of a corporate culture, as has also been noted with constructs like brand and reputation that share common contexts (Barnett and Pollock 2012).

Limitations and Future Research Directions

This work contributes to bridging the micro–macro divide as it sheds light on the individual actors, and those "individuals who actually strategize, makes decision, and are responsible for their execution" (Aguinis 2011, p. 953). Indeed, CSR and stakeholder research have typically been executed at the macro level, and within the realm of strategy (Aguinis and Glavas 2013). Our study is one of the few studies that has explored the link between internal and external stakeholder engagement—helping researchers to understand the stakeholder engagement process with a systems approach (Mason and Simmons 2014).

Our study leverages unique access to the data from B Lab, which is an important context for our study. B Corporations have been described as "powerful categorizing agents" that provide researchers a unique opportunity to assess how companies "promote themselves to their various stakeholders" (Gehman and Grimes 2017, p. 2301). Researchers have used B Corporations as conservative representatives of companies that acknowledge their stakeholders (Grimes 2010) and offer opportunities for new hybrid forms (Rawhouser et al. 2015). Hence, while some might see B Corporations as idiosyncratic, they provide fertile ground for using context to develop theory with real-world applications (George 2014).

Our study ventures into fairly new empirical territory—prior work has been limited since "present social reporting practice does not implement the ideal of stakeholder engagement" (Manetti 2011, p. 119). The B Lab Impact assessment offered the unique advantage of integrating actual stakeholder engagement items; however, future research might engage in primary data collection to identify different stakeholders' perceptions of firm engagement.

Measurement challenges are not uncommon in the overall business and society literature, where many studies have leveraged the same measurements from the firm KLD Analytics (Berman et al. 1999; Chiu and Sharfman 2016; Hart and Sharfman 2015; Turban and Greening 1997). This study has attempted to tap into theoretically relevant questions with rich primary survey data and a unique context. However, we acknowledge that there may be much more refinement in measures of stakeholder engagement. For example, our careful analysis of the B Impact Assessment's items did not allow us to identify a measure of consumer engagement. Indeed, the B Lab consumer questions tend to relate to strategic choices of the firm that can be exclusive of one another (e.g., health focus or environment focus) rather than correspond to practices responsibly engaging consumers (e.g., practices that uphold consumer's rights to safety, choice, transparent information, being heard, privacy). Future research might identify alternative ways to measure consumer engagement. For this measures and others, researchers may be able to develop alternative measures of social accounting by observing 'true' stakeholder engagement through field studies and qualitative work (e.g., Ramus and Vaccaro 2017). By drawing on research in specific areas, such as organizational behavior, future studies can also draw on established measures on employee involvement, participation in decision making and voice (e.g., Van Dyne and LePine 1998).

This study has limitations in its cross-sectional nature. Longitudinal research is welcome here and may be feasible, as firms that wish to maintain certification require B Lab review every 2 years. Common method bias may inflate the significance of the relationships. However common method variance may at times be overstated (Spector 2006) and this study—while a self-report—is less faced with issues of social desirability as the B Lab survey focuses on practices and not matters of opinion. Furthermore, the B Lab audited more than half of the sample seeking certification. Future research could address both common method bias and provide increased reliability through triangulation of the data by surveying the stakeholders themselves, and assessing their engagement levels.

The B Lab sample of aspiring and certified B Corporations provides a distinct, far more homogeneous sample within the overall universe of firms across the key factors of leadership, structure, culture and business context. This provides a more stringent test of the variables of interest, but may limit the generalizability of the results. The findings, even small, in such self-selected sample of "Better for the world" in our case or "Best Companies to Work for" in (Blasi et al. 2016) remain relevant and can be compared to studying the effect of Vitamin C in members of an NBA team. The reduced heterogeneity in the B Lab sample strengthens the likelihood that the results reflect a causal impact of employee ownership, and employee involvement on external stakeholder engagement. However, longitudinal analysis would be best to assess such causality (Barnett and Salomon 2012). Given the expansion of B Corporations, the opportunity to have larger samples, longitudinal data, and cross-country variation, researchers may be able to delve more deeply into the linkages between internal and external stakeholders.

Additional studies might also determine whether the findings from this self-selected group of socially minded companies can be generalized to the much wider sample of public corporations, especially as the practices of these firms come under greater scrutiny from the growing number of socially responsible investors. Also, while evaluating practices such as employee ownership and employee involvement makes sense as they represent strong employee rights and privileges, the strategic HR literature strongly encourages looking at work systems more broadly. Thus, future research may evaluate stakeholder management systems of philosophy, policies and practices that lead to actual positive stakeholder outcomes. For example, Liao et al. (2009) focus on the employee–customer stakeholder relationship to find that a high-performance work system for service quality succeeds in providing high-quality services to external customers (Liao et al. 2009).

Finally, while this study attempted to carefully theorize the mechanisms that relate employee ownership to external stakeholder engagement, we acknowledge that there may be cases where different stakeholders might be at odds with each other, limiting stakeholder engagement, even when employees' involvement and ownership is fostered. However, we see that employees are uniquely positioned as central "compromisers" in an organization, relative to other stakeholders in their ability to sell and translate company values and ideals (Rowley 1997). Hence, our results also reinforce that investments with primary stakeholders like employees may benefit other stakeholders, including shareholders, in a network effect of stakeholder influences that might vary with the density of the stakeholder network (Rowley 1997). Subsequent research might study the different mediating variables that influence the stakeholder network between these two key but likely distal variables. Recent strategic HR research that attempts to look into the 'black box' (e.g., Jiang et al. 2012) may help in this regard to further understand linkages between HR practices and organizational outcomes.

Practical Implications

Given that this study is an initial attempt to evaluate the relationships between employee ownership, employee involvement and external stakeholder engagement, the implications for management are to be taken with caution. For firms that seek B Corporation certification, knowing that there is an association between employee ownership, involvement and external stakeholder engagement, may encourage them to investigate whether providing ownership and involvement opportunities for employees makes sense given their current structure and financing mechanisms, and may fit with their overall culture, and HR practices. In a highly competitive and uncertain environment where far fewer firms offer job security or increases in wages tied to seniority (Rousseau and Shperling 2003), employee ownership and involvement offer an alternative basis to provide a strong, ongoing psychological contract between the employee and firm. With the decline in the traditional large shareholder-owned public corporations and the emergence of alternative forms and hybrid organizations (Davis 2016), B Corporations offer a promising avenue to investigate ways in which firms can truly generate positive outcomes for the firm's stakeholders and wider society.

More broadly, our study shows that employees can play a central role in newer trends towards managing stakeholder interactions for better business strategy (Medland 2015), including identifying public issues that are important for corporate performance. Adopting an approach, like New Belgium Brewery, that combines EO and EI with a strong commitment to sustainability, has the added potential advantage of attracting more top young talent to the company, as Generation Z employees place a higher value on these social and environmental factors in determining where they want to work than any prior generation (Cone 2017). And the substantial growth in impact investing, where investment fund managers are applying many of the same screening criteria for assessing company behavior and performance as the B Lab, suggests that a much wider range of firms may want to consider how employee ownership and involvement can be part of an effective strategy for engaging with their key external stakeholders.

Acknowledgements The authors thank HRM section editor Harry Van Buren and two anonymous reviewers for their thorough and insightful comments to help us improve our paper. This paper benefited from feedback of participants in meetings of the Kelso and Beyster-Rutgers University fellows 2015–2016, the Wharton People & Organizations 2015, and the Academy of Management 2016. Gratitude extends to friendly reviewers Danielle Warren, Andrew Pendleton, Jared Peifer, Ivan Montiel, Florencio Portocarrero, and assistance of Tal Horovits. The main author is very thankful for the support from the Kevin Ruble Fellowship in Conscious Capitalism. Finally, deep gratitude goes to B Lab, and Cathy Clark at Duke University's Center for the Advancement of Social Entrepreneurship (CASE) for granting access to the B Impact Assessment.

Compliance with Ethical Standards

Conflict of interest All three authors Winkler, Brown, and Finegold declare that they have no conflict of interest related to this project and paper.

Ethical Approval This article does not contain any studies with human participants performed by any of the authors.

Appendices

Appendix 1: Supplier Index

Question	Answer value	Survey sample	Survey mean	Survey SD	Study sample	Study mean	Study SD
Have you shared your social and environmental mission with all of your significant suppliers?	Yes, no	1377	0.68	0.47	347	0.66	0.47
What is the average tenure of your relationships with significant suppliers?	1 = 0–1 year, 2 = 1–2 years, 3 = 2–3 years, 4 = 3–5 years, 5 = 5 + years	1376	3.11	1.50	347	3.80	1.31
When evaluating the social and environmental performance of significant suppliers, which of the following practices apply	Visited all significant suppliers	558	0.38	0.48	347	0.39	0.49
	Specific environmental criteria required	558	0.38	0.48	347	0.35	0.48
	Specific social criteria required	558	0.39	0.49	347	0.38	0.49
	Third party social or environmental metrics screen applied	558	0.20	0.40	347	0.20	0.40
	Evaluated at least annually	558	0.42	0.49	347	0.45	0.50
	Give preference to local suppliers	558	0.65	0.48	347	0.66	0.47
	None of the above	558	–	–	347	–	–

Appendix 2: Community Index

The community index comprises two dimensions related to charity and local involvement

Stakeholder	Question	Answer value	Survey sample	Survey mean	Survey SD	Study sample	Study mean	Study SD
CM_Charity	What was the average annual % of net profits or net revenues that your company gave to charity in the last two fiscal years? (Please include tax deductible pro bono work and in-kind donations)	1 = 0, 2 = 1–4% of profits or 0.1–0.4% of sales, 3 = 5–9% of profits or 0.5–0.9% of Sales, 4 = 10–50% of profits or 1–5% of sales, 5 ≥ 50% of profits or > 5% of sales	1384	2.50	1.53	347	2.59	1.49
CM_Charity	Is there a written Community Service Policy?	Yes, no	1391	0.35	0.48	347	0.37	0.48
CM_Charity	Are full-time employees explicitly allowed any of the following paid or non-paid time-off hours options for community service?	1 = non-paid time off, 2 = paid time off, 3 = more than 20 h a year of paid time off, 4 = do not offer paid or non-paid time off	977	2.35	1.15	347	2.33	1.13
CM_Charity	Are suppliers and customers actively made aware of your service mission?	Yes, no, N/A	1395	0.70	0.46	347	0.67	0.47

Stakeholder	Question	Answer value	Survey sample	Survey mean	Survey SD	Study sample	Study mean	Study SD
CM_Charity	Has the company created a public facing partnership with a service/charitable organization?	Yes, no	1393	0.55	0.50	347	0.62	0.49
CM_Charity	Is there a formal written policy that sets a required commitment for Charitable Giving?	Yes, no	1389	0.26	0.44	347	0.27	0.45
CM_Charity	Does the majority of your community development activities occur in the markets you source from and/or operate within (choose n/a only if your company does engage in community development activities)?	Yes, no, N/A	1393	0.62	0.49	347	0.68	0.47
CM_Charity	Is your charitable giving certified by an organization, such as 1% for the planet or another organization that promotes charitable giving (choose n/a only if your company does not make charitable donations)?	Yes, no, N/A	1366	0.10	0.30	347	0.12	0.32
CM_Local	Is there a written local purchasing strategy or policy in place?	Yes, no	1388	0.31	0.46	347	0.29	0.46
CM_Local	Is the majority of your company's banking services provided by an institution with any of the following characteristics	A local independent institution located in your community	1375	0.43	0.50	347	0.41	0.49
CM_Local		A bank with a CRA rating of outstanding	1375	0.27	0.45	347	0.32	0.47
CM_Local		A certified CDFI	1375	0.44	0.50	347	0.46	0.50
CM_Local		A certified B Corporation	1375	0.03	0.17	347	0.02	0.14
CM_Local		None of the above	1375			347	–	
CM_Local	Do more than 50% of the company's customers reside in the same community(ies) (i.e., within 100 miles) as material owners?	Yes, no	1391	0.53	0.50	347	0.45	0.50
CM_Local	What % of your company's significant suppliers are independent suppliers located in the same community as one of your offices?	1 = 0, 2 = 1–19%, 3 = 20–39%, 4 = 40–60%, 5 ≥ 60%	1383	3.28	1.53	347	3.26	1.46
CM_Local	Have you asked your Significant Suppliers if they source locally?	Yes, no	1381	0.56	0.50	347	0.50	0.50

Appendix 3: Environment Index

Question	Answer value	Survey sample	Survey mean	Survey SD	Study sample	Study mean	Study SD
Has the company formally engaged with suppliers, business partners, or customers to reduce the environmental impact of their activities on a regular basis?	Yes, no	1395	0.60	0.49	347	0.61	0.49
Is the company a member of an association that fosters environmentally sustainable business practices?	Yes, no	1387	0.56	0.50	347	0.60	0.49
For which of the following systems have you implemented energy conservation/ efficiency measures for your corporate facilities (if your company has selected 'other,' please attach a description)?	Equipment: energy star appliances/automatic sleep modes/after-hour timers/etc	1383	0.66	0.47	347	0.69	0.46
	Lighting: natural light/CF bulbs/occupancy sensors/daylight dimmers/task lighting/etc	1383	0.79	0.41	347	0.83	0.38
	HVAC: programmable thermostat/timers/occupancy sensors/shade sun-exposed walls/double-paned windows/etc	1383	0.72	0.45	347	0.76	0.43
	Other (please specify)	1383	0.08	0.27	347	0.10	0.29
	None of the above	1383			347		
Does the company use an office wide recovery and recycling program that includes the following (please check all that apply)?	Cardboard	1407	0.88	0.33	347	0.88	0.33
	Plastic	1407	0.87	0.34	347	0.84	0.36
	Glass and metal	1407	0.85	0.36	347	0.83	0.37
	Paper	1407	0.92	0.28	347	0.93	0.26
	Composting	1407	0.47	0.50	347	0.44	0.50
	None	1407	–	–	347	–	–
What % of materials used for office operations (e.g., office supplies, furniture, catering supplies, janitorial supplies, etc.) come from recycled/sustainable input materials?	1 = none, 2 = some (less than 49%), 3 = most (more than 50%), 4 = all	1395	2.67	0.75	347	2.63	0.79
Has the company implemented written policies that reduce corporate travel, thereby lowering its carbon footprint?	Yes, no, N/A	1392	0.31	0.46	347	0.32	0.47
What % of carbon inventory for company travel, commuting, office operations, and shipments was reduced through the purchase of certified carbon credits last year?	1 = 0, 2 = 1–4%, 3 = 5–24%, 4 = 25–50%, 5 ≥ 50%	1361	1.61	1.27	347	1.79	1.43
What % of energy is used from renewable sources at your corporate facilities?	1 = 0, 2 = 1–4%, 3 = 5–24%, 4 = 25–50%, 5 ≥ 50%	1361	2.24	1.50	347	2.32	1.52

Question	Answer value	Survey sample	Survey mean	Survey SD	Study sample	Study mean	Study SD
Which of the following water conservation methods have been implemented at the majority of your corporate offices	Low-flow toilets/urinals	1400	0.45	0.50	347	0.52	0.50
	Low-flow faucets or showerheads	1400	0.36	0.48	347	0.37	0.48
	Gray-water usage for irrigation	1400	0.07	0.26	347	0.07	0.25
	Low-volume irrigation	1400	0.19	0.39	347	0.19	0.39
	Harvest rainwater	1400	0.55	0.50	347	0.47	0.50
	Other (please specify)	1400	–	–	347	–	–
	None	1400	–	–	347	–	
Which of the following chemical reduction methods have been implemented at the majority of your corporate facilities on a consistent basis	Non-toxic janitorial products	1401	0.60	0.49	347	0.55	0.50
	Unbleached/chlorine free paper products	1401	0.47	0.50	347	0.48	0.50
	Soy-based inks or other low VOC inks	1401	0.33	0.47	347	0.33	0.47
	Organic or sustainable kitchen products	1401	0.62	0.49	347	0.61	0.49
	Other	1401	0.24	0.43	347	0.25	0.43
	None	1401			347		
Is hazardous waste (batteries, paint, electronic equipment, etc.) always disposed of responsibly?	Yes, no	1390	0.94	0.24	347	0.95	0.22
For which of the following activities does your company purchase carbon offsets for?	Travel	1372	0.18	0.38	347	0.21	0.41
	Commuting	1372	0.09	0.29	347	0.12	0.32
	Office operations	1372	0.87	0.33	347	0.87	0.33
	Shipping	1372	0.13	0.34	347	0.17	0.37
	Other	1372	–	–	347	–	–
	None of the above	1372	–	–	347	–	–
What % of your company's printed materials use recycled paper content, FSC-certified paper, or soy-based inks? (Choose n/a only if your company does not have any printed materials)?	1 = 0, 2 = 1–24%, 3 = 25–49%, 4 = 50–74%, 5 ≥ 75%, 6 = N/A	1372	3.95	1.26	347	3.96	1.29

Appendix 4: Employee Ownership Index

Question	Answer value	Survey sample	Survey mean	Survey SD	Study sample	Study mean	Study SD
What % of full-time employees & management (including founders/executives), owns stock, stock equivalents (any form of company ownership) or stock options in the company?	1 = 0, 2 = 1–24%, 3 = 25–49%, 4 = 50–75%, 5 ≥ 75%	595	2.71	1.43	347	2.83	1.46
What % of the company is owned or formally reserved as part of a written plan for full-time employees and management (including founders/executives)?	1 = 0, 2 = 1–24%, 3 = 25–49%, 4 = 50–75%, 5 ≥ 75%	591	3.01	1.70	347	3.16	1.64
What % of the company is owned by full-time employees (excluding founders/executives)?	1 = 0, 2 = 1–4%, 3 = 5–24%, 4 = 25–50%, 5 ≥ 50%	592	1.85	1.16	347	1.96	1.18

Appendix 5: Simple distribution of employee ownership

Employee and Management Ownership

What % of full-time employees & management (including founders/executives), owns stock, stock equivalents (any form of company ownership), or stock options in the company?

EO_PercAll	Freq.	Percent	Cum.
0%	62	17.87	17.87
1–24%	133	38.33	56.2
25–49%	40	11.53	67.72
50–75%	26	7.49	75.22
> 75%	86	24.78	100
Total	347	100	

Employee Ownership Reserved

What % of the company is owned or formally reserved as part of a written plan for full-time employees and management (including founders/executives)?

EO_PercReserv	Freq.	Percent	Cum.
0%	85	24.5	24.5
1–24%	62	17.87	42.36
25–49%	39	11.24	53.6
50–75%	35	10.09	63.69
> 75%	126	36.31	100
Total	347	100	

Strict Employee Ownership

What % of the company is owned by full-time employees (excluding founders/executives)?

EO_PercEE	Freq.	Percent	Cum.
0%	178	51.3	51.3
1–4%	56	16.14	67.44
5–24%	80	23.05	90.49
25–50%	15	4.32	94.81
> 50%	18	5.19	100
Total	347	100	

Appendix 6: Employee Involvement Index

Nb	El dimension	Question	Answer value	Survey sample	Survey mean	Survey SD	Study sample	Study mean	Study SD
AA4.3a	Financial transparency	Do all full-time employees have access to information that identifies all material owners and investors of the company?	Yes, no	562	0.68	0.47	347	0.66	0.47
AA4.3b	Financial transparency	Do all full-time employees have access to information that identifies all material owners and investors of the company?	Yes, no	417	0.86	0.35	0	NA	NA
AA4.2	Financial transparency	Does the company have a formal process to share financial information (except salary info) with its full-time employees?	Yes, no	983	0.61	0.49	347	0.65	0.48
EE5.3a	Voice	Is there a human resource/ombudsperson/employee representative to mediate complaints/issues?	Yes, no	185	0.89	0.31	148	0.91	0.29
EE5.3b	Voice	Is there a formal method by which employees can raise complaints/issues without fear of reprisal?	Yes, no	851	0.71	0.45	199	0.74	0.44
EE5.1	Performance feedback	Is there an established, formal, consistent process for providing performance feedback to all employees which (please check all that apply)	Is conducted on at least an annual basis	1053	0.80	0.40	347	0.85	0.35
			Includes peer and subordinate input	1053	0.50	0.50	347	0.53	0.50
			Provides written guidance for career development	1053	0.65	0.48	347	0.72	0.45
			Includes social and environmental goals	1053	0.42	0.49	347	0.31	0.46
			Clearly identifies achievable goals	1053	0.66	0.48	347	0.71	0.45
			None of the above	1053			347		–

While there appears to be six unique questions, two are duplicate questions (a or b) intended for different sectors

References

Acock, A. C. (2008). *A gentle introduction to Stata* (2nd edn.). College Station, TX: Stata Press.

Aguilera, R. V., Rupp, D. E., Williams, C. A., & Ganapathi, J. (2007). Putting the S back in corporate social responsibility: A multilevel theory of social change in organizations. *Academy of Management Review, 32*(3), 836–863.

Aguinis, H. (2011). Organizational responsibility: Doing good and doing well. In W. Zedect (Ed.), *APA handbook of industrial and organizational psychology. Maintaining, expanding, and contracting the organization* (Vol. 3, pp. 855–879). Washington, DC: American Psychological Association.

Aguinis, H., & Glavas, A. (2012). What we know and don't know about corporate social responsibility: A review and research agenda. *Journal of Management, 38*(4), 932–968.

Aguinis, H., & Glavas, A. (2013). Embedded versus peripheral corporate social responsibility: Psychological foundations. *Industrial and Organizational Psychology, 6*(4), 314–332.

Allison, P. D. (2001). *Missing data*. Thousand Oaks, CA: Sage.

Andriof, J., Waddock, S., & Rahman, S. S. (2002). *Unfolding stakeholder thinking: Theory, responsibility and engagement*. Sheffield: Greenleaf Publishing.

Avey, J. B., Wernsing, T. S., & Palanski, M. E. (2012). Exploring the process of ethical leadership: The mediating role of employee voice and psychological ownership. *Journal of Business Ethics, 107*(1), 21–34.

Barnett, M. L., & Pollock, T. G. (2012). *The Oxford handbook of corporate reputation*. Oxford: Oxford University Press.

Barnett, M. L., & Salomon, R. M. (2012). Does it pay to be really good? Addressing the shape of the relationship between social and financial performance. *Strategic Management Journal, 33*(11), 1304–1320.

Batt, R. (2002). Managing customer services: Human resource practices, quit rates, and sales growth. *Academy of Management Journal, 45*(3), 587–597.

Becker, B. E., Huselid, M. A., & Ulrich, D. (2001). *The HR scorecard: Linking people, strategy, and performance*. Boston, MA: Harvard Business Press.

Ben-Ner, A., & Jones, D. C. (1995). Employee participation, ownership, and productivity: A theoretical framework. *Industrial Relations, 34*(4), 532–554.

Berman, S. L., Wicks, A. C., Kotha, S., & Jones, T. M. (1999). Does stakeholder orientation matter? The relationship between stakeholder management models and firm financial performance. *Academy of Management Journal, 42*(5), 488–506.

Blasi, J., Freeman, R., & Kruse, D. (2016). Do broad-based employee ownership, profit sharing and stock options help the best firms do even better? *British Journal of Industrial Relations, 54*(1), 55–82.

Bova, F., Kolev, K., Thomas, J. K., & Zhang, X. F. (2015). Non-executive employee ownership and corporate risk. *The Accounting Review, 90*(1), 115–145.

Brammer, S., Millington, A., & Rayton, B. (2007). The contribution of corporate social responsibility to organizational commitment. *International Journal of Human Resource Management, 18*(10), 1701–1719.

Carroll, A. B., Brown, J., & Buchholtz, A. K. (2017). *Business & society: Ethics, sustainability & stakeholder management*. Mason, OH: Cengage Learning.

Chiu, S.-C., & Sharfman, M. (2016). Corporate social irresponsibility and executive succession: An empirical examination. *Journal of Business Ethics*. https://doi.org/10.1007/s10551-016-3089-7.

Chuang, C.-H., & Liao, H. (2010). Strategic human resource management in service context: Taking care of business by taking care of employees and customers. *Personnel Psychology, 63*(1), 153–196.

Cohen, J., Cohen, P., West, S. G., & Aiken, L. S. (2013). *Applied multiple regression/correlation analysis for the behavioral sciences*. New York: Routledge.

Cone Communications (2017). 2017 Cone GEN Z CSR study: How to speak Z. Retrieved March 14, 2018, from http://www.conecomm.com/2017-cone-gen-z-csr-study-pdf.

Crilly, D., & Sloan, P. (2012). Enterprise logic: Explaining corporate attention to stakeholders from the 'inside-out.'. *Strategic Management Journal, 33*(10), 1174–1193.

Cummings, J. (2001). Engaging stakeholders in corporate accountability programmes: A cross-sectoral analysis of UK and transnational experience. *Business Ethics: A European Review, 10*(1), 45–52.

Davis, G. F. (2016). *The vanishing American Corporation: Navigating the hazards of a new economy*. Oakland, CA: Berrett-Koehler Publishers.

Deci, E. L., Connell, J. P., & Ryan, R. M. (1989). Self-determination in a work organization. *Journal of Applied Psychology, 74*(4), 580.

Donaldson, T., & Preston, L. E. (1995). The stakeholder theory of the corporation: Concepts, evidence, and implications. *Academy of Management Review, 20*(1), 65–91.

Ellerman, D. (1992). *Property and contract in economics: The case for economic democracy*. Cambridge, MA: Blackwell.

Erdal, D. (2011). *Beyond the corporation: Humanity working*. London: Random House.

Fombrun, C. J., Gardberg, N. A., & Barnett, M. L. (2000). Opportunity platforms and safety nets: Corporate citizenship and reputational risk. *Business and Society Review, 105*(1), 85–106.

Freeman, R. E., & Evan, W. M. (1990). Corporate governance: A stakeholder interpretation. *Journal of Behavioral Economics, 19*(4), 337.

Freeman, R. E., Harrison, J. S., Wicks, A. C., Parmar, B. L., & De Colle, S. (2010). *Stakeholder theory: The state of the art*. Cambridge: Cambridge University Press.

Friedman, A. L., & Miles, S. (2006). *Stakeholders: Theory and practice*. Oxford: Oxford University Press.

Frooman, J. (1999). Stakeholder influence strategies. *Academy of Management Review, 24*(2), 191–205.

Gehman, J., & Grimes, M. (2017). Hidden badge of honor: How contextual distinctiveness affects category promotion among certified B corporations. *Academy of Management Journal, 60*(6), 2294–2320.

George, G. (2014). Rethinking management scholarship. *Academy of Management Journal, 57*(1), 1–6.

Ghoshal, S. (2005). Bad management theories are destroying good management practices. *Academy of Management Learning & Education, 4*(1), 75–91.

Goodstein, J. D., & Wicks, A. C. (2007). Corporate and stakeholder responsibility: Making business ethics a two-way conversation. *Business Ethics Quarterly, 17*(3), 375–398.

Greenwood, M. (2001). The importance of stakeholders according to business leaders. *Business and Society Review, 106*(1), 29–49.

Greenwood, M. (2007). Stakeholder engagement: Beyond the myth of corporate responsibility. *Journal of Business Ethics, 74*(4), 315–327.

Greenwood, M., & De Cieri, H. (2007). Stakeholder theory and the ethics of HRM. Human resource management: Ethics and employment, p. 119.

Greenwood, M. R. (2002). Ethics and HRM: A review and conceptual analysis. *Journal of Business Ethics, 36*(3), 261–278.

Griffin, J. J., Bryant, A., & Koerber, C. P. (2015). Corporate responsibility and employee relations from external pressure to action. *Group & Organization Management, 40*(3), 378–404.

Grimes, M. (2010). Strategic sensemaking within funding relationships: The effects of performance measurement on organizational identity in the social sector. *Entrepreneurship Theory and Practice, 34*(4), 763–783.

Grimes, M., Gehman, J., & Cao, K. (forthcoming). Positively deviant: Identity work through B corporation certification. *Journal of Business Venturing*. https://ssrn.com/abstract=3106013.

Hammer, T. H., Landau, J. C., & Stern, R. N. (1981). Absenteeism when workers have a voice: The case of employee ownership. *Journal of Applied Psychology, 66*(5), 561.

Hammer, T. H., & Stern, R. N. (1980). Employee ownership: Implications for the organizational distribution of power. *Academy of Management Journal, 23*(1), 78–100.

Harrison, J. S., & Wicks, A. C. (2013). Stakeholder theory, value, and firm performance. *Business Ethics Quarterly, 23*(1), 97–124.

Hart, T. A., & Sharfman, M. (2015). Assessing the concurrent validity of the revised Kinder, Lydenberg, and Domini corporate social performance indicators. *Business & Society, 54*(5), 575–598.

Hernandez, M. (2008). Promoting stewardship behavior in organizations: A leadership model. *Journal of Business Ethics, 80*(1), 121–128.

Hill, C. W., & Jones, T. M. (1992). Stakeholder-agency theory. *Journal of Management Studies, 29*(2), 131–154.

Hillman, A. J. (2005). Politicians on the board of directors: Do connections affect the bottom line? *Journal of Management, 31*(3), 464–481.

Hillman, A. J., & Keim, G. D. (2001). Shareholder value, stakeholder management, and social issues: What's the bottom line? *Strategic Management Journal, 22*(2), 125–139.

Hirschman, A. O. (1970). *Exit, voice, and loyalty: Responses to decline in firms, organizations, and states*. Cambridge, MA: Harvard University Press.

Huselid, M. (1995). The impact of human resource management practices on turnover, productivity, and corporate financial performance. *Academy of Management Journal, 38*(3), 635–672.

Huselid, M. A., & Becker, B. E. (2000). Comment on "Measurement error in research on human resources and firm performance: How much error is there and how does it influence effectsize estimates?" by Gerhart, Wright, Mc Mahan, and Snell. *Personnel Psychology, 53*(4), 835–854.

Ichniowski, C., Kochan, T. A., Levine, D., Olson, C., & Strauss, G. (1996). What works at work: Overview and assessment. *Industrial Relations: A Journal of Economy and Society, 35*(3), 299–333.

Jackson, G. (2005). Stakeholders under pressure: Corporate governance and labour management in Germany and Japan. *Corporate Governance: An International Review, 13*(3), 419–428.

Jamali, D. (2008). A stakeholder approach to corporate social responsibility: A fresh perspective into theory and practice. *Journal of Business Ethics, 82*(1), 213–231.

Jiang, K., Lepak, D. P., Han, K., Hong, Y., Kim, A., & Winkler, A.-L. (2012). Clarifying the construct of human resource systems: Relating human resource management to employee performance. *Human Resource Management Review, 22*(2), 73–85.

Jones, D. A. (2010). Does serving the community also serve the company? Using organizational identification and social exchange theories to understand employee responses to a volunteerism programme. *Journal of Occupational and Organizational Psychology, 83*(4), 857–878.

Kaarsemaker, E., Pendleton, A., & Poutsma, E. (2010). Employee share ownership. In A. Wilkinson, P. J. Gollan, M. Marchington & D. Lewin (Eds.), *The Oxford handbook of participation in organizations* (pp. 315–337). Oxford: Oxford University Press.

Kaarsemaker, E. C. A., & Poutsma, E. (2006). The fit of employee ownership with other human resource management practices: Theoretical and empirical suggestions regarding the existence of an ownership high-performance work system. *Economic and Industrial Democracy, 27*(4), 669–685.

Korschun, D. (2015). Boundary-spanning employees and relationships with external stakeholders: A social identity approach. *Academy of Management Review, 40*(4), 611–629.

Kotter, J. P., & Heskett, J. L. (1992). *Corporate culture and performance*. New York: The Free Press.

Kroumova, M. K., & Lazarova, M. B. (2009). Broad-based incentive plans, HR practices and company performance. *Human Resource Management Journal, 19*(4), 355–374.

Kruse, D. (2002). Research evidence on prevalence and effects of employee ownership. *Journal of Employee Ownership Law and Finance, 14*(4), 65–90.

Kruse, D., Freeman, R. B., & Blasi, J. R. (2010). *Shared capitalism at work: employee ownership, profit and gain sharing, and broad-based stock options*. Chicago: University of Chicago Press.

Kruse, D. L., & Blasi, J. R. (1997). Employee ownership, employee attitudes, and firm performance: A review of the evidence. In D. Lewin, D. J. B. Mitchell, & M. A. Zaidi (Eds.), *Handbook of human resources*. Greenwich: JAI Press.

Kruse, D. L., Blasi, J. R., & Freeman, R. B. (2012). Does linking worker pay to firm performance help the best firms do even better? In *National bureau of economic research*. http://www.nber.org/papers/w17745. Accessed 28 June 2017.

Kruse, D. L., Blasi, J. R., & Park, R. (2008). *Shared capitalism in the US economy? Prevalence, characteristics, and employee views of financial participation in enterprises*. Cambridge, MA: National Bureau of Economic Research.

Lawler, E. E. (1992). *The ultimate advantage: Creating the high-involvement organization*. San Francisco: Jossey-Bass.

Liao, H., Toya, K., Lepak, D. P., & Hong, Y. (2009). Do they see eye to eye? Management and employee perspectives of high-performance work systems and influence processes on service quality. *Journal of Applied Psychology, 94*(2), 371–391.

Long, R. J. (1978). The relative effects of share ownership vs. control on job attitudes in an employee-owned company. *Human Relations, 31*(9), 753–763.

MacDuffie, J. P. (1995). Human resource bundles and manufacturing performance: Organizational logic and flexible production systems in the world auto industry. *Industrial and Labor Relations Review, 48*, 197–221.

Mackin, C., & Freundlich, F. (1995). Representative structures in employee owned firms. *The Journal of Employee Ownership Law and Finance, 1995*, 191–215.

Maignan, I., Ferrell, O. C., & Hult, G. T. M. (1999). Corporate citizenship: Cultural antecedents and business benefits. *Journal of the Academy of Marketing Science, 27*(4), 455–469.

Main, B. G. M., & Reilly, B. (1993). The employer size-wage gap: Evidence for Britain. *Economica, 60*(238), 125–142.

Manetti, G. (2011). The quality of stakeholder engagement in sustainability reporting: Empirical evidence and critical points. *Corporate Social Responsibility and Environmental Management, 18*(2), 110–122.

Marens, R. (2008). Missing the trees for the forest: The invisibility of employee stakeholders. *Business Ethics Quarterly, 18*(3), 427–430.

Marens, R. S., Wicks, A. C., & Huber, V. L. (1999). Cooperating with the disempowered. *Business & Society, 38*(1), 51–82.

Mason, C., & Simmons, J. (2014). Embedding corporate social responsibility in corporate governance: A stakeholder systems approach. *Journal of Business Ethics, 119*(1), 77–86.

Medland, D. (2015). *Managing 'stakeholder interaction' for better business strategy*. Forbes. Retrieved March 14, 2018, from https://www.forbes.com/sites/dinamedland/2015/08/16/managing-stakeholder-interaction-for-better-business-strategy/#181dca54577b.

Mellizo, P. (2013). Can group-incentives without participation survive the free-rider problem? A view from the lab. In: D. Kruse (Ed.), Sharing ownership, profits, and decision-making in the 21st century (Vols. 1–0, 14, pp. 27–59). Bingley: Emerald Group Publishing Limited.

Mitchell, R. K., Agle, B. R., & Wood, D. J. (1997). Toward a theory of stakeholder identification and salience: Defining the principle of who and what really counts. *Academy of Management Review, 22*(4), 853–886.

Monks, R. A. G., & Minow, N. (2011). *Corporate governance*. New York: Wiley.

Morgeson, F. P., Aguinis, H., Waldman, D. A., & Siegel, D. S. (2013). Extending corporate social responsibility research to the human resource management and organizational behavior domains: A look to the future. *Personnel Psychology, 66*(4), 805–824.

Noland, J., & Phillips, R. (2010). Stakeholder engagement, discourse ethics and strategic management. *International Journal of Management Reviews, 12*(1), 39–49.

Pendleton, A., & Robinson, A. (2010). Employee stock ownership, involvement, and productivity: An interaction-based approach. *Industrial and Labor Relations Review, 64*, 3–786.

Peng, M. W., & Luo, Y. (2000). Managerial ties and firm performance in a transition economy: The nature of a micro-macro link. *Academy of Management Journal, 43*(3), 486–501.

Phillips, R. A. (1997). Stakeholder theory and a principle of fairness. *Business Ethics Quarterly*, 7, 51–66.

Pierce, J. L., Kostova, T., & Dirks, K. T. (2001). Toward a theory of psychological ownership in organizations. *The Academy of Management Review, 26*(2), 298–310.

Pierce, J. L., Rubenfeld, S. A., & Morgan, S. (1991). Employee ownership: A conceptual model of process and effects. *The Academy of Management Review, 16*(1), 121–144.

Post, J. E., Preston, L. E., & Sachs, S. (2002). Managing the extended enterprise: The new stakeholder view. *California Management Review, 45*(1), 6–28.

Ramus, C. A., & Steger, U. (2000). The roles of supervisory support behaviors and environmental policy in employee "Ecoinitiatives" at leading-edge European companies. *Academy of Management Journal, 43*(4), 605–626.

Ramus, T., & Vaccaro, A. (2017). Stakeholders matter: How social enterprises address mission drift. *Journal of Business Ethics, 143*(2), 307–322.

Rawhouser, H., Cummings, M., & Crane, A. (2015). Benefit corporation legislation and the emergence of a social hybrid category. *California Management Review, 57*(3), 13–35.

Rousseau, D. M., & Shperling, Z. (2003). Pieces of the action: Ownership and the changing employment relationship. *Academy of Management Review, 28*(4), 553–570.

Rowley, T. J. (1997). Moving beyond dyadic ties: A network theory of stakeholder influences. *Academy of Management Review, 22*(4), 887–910.

Schneider, B., & Bowen, D. E. (1985). Employee and customer perceptions of service in banks: Replication and extension. *Journal of Applied Psychology, 70*(3), 423.

Schwartz, A. (n.d.). Inside plum organics, the first benefit corporation owned by a public company. *Co.Exist*. http://www.fastcoexist.com/3024991/world-changing-ideas/inside-plum-organics-the-first-benefit-corporation-owned-by-a-public-co.

Sharif, M. M., & Scandura, T. A. (2014). Do perceptions of ethical conduct matter during organizational change? Ethical leadership and employee involvement. *Journal of Business Ethics, 124*(2), 185–196.

Sharma, G., Beveridge, A. J., & Haigh, N. (2018). A configural framework of practice change for B corporations. *Journal of Business Venturing*.

Sledge, S. (2012). Recovering from an ethical dilemma in business: How employee ownership and other strategies can help. Presented at the IAFEP bi-annual meeting, New Brunswick, NJ.

Smith, A. (1776). An Inquiry into the Nature and Causes of the Wealth of Nations, reprinted 1976. London: Everyman's Library.

Smith, M. L., Pfeffer, J., & Rousseau, D. M. (2000). Patient capital: How investors contribute to (and undermine) relational wealth. In C. R. Leana & D. M. Rousseau (Eds.), *Relational wealth: Advantages of stability in a changing economy* (pp. 246–261). New York: Oxford University Press.

Spector, P. E. (2006). Method variance in organizational research truth or urban legend? *Organizational Research Methods, 9*(2), 221–232.

Starik, M., Steingard, D., & Clark, W. (2017). Certified B corps and benefit corporations. Professional development workshop. Presented at the Annual Meeting of the Academy of Management, Atlanta.

Thompson, P. B., Shanley, M., & McWilliams, A. (2013). Ownership culture and strategic adaptability. *Journal of Business Strategies, 30*(2), 145–179.

Turban, D. B., & Greening, D. W. (1997). Corporate social performance and organizational attractiveness to prospective employees. *Academy of Management Journal, 40*(3), 658.

Van Dyne, L., & LePine, J. A. (1998). Helping and voice extra-role behaviors: Evidence of construct and predictive validity. *Academy of Management Journal, 41*(1), 108–119.

Waddock, S. A., & Graves, S. B. (1997). Finding the link between stakeholder relations and quality. *Journal of Investing, 6*(4), 20.

Wallace, E., de Chernatony, L., & Buil, I. (2013). Building bank brands: How leadership behavior influences employee commitment. *Journal of Business Research, 66*(2), 165–171.

Wallace, J. C., Butts, M. M., Johnson, P. D., Stevens, F. G., & Smith, M. B. (2016). A multilevel model of employee innovation: Understanding the effects of regulatory focus, thriving, and employee involvement climate. *Journal of Management, 42*(4), 982–1004.

Wicks, A. C., Gilbert, J., & Freeman, R. E. (1994). A feminist reinterpretation of the stakeholder concept. *Business Ethics Quarterly, 4*(4), 475–497.

Wilburn, K., & Wilburn, R. (2014). The double bottom line: Profit and social benefit. *Business Horizons, 57*(1), 11–20.

Wood, D. J. (2010). Measuring corporate social performance: A review. *International Journal of Management Reviews, 12*(1), 50–84.