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Towards a Conscious Business future: proposal and application of a multidimensional framework and its effects on stakeholders' engagement, financial performance and ESG metrics.

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Advisor

Prof. Dr. Mateus Cecílio Gerolamo.

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Dedicatory note

I dedicate this work to my wife Renata and our lovely daughter Laura, for all the love, empathy, support, and respect you both gave to me during the countless weekends and holidays when I couldn't be with you to complete this research work.

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"There comes a time when one must take a position that is neither safe, nor politic, nor popular, but he must take it because conscience tells him it is right."

Martin Luther King

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Abstract

This research aims to investigate the relationship between Conscious Business (CB) and its effects on stakeholder engagement, financial performance, and ESG metrics. The sample includes responses from 86,945 stakeholders from 300 Brazilian companies, representing leaders, employees, customers, suppliers, and local communities. The findings indicate that increasing levels of consciousness in business have a positive effect on stakeholder engagement, financial performance, and ESG metrics. Conscious Business has a positive and significant effect on leadership, employee, local community, and environmental caring ($p < 0.001$), and a low significant effect on customer and supplier ($p < 0.10$). In comparison, B Corps have a positive and statistically significant effect on local community and environmental care, but no significant effect on leadership, employees, customers, and supplier engagement. The results also show that CB has a positive correlation with financial performance, such as annual growth ($r=0.25$) and ROI in 5 years ($r=0.27$), as well as with ESG metrics, such as women in leadership ($r=0.42$), positive impact in the supply chain ($r=0.69$), reduction of greenhouse gas emissions ($r=0.31$), and use of renewable energy ($r=0.28$). Moreover, analyzing data from the Brazilian stock market, the most conscious organizations evaluated by the study have a financial return 5.52 times higher than the market average. The findings have several practical implications. Measuring and developing leaders and organizations' consciousness levels can help balance economic, social, and environmental goals. Investment funds can use new criteria for more conscious decision-making, seeking to balance economic returns with environmental and social impact. B Corps can use these findings to improve their communication efforts regarding local community and environmental caring effects and work on their certification process with a focus on improving internal stakeholder engagement, such as leadership and employee engagement, as well as customer and supplier engagement. Finally, this study has practical implications for the UN Global Compact and World Economic Forum, as it provides empirical evidence of the crucial role of leaders and organizations' conscious levels in promoting a more humane, ethical, innovative, and sustainable business world. This can be used to encourage businesses to prioritize stakeholder engagement as part of their efforts to advance societal goals and achieve sustainable development, aiming to accelerate Sustainable Development Goals (SDGs), Conscious Capitalism, and Stakeholder Capitalism.

Keywords: Conscious Business; B Corps; Stakeholders Capitalism; ESG; SDG.

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Resumen

Esta investigación busca explorar la relación entre Conscious Business (CB) y sus efectos en el compromiso de los stakeholders, el rendimiento financiero y las métricas ESG. La muestra incluye respuestas de 86,945 stakeholders de 300 empresas brasileñas. Los hallazgos indican que el aumento de los niveles de conciencia en los negocios tiene un efecto positivo en el compromiso de los stakeholders, el rendimiento financiero y las métricas ESG. El Conscious Business tiene un efecto positivo y significativo en el liderazgo, los empleados, la comunidad local y el cuidado ambiental ($p < 0.001$) y un efecto significativo bajo en los clientes y proveedores ($p < 0.10$). Los B Corps tienen un efecto positivo y estadísticamente significativo en el cuidado de la comunidad local y el medio ambiente, pero no en el liderazgo, empleados, clientes y proveedores. Los resultados también muestran que el CB tiene una correlación positiva con el rendimiento financiero, como el crecimiento anual ($r = 0,25$) y el ROI en 5 años ($r = 0,27$), así como con las métricas ESG, como mujeres en liderazgo ($r = 0,42$), impacto positivo en la cadena de suministro ($r = 0,69$), reducción de emisiones de gases de efecto invernadero ($r = 0,31$) y uso de energía renovable ($r = 0,28$). Al analizar datos del mercado de valores brasileño, las organizaciones más conscientes evaluadas por el estudio tienen un rendimiento financiero 5.52 veces mayor que el promedio del mercado. Medir y desarrollar los niveles de conciencia de los líderes y las organizaciones puede ayudar a equilibrar los objetivos económicos, sociales y ambientales. Los fondos de inversión pueden usar nuevos criterios para tomar decisiones más conscientes, y los B Corps pueden mejorar sus esfuerzos de comunicación y su proceso de certificación con un enfoque en mejorar el compromiso interno de los stakeholders. Este estudio tiene implicaciones prácticas para el Pacto Global de las Naciones Unidas y el Foro Económico Mundial, ya que proporciona evidencia empírica del papel crucial de los niveles conscientes de líderes y organizaciones en la promoción de un mundo empresarial más humano, ético, innovador y sostenible. Esto puede alentar a las empresas a priorizar el compromiso de las partes interesadas y acelerar los Objetivos de Desarrollo Sostenible (SDG), el Capitalismo Consciente y el Capitalismo de Stakeholders.

Palabras clave: Negocios Conscientes; B Corps; Capitalismo de Stakeholders; ESG; ODS.

Paro, Pedro Ernesto Pereira. Rumo a um futuro em que os negócios são mais conscientes: proposta e aplicação de um framework multidimensional e seus efeitos no engajamento dos stakeholders, desempenho financeiro e métricas ESG. [tese de doutorado]. São Carlos, SP: Departamento de Engenharia de Produção, Escola de Engenharia de São Carlos (EESC), Universidade de São Paulo (USP); 2023.

Resumo

Esta pesquisa tem como objetivo investigar a relação entre *Conscious Business* (CB) e seus efeitos no engajamento dos stakeholders, no desempenho financeiro e nas métricas ESG. A amostra inclui respostas de 86.945 stakeholders de 300 empresas brasileiras, representando líderes, funcionários, clientes, fornecedores e comunidades locais. Os resultados indicam que o aumento dos níveis de consciência nos negócios tem um efeito positivo no engajamento dos stakeholders, no desempenho financeiro e nas métricas ESG. CB tem um efeito positivo e significativo no cuidado com a liderança, funcionários, comunidade local e meio ambiente ($p < 0,001$) e um efeito significativamente menor no engajamento de clientes e fornecedores ($p < 0,10$). Em comparação, as B Corps têm um efeito positivo e estatisticamente significativo no cuidado com a comunidade local e o meio ambiente, mas não têm efeito significativo no engajamento da liderança, funcionários, clientes e fornecedores. Os resultados também mostram que o CB tem uma correlação positiva com o desempenho financeiro, como o crescimento anual ($r = 0,25$) e o ROI em 5 anos ($r = 0,27$), bem como com as métricas ESG, como mulheres na liderança ($r = 0,42$), impacto positivo na cadeia de suprimentos ($r = 0,69$), redução de emissões de gases de efeito estufa ($r = 0,31$) e uso de energia renovável ($r = 0,28$). Além disso, ao analisar dados do mercado de ações brasileiro, as organizações mais conscientes avaliadas pelo estudo têm um retorno financeiro 5,52 vezes maior do que a média do mercado. Medir e desenvolver os níveis de consciência dos líderes e das organizações pode ajudar a equilibrar objetivos econômicos, sociais e ambientais. Fundos de investimento podem usar novos critérios para decisões mais conscientes, buscando equilibrar o retorno econômico com o impacto ambiental e social. B Corps podem usar esses resultados para melhorar seus esforços de comunicação em relação aos efeitos do cuidado com a comunidade local e o meio ambiente e trabalhar em seu processo de certificação com foco na melhoria do engajamento interno dos stakeholders. Finalmente, este estudo tem implicações práticas para o Pacto Global da ONU e o Fórum Econômico Mundial, fornecendo evidências do papel de líderes e organizações conscientes na promoção de um mundo mais humano, ético, inovador e sustentável. Isso pode ser usado para incentivar as empresas a priorizar o engajamento dos stakeholders como parte de seus esforços para avançar nos objetivos sociais e alcançar o desenvolvimento sustentável, com o objetivo de acelerar os Objetivos de Desenvolvimento Sustentável, Capitalismo Consciente e de Stakeholders.

Palavras chave: Negócios Conscientes; B Corps; Capitalismo de Stakeholders; ESG; ODS.

Summary

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Chapter 1

Introduction

1.1 Summary

Chapter 1 presents an analysis of the macro-theoretical context in which this study is located. The evolution of works on Stakeholder Capitalism, Stakeholder Theory, and ESG (Environmental, Social, and Governance) is analyzed. The context of research gap formulation, conceptual model, purpose of the study, research questions, limitations, delimitations, definitions of terms, and relevance of the work is also discussed. Chapter 2 provides the foundation for the evolution of this research through a comprehensive literature review. The chapter presents an overview of the main themes and research questions that will be explored throughout the thesis and includes five main chapters (4, 5, 6, 7 and 8) that cover a range of topics, including data analysis, empirical research, and theoretical contributions. These chapters provide a robust and cohesive framework for the overall research project and highlight the key findings and implications that will be explored in subsequent chapters. Chapter 3 offers a review of the literature on the central terms related to this work. The definitions and concepts of macro themes such as Stakeholder Capitalism, Conscious Business, ESG, and Multiple Capitals are discussed. The review then covers the themes related to the dimensions present in the Conscious Business Assessment (CBA®). Chapters 4, 5, 6, 7, and 8 present a sequence of analysis,

with specific results, and context for the central thesis of this work. Each paper includes literature review, questions, analyses, and specific results. Finally, Chapter 9 synthesizes the discussions and provides recommendations for future studies. The chapter also analyzes the limitations and delimitations of the work.

1.2 Theoretical background

It can be argued that the concept of Stakeholder Theory was made viable due to the advancements in the concept of Sustainability. The term "sustainability" comes from the Latin word *sustinere*, meaning maintaining or supporting. The origins of sustainability can be traced back to Hans Carl Von Carlowitz, a German author who, in his book "*Syvicultura Oeconomica*" in 1713, advocated for the sustainable management of forests to prevent the depletion of wood and the negative impact on the local economy. This relationship between environmental sustainability, the well-being of the population, and economic development is at the core of sustainability. Following public outcry over the Exxon Valdez oil spill in 1989, the Global Reporting Initiative (GRI) was founded in 1997 to encourage responsible environmental conduct and broaden the discussion of social, economic, and governance issues. This initiative was instrumental in integrating sustainability metrics and its legacy remains indisputable with over 10,000 organizations around the world using GRI standards in their sustainability reports. The concept of sustainability has evolved over the past two centuries to include not only environmental sustainability but also social and governance perspectives, which has influenced works on Stakeholder Theory. Edward Freeman continues to be one of the most prominent authors in the field with 178 published articles to date, 35 H-index and 6,649 articles that cited his work. His work has not only proposed but also contributed to the state of the art of Stakeholder Theory, rethinking and revisiting the definition of corporate objectives, leading with stakeholders' definitions, dilemmas, and tensions. Isabel Maria Garcia Sanchez is another author who has made significant contributions to Stakeholder Theory, with 188 published articles to date, 46 H-index and 4,797 articles that cited her work. Her work focuses on Corporate Social Responsibility, the role of top leadership, and various other related issues.

Chart 1 and Chart 2 illustrate the growth of publications and scientific citations on Stakeholder Theory, in parallel with the foundations of GRI in 1997, the B Corps

Movement in 2006, and the Conscious Capitalism Movement in 2007. While it cannot be said that these movements are the primary cause of the growth in publications and citations on Stakeholder Theory, there is evidence to suggest that they have had some influence. For example, between 1989 and 1996, there were only eight publications and 20 scientific citations on Stakeholder Theory. According to the Web of Science, there are 498 published articles on the title of Stakeholders Theory topic. The annual number has risen 4 times, moving from 8 publications per year (2006, when B Lab was founded, and Raj Sisodia published the book *Firms of Endearment*) to 34 publications per year (2022). These data from Web of Science clearly demonstrate the substantial growth in research on Stakeholder Theory over the past few decades. It is important to note that Web of Science do not show results for the search regarding only the “stakeholders” word, because the total of articles publications is larger than 10,000, that’s why the research was done regarding “stakeholders’ theory” subject. Most articles on the stakeholder’s theory topic approach business (198), management (151), ethics (89) and environmental studies (40), as illustrated by Chart 2.

Chart 1 – Scientific publications on Stakeholders Theory

Data from Web of Science, access on 21/02/2023 at 18:40

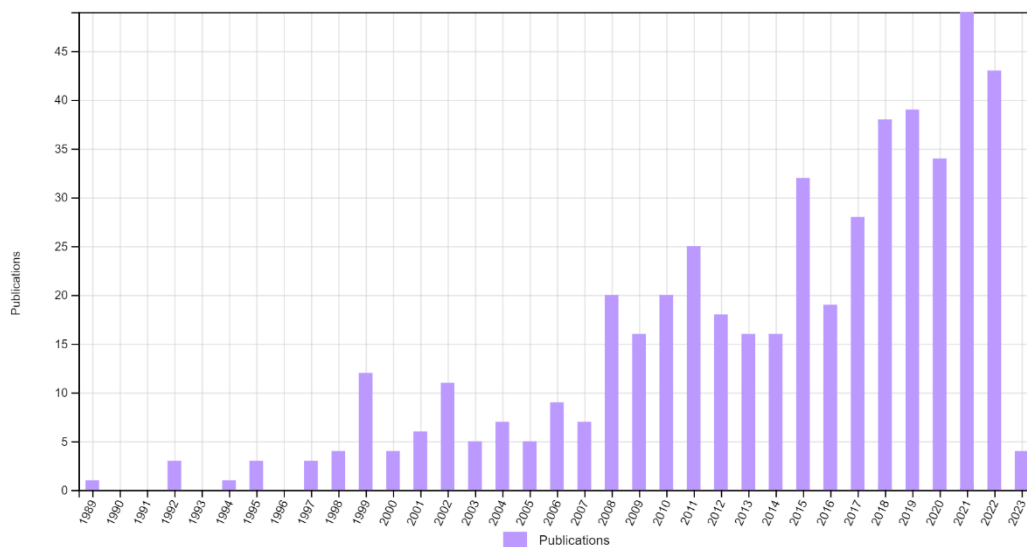
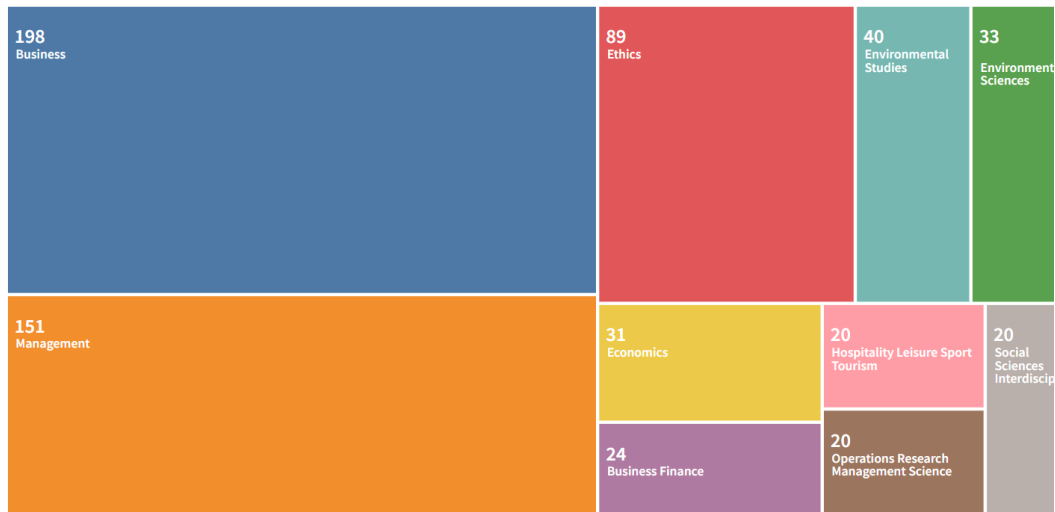


Chart 2 – Scientific publications categories on Stakeholders Theory

Data from Web of Science, access on 21/02/2023 at 18:40



Nearly a decade after the founding of the Global Reporting Initiative (GRI) in 2006, the concept and movement of "B Corps" was born in the United States. According to B Lab's website, the organization was founded with the aim of creating a stakeholder-oriented economy where businesses could lead the way. B Lab is known for certifying B Corps that meet best practices in social and environmental performance, accountability, and transparency. Every year, B Lab recognizes the top 5% of companies through the B-Impact Assessment (BIA) in the Best for the World™ campaign. In 2022, 54 Brazilian companies were included on the global list in categories such as Community, Consumers, Governance, Workers, and Environment. The B Corp Movement has been operating in Brazil since 2012 with the support of prominent leaders and institutions. According to B Lab Brazil (also known as "Sistema B"), there are over 200 certified B Corps in Brazil, including well-known companies such as Natura, Reserva, Mãe Terra, and Fazenda da Toca.

In parallel with the founding of B Lab, Raj Sisodia, Jagdish Sheth, and David Wolfe conducted research that culminated in the publication of the book "Firms of Endearment" in 2007 (Sisodia, Sheth, and Wolfe, 2007). In the same year, John Mackey, CEO, and founder of Whole Foods Market, published a white paper entitled "Conscious Capitalism: Creating a New Paradigm for Business." He later established the Conscious Capitalism movement (originally called FLOW, or Freedom Lights Our World), which has gained global recognition with over 40 chapters across 14 countries. In Brazil, Conscious Capitalism has been present since 2013, founded by a group of entrepreneurs

seeking to change the way business is conducted in the country. According to the Instituto Capitalismo Consciente Brasil (ICCB, 2023) there are 5,410 individual ambassadors, 487 certified ambassadors, 76,300 followers on social media, and 228 companies associated with the movement in Brazil, including names such as Reserva, Braile Biomedica, Sicredi, Copastur, Gerdau, Klabin, SAP, and others. When analyzing the number of followers on LinkedIn, although Conscious Capitalism Brazil is a chapter of Conscious Capitalism International, headquartered in the US, it is important to emphasize that there are 21,741 followers of CC Brazil compared to 20,844 followers of CC Inc, an international organization headquartered in the US with a much larger economy than Brazil's. Therefore, these numbers help to express not only the relevance of CC Brazil to the global Conscious Capitalism movement but also the greater awareness that CC Brazil has raised locally when compared to the awareness raised by CC Inc in the US.

In 2019, the "Davos Manifesto" was published by the World Economic Forum (WEF, 2020), advocating for Stakeholder Capitalism as the best solution to the urgent and complex problems facing humanity, such as social inequality, poverty, and climate change. The concept of Stakeholder Capitalism is seen to align the business world with the Paris Agreement, signed in 2015, and its 17 Sustainable Development Goals (SDG). The Agenda of Stakeholder Capitalism has been widely discussed in subsequent WEF meetings, leading to increased relevance for the concept in the business world. The idea is that business success should not only generate profits for shareholders, but also create shared value for all stakeholders, including partners, shareholders, employees, consumers, customers, the environment, communities, and society at large. This concept was first presented by Professor Edward Freeman in 1984.

At the same time, the concept of ESG (Environmental, Social, and Governance) is gaining importance in both the scientific and business communities. Charts 3 and 4 demonstrate the growth of scientific publications and article citations on the topic.

The evolution of ESG topics seems to be more closely tied to the discussions and ramifications of the Paris Agreement in 2015 and the Davos Manifesto 2020 (World Economic Forum, 2019) than to GRI, B Corps, and Conscious Capitalism. For instance, Broadway (2022) explores the consequences of the Paris Agreement, including changes in investments to align with the Paris Agreement and the need to improve ESG investments' orientation towards shareholders. Meanwhile, Valente and Atkinson (2018)

examine the influence of the new generations and the World Economic Forum in advancing sustainability, ESG, and Sustainable Development Goals agendas.

Chart 3 – Scientific publications on ESG title over time

Data from Web of Science, access on 21/02/2023 at 18:28.

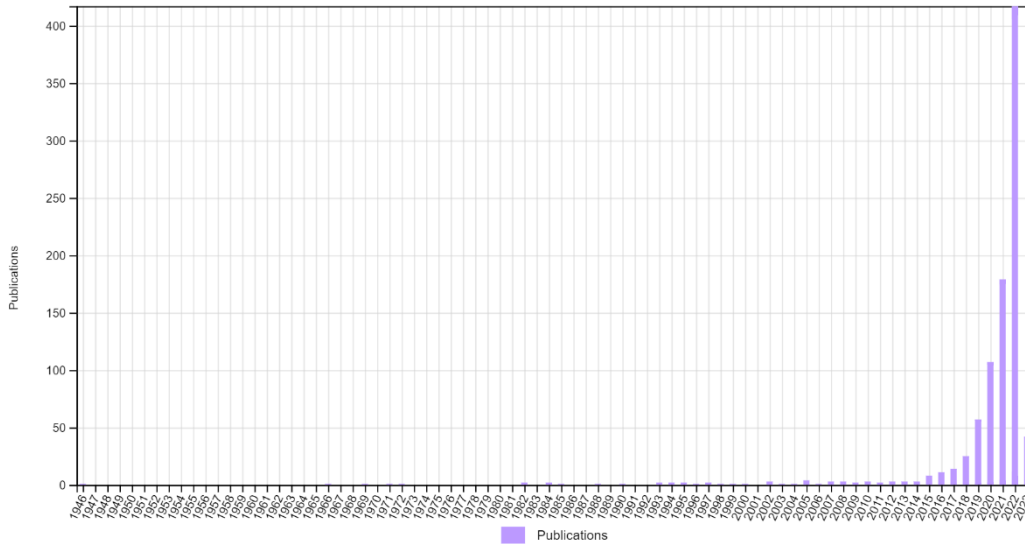
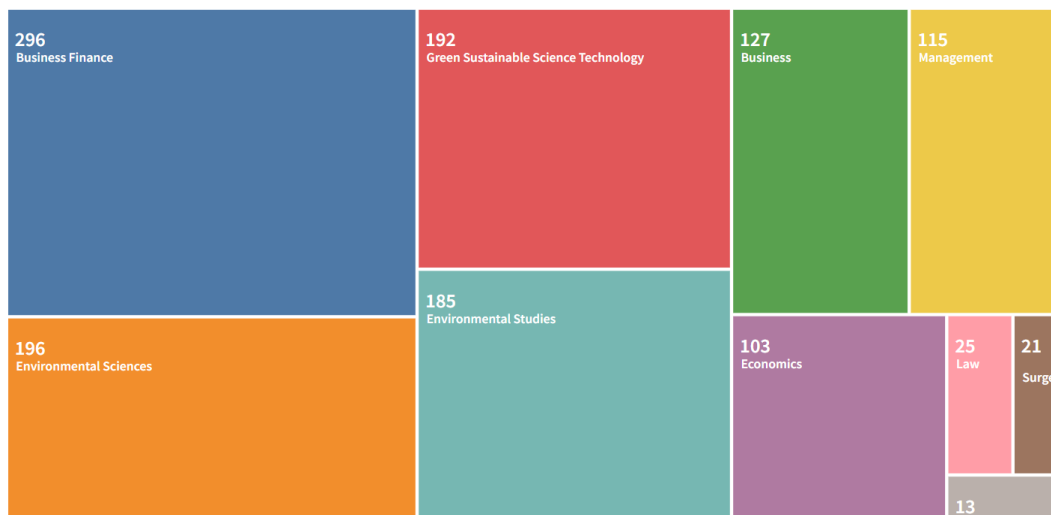


Chart 4 – Scientific publications categories on ESG title

Data from Web of Science, access on 21/02/2023 at 18:35.



According to the Web of Science, there are 916 published articles on the title of ESG topic. The annual number has risen 59 times, moving from 8 publications per year (2015) to 417 publications per year (2022). Most articles discuss business finance (296

articles), environmental sciences (196), green sustainable science technology (192) and environmental studies (185), as illustrated by chart 4. The literature on ESG seems to less focused on social relations, governance, and stakeholder perspectives. In the academic literature (scientific articles with peer-reviewed validation), no stakeholder assessment instrument like the Conscious Business Assessment (CBA®) proposed by Humanizadas (2019, 2020, and 2021) was found. Moreover, no management model was found that analyzes the relationship between maturity stages, value generation, and the quality of an organization's relationships with its multiple stakeholders. The closest model is the one proposed by Sisodia et al. (2007 and 2018), which presents principles and guidelines for organizational evolution but does not address maturity stages and does not present statistical analysis correlating the increase in management maturity with the impact and quality of the relationship with an organization's multiple stakeholders.

1.3 Humanizadas support

This research work had the support and investment of Humanizadas. Between 2017 and 2019, the author was involved in co-guiding scientific initiation students in replicating the research work of Professor Raj Sisodia with Brazilian companies, known as the Brazilian Firms of Endearment Research. With the support and partnership of the Instituto Capitalismo Consciente Brasil (ICCB), over 50 companies were evaluated by the students. This experience marked the beginning of this doctoral work and led to the spin-off of the scientific initiation students' research group, the Group of Change and Innovation Management (EESC/USP), to form Humanizadas, an ESG Rating Agency and Data Intelligence company with "USP DNA".

After the spin-off, Humanizadas raised two rounds of investment totaling R\$ 1.9 million for the development of technology and methodology for stakeholder assessment. This investment was crucial for the creation of the Conscious Business Assessment (CBA®) and the technology necessary to conduct large-scale multi-stakeholder surveys. Between 2020 and 2022, Humanizadas carried out three rounds of instrument development, application, data collection, practical learning, and improvements to the CBA® (version 1 applied in 2020, version 2 applied in 2021, and version 3 applied in 2022). At the time of writing this thesis, the Humanizadas research team is preparing the fourth version (version 4) of the CBA® that will be available in the Brazilian and

international market from 2023. However, the improvements in this new version will not be covered in this doctoral thesis due to the scope and limitations of the research and may be analyzed in future studies.

Over the past three years, Humanizadas has applied and collected data from the CBA® in 604 organizations operating in Brazil and has also analyzed public data from 276 global organizations originating from 21 different countries. The investment in the development of the methodology, the invitation to companies, data collection and analysis, was all carried out by Humanizadas and now serves to benefit the academic community through the analysis of this research work. Chart 5 illustrates the volume of organizations with which the author has interacted over the past fourteen years. This work acknowledges and recognizes the evolution and learning that the author has undergone, leading to the proposal and practical application of this thesis.

The researcher and the Humanizadas team have interacted with over 700 organizations and have observed that there are few practical examples of business and management models that focus on generating value for multiple stakeholders and multiple capitals beyond financial capital. Even organizations that are considered references in sustainability and ESG often outline business strategies that prioritize maximizing returns for shareholders, business growth (expansion and sales), and improving brand reputation. Some organizations may strive to improve customer satisfaction and, in rare cases, place the well-being of employees at the center of their business strategy, but partners and suppliers are rarely included in these strategies. Environmental, social, and governance issues are often treated as sustainability strategies rather than central components of the business strategy and are viewed as social responsibility practices that are peripheral rather than a central part of the value strategy. These practical observations by Humanizadas and the researcher, combined with the knowledge from the literature on Stakeholder Capitalism and ESG, provide the context for defining the research gap and the objectives of this doctoral work.

Table 1: Humanizadas multi stakeholders survey responses in Brazil

Surveys	2019	2020	2021	2022	Total
1 Stakeholders (total)	2.436	43.636	86.553	43.942	176.567
2 Leaders	298	6.261	8.810	4.637	20.006
3 Employees	1.126	24.510	31.446	17.506	74.588
4 Customers	485	4.503	25.540	15.037	45.565
5 Suppliers	255	3.858	10.506	4.017	18.636
6 Local Community	272	4.504	10.251	2.745	17.772
7 Organizations	79	226	300	200	805

1.4 Research gap

In line with the transformation of business towards Stakeholder Capitalism, many researchers have developed instruments, carried out theoretical proposals or case studies focused on Stakeholder Theory, ESG, Sustainability, Higher Purpose, Shared Value Strategy, Conscious Culture, Learning and change capability, and Conscious Leadership. Sisodia et al. (2007 and 2018) present a proposal for an instrument that combines these dimensions and that consults multiple stakeholders - internal and external audiences. However, although this instrument and this survey, as proposed by Sisodia et al. (2007 and 2018), can be considered the origin of the Conscious Capitalism movement, it is important to note that the original instrument was not developed to measure and monitor levels of consciousness in business. Therefore, until the present moment, the Conscious Capitalism movement, does not approach the evolution of levels of conscience of the organizations, being this the main gap addressed by this work. This can have several practical implications:

1. **Individual and team implications:** Failing to measure levels of consciousness can result in a lack of visibility regarding the gap between the development and level of consciousness of individuals and groups, particularly in terms of leadership, in support of an organization's journey towards increased awareness. The development of a team or organization's level of consciousness will likely be limited by the level of consciousness of

individuals and leadership. Thus, if individual consciousness is not developed, it is unlikely that collective consciousness will evolve.

2. **Business implications:** An assessment tool that does not consider the existence of levels of consciousness may miss a wealth of information regarding organizational diagnosis. Such a tool may arrive at the same conclusions for organizations operating at vastly different levels of consciousness. The literature already recognizes that one-size-fits-all approaches to change tend to increase the likelihood of change failure.
3. **Society, sectors, and nations implications:** When analyzing large numbers of organizations, collecting the perspectives of societies, sectors, and nations, the failure to assess levels of consciousness can once again lead to a lack of visibility when comparing markets. For instance, is the level of awareness in the North American market comparable to that of the Brazilian, European, or Indian market? It is likely not. Thus, a lack of this understanding can once again limit the range of change strategies aimed at promoting the growth and expansion of the Conscious Capitalism movement.

In the literature, there are several developments that address different dimensions of organizational awareness, but they do not necessarily correlate with the evolution of levels of organizational consciousness. For instance, the Meta Management Model developed by Cardoso and Ferrer (2013) does not propose an evolution in levels of consciousness. While there are theoretical models that address levels of organizational consciousness, such as the one proposed by Laloux (2014), they do not provide consolidated assessment instruments with proven validity and statistical reliability. The lack of a measurement tool that considers different levels of organizational consciousness can limit the ability to diagnose organizations and compare markets effectively. The absence of an understanding of the levels of awareness across different markets could also limit the development and expansion of movements like Conscious Capitalism.

Also, in the field of ESG (Environmental, Social and Governance) evaluation instruments, the closest studies to address the scope of this research work are GRI (Global Reporting Initiative), Just Capital and BIA (B Impact Assessment). There are also evaluations from ESG Rating agencies, of which we can highlight Sustainalytics, ISS,

Refinitiv and MSCI. However, none of these instruments considers the evolution of levels of awareness in business, which returns to the implications. In addition to the implications already mentioned, it is worth mentioning that many of these ESG instruments do not consider the true perspective of stakeholders (eg, how do women feel within an organization? or is there a culture of inclusion and diversity?), working in short with aggregated data (eg: how many women are there in the company? Is there diversity in the company in terms of minority groups?) or good business practices (eg: what are the remuneration practices or benefits offered to employees). Therefore, besides the fact they do not measure conscious evolution, these instruments generally carry an evaluation blind spot with respect to questions involving:

4. **Stakeholders' perspective:** These instruments do not necessarily involve input from all the key stakeholders of an organization. They at best consider indicators that reflect the stakeholders' viewpoint, without necessarily verifying the reliability and validity of the information. For instance, can public data accurately reflect the perspective of customers as much as a customer survey would when evaluating public data? Probably not, and this is one of the limitations of ESG rating assessments (Sustainalytics, ISS, Refinitiv and MSCI) and B Impact Assessment (BIA). They rely on data input from a few experts in the business (if not external consultants). They work with tertiary (consolidated) data, and not necessarily primary data from individuals and large groups.
5. **Culture and leadership:** These instruments also neglect the importance of leadership and culture in the evaluation of an organization's progress towards sustainability and ESG goals. As Peter Drucker famously stated, culture can not only eat strategy, but also ESG. Without considering the role of leadership and culture, it is unlikely that organizations will fully embrace a sustainability and stakeholder-oriented agenda. The level of awareness and development of leaders and organizational culture likely play a significant role in determining the success of implementing a humanity and sustainability agenda.
6. **Stakeholders' capitalism or stakeholders washing?** If the movements, such as Conscious Capitalism and B Lab, along with the World Economic Forum,

advocate for true Stakeholder Capitalism, organizations should design business strategies that benefit multiple stakeholders. However, current market instruments do not assess and track the evolution of organizations from the perspective of multiple stakeholders. B Lab campaigns, such as "Best for Employees", "Best for Communities", and "Best for Customers", are promoting companies globally without consulting employees, communities, and customers. For instance, in Brazil, some companies recognized by B Lab as "Best for Employees" have low employee scores on Glassdoor. It is not possible to claim that an organization is good for a particular group without first consulting that group. Until we truly consult stakeholders when recognizing organizations from a multi-stakeholder perspective, there is a risk of perpetuating instances of stakeholderwashing initiatives and damage the movement's own reputation.

All the instruments and organizations mentioned have a well-established reputation in the market and are undoubtedly making a positive impact on organizations and society. However, this work intends to highlight a major limitation of these assessment instruments, which claim to bring a multi-stakeholder perspective to support a business awareness agenda on topics such as diversity, well-being, ESG, sustainability, and SDGs. Despite their prestige in the business world, none of these instruments have been validated through scientific studies and peer review. This research gap inspired the development of the Conscious Business Assessment (CBA®) by Humanizadas, a multi-stakeholder evaluation instrument that considers business conscious stages. The CBA® was applied to over 550 organizations operating in Brazil between 2020 and 2022, and this work aims to analyze the framework developed by Humanizadas, besides analyzing the effects of Conscious Business on stakeholder engagement, financial performance, and ESG metrics.

1.5 Main objective

To address the research gap presented, the main objective of this research is *to propose and validate a multidimensional framework to measure and monitor the level of consciousness in business, as well as to analyze the effects of conscious business on*

stakeholder engagement, financial return, and impact on ESG metrics (Environmental, Social and Governance).

This was achieved by presenting the Conscious Business Assessment (CBA®) instrument, which can capture the perspectives of multiple stakeholders and measuring and monitoring the level of organizational consciousness, over the course of a sequence of five chapters that presents data collection, methodology, results and considerations.

The first describes the application of the instrument developed by Prof. Raj Sisodia in Brazil. The second article proposes an expansion of the Conscious Business model, incorporating the perspective of consciousness levels (stages 1.0, 2.0, 3.0, 4.0, and 5.0) based on the work of authors such as Frederic Laloux and Otto Scharmer, a new evaluation dimension (Learning and Change Capability) based on the work of authors like Peter Senge, and a look at an integrated approach from three perspectives (individual, relational, and organizational) based on the approaches of Marcelo Cardoso, Ricardo Ferrer, and Ken Wilber.

The primary objective of this research was achieved through a sequence of five chapters (4th, 5th, 6th, 7th and 8th) each addressing one of the secondary objectives described below: (a) proposing and describing a multidimensional framework for measuring business consciousness evolution; (b) exploring and describing the effects of this framework on stakeholders' satisfaction, including leaders, employees, customers, suppliers, local communities, and environmental perspectives; (c) exploring the effects of this framework on financial performance; and (d) exploring the effects of this framework on ESG metrics.

Secondary objective 'a' was addressed in Chapters 4 and 5. Chapter 4 presents the initial research work, which applied the original instrument proposed by Professor Raj Sisodia (2007 and 2018). Chapter 5 proposes expanding the Conscious Business model by using the Conscious Business Assessment (CBA®) to include the perspective of consciousness levels (stages 1.0, 2.0, 3.0, 4.0, and 5.0) based on the work of authors such as Frederic Laloux and Otto Scharmer, introducing a new evaluation dimension (Learning and Change Capability) based on the work of authors such as Peter Senge, and considering an integral approach from three perspectives (individual, relational, and organizational) based on the approaches of Marcelo Cardoso, Ricardo Ferrer, and Ken Wilber. Secondary objectives 'b,' 'c,' and 'd' are presented in Chapters 6, 7, and 8,

respectively, discussing the effects of the framework on stakeholder satisfaction, financial performance, and ESG metrics.

1.6 Scope delimitations

The scope of this research is limited to the analysis of the results obtained through the application of the Conscious Business Assessment (CBA®) instrument in Brazilian companies. The results of this study do not represent a generalization of the findings for companies globally, but rather a specific analysis of the results obtained in the Brazilian context. Additionally, the study focuses on the correlation between the level of consciousness of organizations and various organizational indicators, such as customer satisfaction, well-being, trust, diversity, transparency, ethics, and financial performance. The analysis is limited to the examination of these specific indicators and does not address other potential factors that may impact organizational performance. The study also does not provide a comprehensive analysis of the ESG agenda, sustainability, and SDGs, but rather focuses on the impact of the level of organizational consciousness on these issues.

One limitation is the validation of the instrument that was initially proposed by Sisodia et al. (2007 and 2018) and evolved to the Conscious Business Assessment (CBA®) from the developments and investments made by Humanizadas (2020, 2021 and 2022). It is not part of the scope of this research work to describe and document all the theoretical and practical development carried out by Humanizadas, but some of the multiple dimensions developed by this work, bringing the description, validity, and reliability of the described dimensions, as mainly describe by chapter 4th.

1.7 Why this research is relevant?

This research can bring significant implications for various stakeholders, including businesses, governments, investment funds, and movements such as B Corps and Conscious Capitalism, as well as the World Economic Forum and the UN Global Compact. For businesses, this study can provide valuable insights on how to measure success from a multi-stakeholder perspective, which can assist in rethinking and enhancing their value propositions. The findings can help organizations to identify their

strengths, weaknesses, risks, and opportunities from the perspective of each stakeholder group, leading to systemic benefits for the business ecosystem. This research can also inform managers, leaders, entrepreneurs, and investors on how to conduct business, management, and investments in a more ethical, conscious, sustainable, and innovative manner.

Investment funds can benefit from this work by using new metrics and concepts to define investment portfolios that consider the interdependence of all stakeholders. It can also provide guidance on how to conduct more conscious and sustainable investments. Furthermore, this study can support the evaluation of public policies that foster entrepreneurship and business innovation towards generating a positive impact for the entire business ecosystem.

For the movements of B Corps and Conscious Capitalism, this research can provide insights into how to further their goals of creating conscious, sustainable, and ethical businesses. It can assist in improving their certification processes and communication efforts, with a focus on improving internal stakeholder engagement.

Finally, this study has practical implications for the UN Global Compact and World Economic Forum. The empirical evidence presented in this research highlights the crucial role of leaders and organizations' conscious levels in promoting a more humane, ethical, innovative, and sustainable business world. This can be used to encourage businesses to prioritize stakeholder engagement as part of their efforts to advance societal goals and achieve sustainable development, aiming to accelerate Sustainable Development Goals (SDGs), Conscious Capitalism, and Stakeholder Capitalism. By integrating the findings of this research, the UN Global Compact and World Economic Forum can foster an environment that promotes the success of all stakeholders, leading to a more sustainable and just society.

Chapter 2

Chapters connection

2.1 Summary

This thesis results follows a structure of five main chapters. This chapter presents a coherent connection between the evolution of the work presented in the thesis.

2.2 How we recommend reading this thesis

Reading the entire thesis may present redundancies for the reader, especially regarding the dimensions of the model - higher purpose, shared value strategy, conscious culture, learning and change capability, and conscious leadership. Therefore, to optimize the reading experience, we recommend that readers initially focus on reading Chapter 5, as it reveals the construction and defense of the proposed framework, and then read the main results and practical implications of this model in Chapters 6, 7, and 8. Even in Chapters 6, 7, and 8, the reader can simply skip the parts explaining the dimensions of the model (higher purpose, shared value strategy, conscious culture, learning and change capability, and conscious leadership).

If the reader wishes to delve deeper into the reading of this thesis, after this suggested reading sequence, we recommend analyzing Chapter 4, as it presents the connection with the work proposed by Prof. Raj Sisodia, which was later expanded into the model presented in Chapter 5. If necessary, the reader can also refer to the literature review in Chapter 3, which seeks to expand the repertoire of models and authors that address Stakeholder Theory and Conscious Business topics, which help compose the proposition of the Conscious Business Assessment (CBA®). Furthermore, if the reader

seeks to delve deeper into the instrument, we recommend reading Annex A, which presents the complete questions and alternatives of the proposed instrument.

2.2 Connection between chapters

This doctorate thesis presents a collection of five chapters that, together, showcase the evolution of the research, the proposal of the evaluation instrument, and discuss the practical effects of the developed model. Before the presentation of the main results chapters, a literature review was conducted, bringing the basis and foundation of the main concepts developed in this work. Figure 1 illustrates the connection between results, and Table 2 details research definitions regarding data collection, year of application, sample and other variables that effect research context.

Chapter 4 reveals the research results obtained in Brazil with the original application of the instrument proposed by Sisodia et al. (2007 and 2018). This chapter explores the possibility of applying the concept of conscious businesses in the Brazilian context, especially with the application in medium and large companies. The data here cited use the original application of the work by Prof. Sisodia.

Chapter 5 can be considered the main theoretical construction of this work, presenting the multiple dimensions of CBA evaluation, involving the perspective of five dimensions (higher purpose, shared value strategy, conscious culture, learning and change capability, and conscious leadership), three perspectives (individual, relational, and organizational), and five levels of awareness (1.0, 2.0, 3.0, 4.0, and 5.0). In addition to the conceptual presentation and description, the chapter presents the validity and statistical reliability of the proposed framework. The data here used consider the application of CBA surveys in 2021 with 302 Brazilian companies of varying sizes and sectors of the economy.

Chapters three, four, and five, in turn, describe the effects of this proposed model on the stakeholders of an organization. Chapter 6 can be considered the main result of the work, presenting the effects of the proposed model on stakeholder satisfaction. In addition to describing these effects, the chapter presents the statistical analyses proving the robustness of the work. The data here used consider the application of CBA surveys in 2021 with 302 Brazilian companies of varying sizes and sectors of the economy.

Chapter 7 presents other effects of the model in terms of financial performance and other indicators expressing human capital, such as well-being, trust, innovation, and others. The data here used consider the application of CBA surveys in 2020 with more than 220 Brazilian companies of varying sizes and sectors of the economy.

Chapter 8 presents other effects of the model in terms of financial performance and financial metrics extracted from sustainability reports. This work was published in MIT Sloan Brazil and is in partnership with GVC Gaesco, a European asset manager. Public data from 74 global companies in 21 countries was analyzed through a correlation with CBA. This was a first exploration of the CBA approach using essentially public data, with very satisfactory results, and helps address future research proposals.

Figure 1: Research Connection between chapters

Main research questions addressed over five articles

- How do the CB theory apply with Brazilian companies? Is there statistically significant with CBA application?
- What are the effects of CB using CBA application among multiple stakeholders' engagement?
- What are the effects of CB using CBA application among financial and ESG metrics?

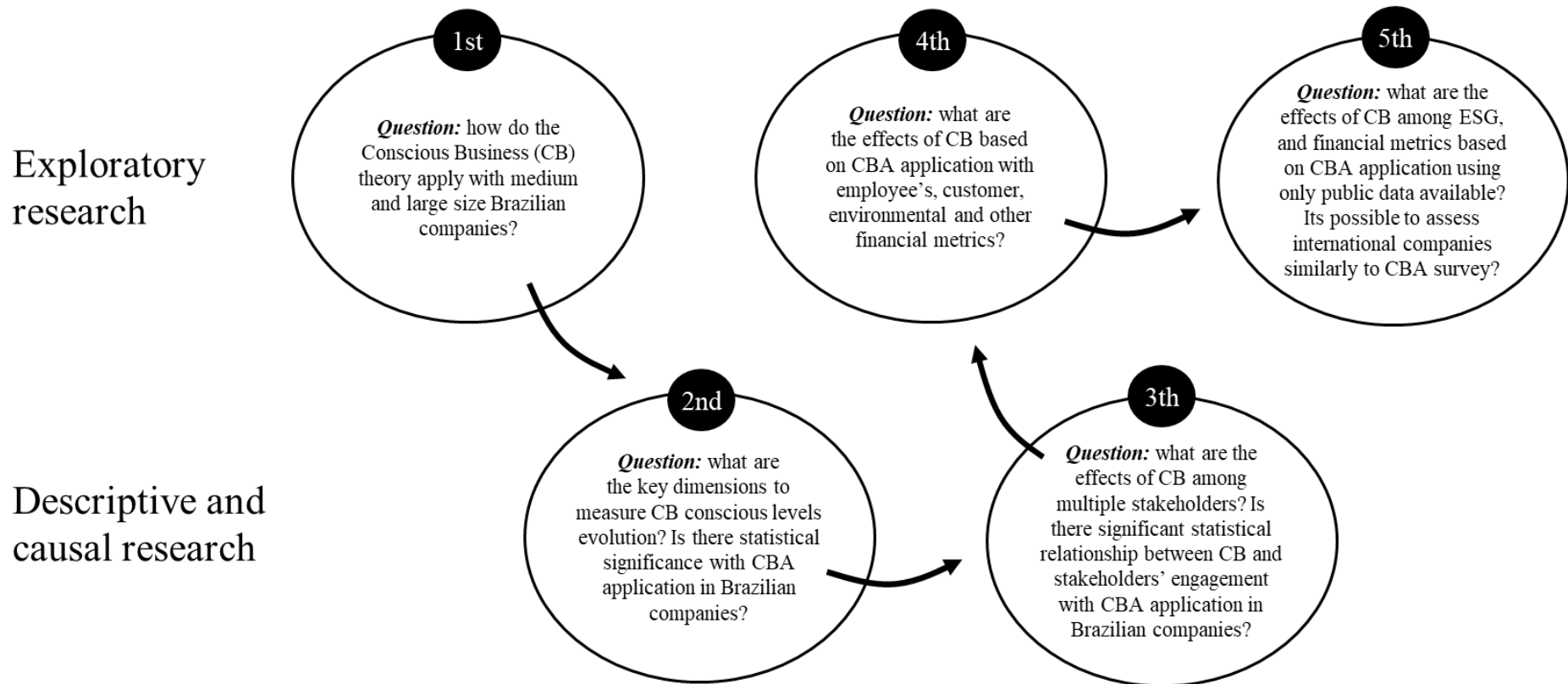


Table 2: Comparison between research results chapters

Sequence	4th Chapter	5th Chapter	6th Chapter	7th Chapter	8th Chapter
Year application	2017 - 19	2021	2021	2020	2022
Publication year	Not applicable	Expected for 2023/24	Expected for 2023/24	Set/2021	Jan/2023
Research style	Exploratory and descriptive	Descriptive and causal	Descriptive and causal	Exploratory and descriptive	Exploratory and descriptive
Data collection	Multistakeholders survey	Leaders and employees survey	Multistakeholders survey	Multistakeholders survey	Public Data
Software for data collection	Survey Monkey	Humanizadas Platform	Humanizadas Platform	Humanizadas Platform	Humanizadas
Software for data analysis	Excel	Stata	Stata	Excel	Excel
Sample	79 companies	300 companies	300 companies	226 companies	74 companies
Stakeholders responses	Almost 2,500	More than 40,000	More than 80,000	More than 30,000	Not applicable
Country	Brazil	Brazil	Brazil	Brazil	International (21 countries)
Sample selection	Volunteer and invitations	Volunteer and invitations	Volunteer and invitations	Volunteer and invitations	Randomized by GVC Gaesco
Funding	ICCB, Trustin and author himself	Humanizadas	Humanizadas	Humanizadas	Humanizadas
English revision	Author himself	Chat GPT	Chat GPT	Author himself	Author himself

2.3 Practical insights in the Proposal of the theoretical model

The application of the original instrument developed by Sisodia et al. (2003) and Sisodia et al. (2018) was crucial for this study. After applying the basic instrument proposed by Professor Raj Sisodia, as presented in the results in Chapter 4 from the application in 22 Brazilian organizations, it was possible to gather feedback from the organizations, perceive, interpret and learn some valuable lessons that essentially serve as a conceptual foundation for the proposal of a new organizational consciousness assessment instrument. These practical insights were fundamental for the construction of the proposal of the new multidimensional model, described in Chapter 5. In this section, we will document and synthesize some of the main insights gained in this expansion of the model proposed by Professor Raj Sisodia, bringing critical points as levers of opportunity for improvement and expansion of the proposed theoretical model.

1. Construct Structure analysis

In the literature, a construct analysis of the instrument proposed by Sisodia et al. (2003, 2014 and 2018) was not found. Since no construct analysis of the Sisodia et al. (2003, 2014 and 2018) model was found in the literature, we had to perform a construct analysis of the model, as can be seen in the two following figures. First, the theme of each of the 114 questions was identified and grouped according to the original dimensions. In the second moment, we analyzed which questions could be reorganized, that is, to leave the "SPICE" classification and enter some of the other four pillars. At this point, it was identified, for example, that the majority of the questions related to "Society" were related to Purpose, and those related to "Employees" were mostly related to Leadership or Culture, and questions about "Customer," "Suppliers," and "Investors" were mostly related to "Stakeholder Orientation" (some questions about "Society" and "Employees" also made sense here). In addition, some questions were removed from the pillars, as they appeared to be associated with a fifth pillar that was already being discussed by the group after the literature review. Usually, questions related to a perspective of "constant change" or "constant evolution."

Figure 2 – Organization of the themes of the instrument proposed by Sisodia et al (2018)



Note: The PhD candidate of this work and other Scientific Initiation students (Ana Luiza Martins, Bruno Motta, Giulia Dell Avanzi, João Marcos Ribeiro and Cainan Brunhera) participated in the panel.

Figure 3 – Review Panel of the Themes in the Questions and Dimensions



Note: The PhD candidate of this work and other Scientific Initiation students (Ana Luiza Martins, Bruno Motta, Giulia Dell Avanzi, João Marcos Ribeiro and Cainan Brunhera) participated in the panel.

2. Theoretical model versus Demographic data

The instrument proposed by Sisodia et al. (2018), known as "Becoming a Firm of Endowment / Conscious Business V.3" (full version presented in Appendix A) or "Conscious Business Summary Audit" (reduced version), has a total of 114 quantitative questions, organized into two parts: Part 1 with four pillars (purpose, stakeholders, leadership and culture) and Part 2 with the SPICE model (Society, Partners, Investors, Customers and employees). In addition, the instrument divides the questions into 8 groups of stakeholders (listed in item 2 of this same section). In this way, the instrument generates some confusion in relation to organizations due to its architecture because, at the same time as it has an evaluation dimension called "Customers" (concept), it has questions that must or must not be answered by "Customers" (respondents). In addition to this confusion between "who answers" and "concept," the questions are divided into 8 groups of stakeholders who should or should not answer each question: C-Level/directors, managers, HR, Purchasing, Marketing, Employees, Customers and Suppliers. This division makes it so that there are eight different surveys to be applied to each company. This makes the research process extensive, complex, and difficult to replicate in companies. The simplest and indicated would be to treat the different stakeholders as "demographic data".

3. Bias Towards the transition from orange to green

When comparing the instrument developed by Sisodia et al. (2003, 2014, and 2018) to other models that present levels of consciousness (such as those developed by Cook-Greuter, 1985; Kegan, 1994; Barrett, 2000; Beck and Christopher, 2001; Wilber, 2003; Graves, 2005; Laloux, 2014), it becomes apparent that the instrument has a strong bias towards organizations that are transitioning from the orange level to the green level or have already consolidated at the green level. This bias makes it unfeasible to measure the evolution of consciousness in a model that only recognizes one level. While there are some questions that can be associated with the Teal level, these cases

are rare. The Sisodia et al. (2018) questionnaire uses a five-point Likert scale for response alternatives, where "totally disagree" represents "we represent the opposite of that" and "totally agree" represents "we are exceptionally good at this and other organizations should learn from us." While these alternatives are reasonable for a Likert scale, they are not suitable for measuring the evolution of consciousness of an organization. This is due to the strong bias towards the orange level in transition to green and the green level itself. As a result, a red level organization answering "totally disagree" could offer the same response as an organization operating at the Teal level, which would not make conceptual sense in terms of evolution. In the author's view, Professor Raj Sisodia's more recent works, such as the book "HEaling Organizations", already bring a perspective of higher levels of consciousness when compared to previous works, especially addressing the Teal stage. This stage highlights organizations that have built regenerative business models and seek to heal the planet's and society's pains, striving to be part of the solution and not part of the problem in terms of negative impacts. These organizations serve as examples of how consciousness-oriented approaches can lead to more sustainable and equitable business practices.

4. Organizational bias

The questionnaire proposed by Sisodia et al. (2018) is heavily biased towards an organizational perspective and ignores the impact of individual values, visions, and purposes in life on shaping the organization. This perspective disregards the significance of the quality of relationships in determining organizational purpose and culture. An integral perspective recognizes that it is fallacious to assume that only the organization (as a collective entity) has a purpose and exercises it, as each individual in the organization brings their own values, visions, and purpose to the organization, which are expressed in their relationships, forming the complex social system referred to as the "organization". The author has had exposure to the integral approach through the Meta Integral Certification,

developed by Marcelo Cardoso, former VP of Strategy and People at Natura, and later through the Meta Management Model proposed by Cardoso and Ferrer (2013). The integral approach, seen through the lens of Cardoso and Ferrer (2013), as well as other authors such as Otto Scharmer, Ken Wilber, Frederic Laloux, and Dr. Susanne Cook-Greuter, when integrated with the concepts developed by Professor Raj Sisodia, allows for a new and very powerful perspective and dimension on conscious business and conscious capitalism. This background served as a repertoire, insights, and inspiration for the proposals developed by this author.

5. The consciousness evolution Journey

As a result of all the previously mentioned items, the instrument proposed by Sisodia et al. (2018) does not allow for monitoring organizational evolution in terms of levels of consciousness. This study's understanding is that the instrument is good enough to evaluate if an organization is operating at the "green" level, however, if the organization does not identify with this level, the instrument does not allow for informing at which level it is operating, risking the possibility of confusing the Red level with Teal, for example, which would be a serious conceptual error. Since it does not allow for identifying levels of consciousness, in turn, the instrument may not make sense for an organization that is operating at the Red or Blue levels, as it may be very distant in terms of consciousness, and also at the Teal level, as it may fall far short of what is expected in evolutionary terms. As movements such as Conscious Capitalism are increasingly gaining importance and urgency, as they seek to bring a more conscious and responsible approach to business practices. However, it is imperative that these movements incorporate an approach oriented towards levels of consciousness, both for the sake of coherence and to enhance the levels of consciousness in our society. A level-based approach would provide a more nuanced understanding of the evolution of consciousness, allowing for a more accurate assessment of organizations and the progress they are making towards

becoming more conscious and responsible. This not only benefits the organizations themselves, but also the wider society, as it contributes to the development of a more conscious and responsible business culture. Hence, the integration of a level-based approach in movements like Conscious Capitalism is crucial for their success and the advancement of a more conscious and responsible society.

Chapter 3

Literature review

3.1 Summary

Although this doctoral thesis data collection, methodolog, results and final considerations follows a sequence of five chatpers, the intention of this review is not to present a review of the literature in the state of the art, but rather synthesis of the literature is made within the main themes of this work: Stakeholders Theory, Stakeholders Capitalism, Conscious Business, Conscious Capitalism, Business Impact, ESG (Enviromental, Social and Governance) and Multiple Capitals.

3.2 Stakeholders Theory

Stakeholder Theory is closely linked to the strategic approach in business and was first introduced in the influential publication of the book "Strategic Management – a Stakeholder Approach" by Professor Edward Freeman (1984). In his book, Freeman argues that a business exists to generate value for all its stakeholders, including customers, employees, partners, investors, the environment, and society. The author suggests that if a business fails to generate value for any of these stakeholders, it runs the risk of decline. Over the years, Professor Freeman has remained the leading reference in the field and has published over 30 scientific papers on the subject.

Since then, the concept of Stakeholder Capitalism has provoked a series of reflections and academic works, including the works that already occurred from the Stakeholder Theory

proposed by Prof. Edward Freeman. Hemphill et al. (2021) analyze the ascendancy of Stakeholder Capitalism from four dimensions (legal, ethical, economic, and political), concluding that this movement is a commitment of companies, not a legal requirement. Roller (2021) analyzes the influence of The Business Roundtable on the rise of this term, highlighting the importance of educators to address this theme in business schools.

Authors, such as Freeman, Dmytriiev and Phillips (2021), Horisch et al. (2020), Barney et al. (2020) and Mhlanga, (2022), have already conduct a comprehensive review of the literature on Stakeholder Theory and Stakeholder Capitalism. Mhlanga (2022), for example, makes a review of the historical evolution of Stakeholder Capitalism, recognizing the importance of the concept for the next industrial revolution focused on sustainability and, however, alerting to the need for further development in the area, with the aim of making the concept more pragmatic from a business point of view so that it has considerable impact.

Critics of Stakeholder Theory argue that it is too complex and comprehensive (Barney and Harrison, 2020). Barney and Harrison (2020) argue that Stakeholder Theory lacks a more practical focus in research and business. Phillips, Freeman, and Wicks (2003) counter this criticism by suggesting that Stakeholder Theory is not an all-encompassing theory, but rather an approach that allows businesses to consider the perspectives of all stakeholders in the decision-making and value creation process, considering an economic perspective that is not limited to the financial perspective (Freeman, Phillips, and Sisodia, 2018). Freeman, Phillips, and Sisodia (2018) argue that considering the perspectives of all stakeholders in organizational decision-making requires a higher level of awareness and understanding of the interconnectivity and interdependence between the company and its stakeholders. This is something that organizations at a lower stage of maturity may not be able to see or recognize easily. These concepts differ significantly from what is observed in practice. For example, Hürisch et al. (2020) argue that traditional sustainability instruments and accounting practices have a limited focus on a specific group of stakeholders. In sustainability instruments, there is a greater emphasis on environmental issues, while in accounting instruments, the focus is primarily on the business's shareholders.

Stakeholder Capitalism represents a more comprehensive perspective on Stakeholder Theory, aimed at promoting a global transformation in the way business is conducted. The term gained significant traction in the business world through the World Economic Forum (WEF). In 2021, Klaus Schwab, the founder of the WEF, published the book "Stakeholder Capitalism: A Global System for Progress, People, and Planet." In the book, he argues that capitalism as we know it is unsustainable from an economic, social, and environmental perspective, and is doomed to fail. The Davos Manifesto highlights the importance of creating shared and sustained value for all stakeholders, including employees, customers, suppliers, local communities, and society. A company's purpose is not only to serve its shareholders but also to consider the long-term prosperity of the business ecosystem. The manifesto further explains the role of a company in serving its customers, treating its people with dignity and respect, considering suppliers as partners in value creation, and contributing to society by supporting communities and paying fair taxes. It emphasizes the need for a circular and regenerative economy and calls for continuous innovation and technological advancements to improve people's well-being. The manifesto also advocates for measuring performance not only on shareholder returns but also on environmental, social, and governance objectives. It promotes stakeholder responsibility in executive remuneration and emphasizes the importance of corporate global citizenship. The manifesto stresses the need for collaboration among companies, governments, and civil society to improve the state of the world.

3.3 Conscious Business

According to Mackey (2011), Conscious Business (CB) involves having interdependent relationships with six key stakeholders—customers, employees, suppliers, investors, society, and the environment—and acting in a manner that generates shared value for all of them. Despite the potential for conflicting interests and trade-offs between these relationships, a conscious business aims to align and harmonize the interests of stakeholders around a common goal (Mackey, 2011). In the academic literature, Conscious Business is often associated with Conscious Capitalism (CC), but it is not linked to the evolution of stages of consciousness (maturity) involving certain leadership, organizational, management, or business models. For

Mackey (2011) and Sisodia (2011), CC goes beyond Corporate Social Responsibility and the mere pursuit of "doing good." CC aims to create a new meaning of business existence, with the goal of generating value for all stakeholders (Stakeholder Capitalism).

Conscious Capitalism relates to the presence of four principles (Sisodia, 2011; Mackey, 2011; Wang, 2013; Haas, 2018; Whittington, 2018):

- **Higher purpose:** according to Sisodia (2011), businesses can and should have a Higher Purpose that goes beyond maximizing profit, a sense of collective meaning capable of connecting and engaging all stakeholders around a common goal.
- **Integration with stakeholders: conscious** businesses seek to work on the quality of relationships and the generation of value for all the main stakeholders of an organization - customers, employees, partners, investors, society, and the environment - using concepts of systemic thinking and seeking to build business strategies capable of promoting win-win relationships (Mackey, 2011).
- **Conscious leadership:** to make the existence of a conscious business feasible, Sisodia (2011) and Mackey (2011) argue that it is fundamental to have conscious leadership, capable of inspiring and connecting people around a common purpose, leading, mentoring, motivating and inspiring people, not from a logic of command and control, rather than seeking to expand human potential within organizations.
- **Conscious culture:** according to Mackey (2011), conscious businesses create an organizational culture committed to a Higher Purpose (beyond profit), developing interdependence with stakeholders and leadership itself. For Sisodia (2011), a conscious culture can be recognized by the acronym TACTILE: trust, authentic, caring, transparency, integrity, learning and empowerment.

In this study, we argue that the definition of "Conscious Business being defined by the four pillars" is not incorrect, but it is limited in not considering the evolutionary perspective of

the consciousness stages of leadership and organizations. There is ample scientific evidence (Freeman, Phillips, and Sisodia, 2018; Badjatia and Karmarkar, 2018; Mhlanga, 2022) linking the creation of value for multiple stakeholders to the stages of maturity of an organization, including the correlation with Maslow's hierarchy of needs (Badjatia and Karmarkar, 2018). However, there is a lack of concrete mechanisms for measuring and monitoring the evolution of consciousness in organizations.

According to Whittington (2018), it is crucial to advance the concept of Conscious Business so that organizations can address the complex issues facing society and educators can help students develop management models and strategies that are equipped to handle the complexities of our time. Badjatia and Karmarkar (2018) conduct an analysis of Indian companies through the lens of Conscious Capitalism and argue that Maslow's theory of needs can be an excellent tool for monitoring the evolution of organizations, demonstrating a correlation between Conscious Business and a positive impact on stock market performance.

Cardoso and Ferrer (2013) argue that rethinking an organization's management model is a key factor in helping organizations adapt to a changing environment and better address external challenges while embracing all human potential. The authors developed the Meta Management Model, which draws upon integral theory (Wilber, 2003), human development (Kegan and Lahey, 2009), organizational culture (Schein, 1979 and 2010), spiral dynamics (Beck and Cowan, 2005), Theory U (Scharmer, 2007), and other works (Kim and Mauborgne, 2005; Heifetz, 1998; Heifetz, 2002). The model emphasizes the importance of constant information exchange and learning between the organization and its stakeholders, and the need for leadership to be aware of the Higher Purpose and interdependence of stakeholders to effectively engage people in this complex dance of change. There are clear connections between the Meta Management Model and the principles of Conscious Capitalism. While Sisodia (2011) and Mackey (2011) highlight the importance of Higher Purpose, Cardoso, and Ferrer (2013) also emphasize individual meaning, shared purpose, and vision of the future. While Mackey (2011) and Sisodia (2011) address interdependence and value creation for multiple stakeholders, Cardoso, and Ferrer (2013) examine the complexities and uncertainties of the environment and the demands and value exchanges of various stakeholders. The Meta Management Model also explores the role of leadership in the management model and the

connection between leadership and organizational learning, as well as the link between management model and business strategy. In conclusion, the principles of Conscious Capitalism help organizations to transform their management model and foster better relationships with their stakeholders.

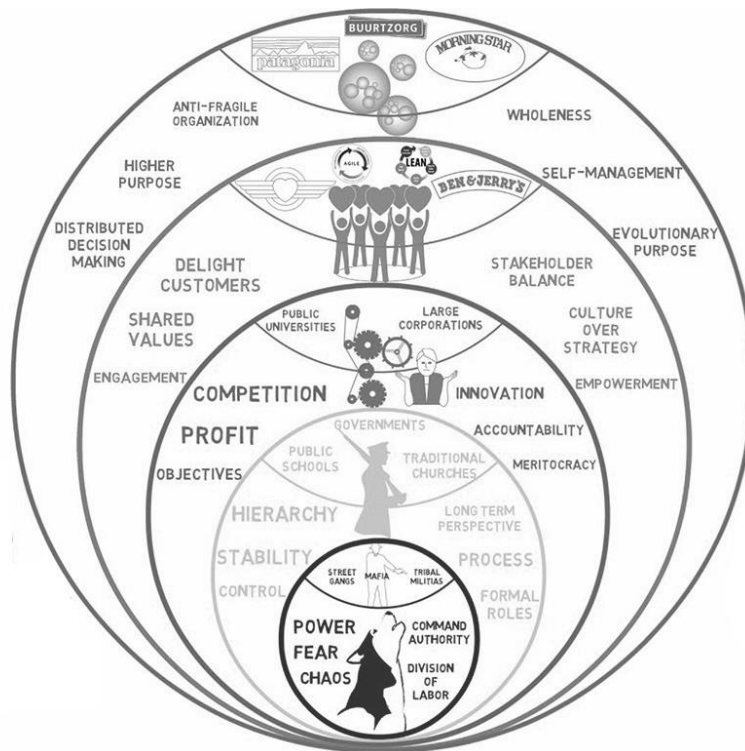
The principles of Conscious Capitalism (Mackey, 2011; Sisodia, 2011) and the Meta Management Model (Cardoso and Ferrer, 2013) do not explore the evolutionary perspective of organizations. However, Afsouran et al. (2022) suggest that leaders and organizations can adopt an evolutionary approach that considers stages of maturity to increase their impact on individual and organizational transformation.

Planter (2022) studied the importance of implementing Teal Organization practices in the public health sector in Barcelona and found that having a higher purpose can help overcome many of the challenges faced in public administration. Similarly, Munoz and Romero (2021) conducted a case study of maturity stages in Teal Organizations in various sectors, including public security, music conservatories, and small and medium-sized enterprises, and found that this understanding of maturity stages can support the evolutionary journey of organizations. Rutkowska and Kaminska (2021) reviewed the concepts, stages, and management methods proposed by Frederic Laloux and concluded that the Teal Model has the potential to be the future of management, emphasizing self-management practices, trust, communication, and restructuring. Z. Li et al. (2020) also reviewed the literature on Teal Organizations and found that these concepts offer organizations the opportunity to adapt to changes in their internal and external environment and to fundamentally rethink their practices, policies, rules, and systems.

Laloux (2014) proposed five evolutionary stages: red (stage 1), amber (stage 2), orange (stage 3), green (stage 4), and teal (stage 5). The first stage, red, is characterized by a focus on short-term survival and stability, while the second stage, amber, is characterized by a centralized, bureaucratic, and hierarchical structure, like religious institutions, public agencies, and armies. The third stage, orange, is characterized by a focus on material issues, efficiency, productivity, and innovation, commonly found in multinational companies. The fourth stage, green, is characterized by a focus on equality, well-being, diversity, and sustainability, often associated with NGOs, impact organizations, and social entrepreneurship. The fifth stage, teal,

is characterized by self-management, systemic thinking, and an evolutionary purpose, and is exemplified by organizations like Buurtzorg, which values transparency, information flow, self-managed teams, and continuous learning. Buurtzorg is a Dutch home care organization that has revolutionized the healthcare industry by adopting a self-organizing system that allows employees to work in small, independent teams, with decision-making power and responsibility for their own work. This approach has resulted in high levels of job satisfaction, reduced bureaucracy, and increased efficiency. The Buurtzorg model is an example of how a shift towards a more collaborative and self-managing organizational structure can lead to better outcomes for both employees and clients, as well as for the organization. It highlights the potential for organizations to operate in a way that is more aligned with human values and needs, rather than being solely focused on financial performance.

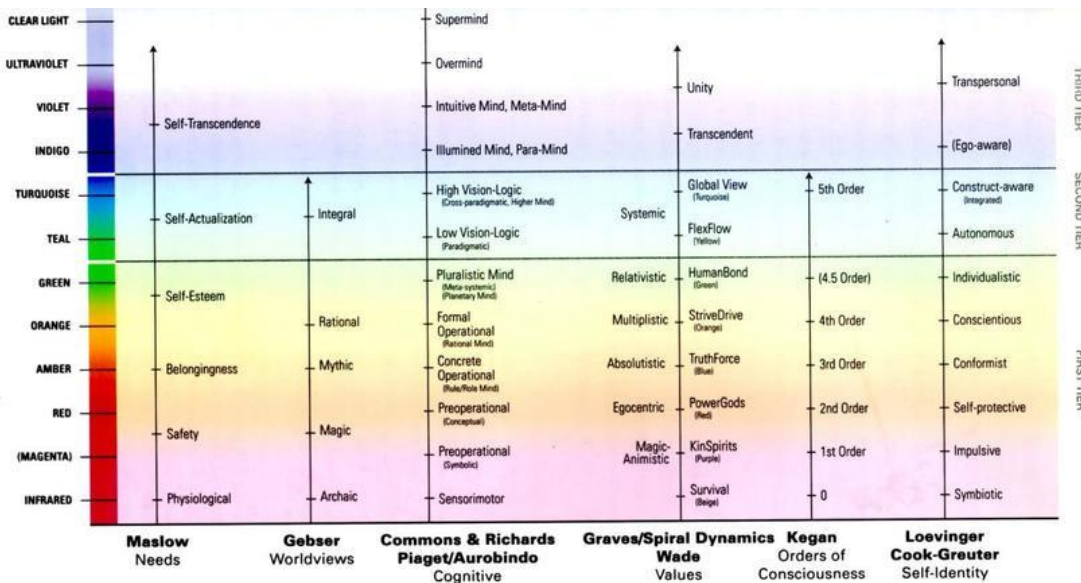
Figure 4 – Reinventing Organizations Five Maturity Stages



Source: based on Laloux (2014) work

Other authors have presented proposals for evolutionary stages of consciousness prior to Frederic Laloux (2014). For example, Maslow (1969), Beck and Cowan (2015), Loevinger (1976), and Cook-Greuter (2000) approach the evolution of consciousness or stages of maturity from an individual development perspective. On the other hand, authors such as Barrett (2006), Scharmer (2007), and Laloux (2014) present proposals for stages of organizational maturity based on theories in the field of individual development. The main difference between these approaches lies in the focus on either individual or organizational maturity.

Figure 5 – Different approaches to levels of consciousness



Source: Ken Wilber et al. (2008)

3.4 The Conscious Business Assessment (CBA®)

According to Humanizadas (2021; 2022a; 2022b), the methodological origin of the instrument is related to the work of Prof. Raj Sisodia of Babson College, known as "Firms of Endearment", being the professor one of the co-founders of the Global Conscious Capitalism Movement. In the U.S., the paper identified that companies such as Amazon, Disney, Whole Foods Market, Southwest Airlines, Patagonia, Barry-Wehmiller, and several others were able

to deliver superior results by practicing certain management principles. The 1st Edition of the Humanizadas Companies of Brazil Survey (2019) used prof. Sisodia's basic instrument, where more than 50 companies were evaluated and recognized about 22 companies – examples such as Sicoob, Clear Sale, Fazenda da Toca, Grupo Boticário, Grupo Jacto, Hospital Albert Einstein, J&J, Klabin, Natura & Co., Reserva, Unilever, Tetra Pak, and others.

According to Humanizadas, the CBA® was developed considering four perspectives:

- **Complex environment:** it is considered that organizations are inserted in a complex and constantly changing environment and, therefore, the design of the methodology itself includes characteristics of complexity and change. In this sense, multiple dimensions of analysis are evaluated and correlated (e.g., evaluation of principles, stages of maturity and perception of value).
- **Multi-stakeholders:** the main stakeholders involved with the organization are engaged, such as leaders, employees, customers, business partners and society in general. Thus, organizations can identify value generation from a systemic perspective, and identify priorities and focuses of attention (e.g., in a moment of growth, in addition to focusing on the perspective of customers, should the organization focus on improving the relationship with employees or partners?).
- **Evolutionary: organizations** are not static, they are constantly evolving in the relationship with stakeholders and the environment, so the methodology brings a perspective of the past, present and future to the business. Thus, organizations can measure and monitor how they are evolving over time and, in addition, draw parallels between multiple contexts (e.g., during the last five years, how has the stage of leadership maturity evolved, and what was the impact of this development on the well-being and innovation of the organization?).
- **Integral:** subjective (content and narrative analysis) and objective (performance indicators) questions are analyzed from the perspective of individuals, relationships, and organization as collective. That is, in addition to analyzing multiple dimensions

(reputation with multiple stakeholders, purpose and culture), the instrument also enables quantitative analyses (e.g., Culture Índice has improved about 30% over the last three years), and qualitative analyses (e.g., employees are demanding a review of agreements, roles and career plan for reducing talent turnover).

CBA® evaluate the relationship between maturity stages, measured in five dimensions and fifteen constructs, with the reputation of the brand in the relationship with multiple stakeholders. In this sense, the CBA®, proposed by Humanizadas (2021; 2022a; 2022b), describes five consciousness stages (1.0, 2.0, 3.0, 4.0 and 5.0) from the evaluation of five dimensions: higher purpose, shared value strategy, conscious culture, learning & change, and conscious leadership. The complete CBA® instrument, containing the multiple dimensions and evaluation questions, is represented in Annex A. The Chapter 6 details and describes the multidimensional framework of the CBA®.

The Conscious Business Assessment (CBA®) developed by Humanizadas aims to provide a comprehensive and integrated approach to organizational evaluation. The integration of multiple perspectives and theories, such as the Management Meta Model by Cardoso and Ferrer (2013) and the principles of Conscious Capitalism by Sisodia et al (2007 and 2018), the stages of maturity proposed by Laloux (2014), and other authors like Collins and Porras (1994), Schein (1984), Barrett (2017), Scharmer (2007), Kegan (1994), Cook-Greuter (1985), and Senge (2013), among others, allows for a thorough analysis of an organization's development. The CBA® considers both internal and external stakeholders in its evaluation, including leadership and employees as internal stakeholders and consumers, customers, partners, suppliers, former employees, communities, and other representatives of society as external stakeholders. The results of the CBA® are presented in a comprehensive report, the CBA® Full, which includes demographic data, brand reputation analysis, evaluation of values and culture, and a SWOT analysis involving advanced semantic analysis.

The report provides a detailed analysis of the organization's strengths, weaknesses, opportunities, and risks as viewed by multiple stakeholders. It also includes a correlation between stakeholder reputation and five principles of management, as well as a correlation

between the organization's values and culture with different cultural archetypes and levels of consciousness. The detailed dimensions evaluated are summarized in Table 3.

Table 3: The Conscious Business Assessment (CBA®)

Dimension	Description	Metrics exemples
Demography	Mapping the Diversity Census to identify the demographic profile of the stakeholders of each organization. All stakeholders respond to this section according to the characteristics of each audience.	<ul style="list-style-type: none"> • Stakeholder profile. • Gender. • Race/Color. • Age group. • Time from home;
Reputation with stakeholders	Identification of the degree of engagement and reputation between an organization and its respective stakeholders. All stakeholders answer this section.	<ul style="list-style-type: none"> • Reputation with employees. • Reputation with leaders • Reputation with customers. • Reputation with partners. • Reputation with community;
Perceived impact	Measurement of the impact of the organization perceived by stakeholders in multiple capitals – human, cultural, environmental, social and governance. Only internal stakeholders respond to this section.	<ul style="list-style-type: none"> • Legacy. • Value for the environment. • Transparency. • Confidence. • Welfare. • Psychological security. • Innovation;
Management principles	Measurement of the maturity stage of the organization's management in five principles. Only internal stakeholders respond to this section.	<ul style="list-style-type: none"> • Higher Purpose. • Shared value strategy. • Conscious Culture. • Conscious Leadership. • Learning & Change;
Organizational Culture	Evaluation of values related to the current and desired culture of the organization, correlating with cultural archetypes, quality index of relationships and other evolutionary metrics. All stakeholders respond.	<ul style="list-style-type: none"> • Relationship Quality Index. • Maturity stage. • Vertical Development. • Horizontal Development. • Cultural archetypes. • Cultural values;
SWOR	Advanced semantic analysis identifying the main strengths, weaknesses, opportunities, and risks, according to the perception of the public. All stakeholders respond.	<ul style="list-style-type: none"> • Strengths. • Weaknesses. • Opportunities. • Risks.

The ESG Rating of Humanizadas considers the evaluation of multiple stakeholders, as well as the analysis of public data and the mapping of ESG practices of organizations. The ESG Rating reflects the quality of an organization's relationships with its stakeholders, including

leaders, employees, customers, partners, society, and the environment. The evolution of the rating represents human and organizational development across multiple dimensions, such as transparency, ethics, diversity, innovation, and sustainability. The research shows that an increase in ratings is correlated with several organizational indicators, including improved ESG performance, customer satisfaction, well-being, trust, diversity, transparency, and ethics, leading to better financial results in the medium to long term.

The classification has 11 evolutionary levels, ranging from "AAA" to "E", as described by Table 4, with the first level being the most developed and the last level being the least developed. The methodology of the Humanizadas Rating is inspired by renowned credit agencies such as Standard and Poor's, Moody's, and Fitch. Instead of analyzing the credit risk of a country or organization, the Humanizadas Rating evaluates the potential for generating value for all stakeholders in a sustainable and consistent manner. Table 3 presents some results from the Humanizadas assessments of Brazilian companies between 2020 and 2021.

Table 4: The Meaning of Humanizadas Ratings

Rating	Classification	Interpretation
AAA	Extremely loud	Internship of extremely high quality, with extremely healthy relationships and higher orientation to generate value to people and the planet.
AA		
A	Loud	Quality stage of high relationships, healthy relationships, and strong orientation to generate value to people and the planet.
BBB		
BB	Medium	Quality stage of medium relationships, relationships with punctual problems and need to improve the generation of value to people and / or the planet.
B		
CCC	Low	Quality stage of low relationships, relationships with critical problems and need to reformulate the generation of value to people and/or the planet.
CC		
C	Extremely low	Quality stage of extremely low relationships, relationships with serious problems and need for transformation to avoid organizational failure.
D/E		

Table 5 - CB five consciousness levels based on Laloux's (2014) theory.

Level	Characteristic	Metaphors & examples	Breakthroughs
5.0	Within a self-management structure, where employees have an advisory role and activities are carried out in circles or in voluntary task dimensions. Organizations viewed as a living entity with its own evolutionary purpose, seeking to regenerate the problems of society and the environment.	Living organism metaphor. Examples of Purpose-driven organizations such as Patagonia and HolacracyOne.	Self-management, wholeness, evolutionary purpose, agile teams, and others to be discovered.
4.0	Within the classic pyramid structure, focus on culture and empowerment to achieve extraordinary employee motivation. Equality, belonging, harmony, justice, cooperation, consensus, and people first cultures.	Family metaphor. Examples of Culture driven organizations such as Southwest Airlines and Ben & Jerry's.	Corporate Social Responsibility (CSR), power sharing, empowerment, corporate culture, and common values.
3.0	The goal is to beat the competition, achieve profit and growth. Innovation is the key to staying ahead. Management by objectives (command and control in what, freedom in how). Efficiency, profitability and growth.	Machine metaphor. Examples of most multinational companies and private schools.	Innovation, accountability, and management by objectives.
2.0	Highly formal roles in a hierarchical pyramid. Top-down command and control (what and how). Stability valued above all through rigorous processes. Future is the repetition of the patterns of the past. Rigorous process, predictability, command and control.	Armed dimensions metaphor. Examples such as church, army, most governments, universities and public schools.	Replicable and stable process. Lean operations. Scalability.
1.0	Constant exercise of power by the chief to keep employees in line. Fear is the alloy of the organization. Highly reactive, short-term focus. Thrives in chaotic environments. Power by dimension and domination of a chief.	Wolf pack metaphor. Examples such as mafia, gangs, militias, and organizations involved in large corruption schemes.	Hierarchy authority and division of labor. Usually thrives in chaotic systems.

Table 6 - CB five dimensions definitions, examples, and references

Dimension	Definition	Example	Reference
Higher Purpose (HIP)	The highest business objective that goes beyond profit maximization, that can inspire and mobilize multiple stakeholders towards a common and meaningful goal.	Google’s purpose is to organize the world's information and make it universally accessible and useful. This higher purpose is a metaphor and inspiration to their unique business model.	Thakor and Quinn (2013), Henderson and Van Den Steen (2015), Gartenberg et al. (2017) and Bastons et al. (2020)
Shared Value Strategy (SVS)	The direction, policies, objectives, and initiatives defined by a company to generate shared value for all stakeholders in economic, social, environmental, emotional, and cultural ways.	The Whole Foods Business Model starts with the understanding of their core values and societal mission, and then translating the value creation for employees, suppliers, customers, donors, community, and environment.	(Porter and Kramer (1999), Porter and Kramer (2002), Cronin et al. (2000), Freudenreich et al., 2020), Laukkanen and Tura (2020).
Conscious Culture (COC)	The core assumptions, values and beliefs learned by a group to solve problems of external adaptation and internal integration, which is known as the correct way to perceive, think and feel in relation to those problems.	Zappos is known for its unique organizational culture, which can be described as a family spirit, customer-centric, happiness and fun workplace. Their culture is a key driver to their SBMI, providing a greater experience for all stakeholders.	Van Maanen and Barley (1984), Schein (1992), Deal and Kennedy (1982), Weick (1995), Schneider et al. (2012), Graen and Grace (2015).
Learning and Change Capability (LCC)	Organizational capacity and model to be continuous learning and transforming (individuals, business, and society), where people are continuously learning together and then supporting continuous transformations.	Toyota’s model is traditionally known for its capacity of innovation and continuous improvement, and that is fundamental to their culture, programs, and commitment to lifelong learning.	Sambrook and Stewart (2000), Senge (1990), Kegan & Lahey (2016), Ortenblad (2018), Park and Kim (2018).
Conscious Leadership (COL)	The leadership development process in which multiple individuals are prepared to lead change, motivate people towards a shared vision, define and execute business strategy.	Southwest Airlines develops their next generations through hands-on experience, training, and mentoring programs, which is connected to Southwest Business Model.	Day (2000), Boal and Hooijberg (2001), Day et al. (2014), Vera and Crossan (2004), Teece (2010), Raguz and Zekan (2017)

Table 7 - Conscious Business building blocks definitions, relevance, and references

#	Construct	Definition and relevance	References
1	Meaning	The importance, value, or haste that a given individual attributes to his role, the values of the organization and the understanding of his own purpose of life. It is the meaning that generates connection and internal strength. The deeper and more comprehensive the meaning into work, the more open that individual will be to learn new concepts and generate a positive impact on their life and the lives of others around them.	Marcelo e Ferrer (2013), Schein (1984), Argyris (1999) and Laloux (2014)
2	Shared purpose	Expresses the connection of meanings between two individuals, being the expression of possibility of emerging future or the shared intention that emerges from this contact. The purpose shared by individuals in their relationship allows synergy and connection between them. The greater the meaning of the shared purpose, the less energy needed to convince the other and the greater the engagement between both parties.	Marcelo e Ferrer (2013), Sisodia et al. (2018) e Laloux (2014)
3	Vision	The future intention of the organization's emerging future, having a character of complexity (given the environment), depth (levels of consciousness) and amplitude (key competencies). The vision is essential to be able to express the change that the business wants to promote in the world, being able to direct the business strategy and guide the strategic objectives.	Marcelo e Ferrer (2013), Sisodia et al. (2018) e Laloux (2014)
4	Performance	A representation of individual performance, which can be a measure of the results obtained and the quality of performance according to the commitments made by this individual. An individual's performance can be expressed in different ways. For an integral organization, individual performance is correlated not only with financial results, but also psychological, social, environmental, cultural and several others.	Cook-Greuter (2000, 2014), Barrett (2010), Robbins (2004), Marcelo e Ferrer (2013).
5	Shared value	A representation of value - tangible or intangible - exchanged in a relationship, and may be a measure of financial, social, cultural, relational, psychological, or other capital, any exchange shared by individuals in each relationship - whether these individuals from the same organization or partner organizations. The relationship of interdependence between individuals and their respective organizations implies the existence of the concept of shared value. For the relationship to be lasting, it essentially needs to benefit both stakeholders directly and indirectly. In a broader context, shared value may be associated with other relationships of individuals – with the environment, partners, and society around them.	Porter e Kramer (2006), Freeman (2010) e Sisodia et al. (2003, 2013 e 2018)

6	Value strategy	A representation of how an organization generates value for its different stakeholders – customers, employees, suppliers, shareholders, investors, partners, the environment, and society in general. The value strategy is a critical factor in how an organization differentiates itself in the market, as it expresses how it meets the needs and desires of its <i>stakeholders</i> . Value here can be defined in different ways, commonly associated with financial capital, but may also be associated with social, cultural, environmental, or other capital.	Porter e Kramer (2006), Cardoso and Ferrer (2013), McGee (2018) e Malnight et al. (2019)
7	Human development	A representation of the openness, desire, and absorption capacity of the individual to learning that may imply in spiritual, mental, emotional, or physical development, promoting the realization of full human potential. Human development expands an individual's choice possibilities, allowing them to explore their abilities and opportunities to exercise their full potential, whether in professional or personal life. Human development goes beyond learning skills and is also understood as vertical development (consciousness).	Cook-Greuter (2000, 2014), Kegan 1996), Kegan & Lahey (2016), Barrett (2006),
8	Decision making	A representation of the decision-making process that involves the choice of a path of change among multiple possibilities, and this decision is existing in the relationship between individuals, and with a strong influence of the power relationship between individuals. The purposes of a group are limited by the power relations that occur during the decision-making process. If poorly managed, the decision-making process can erode relationships given the hierarchy and dominance present. If well managed, the decision-making process can stimulate more agile change and promote the engagement of individuals around a common cause.	Cardoso and Ferrer (2013), Schein (1984), Kegan (1994), Robbins (2004), Barrett (2006), Senge (1990) and Laloux (2014)
9	Execution	A representation of how an organization's translates strategy into changes in the day-to-day operation. It can occur through strategic projects, change of guidelines, implementation of new tools or governance tasks adopted to implement the vision of the future. Successful execution is one of the main challenges of organizations, especially in a high complexity environment and requiring strong engagement and commitment from all.	Kotter (2005), Schaffer and Thomsom (1992) and Cardoso and Ferrer (2013)
10	Mental model	A representation of the cognitive line that allows an individual to interpret multiple perspectives of reality and a complexity of the growing world. It is responsible for bringing coherence between role (expectation) and behavior (actions). It has the function of adapting the individual in their activities and may also imply resistance to changes or bias factor.	Cardoso and Ferrer (2013), Schein (1979), Wilber (2003), Beck and Cowan (2005)
11	Beaded	A representation of how organizational culture is based on the way people relate. The set of individual behaviors and attitudes is appropriate as people express their values in relationships. The behavior of individuals in relationships is appropriate when it is consistent with the values shared by the group. When not in coherence with these values, they can reveal serious problems of misalignment with respect to strategic objectives or	Cardoso and Ferrer (2013), Schein (1979), Wilber (2003), Robbins (2004), Beck and Cowan (2005)

		critical problems of communication and engagement, which can be harmful to human development and the consolidation of the identity of a given organization.	
12	Organizational design	A representation of the design of how the organization should work, involving both the structure, the processes, and the existing technology. Organizational design is responsible for defining the routines, rituals, signs, and symbols of the organization, which in turn influence the organizational culture in the form of shared language. The design can evidence congruences or incongruities of the culture with a given business strategy.	Waterman et al. (1980), Cardoso e Ferrer (2013), Robbins (2004) e Laloux (2014)
13	Awareness	A representation of the quality of consciousness that an individual has about himself, how he relates, expresses himself and interprets the world and the interdependence between his own self and the other people around him. From the perspective of the integral approach, the self-awareness of leadership is expressed in different forms of individual presence and understanding. It is, therefore, fundamental to trigger individual motivators and enablers of self-learning and self-development. Without self-awareness of their skills, needs, and limitations, leadership may fail to develop to the point of inspiring the development and full potential of its leaders.	Sengue (1984); Scharmer (2003, 2007 and 2008); Schein (2010) and Sisodia et al. (2003, 2013 and 2018).
14	Leadership style	A representation of how a leader plays his or her role in relation to the relationship with others, encompassing the way in which he connects, listens, creates empathy, communicates, and is available to serve others. The leadership process takes place in the relationship between people. It is in this relationship that leadership expresses its most authentic and genuine style. Given this context, the deeper the degree of meaning, understanding of one leader's situation and empathy towards the other (led or not), the deeper the connection of this relationship will be, the greater the engagement and commitment expected as a result.	Scharmer (2003, 2007 and 2008); Schein (2010) and Sisodia et al. (2003, 2013 and 2018).
15	Collective guidance	A representation of how a leader guides the organization's actions, understanding the ability to inspire, cocreate and promote transformations around them. The collective orientation of leadership is the initial basis of the process of learning and organizational evolution. The quality of this orientation may promote (or not) coherence of the organization with a particular desired strategy.	Scharmer (2003, 2007 and 2008); Schein (2010) and Sisodia et al. (2003, 2013 and 2018).

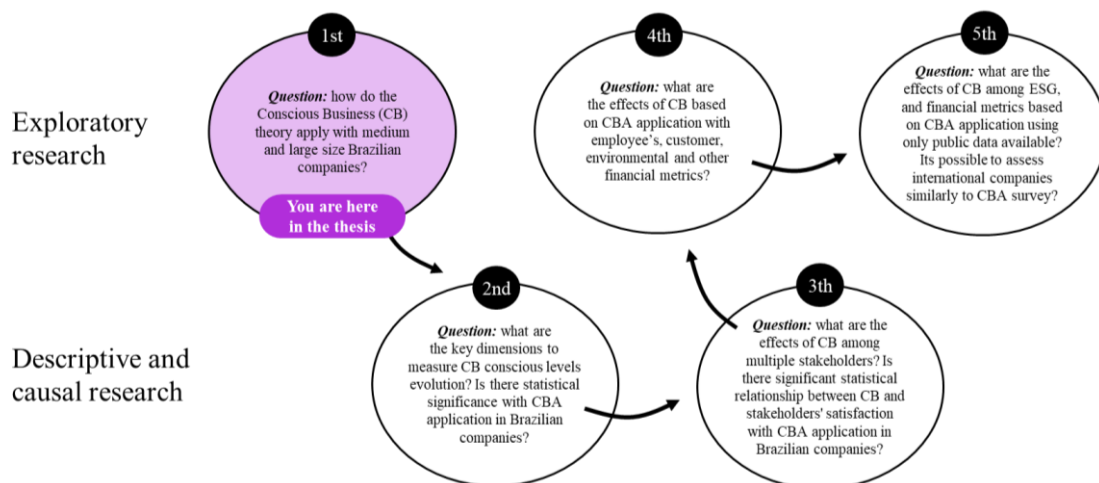
Chapter 4

In search of Brazilian Conscious Business

Where are you in the thesis?

Throughout the presentation of the thesis, at the beginning of each session, the author makes a connection following the line of the proposal presented in Chapter 2, in such a way as to guide readers through the text and identify where they are in the thesis, as described in the following figure.

Figure 6 – Chapter 4 results location within the thesis



This chapter introduces the work, connecting it to the model proposed by Sisodia, Wolfe and Sheth (2003) and Sisodia, Henry and Eckschmidt (2018) in the Brazilian

context. If you are already familiar with this model, we recommend moving on to Chapter 5, where we will present the new multi-dimensional model of Conscious Business (CB).

The idea

It is possible to replicate in the Brazilian context the instrument developed by Prof. Raj Sisodia. It is also possible to find satisfactory results that reinforce the thesis and relevance of Conscious Business to generate shared value for all stakeholders.

Conscious Business

Conscious Business (CB) is usually associated with Conscious Capitalism (C.C.), a global movement co-founded by Prof. Raj Sisodia, from Babson College, and John Mackey, founder, and CEO of Whole Foods Market. According to Mackey (2011) and Sisodia (2011), CC seeks to create a new meaning of business existence, aiming at generating value for all stakeholders (Stakeholders Capitalism), it goes beyond the traditional Corporate Social Responsibility (CSR) or the “doing good” CC has the central premise that businesses must serve all their stakeholders – customers, employees, suppliers, investors, society and the environment – and then act appropriately to generate shared value for all of them (Mackey, 2011; Sisodia, 2011).

Conscious Capitalism defends that Conscious Business (CB) has the presence of four tenets (Sisodia, 2011; Mackey, 2011; Wang, 2013; Haas, 2018; Whittington, 2018), as illustrated in Figure 6. According to Sisodia (2011), businesses can and should have a **Higher Purpose** that goes beyond maximizing profit, a sense of collective meaning capable of connecting and engaging all stakeholders around a common goal.

CB also seek to work on the **Stakeholders Integration**, which means by giving voice and searching to generate value for all the main stakeholders of an organization - customers, employees, partners, investors, society, and the environment - using concepts of systemic thinking and seeking to build business strategies capable of promoting win-win relationships (Mackey, 2011).

To make the existence of a CB feasible, Sisodia (2011) and Mackey (2011) argue that it is fundamental to have **Conscious Leadership**, capable of inspiring and connecting people around a common purpose, leading, mentoring, motivating and inspiring people,

not from a logic of command and control, rather than seeking to expand human potential within organizations. Also, according to Mackey (2011), CB create an organizational culture committed to a Higher Purpose (beyond profit), developing interdependence with stakeholders and leadership itself. Sisodia (2011) mentions that a

Conscious Culture can be recognized by the acronym TACTILE: trust, authentic, caring, transparency, integrity, learning and empowerment. In the USA, the CC movement and the very concept of Conscious Business are related to research and the book *Firms of Endearment*, published in 2007 by Raj Sisodia, Jag Sheth and David Wolfe. The book portrays the development of research by the authors, main case studies and practical results obtained. Cases of mostly U.S. companies (3M, Amazon, Disney, Whole Foods, Starbucks, Patagonia, and others) and other international companies (BMW, Honda, Unilever, Toyota, Ikea, Novo Nordisk, and others) are presented. This research work generated a global movement around Conscious Business (CB). In 2008, the first CEO Summit of Conscious Capitalism was held, creating a moment for the formalization of the Conscious Capitalism Institute (CCI) in 2010.

Fig. 1 – Conscious Business Tenets



Source: Conscious Capitalism Inc (CCI)

The Brazilian context

Brazil has undergone a profound economic crisis, with 12.9¹ million unemployed. This economic crisis overlaps with four other crises: public health, governmental, social, and environmental. Corporations can no longer insulate themselves from the Brazilian context; they need to take responsibility and do their part to restore health to the system in which they operate.

In social terms, Brazil is the second most unequal country, with the richest 1% earning 33.7² times the average income of the Brazilian population. It also has the most murders of any country by total number: 57,358³ per year. Brazil's political environment is extremely polarized between far-left and far-right. Political parties and the country's main institutions fight to perpetuate themselves in power. For example, in recent years, the sugar and alcohol industries have been lobbying to delay national investments in the electric car industry. Corruption costs Brazil up to 2.3%⁴ of GDP – an estimated \$43 billion a year in bribes, diversion of funds and lost tax revenues. Given this backdrop, it is not a surprise that in 2020, Brazil suffered one of the highest rates of cases and deaths caused by COVID-19 in the world.

The country is also plagued by serious environmental problems. For instance, the socio-environmental tragedy of Brumadinho, caused by the mining company Vale, killed 270 people (two unborn babies were not listed as official victims). As compensation for the disaster, Vale was ordered by a national court to pay a fine of \$3 million – a mere \$11,000 a life, less than the price of a car in Brazil. In a country where exploitation, corruption and selfishness prevail, the Consumer Confidence Index (INEC) of 47.3%⁵ reflects Brazilians' low level of confidence in societal institutions. It is no exaggeration to say that the country is experiencing an unprecedented governance, social, environmental, and moral crisis.

In 2013, a group of 23 Brazilian executives, entrepreneurs, and consultants, concerned by Brazil social, environmental, and economic crises, co-founded the *Instituto Capitalismo Consciente Brasil* (ICCB) to bring hope for a more prosperous future. Since then, ICCB has been doing the task of transforming the way business and investments are made in the country, defending the practice of more conscious business from the pillars of CC – Higher Purpose, Stakeholders Integration, Conscious Culture and Conscious Leadership.

Research gap

There is no study on Conscious Business (CB) in the Brazilian context, nor a broad evaluation of organizations from the perspective of multiple stakeholders. This generates several negative consequences for the potential of the Conscious Capitalism movement in the country. To sensitize entrepreneurs, ICCB since its origin uses data from the Firms of Endearment survey, mostly with examples of American companies, to defend the relevance of this movement for Brazilian entrepreneurs. Like the publications of Mackey (2011) and Sisodia (2011), ICCB argues that Conscious Business (CB) can not only generate superior value for all stakeholders, but can also bring greater financial return, environmental and social impact. Although the ICCB defends the relevance for Conscious Capitalism in Brazil from the works developed by Prof. Raj Sisodia, the context of American Capitalism is significantly different from the Brazilian context. This reason, in turn, generates a series of discomforts and questions on the part of Brazilian entrepreneurs. Basically, big business owners, small business owners and researchers present some counterarguments. First, the big entrepreneurs argue that cc concepts happen only in more developed markets, such as the USA and Europe, where the main case studies of the work of Sisodia (2011) and Mackey (2011) take place. Second, small entrepreneurs argue that cc concepts happen only in multinationals, after all, again, these are the case studies presented by Sisodia (2011) and described in the book Firms of Endearment. Third, Brazilian researchers counter-argue that there is no statistical validation of the principles defended by the CC.

Given this context, this research aims to address this gap in this research, aiming to answer the following questions: are there cases of Conscious Business (CB) in Brazil? Could the instrument developed by Sisodia et al (2007 and 2018) be replicated in the Brazilian context? If so, how is conscious business (CB) concept and theory applied in medium and large companies in Brazil? To answer these questions, during the years 2017 and 2019, we replicated the study developed by Prof. Raj Sisodia in the Brazilian context. It was the first time the research was conducted outside the U.S. The work is based on the methodology developed by Dr. Raj Sisodia. Adaptations and methodological developments were made for the Brazilian context, which, according to Prof. Sisodia himself, “*made the research work more systematic, allowing the research to be replicated in other countries*”. Prof. Sisodia was one of the mentors during the first research edition in Brazil. This is the first time that research on Conscious Businesses with multi-

stakeholder dimension has been carried out in Brazil. Most of the research that has already been done ends up being conducted from the point of view of a single group interested in the business (mono stakeholders). This research considers a more diverse and comprehensive view (multi-stakeholders), collecting and checking information from various sources. The research systematically considers the perception of value generated by the business from the standpoint of the founders, c-level, directors, managers, collaborators, suppliers, partners, customers, investors, environmental impact, social entity partners and society in general. We used a comprehensive scientific methodology and a completely impartial approach - free from payments and conflicts of interest on the part of the companies - to select the leading companies in Brazil. Therefore, we can say that the results obtained are not only unprecedented in the country, but also rich and solid enough to break paradigms and inspire more conscious, Humanizadas, sustainable and innovative businesses.

Research design

This research was conducted during the period of 2017/18 and had three main phases of company's selection and analysis.

Phase 1 – Candidates selection: our database contains 1,115 companies, and they were selected in two possible ways: (1.1) a total of 76 companies' self-enrollment for following the Conscious Capitalism Movement; (1.2) a total of 1,039 companies were selected by being certified and awarded in Brazil.

1.1 Self enrollment (76 Companies). The Brazilian Chapter of Conscious Capitalism (C.C.) released a link registration among its community for three months. A total of 76 Companies signed up to participate in the multi-stakeholder's survey. All of them (1.1 and 1.2 companies) were invited to apply the surveys in the next phase 2 - only two had outstanding results in the surveys application, and so the other 74 were classified as "Aspiring Companies".

1.2 Certified and awarded companies that were selected (1,039). We assessed all companies that – in at least one of the years of the period from 2013 to 2017 – were recognized in at least one of several major rankings and certifications in Brazil, such as Glassdoor, GPTW, B Corps, Sustainability Guides, 100 Startups

to Watch (STW) and several others. We then created a multi-stakeholder database which included dimensions such as employee satisfaction, remuneration, culture, quality of life and customer satisfaction. There were many types of companies in our database, including some that were indicted in the Car-Wash Investigation and prevented by Petrobras from participating in new public tenders (such as Andrade Gutierrez, Camargo Corrêa, Odebrecht and Queiroz Galvão), as well as companies involved in socio-environmental disasters, or which have been prosecuted for work practices like slavery. None of these organizations were found to excel in our database, indicating that systemic crimes such as corruption are just the tip of the iceberg; below the surface of this iceberg, there are behaviors, values and beliefs that permeate all the relationships of an organization. Those companies were evaluated by more than 900,000 consumers (obtained from *Reclame Aqui*, the largest consumer review platform in Brazil) and 136,000 employees (obtained from Glassdoor); this was public domain data. A total of 11 indicators were analyzed and then we selected the top 50 companies that stood out above the median of majority indicators to advance to the next phase – only 19 agreed to go on to the next stage by applying electronic survey, and all of them (19) reached the final selection.

A total of 126 companies advanced to the next stage – being this number the sum of 76 companies from 1.1 (self-enrollment) and 50 companies from 1.2 (certified and awarded).

Phase 2 – Electronic Surveys: we invited those 126 companies for the application of electronic surveys (table 7). A total of 95 Companies filled out these surveys. We carried out in-depth evaluation of 21 quantitative (20 as show in Table 4 and a Net Promoter Score question) and 18 qualitative survey questions pertaining to the four tenets of Conscious Capitalism. We selected companies with outstanding results in the four tenets of Conscious Capitalism – Higher Purpose, Stakeholders Integration, Conscious Culture and Conscious Leadership. A total of 21 companies have advanced to the next stage.

Phase 3 – Case studies validation: case studies (20 to 30 pages) were carried out for each company considering institutional information and other reference and high

reputation vehicles in Brazil. The survey's results (Phase 2) and content analysis were also considered. We have analyzed anti-competitive practices, deviations in ethics, corruption, damage to employees, customers, society, and the environment in general. The analysis considered a period of five years involving the 21 companies. We conducted interviews with the top leadership of the companies with the intention of assessing the legitimacy of the practices presented in the previous phase. Based on discussions with specialists from Conscious Capitalism Brazilian Chapter and the Universidade de São Paulo (EESC/USP), we decided to keep the 21 companies based on the following criteria:

- **Results:** they had above average results at the four tenets of C.C.
- **Practices:** they have demonstrated outstanding practices.
- **Track record:** they have a positive record of good practices.
- **Legitimated:** they have legitimacy (walk the talk) towards their stakeholders.

Results

To understand the emerging business realities in Brazil, we evaluated 1,115 companies which collectively represent more than 50% of Brazil's GDP, including many of the largest companies in the country. We first evaluated these companies using publicly available data, with 900,000 consumer and 136,000 employee evaluations. We then selected the best companies and conducted detailed multi-stakeholder surveys, involving leaders, employees, suppliers, partners, investors, and society at large. We identified a group of 21 companies that stood out, which we call Conscious Business (CB). Next, we performed a comparative analysis with 74 "Aspiring Companies" (ACs) that are affiliated with the Conscious Capitalism Institute Brazil (ICCB) and registered to participate in the research. We describe these companies as "aspiring" because they are on a journey to become more conscious. When we made this comparison, we found that the Brazilian CBs offer good examples of how to humanize business and generate shared value, offering a new template for the future of Brazil. They have adopted more humanized, conscious, sustainable, and innovative management practices that run counter to the rest of the business world. They represent a profound paradigm shift. In our research, we found a strong correlation between the quality of human relationships and the four pillars of Conscious Capitalism.

TABLE 8: THE BRAZILIAN CONSCIOUS BUSINESS (CBs)

Size	Company	Year Founded	Sector	Core Business	
50 to 99 employees	Elo7	2008	Technology and services	E-commerce of local and creative products	
	Fazenda da Toca Orgânicos	1997	Agricultural	Organic farm products	
	Mercos	2010	Startup and services	B2B sales software	
200 to 999 employees	Bancoob	1996	Financial services	Cooperative Bank	
	Braile Biomédica	1977	Health products	Innovative heart valve manufacturing	
	Raccoon	2013	Digital services	Digital marketing agency	
	Venturus	1995	Technology and services	Institute of Technology and Innovation	
1,000 to 4,999 employees	O Boticário	1977	Cosmetics	Cosmetics and perfumes	
	Cielo	1995	Technology and services	Financial Services	
	Clear Sale	2001	Technology and services	Digital anti-fraud artificial intelligence	
	Grupo Jacto	1948	Agricultural	Agricultural machinery	
	Reserva	2004	Retail and fashion	Men's clothing	
	Unidas	1985	Services	Car rental	
5,000 to 9,999 employees	Cacau Show	1988	Retail and food	Chocolate franchise chain	
	Malwee	1968	Retail and fashion	Fashion for the whole family	
	Natura & Co.	1969	Cosmetics	Cosmetics and perfumes	
> 10,000 employees	Johnson & Johnson	1886	Health products	Pharmaceutical, medical, and personal care	
	Klabin	1899	Paper and forest products	Paper and packaging producer	
	Sociedade Beneficente Israelita Albert Einstein	1955	Health and services	Non-profit hospital	
	Tetra Pak	1951	Packaging and machinery	Packaging and maintenance services	
	Unilever		1884	Consumer goods	Food, drinks, cleaning, and personal hygiene

Note: Three non-profit organizations stood out in the research: Bancoob (Cooperative Bank), Venturus (Institute of Technology) and Sociedade Beneficente Israelita Albert Einstein (philanthropic institution).

TABLE 9: THE KEY ELEMENTS OF CONSCIOUS BUSINESS

Pillar	Belief	Characteristics	Example	Impact
1. Higher Purpose	There is a reason why the company exists that goes beyond profit: addressing societal challenges and making a difference in the world.	Embracing a greater purpose inspires, mobilizes, and awakens the latent internal energy of all stakeholders.	Mercos is a startup that exists to “move the Brazilian economy.” When the economy goes well, people's lives improve. Employees see a direct link between their work and the well-being of the country.	The assessment of Mercos' stakeholders is 4.5 times higher than the average of Aspiring companies. In one year, the startup has already handled transactions involving more than \$5 billion with a team of less than 100 employees.
2. Stakeholder Integration	Businesses should strive to generate shared value for all their stakeholders.	By focusing on the entire business ecosystem, many opportunities to innovate arise.	Natura is one of the first cosmetics brands to obtain the UEBT Seal for the Ekos line, which attests the ethical supply of natural ingredients in products.	A decade after the launch of the Ekos Line, over \$250 million in revenues were generated by businesses in the Amazon region, ensuring the viability of a model in which the forest is worth more standing than being decimated.
3. Conscious Culture	Culture can promote love, care and trust between team members and stakeholders.	A positive culture, with transparency, integrity, and personal growth acts as an energizing force capable of bringing business to life.	Clear Sale promotes spaces designed for dialogue with staff members, covering topics such as profit allocation, long-term projects and how best to meet the needs of their people in collective conversations.	Clear Sale digitally protects more than 3,000 organizations in 149 countries, from transaction fraud. They use Artificial Intelligence with real-time purchase approval. To create a trustworthy business environment, the company believes it is essential to foster an internal culture of transparency and trust.
4. Conscious Leadership	Conscious leaders take care of themselves to take care of others. They focus on "us" instead of "me." They inspire, care for and support people, while also paying attention to their own self-care and self-development.	Leadership ensures that people are focused on the larger purpose of the business, generating shared value for all stakeholders.	Rony Meisleir, founder and CEO of Reserva, is the most cited leader in our survey. According to one of his employees, “The essence of being good and treating everyone well, comes from above, and this reverberates in the entire company.”	The leadership of Reserva is rated 2.3 times better than that of Aspiring Companies. An initiative launched by the leadership helped reinvent the company through the 1P5P Program - for each piece of clothing sold, five plates of food are donated. The program donated more than 35 million plates of food for those in need in its first four years of operation.

TABLE 10: COMPARATIVE ANALYSIS OF ASPIRING AND HUMANIZED COMPANIES

Percentages relative to the number of respondents who agreed with the statement ("agree" and "strongly agree" on a five-point Likert scale).

#	Tenet	Questions	Aspiring Companies (A)	Conscious Business (B)	Ratio (B/A)
1	Higher Purpose	Our organization fulfills deep-seated needs of our customers, not just their wants or desires.	42%	97%	2.31
2		Our customers would be genuinely distraught if we ceased to exist.	32%	86%	2.69
3		Our investments and R&D priorities reflect a higher purpose beyond profits.	51%	82%	1.61
4		Our employees find intrinsic satisfaction in their work that goes beyond the salary that they earn.	42%	79%	1.88
5		We have a clear vision of how the world would look if we fulfilled our purpose.	60%	85%	1.42
6	Stakeholders Integration	For all major strategic decisions, we explicitly consider the short and long-term impacts on each of our key stakeholders: customers, employees, suppliers, investors, and communities.	39%	89%	2.28
7		We use metrics to track the well-being of each of our stakeholders, and these are monitored at the highest levels within the company.	17%	77%	4.53
8		We routinely engage stakeholders in dialog and give them a voice in the company's direction.	32%	87%	2.72
9		We recognize the interdependencies that exist between our stakeholders, and we explicitly seek solutions to issues that satisfy multiple stakeholders simultaneously. At the very least, we ensure that no stakeholder is harmed so that another may gain.	24%	72%	3.00
10		Our company's relationships with all our stakeholders are characterized by frequent communication and high degrees of mutual trust and goodwill.	32%	89%	2.78
11	Conscious Leadership	Our leaders are deeply self-aware individuals who are in their roles because they passionately believe in the purpose of our organization and in service to our people.	42%	90%	2.14
12		Our leaders are intuitive systems thinkers and systems feelers. They not only think in systems terms, but they also feel the connectedness and interdependence that exists across stakeholders.	29%	81%	2.79
13		In our company, power and virtue go together. We consciously seek to promote individuals with the greatest integrity and capacity for caring and compassion.	39%	77%	1.97
14		Most senior positions in our company are filled by promotions from within.	44%	83%	1.89
15		In our company, accountability between employees and managers runs both ways; employees are accountable for their performance, and managers are accountable to ensure that employees have what they need to perform at a high level.	28%	66%	2.36
16	Conscious Culture	Our company's culture has a high degree of trust and transparency internally and externally. There is high trust amongst employees, between employees and management and between the company and its external stakeholders.	39%	89%	2.28
17		In our culture, we say what we mean, and we mean what we say. There is no sugar coating of tough reality, and there is a high level of commitment to truth and integrity in all matters.	29%	78%	2.69
18		We operate within a culture of genuine caring and compassion for all stakeholders. When times get tough, our company exhibits an even higher level of caring and compassion than in prosperous times. There is a real sense of altruism in our culture – people do things for others with no expectation of a return.	33%	85%	2.58
19		Our people and our organization are continually evolving to higher states of capability and consciousness.	35%	93%	2.66
20		Employees in our company are always empowered to do the right thing. We use self-managing, self-motivated and self-directed teams to accomplish our work.	31%	83%	2.68

Data included as responses from 2,436 people related to 95 companies that responded to the survey.

TABLE 11: BRAZILIAN CONSCIOUS BUSINESS VERSUS ASPIRING COMPANIES					
	Higher Purpose (0% - 100%)	Stakeholders Integration (0% - 100%)	Conscious Leadership (0% - 100%)	Conscious Culture (0% - 100%)	Final Result (0% - 100%)
Aspiring Companies (A, n = 74)	45%	29%	36%	33%	36%
Conscious Business (B, n = 21)	86%	83%	79%	86%	84%
Ratio (B/A)	1.89	2.88	2.18	2.56	2.34
This is a summary of the evaluation carried out using the four tenets of Conscious Capitalism. Details are in Table 4 below. Data represent the average of people (n=2,436) who “agree” or “strongly agree” on a five-point Likert scale.					

1st Tenet: Higher Purpose

According to Larry Fink, CEO of BlackRock, “The purpose is not a mere slogan or marketing campaign; it is the fundamental reason why a company exists. It is what it does every day to generate value for stakeholders.” Purpose can inspire and activate an energy that comes from within, unleashing people’s creative potential. Conscious Business have an evaluation of higher purpose 1.89 times higher compared to Aspiring Companies.

TABLE 12: DIFFERENT PERSPECTIVES ON THE PURPOSE OF BUSINESS		
Sector	Ordinary Companies	Conscious Business
Industry	“Be faster than everyone to deliver what customers want”	<i>Reserva: “To be a world example of how fashion can transform society”</i>
Technology and services	“Be the most innovative and successful in our segment”	<i>Mercos: “To move the Brazilian economy”</i>
Agriculture	“Developing products that help farmers to be more efficient”	<i>Fazenda da Toca Orgânicos: “Connecting and co-creating initiatives that regenerate systems, generating value for society and the planet”</i>

Mercos, an innovative Brazilian startup, has developed software that helps to promote sales and best practices for the consumer goods sector. Their purpose is to "move the

Brazilian economy.” In just one year, the company handled transactions worth over \$5 billion on its platform, with more than 5,000 customers and only 100 employees. In times of crisis, Mercos’ employees are even more motivated, as they know the importance of their work to the country's economy. Another example, organic farm products company Fazenda da Toca Orgânicos, aims to “connect and cocreate initiatives that regenerate systems, generating value for society and the planet.” They say that their business is to take care of the chickens, because the egg is only a consequence.

Hospital Israelita Albert Einstein hospital was created after World War II by the Jewish community, with the intention to return to the Brazilian community the same care and consideration that the Jewish people had received when they arrived in Brazil. The intention was to become the standard for healthcare in the country, with financial performance being a natural consequence of its operation. Profits are reinvested in the quality of care for patients (high-income) as well as in the improvement of Brazilian health care system (low-income). They are responsible for the management of 23 public healthcare units and have committed to invest over \$230 million in Brazilian public health. Horácio Lafer Piva, chairman of the board of Klabin - Brazil’s leading paper producer - revealed in an interview that he noticed that happiness in the workplace ends up being the result of a commitment to a greater purpose, engaging people and improving the quality of relationships: “basically, people, especially new generations, look for companies and work environments that bring meaning to life, authenticity, a sense of community, belonging, passion and purpose”.

2nd Tenet: Stakeholder Integration

Conscious Business (CBs) have an evaluation of stakeholder’s integration 2.88 times higher than Aspiring Companies (ACs). For all strategic decisions, HCs are more likely to explicitly consider the short-term and long-term impacts on each of their key stakeholders 2.3 times more than ACs. They are 4.5 times more likely to use metrics to track well-being of each of their stakeholders, and these are monitored at the highest levels within the company. They are 3.0 times more likely to seek solutions that satisfy multiple stakeholders simultaneously, or at least, ensure that no stakeholder is harmed so that another one may benefit. When an organization recognizes the importance of the

interdependent relationships that exist between its stakeholders, there is room to reinvent the business model, innovate and generate greater value for all stakeholders.

According to João Paulo Ferreira, CEO of Natura, a leading cosmetic company in Brazil, “Understanding the systemic and interdependent nature of the universe, and manifesting this awareness in a business model, goes far beyond marketing a product.” Natura's story reveals a quest to improve life and the relationship between people. This occurs from the self-knowledge, self-care and self-esteem that working at the company provides. These experiences create contexts that stimulate people’s self-love and empathy in the different relationships developed around them. Natura's Ekos line was one of the first Brazilian product lines to obtain the UEBT seal, which attests to fair trade practices, preservation of Brazilian biodiversity and trust from the community.

Albert Einstein Hospital learned that it was of no use working on a Patient Experience if it did not also work on an Employee Experience. Employees do not care for patients better than they are cared for by company leaders, and leaders do not care for employees better than they care for themselves.

3rd Tenet: Conscious Culture

Conscious Business (CB) have an evaluation of conscious culture 2.18 times higher compared to Aspiring Companies (ACs). HCs culture has 2.7 times more commitment to truth and integrity at work, and 2.3 times more transparent workplace. This kind of culture not only allows people to be authentic and committed to the truth, but also stimulates human potential. It is thus natural that the results delivered are superior.

Raccoon, a digital marketing agency, operates in an environment of great competitive pressure, where external relationships are impacted by the company's internal practices. For example, if a customer is creating stress and making the lives of employees difficult, the company’s leadership addresses the balance of the relationship. They understand that satisfied and happy employees in the medium and long term make customers satisfied and happy. In some cases, they “fired their own customer,” since they realized that the relationship was not balanced, and the customer was making the lives of employees miserable. The company created the position of “mayor,” who is elected annually and has a monthly budget to invest in the needs and desires of the staff.

TABLE 13: RACCOON'S HISTORY

There are several interesting stories about how Raccoon puts its values into practice. At different times, they have fired clients who were making their employees' lives miserable. Whenever a client begins to place excessive demands on the company's employees, or using offensive or prejudiced tones, the directors call the client to discuss the relationship. For them, the quality of life of employees is crucial to serve customers with quality. In another case, when an intern made an error that cost the client more than one hundred thousand reals (about \$20,000 dollars), the company absorbed the loss, and did not dismiss the intern, focusing instead on the lessons learned. This does not mean that the company connives with its employees; it just strives to be fair. The company does fire employees whose values are not aligned, but not for technical reasons or because of mistakes.

Most of the practices designed to develop a conscious culture are not complex, nor do they require high investments. At Clear Sale, for instance, there is space for open dialogue with employees, development workshops, weekly chatting circles and a program for welcoming new employees. None of these initiatives requires major investments. At Mercos, there are weekly transparency meetings, people have a voice in decisions and free access to leadership. They also have periodic meetings with customers. All these initiatives are very well received by the staff and help to create an environment of continuous human development.

4th Tenet: Conscious Leadership

The previous pillars are only viable if the business has Conscious Leadership. When we talk about conscious leadership, we mean leaders who transcend self-interest, being motivated by the purpose of serving others. They are leaders who mentor, motivate, inspire, and help develop the organization's human relationships. Mr. Shunji Nishimura, founder of Grupo Jacto, used to say that “nobody grows alone.” This is one of the most cited phrases in the entire survey, a symbol of the enduring influence of leadership on the culture even after the death of the company's founder.

Conscious Business (CB) have an evaluation of conscious leadership 2.56 times higher compared to Aspiring Companies (ACs). The Leaders of HCs are 2.3 times more likely

to be in that position because they passionately believe and live in the purpose of serving the company's people. They do not only think in a systemic way, but they also *feel* the connectedness and interdependence that exists across stakeholders 2.8 times more than ACs leaders.

CASE: HOW RESERVA IS REINVENTING THE FASHION INDUSTRY

Reserva was founded in 2004. It is much more than a clothing company. The group has 71 stores, around 1,600 employees and presence in more than 1,400 multi-brand stores in Brazil. The entire business of Reserva is guided by the purpose of “being a world example of how fashion can transform society.” The company seeks to be a friend of people, not just a brand, and is reinventing business, as we can see from the following practices:

- **Reserva Experience:** The company reinvented the customers' shopping experience. Rather than paying sales volume bonuses, the company rewards salespeople who promote the best customer experiences. A story that became famous was the case of a foreign tourist who entered a store in Ipanema. He commented to the attendant that he loved Brazilian draft beer. When the customer came out of the dressing room, he found a waiter waiting for him with cold draft beer. This experience was unique for the customer. The story circulated around the world and the salesperson gained recognition at the end of that year.
 - **1P5P:** Reserva was investing in a program focused on education in Brazil. However, on one of the visits to the program, Roney Meisler, CEO of Reserva, faced the following question from one of the beneficiaries of the program: “Roney, when you are hungry, can you work? Well, there are children starving here, and when hungry, nobody can study.” That question changed everything. Roney found that a child dies every five minutes in Brazil, and the main cause is hunger. In response, Reserva created the 1P5P Program. For each product sold, five plates of food are donated to those in need, through a strategic partnership with the NGO Banco de Alimentos. In the first four years of the program, they donated more than 35 million plates of food.
 - **Youth and Seniors Together:** This program was created to encourage the hiring of people over 50 in their stores, creating a mix of generations in the team.
 - **Made in Brazil:** The company encourages the purchase of products from local suppliers. 95% of their products are made in Brazil. The company gives preference
-

the local economy, even if cost savings could be obtained by importing products from other countries.

A good illustration of the belief is the logo of Bancoob, a banking cooperative. The logo is an inverted triangle, symbolizing that team members are above everything. The message is that the bank's leadership must be at the service of employees, not the other way around. The better the performance of team members, the better the performance of all. On one occasion, the cooperative helped install electric light in Rio Pardo, a very humble municipality in the countryside of the State of Rondônia. To reach Rio Pardo, it is necessary to traverse a dirty road in the middle of the Amazon rainforest for almost 180 km. Bancoob did this to open a branch where other banks refused to be present, thereby meeting the long-unfulfilled needs of the local community.

Another example is Clear Sale. Founded in 2001, it took the company eight years to break even. Leadership played a key role, demonstrating optimism and resilience throughout this period. Pedro Chiamurela, a former Olympic athlete and founder of the company, comments that “in sport, with dedication you evolve quickly, but there is always the risk of losing. This made me resilient, and I bring that strength to the business world. We do not have to fear risks. You don't have to be sure about the money, but sure of yourself.” Today, Clear Sale is the market leader and operates in 149 countries.

At Raccoon, leaders seek to hire people who can tell them what the company needs to do, not the other way around. Obviously, at times the leadership needs to direct its team. For example, if an employee treats others with disrespect, doesn't put the organization's values into practice, doesn't relate with respect, or doesn't value cultural differences within the company, the senior management asks all employees to stop working immediately to talk about what is going wrong. In Reserva, leadership is seen as one of the main differentiators of the company: “The example of being good, and treating everyone well, comes from above, and ends up reverberating throughout the company,” comments one of the employees.

Financial Performance of HCs

Over a 20-year period, spanning multiple political and economic crises, HCs had an accumulated Return on Investment (ROI) 2.16 times higher than the average of the 500 largest companies in Brazil. We also compared the averages for each group considering other indicators as shown in Table 14. HCs had a 1.38 times higher Net Margin (96.2% vs 133.1%) even with a 0.59 lower market growth (150.7% vs 88.3%). The learnings reveal that the quality of multi-stakeholder relationships positively impacts the quality of an organization’s financial results.

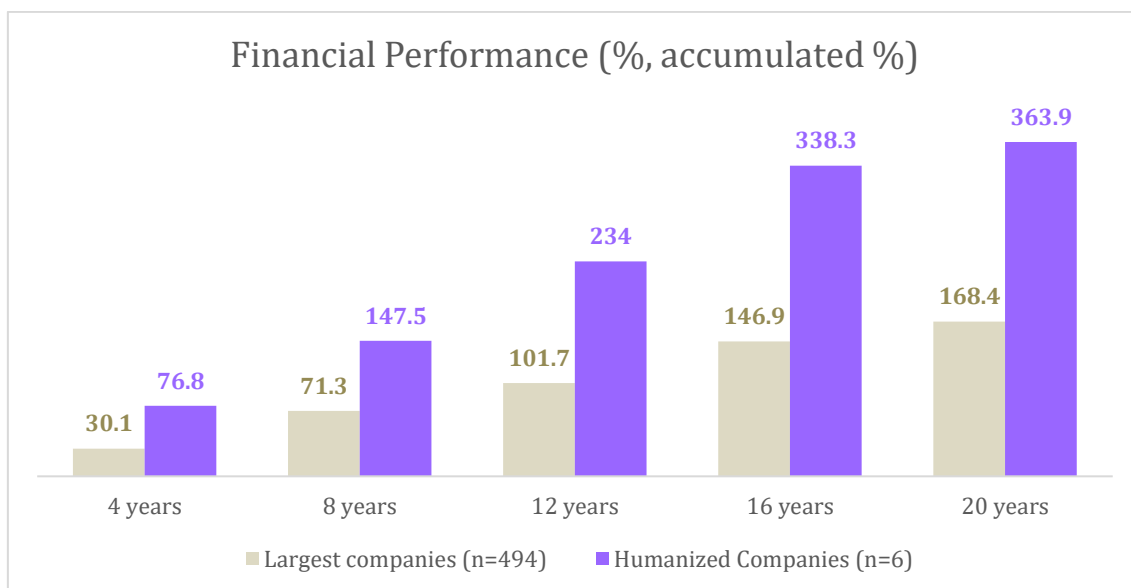


TABLE 14: CONSCIOUS BUSINESS (CB) HAVE FINANCIAL RESULTS OF HIGHER QUALITY

Analysis over a 20-year period (1998-2017)	Largest companies in Brazil (A, n = 494)	Largest Conscious Business in Brazil (B, n = 6)	Ratio (B/A)
ROI (% , accumulated)	168.4	363.9	2.16
Growth (% , average)	150.7	88.3	0.59
Net Margin (% , average)	96.2	133.1	1.38

The list and data collect of the 500 largest companies were based on the “Exame Guide” which uses annual revenue as the main index. As we did not have data for all Humanized Companies, we only considered data for the largest conscious business

listed in the Exam Guide. Therefore, six CB (public or private) were included: Natura, Boticário, Grupo Jacto, Klabin, J&J and Unilever. We did not have access to the financial results of the Aspiring Companies, and so we decided to make a comparison with the 500 Largest companies operating in Brazil (n=494, because we removed the eight CB companies.

Why do these companies have superior financial results? Because they nurture higher quality relationships. HCs meet deep customer needs 2.3 times more, and their customers admire them 2.7 times more. Doing business with HCs goes far beyond buying products and services, it has to do with creating and sustaining affective relationships.

Conclusion and final considerations

Over a period of two years, we evaluated 1,115 of the largest and best companies in Brazil. Our study shows that the quality of relationships across stakeholders has a positive impact on the quality of an organization's results. Conscious Business (CB) exemplify this new approach to business. Where the priority was shareholder value, they now include shared value for all stakeholders. In the past, the assumption was that the financial result was the final objective; the new assumption is that profit is the consequence of fair and ethical relationships between all parties.

Of course, HCs are not perfect, in the same way that people are not perfect. We have plenty of evidence that all companies analyzed in the survey have great opportunities for improvement. The major thesis that we offer here is that HCs are on a journey of evolution of consciousness and are creating business rules that are radically new. Together with B Lab and Conscious Capitalism, HCs are helping to establish a new definition of success in the business world. They do not consider business as merely a money-making machine, but as a noble social undertaking. They seek to heal, to cure the pain of society and the planet through better business.

Conscious entrepreneurs understand the systemic dynamics of business, and lead their teams in a transparent, authentic, and open way. These leaders inspire loyalty and high performance. The companies cited here demonstrate that it is possible to do business in a fair and ethical manner, and thereby enhance business results – even in the face of an economic, governance, environmental, social, cultural, spiritual, and moral crises.

This is the initial research study that opens this doctoral thesis. This study makes connection with Professor Raj Sisodia's previous work at Babson College. The main challenges of this work were the volume of data available and the application of multi-stakeholders' surveys is something new for companies operating in Brazil. So, one of the main limitations of the study is precisely the number of companies applying the entire research methodology. This scenario proves to be an opportunity to carry out studies with a much larger number of companies. This context was decisive for the decision to create "Humanizadas", an impact startup spin-off the research group. Humanizadas is developing intelligence and data science to evaluate leaders and large-scale organizations, so these data will be fundamental for the development of academic research with greater wealth and robustness of information.

Chapter 5

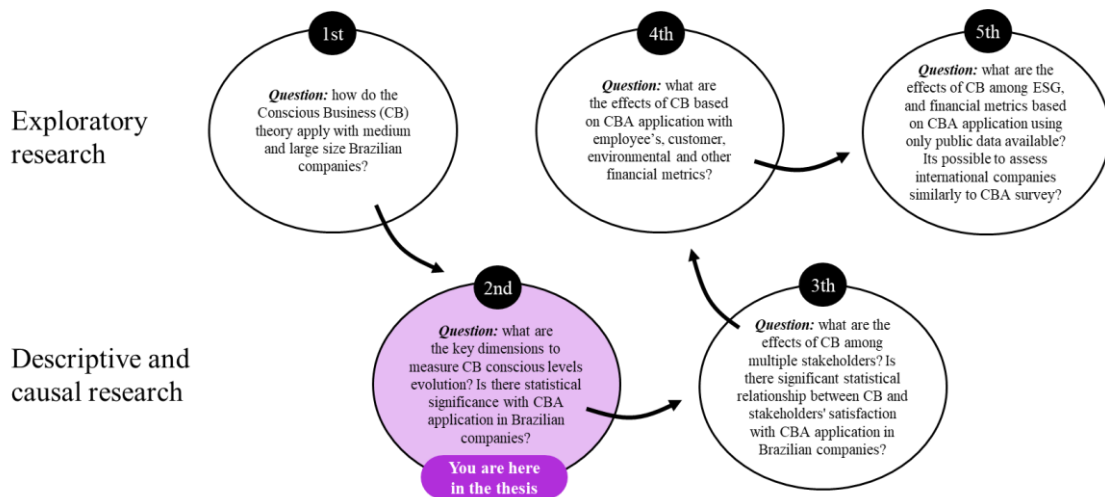
A multidimensional framework for Conscious Business

Towards a conscious business future: A multidimensional framework for purpose, strategy, culture, learning and leadership.

Where are you in the thesis?

Throughout the presentation of the five chapters in this thesis, at the beginning of each session, we will make a connection following the line of the proposal presented in such a way as to guide readers through the text and identify where they are in the thesis, as described in the following figure.

Figure 7 –Chapter 5 results location within the thesis



The idea

This chapter presents a multidimensional Conscious Business (CB) Framework, regarding five dimensions – higher purpose, shared value strategy, conscious culture, learning and change capability and conscious leadership -, three perspectives – individual, relational, and organizational – and five consciousness levels – 1.0, 2.0, 3.0, 4.0 and 5.0. The idea is that a CB can be defined by these five dimensions.

Abstract

The concept of Conscious Business (CB) has garnered attention from scholars and managers across various disciplines, however, research on CB in management remains scarce. Specifically, scientific literature shows a few results on the effort to identify the driving factors of a conscious business and how to assess the underlying constructs. The main objective of this research is to present the proposal and application of a multidimensional conscious business framework. Our purpose is to present a model with statistical validation and reliability that enables firms to be mindful of both internal and external realms and to effectively respond to challenges of integration and adaptation with multiple stakeholders, including board of directors, leaders, employees, customers, partners, the environment, and society at large. Additionally, we validate the measurement model of our CB conceptual framework using a sample of 40,717 leaders and employees from 300 firms in an emerging economy and discuss its implications for stakeholder theory, sustainable business model innovation, and management practices. Drawing on stakeholder theory and conscious capitalism, we suggest that a higher purpose, shared value strategy, conscious culture, learning and change capability, and conscious leadership together define a business' level of consciousness. This has a multitude of implications for academics, organizations, and society. For instance, it can open up new avenues of research into change strategies, while also accelerating transformations towards ESG (Environmental, Social and Governance) and SDGs (Sustainable Development Goals) initiatives.

Keywords: Conscious business; conscious capitalism; stakeholder theory; sustainability.

Introduction

As societal attitudes and expectations change, businesses face the challenge of adapting their business models to create and capture value in a changing landscape (Schaltegger et al., 2017; Jones et al., 2016; Mitchell et al., 2016; Chen et al., 2023). The growing complexity of the business environment calls for a broader perspective on business models that generate value not only for shareholders, but also for all stakeholders (Freeman, 1984; Freeman, Harrison & Wicks, 2007; Harrison, Freeman & Sá de Abreu, 2015; Schaltegger et al., 2017). Barney (2018) argues that the logic of prioritizing shareholder return is flawed because if a firm focuses solely on maximizing shareholder return, it may not be able to integrate the long-term resources needed to generate economic profits. Empirical evidence supports the idea that the stakeholder theory can enhance a firm's operational performance (Deng et al., 2013; Flammer & Bansal, 2017) and long-term financial performance and valuation (Henisz et al., 2014; Flammer & Bansal, 2017). There is an opportunity for more sustainable and innovative business models that take into account the ecosystem of value, moving from a shareholder perspective to a broader perspective that includes leaders, employees, customers, partners, providers, the environment, communities, and shareholders (Bocken et al., 2013; Lüdeke-Freund et al., 2016; Massa et al., 2017; Bocken & Geradts, 2020).

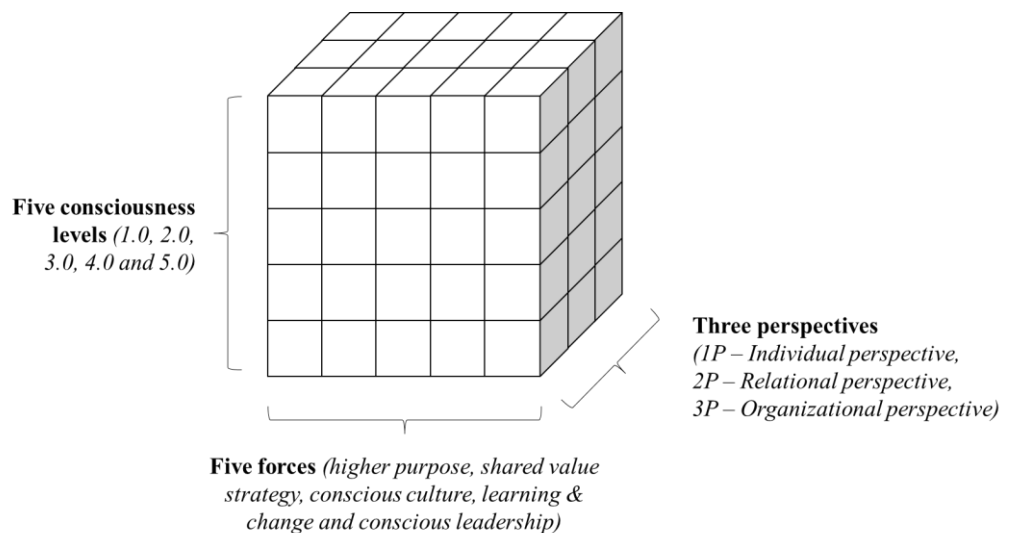
Based on the stakeholder perspective, the concept of conscious capitalism, and more specifically, conscious business (CB), has emerged and attracted attention from scholars and managers across multiple disciplines (Sisodia, 2011). Sisodia (2011) identifies several companies that have rejected shareholder primacy in favor of a long-term shared value creation perspective for all stakeholders, including customers, employees, suppliers, communities, the environment, and investors. The concept of conscious business is anchored in four inductively-developed dimensions (the so-called four tenets of CB), which have been empirically reflected in several business cases, including Starbucks, Whole Foods, Southwest Airlines, Patagonia, and others (Mackey, 2011; Sisodia, 2011; Sisodia et al., 2014; Sisodia et al., 2018). The concept of CB has generated a rich debate about definitions and ethics, including the "shoulds," "cans," and "wills" of firm strategy and actions (O'Toole & Vogel, 2011; Mackey, 2011; Sisodia, 2011; Hanson, 2011; Rauch, 2011; Strong, 2011; Wang, 2012; Fyke & Buzzanell, 2013).

However, there is a gap in research regarding the validity and reliability of the dimensions that make up the concept of CB. In this context, the aim of this chapter is to extend the conceptual framework of CB and empirically examine its validity and reliability. Freeman et al. (2020) argue that describing the factors that can influence the generation of shared value is one of the main research gaps for the next decade. Therefore, this chapter makes several contributions to the management literature and to the stakeholder theory.

The aim of this study is to extend the conceptual framework of conscious business (CB) and empirically examine its validity and reliability. To achieve this goal, we have expanded the four tenets of CB identified by Sisodia (2011) into a five-dimensional and evolutionary framework (see figure 8 and figure 9).

Figure 8

Conscious Business multidimensional framework (3D)



Our framework includes the dimensions of higher purpose, shared value strategy, conscious culture, learning and change capability, and conscious leadership. These dimensions reflect a firm's level of awareness of both its inner and outer worlds and allow the firm to respond to internal integration and external adaptation challenges with multiple stakeholders. The concept of organizational consciousness encapsulates not only the organizational perspective but also the relational and individual perspectives that are embedded within the organizational system. Our framework represents a significant contribution to the management literature, particularly with regards to the stakeholder theory, as it seeks to fill the research gap regarding the validity and reliability of the dimensions that form the concept of CB.

Our first contribution is the proposed Conscious Business framework, which is based on five dimensions - higher purpose, shared value strategy, conscious culture, learning and change capability, and conscious leadership - and five levels of consciousness - level 1.0, level 2.0, level 3.0, level 4.0, and level 5.0. This forms a multidimensional and evolutionary approach, integrating the methodologies proposed by Sisodia et al. (2014), Laloux (2014), and Cardoso and Ferrer (2013), among others. This theoretical proposal also includes the evaluation of the dimensions and alternative evaluations.

Second, we have empirically examined the validity and reliability of our framework through the use of a unique sample of 40,717 leaders and employees from 300 companies in an emerging economy. This has allowed us to validate the measurement model of our CB conceptual framework and discuss its implications for stakeholder theory and management practices. To the best of our knowledge, this is the first large-scale empirical effort to test the CB conceptual framework. Some studies focus on case studies and conceptual and exploratory approaches (Mackey, 2011; Sisodia, 2011; Tantaló & Priem, 2014). Others analyze organizational practices and the results disclosed by companies in their sustainability (non-financial) reports (Sisodia, 2014; Vidal, Berman, & Buren, 2015), and a few studies collect data that represent or consult some interest groups (Badjatia & Karmarkar, 2018; Chen et al., 2023). Conscious Capitalism (CC) and Conscious Business (CB) are often criticized for their lack of robust samples and reliable results that validate the entire model (O'Toole & Vogel, 2011; Wang, 2013). In this study, we present a new sample to assess the validity and reliability of the CB model, addressing the main points of criticism regarding CC and CB as mentioned by O'Toole & Vogel (2011) and Wang (2013).

Our third contribution is presenting the research results from a sample of 300 Brazilian companies of various sizes, including small, medium, and large companies. Most studies and applications on conscious business have been conducted with companies based in the United States (such as 3M, Adobe, Autodesk, Whole Foods, Starbucks, and others) and/or international companies (such as BMW, Ikea, Toyota, Novo Nordisk, Unilever, and others). The application of conscious business has been underutilized in emerging markets, such as China, Taiwan, South Korea, India, Brazil, South Africa, and Russia. Our study also shows that some criticisms of conscious capitalism and conscious business are partially correct. For example, O'Toole and Vogel (2011) argue that conscious business is not suitable for small businesses because they "lack sufficient funds to behave

generously toward their employees and other stakeholders." Our study shows that small and medium-sized companies do face resource constraints, but the concept of conscious business, using conscious levels, can still apply to these companies.

Our fourth contribution is proposing a model that can help organizations and their leaders evaluate the dynamic alignment of the dimensions proposed within their different units, areas, and hierarchical levels. For example, it is possible to determine the level of maturity at which top management, middle management, and other employees are operating and to evaluate the alignment or misalignment between the subcultures of an organization. This is important because top management has the responsibility of adapting a business model to maintain sustainability and competitiveness in the long term (Lubatkin et al., 2006; Teece, 2010; Carayannis et al., 2014). In large corporations, top management often outsources this responsibility to middle management, which may lack the authority, expertise, and experience to effectively drive sustainable innovation in the business model (Chesbrough, 2007; Santos et al., 2009). This can help explain why small companies are more efficient at changing their business models, as they face fewer constraints from their culture and leadership (Aspara et al., 2009). That's why top and middle management should recognize the value creation for all stakeholders.

Theoretical background

Business models play a crucial role in management research and, like many other emerging fields, have been defined by a proliferation of concepts (Foss & Saebi, 2016). Foss and Saebi (2016) suggest that business models can be defined as a firm's value proposition, the target market segments, the value chain structure, the mechanism for capturing and deploying value, or the way a firm integrates elements and architecture to generate value (Linder & Cantrell, 2000; Magretta, 2002; Morris et al., 2005; Teece, 2010; Casadesus-Masanell & Ricart, 2010; DaSilva & Trkman, 2014; Wirtz et al., 2015). The literature on business models (Shafer et al. (2005); Bidmon & Knab, 2018; Täusche & Laudien, 2018; Lahti et al., 2018; Weking et al., 2019; Ritter & Pedersen, 2020) has little to say about the level of consciousness of these models, with a primary focus on generating value for customers and, as a result, shareholders.

Foss and Saebi (2016) distinguish between two approaches to business model dynamics: business model adaptation and business model innovation. Business model adaptation occurs in an existing model that needs changes over time, and it is often associated with terms such as business model evolution, learning, erosion, and lifecycles (Demil & Lecocq, 2010; McGrath, 2010; Morris et al., 2005; Teece, 2010). Business model innovation is linked to the process of creating an innovative or disruptive model (Markides, 2006; Aspara et al., 2010; Casadesus-Masanell & Zhu, 2013). Business model adaptation is usually driven by external factors, while business model innovation is driven by both internal and external factors (Bucherer et al., 2012; Foss & Saebi, 2016).

Cardoso and Ferrer (2013) argue that rethinking an organization's business and management model is an effective way for organizations to deal with an increasingly changing environment and to better respond to external challenges while embracing all human potential. In this context, Conscious Business (CB) brings new dimensions to the discussion of business models, as it seeks to generate shared value for all stakeholders, not just one or two groups. The processes of sensing, seizing, and transforming capabilities are critical for business model evolution (Pieroni et al., 2019; Bocken & Geradts, 2020). Sensing refers to companies becoming aware of sustainability issues and analyzing emerging value creation opportunities (McWilliams & Siegel, 2011; Bocken & Geradts, 2020). Seizing refers to the capability of allocating resources to address these opportunities and capture value (Hart & Dowell, 2011; Teece, 2018). Transforming involves continually renewing organizational capabilities to become a sustainable business (Teece, 2018). However, what factors or areas of focus should top or middle management target to help the process of sensing, seizing, and transforming business capabilities towards a Conscious Business model? This is the research gap this we aim to adress in this data collection and analysis.

Conscious Business (CB)

The concept of CB is closely related to Conscious Capitalism (CC), but it places a greater emphasis on the evolution of consciousness in leadership, organizations, management, and business models. CB and CC go beyond Corporate Social Responsibility (CSR) and aim to create a new meaning of business existence by generating value for all stakeholders. Mackey (2011) argues that CB involves interdependent relationships with six key stakeholders - customers, employees, suppliers, investors, community, and the

environment - and strives to align and harmonize their interests around a shared cause. A higher level of consciousness in leadership and organizations can drive progress towards environmental, social, and governance (ESG) and sustainable development goals (SDG) by recognizing the opportunities to address environmental and social issues through innovation and creativity in business models, workplace environments, processes, products, and services.

CB relates to the presence of four dimensions, as described by authors such as Sisodia (2011), Mackey (2011), Wang (2013), Haas (2018), and Whittington (2018). The first dimension, higher purpose, states that businesses should have a primary objective that goes beyond maximizing profits, and should have a sense of collective meaning that connects and engages all stakeholders around a common goal (Sisodia, 2011). The second dimension, stakeholder integration, suggests that business models should work to improve the quality of relationships and value creation for all stakeholders, using systemic thinking and developing strategies that promote win-win-win relationships (Mackey, 2011). Conscious Leadership is considered essential for the existence of CB, with leaders who inspire and connect people around a common purpose, leading, mentoring, motivating and inspiring others, not through a command and control logic, but by seeking to expand human potential within organizations (Sisodia, 2011; Mackey, 2011). This results in a Conscious Culture, committed to a higher purpose beyond profit, developing interdependence with stakeholders and leadership (Mackey, 2011; Sisodia, 2011). According to Sisodia (2011), a conscious culture can be characterized by TACTILE: trust, authenticity, caring, transparency, integrity, learning, and empowerment.

Moreover, even though conflicts of interest and trade-offs may exist in different relationships, a Conscious Business must strive to align and harmonize the interests of stakeholders around a shared cause or a higher purpose (Mackey, 2011). Companies must continuously adapt over time in order to survive and thrive, and must also continuously change their business model and value creation proposal to meet the changing needs of their stakeholders. According to Whittington (2018), it is crucial to focus on the concept of Conscious Business so that organizations can effectively address the complex challenges faced by society. Educators can also play a role in helping students develop management models and strategies from a more mature level that can effectively handle the complexity and current issues of our time (Whittington, 2018). Badjatia and

Karmarkar (2018) conducted an analysis of Indian companies under the lens of Conscious Capitalism and argue that Maslow's hierarchy of needs theory can be a useful tool for monitoring the evolution of organizations, while also demonstrating a correlation between Conscious Business and a positive impact on the stock market.

For Conscious Business to effectively respond to both external adaptation challenges and internal integration challenges, it must be interconnected with various knowledge dimensions. Conscious Business demands an understanding of shared value strategy, dynamic capabilities, and organizational design (Fjelstad & Snow, 2018; Bocken & Geradts, 2020). This perspective may be valid for external adaptation challenges, but it is incomplete when considering internal integration challenges. As discussed by Waterman et al. (1982), addressing organizational problems requires not only looking at structural reorganization, but also examining a framework that encompasses several related factors. Therefore, when addressing internal integration challenges, Conscious Business should encompass a broader perspective of management philosophy that includes the values, beliefs, and assumptions that underlie the decision-making process and guide leadership (Miles et al., 1978; Miles and Creed, 1995; Schein, 1984). Research linking these concepts is emerging, but it rarely strives for a balance of both hard and soft drivers.

Hypothesis Development

We propose that the idea of Conscious Business (CB) is a comprehensive construct that encompasses five primary dimensions: Higher Purpose, Shared Value Strategy, Conscious Culture, Learning and Change Capability, and Conscious Leadership (as shown in Figure 9). These dimensions help organizations to understand how to approach their business models in a sustainable and innovative manner, so as to create value for various stakeholders. Table 15 provides a summary of the definitions, practical illustrations, and sources for these dimensions.

Furthermore, drawing upon prior literature (Sisodia et al., 2014, Laloux, 2014, Senge, 1990, Cardoso & Ferrer, 2013), we propose that the CB construct arises from the intersection of these five conceptual dimensions, five evolutionary consciousness levels (measurement scale of the five conceptual dimensions), and three internal perspectives - the individual, relational, and organizational perspectives, which define how internal

stakeholders interact to create organizational awareness of both inner and outer worlds (organizational consciousness) (refer to Figure 8). While our new model engages with various models in the literature (Maslow, 1969; Scharmer, 2007; Barrett, 2006; Beck and Cowan, 2015; Kegan, 1994; Loevinger, 1976; Cook-Greuter, 2000), it expands on the organizational consciousness theory proposed by Laloux (2014).

Figure 9 - Conscious Business framework

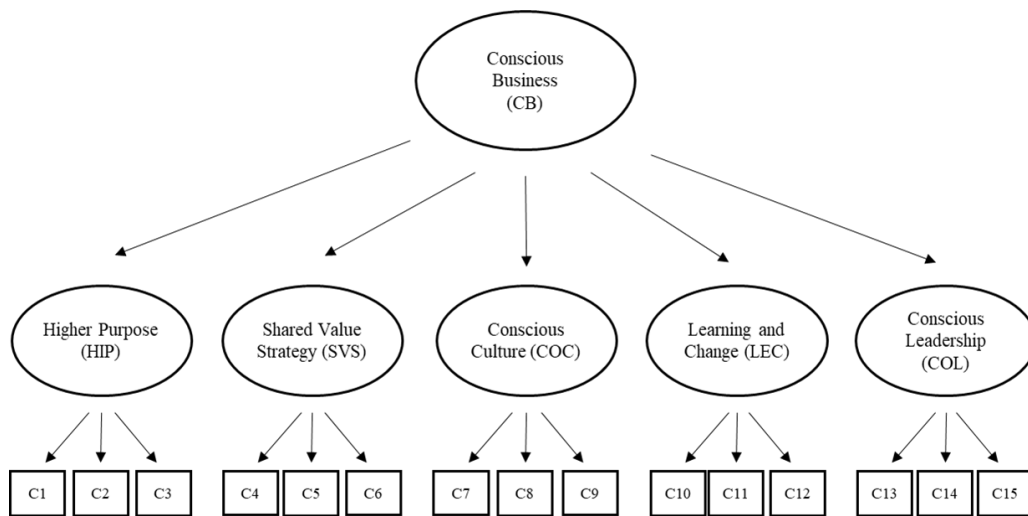


Table 15 - Conscious Business five dimensions definitions, examples and references

Dimension	Definition	Example	Reference
Higher Purpose (HIP)	The highest business objective that goes beyond profit maximization, that can inspire and mobilize multiple stakeholders towards a common and meaningful goal.	Google’s purpose is to organize the world’s information and make it universally accessible and useful. This higher purpose is a metaphor and inspiration to their unique business model.	Thakor and Quinn (2013), Henderson and Van Den Steen (2015), Gartenberg et al. (2017) and Bastons et al. (2020)
Shared Value Strategy (SVS)	The direction, policies, objectives and initiatives defined by a company to generate shared value for all stakeholders in economic, social, environmental, emotional and cultural ways.	The Whole Foods Business Model starts with the understanding of their core values and societal mission, and then translating the value creation for employees, suppliers, customers, donors, community and environment.	(Porter and Kramer (1999), Porter and Kramer (2002), Cronin et al. (2000), Freudenreich et al., 2020), Laukkanen and Tura (2020).

Conscious Culture (COC)	The core assumptions, values and beliefs learned by a group in order to solve problems of external adaptation and internal integration, which is known as the correct way to perceive, think and feel in relation to those problems.	Zappos is known for its unique organizational culture, which can be described as a family spirit, customer-centric, happiness and fun workplace. Their culture is a key driver to their SBMI, providing a greater experience for all stakeholders.	Van Maanen and Barley (1984), Schein (1992), Deal and Kennedy (1982), Weick (1995), Schneider et al. (2012), Graen and Grace (2015).
Learning and Change Capability (LCC)	Organizational capacity and model to be continuous learning and transforming (individuals, business and society), where people are continuously learning together and then supporting continuous transformations.	Toyota's model is traditionally known for its capacity of innovation and continuous improvement, and that is fundamental to their culture, programs and commitment to lifelong learning.	Sambrook and Stewart (2000), Senge (1990), Kegan & Lahey (2016), Ortenblad (2018), Park and Kim (2018).
Conscious Leadership (COL)	The leadership development process in which multiple individuals are prepared to lead change, motivate people towards a shared vision, define and execute business strategy.	Southwest Airlines develops their next generations through hands-on experience, training and mentoring programs, which is connected to Southwest Business Model.	Day (2000), Boal and Hooijberg (2001), Day et al. (2014), Vera and Crossan (2004), Teece (2010), Raguz and Zekan (2017)

Conscious business five consciousness levels

Although authors who describe CC and/or CB highlight the significance of the evolution of consciousness, they do not delve into the evolutionary perspective of consciousness of individuals, leaders, and their cultures. According to Afsouran et al. (2022), leaders and organizations can adopt an evolutionary approach that involves levels of maturity to enhance their impact on transforming individuals and organizations. If CC and/or CB aim to have a significant impact on the business world, shouldn't they assist leaders and organizations in identifying their current evolutionary level, so they can then create strategies and take practical actions to evolve to the next level? In this work, we argue that this evolutionary perspective is critical for real and substantial change, and thus, we connect the CC and CB literature with the approaches of different authors' levels of consciousness, where we find models with four, five, or more levels of consciousness, such as Maslow (1969), Loevinger (1976), Kegan (1994), Cook-Greuter (2000, 2014), Barrett (2006), Scharmer (2007), Laloux (2014), and Beck and Cowan (2015).

From this perspective, we adopted five levels of consciousness based on Laloux (2014). This decision is due to the organizational focus, as the other models are more focused on individual development work, and therefore, present more similarity between the theories proposed by Laloux (2014) with the works already carried out by Sisodia (2011), Mackey (2011), and Cardoso and Ferrer (2013). As detailed in Table 16, based on a series of case studies, Laloux (2014) presents the proposal of five evolutionary levels: red (level 1.0), amber (level 2.0), orange (level 3.0), green (level 4.0) and teal (level 5.0). The first level is characterized by a focus on the short term, the search for survival and stability. The second level is characterized by the technical rigor and rigidity of an extremely centralized, bureaucratic, and hierarchical organizational structure. The third level is characterized by a focus on material issues, efficiency, productivity, reputation, status, and innovation. The fourth level is characterized by the search for equality, belonging, justice, well-being, diversity, consensus, and sustainability. Finally, the fifth level starts from an organic and evolutionary premise, having as characteristics self-management, systemic thinking, and an evolutionary purpose.

Figure 10 - Conscious Business five consciousness levels

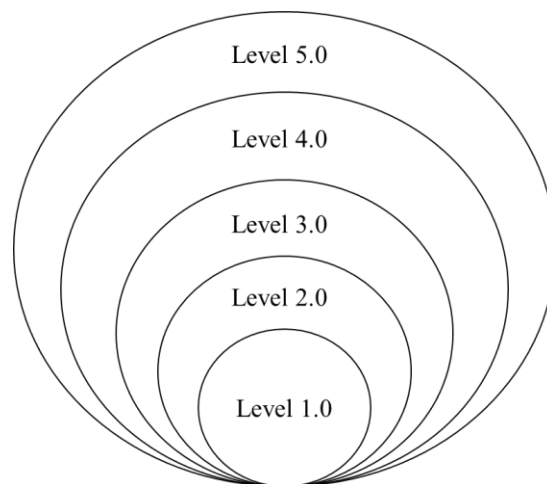


Table 16 - CB five consciousness levels based on Laloux's (2014) theory

Level	Characteristic	Metaphors & examples	Breakthroughs
5.0	Within a self-management structure, where employees have an advisory role and activities are carried out in circles or in voluntary task dimensions. Organizations viewed as a living entity with its own evolutionary purpose, seeking to regenerate the problems of society and the environment.	Living organism metaphor. Examples of Purpose-driven organizations such as Patagonia and HolacracyOne.	Self-management, wholeness, evolutionary purpose, agile teams and others to be discovered.
4.0	Within the classic pyramid structure, focus on culture and empowerment to achieve extraordinary employee motivation. Equality, belonging, harmony, justice, cooperation, consensus and people first cultures.	Family metaphor. Examples of Culture driven organizations such as Southwest Airlines and Ben & Jerry's.	Corporate Social Responsibility (CSR), power sharing, empowerment, corporate culture and common values.
3.0	The goal is to beat the competition, achieve profit and growth. Innovation is the key to staying ahead. Management by objectives (command and control in what, freedom in how). Efficiency, profitability and growth.	Machine metaphor. Examples of most multinational companies and private schools.	Innovation, accountability and management by objectives.
2.0	Highly formal roles in a hierarchical pyramid. Top-down command and control (what and how). Stability valued above all through rigorous processes. Future is the repetition of the patterns of the past. Rigorous process, predictability, command and control.	Armed dimensions metaphor. Examples such as church, army, most governments, universities and public schools.	Replicable and stable process. Lean operations. Scalability.
1.0	Constant exercise of power by the chief to keep employees in line. Fear is the alloy of the organization. Highly reactive, short-term focus. Thrives in chaotic environments. Power by dimension and domination of a chief.	Wolf pack metaphor. Examples such as mafia, gangs, militias and organizations involved in large corruption schemes.	Hierarchy authority and division of labor. Usually thrives in chaotic systems.

These five levels of consciousness pervade the five dimensions (see Figures 8 and 9) and aid in explaining the evolution of maturity in the fifteen constructs (see Figures 10 and 11). The evolution of these levels follows a progression from an ego-centric (self-centered) approach to an eco-centric (ecosystem-focused) one, similar to Maslow's hierarchy of needs. For instance, an organization operating at level 1.0 will prioritize survival, control,

and dominance in the market, while an organization operating at the highest level, 5.0, will prioritize the resolution of societal and environmental problems and the creation of shared value for all stakeholders. CB operates at higher levels of consciousness, with their center of gravity primarily at level 4.0 (“green”) and level 5.0 (“teal”), not only in terms of purpose, but also in Shared Value Strategy, Conscious Culture, Learning and Change, and Conscious Leadership.

Planter (2022) analyzes the significance of applying advanced practices from level 5.0 (“teal”) in the public health sector in Barcelona. There are several unique challenges and restrictions in public administration, and having a heightened sense of purpose is one way to overcome these difficulties and enhance organizational performance (Planter, 2022). Munoz and Romero (2021) also conducted a case study of these levels in public organizations in the security sector in Belgium, the Barcelona Conservatory of Music, and a unit of the European Small and Medium-sized Enterprise Agency. Understanding these levels of consciousness is a valuable tool not only in supporting the evolutionary journey of a group or organization, but also in finding more innovative ways to improve management models, businesses, products, and services. Although their research is based on a limited number of case studies, the results obtained by Munoz and Romero (2021) and Planter (2022) suggest that the model can support the evolution of organizations in various sectors. Rutkowska and Kamińska (2021) and Wyrzykowska (2020) provide a comprehensive review of the concepts, levels, and management methods proposed by Frederic Laloux, stating that the Teal Model could be the future of management aimed at promoting self-management practices, building trust among people and teams, improving communication, and restructuring structures. Wyrzykowska (2020) also provides a thorough review of the literature on Teal Organizations and identifies areas for future research. Additionally, Wyrzykowska (2020) suggests that these concepts and new perspectives on organizational reality offer excellent opportunities for managers and businesses to adapt to changes in the internal and external environment by completely rethinking their practices, policies, rules, and business systems.

Conscious business five dimensions

We propose that having the higher purpose, shared value strategy, conscious culture,

learning and change capability and conscious leadership are true dimensions that help amplify human potential in business and unlock value for all stakeholders.

1st Dimension: Higher Purpose. The concept of purpose in organizations is gaining increasing attention in literature and business (Hollensbe, 2014; Grant, 2017; Geok, 2018; Quinn and Thakor, 2018; Lleo et al., 2021). Corporate purpose has a strong connection to sustainability both in theory and in practice (Bastons et al., 2020). It can be defined as a company's ethical responsibility to all its stakeholders (Gartenberg et al., 2017), or a business' higher goal to achieve something meaningful that can contribute to a better world (Damon et al., 2003). A higher purpose should go beyond just maximizing profits (Mackey, 2011; Sisodia, 2011), being seen as a social benefit beyond financial results (Thakor and Quinn, 2013). Like Henderson and Van Den Steen (2015), we define a higher purpose as "the highest business objective that goes beyond profit maximization, that can inspire and mobilize multiple stakeholders towards a common and meaningful goal".

In practical terms, a higher purpose is embodied by individual meaning, shared purpose, and a forward-looking vision. Individual meaning represents the significance, value, or importance that an individual attaches to their role, the organization's values, and their understanding of their own purpose in life (Cardoso and Ferrer, 2013; Schein, 1984; Argyris, 1999; Laloux, 2014). Shared purpose represents the connection of meanings between two individuals, expressing the possibility of an emerging future or the shared intention that emerges from this interaction (Cardoso and Ferrer, 2013; Sisodia et al., 2018; Laloux, 2014). Forward-looking vision, in turn, represents the organization's intention to meet the challenges of external adaptation and internal integration in its emerging future (Cardoso and Ferrer, 2013; Sisodia et al., 2018; Laloux, 2014).

Research at the individual level has shown that a sense of purpose has multiple benefits, including well-being, finance, occupation, and health (Baugh et al., 2021). In business, a shared sense of purpose can drive positive change, such as increased flexibility and adaptability, attracting and retaining talent (Want, 1986), boosting employee motivation and commitment to change (Cross and Edmonson, 2019), fostering more collaborative, healthy, and creative relationships among stakeholders, and operating in a more sustainable and innovative way (White et al., 2017; Cillo et al., 2019; Ficapal-cusí, 2020). A sense of purpose can also help middle management perform better by providing clarity

of direction (Gartenberg et al., 2017). Both profit and nonprofit organizations can benefit from a higher purpose in their pursuit of a sustainable business model. Weerawardena et al. (2021) state that nonprofit social purpose organizations are constantly seeking sustainable and innovative business models to increase value creation and focus on social and economic metrics. Lleo et al. (2021) state that understanding what drives effective purpose implementation is a key factor in creating more innovative and sustainable organizations.

Hypotheses 1a: There is a positive relationship between CB and Higher Purpose (HIP)

2nd Dimension: Shared Value Strategy. The concept of value creation has traditionally been seen as the creation of economic value through trade-offs such as costs versus revenue, costs versus customer benefits, and quality versus price (Eisenmann et al., 2006; Ulaga and Eggert, 2006; Grewal et al., 1998). However, a more contemporary view of value creation takes into account a broader perspective that incorporates economic and other forms of value, such as environmental, social, psychological, emotional, and cultural values, which benefit a systemic view of multiple stakeholders (Porter & Kramer, 1999, 2002; Cronin et al., 2000; Laukkanen & Tura, 2020; Freudenreich et al., 2020). The concept of Shared Value Creation (SVC) was popularized by Porter and Kramer (2011) and focuses on the process of identifying and strengthening the connection between societal and economic progress. In this chapter, we define value creation in this broader context as the tangible or intangible value that is perceived, captured, and generated for multiple stakeholders, such as leaders, employees, customers, suppliers, partners, shareholders, communities, and the environment in general. By Value Creation Strategy, we mean the direction, policies, objectives, and initiatives established by a company to generate shared value for all stakeholders.

In practical terms, a Shared Value Strategy is expressed through individual performance, shared value, and strategic drivers. Individual Performance is a representation of how a specific individual creates value and may be measured by their results and the quality of their performance according to their commitments (Cook-Greuter, 2000; Kegan, 1994; Barrett, 2010; Wilber, 2003; Robbins, 2004; Cardoso and Ferrer, 2013; Cook-Greuter, 2014). Shared value is a representation of the value, tangible or intangible, exchanged in a relationship, which can be measured by financial, social, cultural, relational,

psychological, or other capital, and any exchange shared by individuals in a given relationship, whether they are from the same organization or partner organizations (Porter & Kramer, 2006; Freeman, 2010; Sisodia et al., 2003, 2013, 2018). The Strategic Driver is a representation of how an organization aims to create value for its different stakeholders - customers, employees, suppliers, shareholders, investors, partners, the environment, and society in general (Porter & Kramer, 2006; Cardoso & Ferrer, 2013; McGee, 2018; Malnight et al., 2019). The value strategy expresses how a company meets the needs and desires of its stakeholders.

The concept of value creation is closely related to business models (Osterwalder and Pigneur, 2010; Yang et al., 2017). A successful business model innovation requires a deep understanding of how value is created, delivered, and captured (Sjodin et al., 2020). A sustainable business model must take into account the value creation for different stakeholders (Stubbs & Cocklin, 2008; Freeman, 1984) and also the economic, environmental, and social perspectives (Hart et al., 2003; Figge & Hahn, 2004; Yang et al., 2017). The value creation perspective and its relationship to sustainable and innovative business models are crucial for achieving long-term sustainable performance, customer perceived value (Bocken et al., 2014; Zhang et al., 2018; Nadeem et al., 2021), innovation (Dyer et al., 2018), well-being and happiness (den Ouden, 2012; Zhang et al., 2019), social benefits (Lankoski and Smith, 2018; Zhang et al., 2019), environmental benefits (Stubbs and Cocklin, 2008), and avoiding potential negative impacts (Tura et al., 2019). The value creation strategy based on the Stakeholders theory is particularly effective because it enhances various types of value for multiple stakeholders without reducing the value already received by others (Tantalo and Priem, 2014; Freudenreich et al., 2020). This approach expands the idea of value creation to a broader viewpoint, which can be more successful in constructing a Conscious Business with a sustainable and innovative business model. It can be implemented in both profit and non-profit organizations (Austin and Seitanidi, 2012).

Hypotheses 1b: *there is a positive relationship between CB and Shared Value Strategy (SVC)*

3rd Dimension: Conscious Culture. Organizational Culture (OC) has numerous definitions. It can be described as the pattern of shared behaviors observed when

individuals interact (Goffman, 1959, 1967; Jones, Moore, and Snyder, 1988; Trice & Beyer, 1993, 1985; Van Maanen, 1979b), group norms (Homans, 1950; Kilmann & Saxton, 1983), stated values (Deal & Kennedy, 1982, 1999), formal philosophy (Ouchi, 1981; Pascale & Athos, 1981; Packard, 1995), rules of the game (Schein, 1984, 2002; Van Maanen, 1979a, 1979b; Ritti & Funkhouser, 1987), shared meanings (Geertz, 1973; Smircich, 1983; Van Maanen and Barley, 1984; Weick, 1995), among others. According to Schein (1984), OC can be defined as "a pattern of shared basic assumptions that was learned by a group as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems."

The concept of Conscious Culture refers to the ability and capacity of an organizational culture to be aware of its highest standards of behavior and to respond effectively to challenges of external adaptation and internal integration. According to Schein (1992), if leaders are not conscious of the culture they are working in that culture will manage them. Thus, a Conscious Culture is desirable for all stakeholders, especially for leaders who aim to lead and manage it. In practical terms, a Conscious Culture is demonstrated through individual mental models, bonds of affection, and organizational design. Individual mental models represent an individual's cognitive framework for interpreting multiple perspectives of reality and the increasing complexity of the world (Cardoso and Ferrer, 2013; Schein, 1979; Wilber, 2003; Beck and Cowan, 2005). Bonds of affection represent the values expressed in relationships through the behaviors and attitudes of individuals within the organizational culture (Cardoso and Ferrer, 2013; Schein, 1979; Wilber, 2003; Robbins, 2004; Beck and Cowan, 2005). Organizational design refers to the design and functioning of the organization, encompassing structure, processes, and technology (Waterman et al., 1980; Cardoso and Ferrer, 2013; Robbins, 2004; Laloux, 2014).

According to Schneider et al. (2012), executives often have three challenges with regards to Organizational Culture (OC): understanding the culture, changing the culture, and leveraging it to achieve sustainable competitive advantage. This highlights the importance of a well-defined organizational culture in achieving sustainable business model innovation. If employees do not understand their roles, behaviors, and responsibilities, it is unlikely that a new strategy or business model innovation will be successful and sustainable in the long term. Culture has a significant impact on various aspects of business performance, including job satisfaction (Belias & Koustelios, 2014),

collaboration, communication, individual growth, and workplace safety (Clarke, 2003; Silla et al., 2017), innovation and technological capability (Dubey et al., 2019; Rao & Weintraub, 2013), business strategy, value creation, and competitive advantage (Sadri and Lees, 2001; Kaarst-Brown et al., 2004; Capatina & Vanderlinden, 2012; Evans, 2013; Mamychev et al., 2016), corporate governance (Nakano, 2007), supply chain management (Mello & Stank, 2006), knowledge sharing (Walczak, 2009; Mueller, 2012; Jasimuddin & Zhang, 2014; Al Saifi, 2015; Caruso, 2017), leadership and management (Ruvolo et al., 2004; Llopis et al., 2007; Hurst & Hurst, 2016; Năstase & Vălimăreanu, 2017), corporate reputation (Cian & Cervai, 2014), and the new generation of workers (Graen & Grace, 2015).

Hypotheses 1c: there is a positive relationship between CB and Conscious Culture (COC)

4th Dimension: Learning and Change Capability. the concept of a learning organization emphasizes the importance of promoting continuous development and creating new forms of value for stakeholders (Ortenblad, 2018). It is closely linked to practices in Knowledge Management (Senge, 1990; Garvin, 1993; Gardiner & Whiting, 1997; Sambrook & Stewart, 2000; Park & Kim, 2018). Senge (1990) suggests that a learning organization is one where individuals continuously develop their abilities, reach their full potential, and achieve their goals. It is a place where new ways of thinking are encouraged and new shared aspirations are realized. Thus, a learning organization is one where people are constantly learning together and supporting ongoing transformation. The capacity for learning and change is a crucial factor in determining an organization's ability to adapt, and is a key driver for creating a sustainable business model.

In practical terms, the capability for Learning and Change is embodied by an individual's learning ability, decision-making process, and change implementation. Individual learning reflects an individual's openness, drive, and ability to learn, which may encompass spiritual, mental, emotional, or physical development, leading to the realization of full human potential (Cook-Greuter, 2000; Nonaka and Takeuchi, 1995; Kegan, 1994; Barrett, 2000; Wilber, 2003; Robbins, 2004; Graves, 2005; Senge, 1990; Cook-Greuter, 2014). The decision-making process involves choosing a course of change from multiple options, and this decision is shaped by the relationships between individuals and the power dynamics among them (Cardoso and Ferrer, 2013; Schein,

1984; Kegan, 1994; Robbins, 2004; Barrett, 2010; Senge, 1990; Laloux, 2014). The change implementation process represents how an organization's strategy is translated into daily operational changes, which may involve strategic projects, updated guidelines, the adoption of new tools, or governance measures to implement the vision for the future (Kotter, 2005; Schaffer & Thompson, 1992; Connors & Smith, 2004; Robbins, 2004; Porter & Kramer, 2006; Senge, 1990; Cardoso & Ferrer, 2013).

According to Kegan and Lahey (2016), leading organizations are those where people invest time in supporting each other's learning processes and are committed to development for all, creating a culture of continuous learning that is essential for achieving superior results. Ju et al. (2021) found a positive relationship between the dimensions of learning and change with financial performance, innovation capacity, and employee attitudes (commitment and job satisfaction). Kumar et al. (2021) found that learning organizations are a key factor related to teamwork and learning (Lick, 2006; Schippers, 2014), shared learning (Pereira et al., 2019), system creation (Scribner et al., 1999; Hitt, 2000; Hannah & Lester, 2009; Liao et al., 2017), leadership and management commitment (Alon & Higgins, 2005; Schippers, 2014), shared vision (Manring & Moore, 2006; Yeo & Marquardt, 2010; Stinson et al., 2006), integration with the external environment (Lick, 2006; Yu et al., 2013), information acquisition (Grant & Baden-Fuller, 2018), empowerment and self-development (Hannah & Lester, 2009; Lick, 2006; Adamska & Minarova, 2014; Jaaron & Backhouse, 2017).

Hypotheses 1d: there is a positive relationship between CB and Learning and Change (LCC)

5th Dimension: Conscious Leadership. Literature typically distinguishes between leadership and management. Management is concerned with maintaining order and consistency, while leadership is associated with change movements, strategy development, and motivating people towards a shared vision (Northouse, 2010). Yukl (2008) states that most definitions of leadership involve a person intentionally influencing others to direct, structure, and facilitate activities and relationships within a small group or organization. There are many different styles of leadership, including strategic leadership (Boal & Hooijberg, 2001; Vera & Crossan, 2004), ambidextrous leadership (Rosing et al., 2011), authentic leadership (Gardner et al., 2011; Hoch et al., 2018),

servant leadership (van Dierendonck, 2011; Hoch et al., 2018; Eva et al., 2019), transformational leadership (Braun et al., 2013; Hoch et al., 2018), ethical leadership (Bavik et al., 2018; Hoch et al., 2018), conscious leadership, inclusive leadership (Randel et al., 2018), creative and innovative leadership (Hughes et al., 2018), among others. There is no one concept that is better or worse than the others, but some concepts may be more appropriate for specific internal and external challenges faced by a group or organization.

In practical terms, Conscious Leadership is embodied through self-awareness, leadership style, and collective guidance. Self-awareness represents an individual's understanding of themselves, how they interact with others, express themselves, and perceive the world and the interconnections between themselves and those around them (Senge, 1990; Scharmer, 2003, 2007, 2008; Schein, 2010; Sisodia et al., 2003, 2013, 2018). Leadership style reflects how a leader approaches their relationships with others, including the way they connect, listen, create empathy, communicate, and serve others (Scharmer, 2003, 2007, 2008; Schein, 2010; Sisodia et al., 2003, 2013, 2018). Collective guidance represents how a leader directs the organization's actions, inspiring, cocreating, and promoting transformations in their surroundings (Scharmer, 2003, 2007, 2008; Schein, 2010; Sisodia et al., 2003, 2013, 2018).

Developing leaders and developing leadership are two distinct concepts, as pointed out by Day et al. (2014). While the development of leaders focuses on enhancing the leadership style of a single individual, leadership development encompasses the process of developing multiple individuals, including top management leaders, middle management leaders, and self-management leaders (Day, 2000; Day et al., 2014). In this chapter, we will focus on leadership development rather than the development of a single leader. When referring to conscious leadership, our intention is to develop the entire leadership team, whether it be the operational, tactical, or strategic leadership team.

Culture and leadership are widely recognized as crucial factors in business performance (Raguz & Zekan, 2017), organizational change (Raguz & Zekan, 2017), community building and social justice (Alka et al., 2019). Leadership plays a significant role in fostering a learning and change-friendly environment (Raguz & Zekan, 2017) and adapting a business model (Lubatkin et al., 2006; Teece, 2010; Carayannis et al., 2014). In large corporations, top management often delegates this responsibility to middle management, who may lack the necessary authority, expertise, and experience to drive

business model innovation effectively (Chesbrough, 2007; Santos et al., 2009). Hence, leadership can make or break a business model and that is why it is crucial to consider leadership as a key driver for conscious business. In this sense, leaders must be aware of their role in supporting a learning and change-conducive environment and building an appropriate culture that will lead to value creation and a higher purpose.

***Hypotheses 1e:** There is a positive relationship between CB and Conscious Leadership (COL)*

The Conscious business multidimensional framework

These five dimensions are combined with the five levels of consciousness and three ways of viewing - individual (1P), relational (2P), and organizational (3P). According to Cardoso and Ferrer (2013), the entire organizational system can be analyzed under these three perspectives that exist simultaneously. Each perspective requires specific characteristics aimed at its own development and also influences each other. For instance, conscious leadership should understand that the quality of an organization's individuals will affect the quality of relationships between these individuals (be it between units, departments, work groups, employees, and leaders) and, in turn, the quality of these relationships will impact the quality of an organization's outcomes (financial performance, operational efficiency, agility, employee satisfaction, customer satisfaction, and others). Currently, it is common to find leaders focusing on a single perspective, often the organizational perspective, and neglecting the significance of developing individual and relational aspects (Cardoso and Ferrer, 2013). This holistic view of the individual, relational, and organizational perspectives is referred to in the model proposed by Cardoso and Ferrer (2013), based on Ken Wilber's theory.

Figure 11 - Conscious Business building blocks

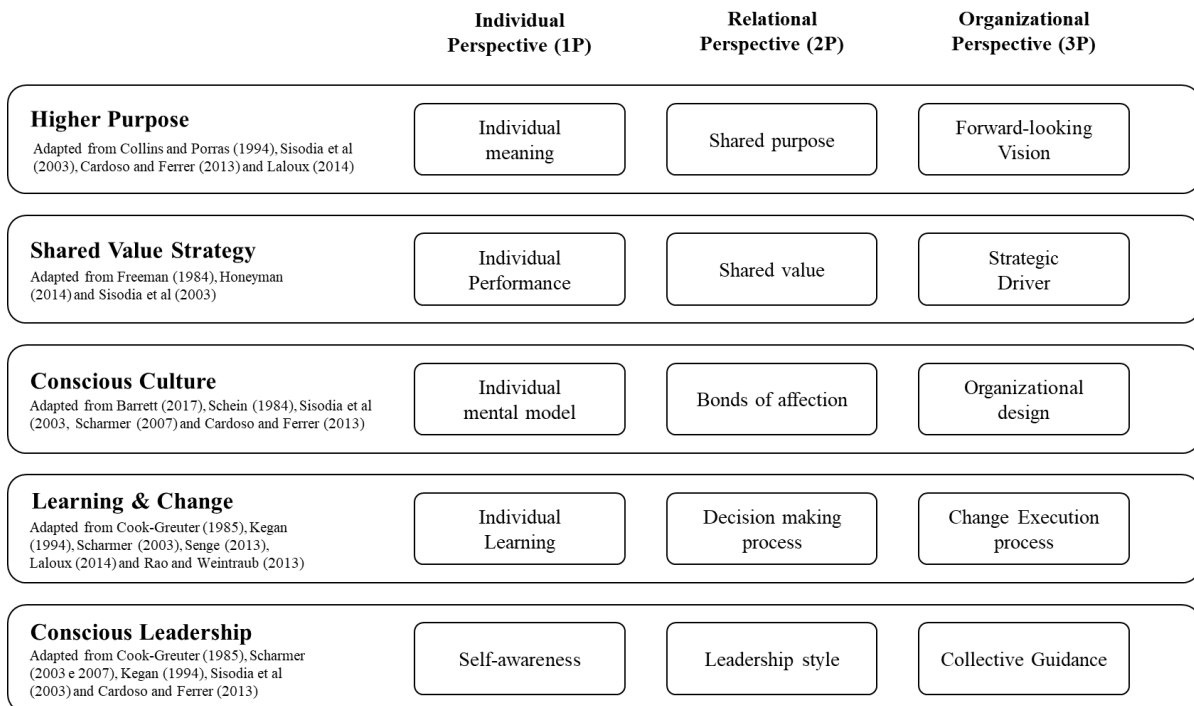


Table 17 - Conscious Business building blocks definitions, relevance and references

#	Construct	Definition and relevance	References
1	Individual meaning	The importance, value, or haste that a given individual attributes to his role, the values of the organization and the understanding of his own purpose of life. It is the meaning that generates connection and internal strength. The deeper and more comprehensive the meaning into work, the more open that individual will be to learn new concepts and generate a positive impact on their life and the lives of others around them.	Marcelo e Ferrer (2013), Schein (1984), Argyris (1999) and Laloux (2014)
2	Shared purpose	Expresses the connection of meanings between two individuals, being the expression of possibility of emerging future or the shared intention that emerges from this contact. The purpose shared by individuals in their relationship allows synergy and connection between them. The greater the meaning of the shared purpose, the less energy needed to convince the other and the greater the engagement between both parties.	Marcelo e Ferrer (2013), Sisodia et al. (2018) e Laloux (2014)
3	Long-term vision	The future intention of the organization's emerging future, having a character of complexity (given the environment), depth (levels of consciousness) and amplitude (key competencies). The vision is essential to be able to express the change that the business wants to promote in the world, being able to direct the business strategy and guide the strategic objectives.	Marcelo e Ferrer (2013), Sisodia et al. (2018) e Laloux (2014)
4	Individual performance	A representation of individual performance, which can be a measure of the results obtained and the quality of performance according to the commitments made by this individual. An individual's performance can be expressed in different ways. For an integral organization, individual performance is correlated not only with financial results, but also psychological, social, environmental, cultural and several others.	Cook-Greuter (2000, 2014), Barrett (2010), Robbins (2004), Marcelo e Ferrer (2013).
5	Shared value	A representation of value - tangible or intangible - exchanged in a relationship, and may be a measure of financial, social, cultural, relational, psychological, or other capital, any exchange shared by individuals in each relationship - whether these individuals from the same organization or partner organizations. The relationship of interdependence between individuals and their respective organizations implies the existence of the concept of shared value. For the relationship to be lasting, it essentially needs to benefit both stakeholders directly and indirectly. In a broader context, shared value may be associated with other relationships of individuals – with the environment, partners, and society around them.	Porter e Kramer (2006), Freeman (2010) e Sisodia et al. (2003, 2013 e 2018)

6	Strategic driver	A representation of how an organization generates value for its different stakeholders – customers, employees, suppliers, shareholders, investors, partners, the environment, and society in general. The value strategy is a critical factor in how an organization differentiates itself in the market, as it expresses how it meets the needs and desires of its <i>stakeholders</i> . Value here can be defined in different ways, commonly associated with financial capital, but may also be associated with social, cultural, environmental, or other capital.	Porter e Kramer (2006), Cardoso and Ferrer (2013), McGee (2018) e Malnight et al. (2019)
7	Individual learning	A representation of the openness, desire, and absorption capacity of the individual to learning that may imply in spiritual, mental, emotional, or physical development, promoting the realization of full human potential. Human development expands an individual's choice possibilities, allowing them to explore their abilities and opportunities to exercise their full potential, whether in professional or personal life. Human development goes beyond learning skills and is also understood as vertical development (consciousness).	Cook-Greuter (2000, 2014), Kegan 1996), Kegan & Lahey (2016), Barrett (2006),
8	Decision making process	representation of the decision-making process that involves the choice of a path of change among multiple possibilities, and this decision is existing in the relationship between individuals, and with a strong influence of the power relationship between individuals. The purposes of a group are limited by the power relations that occur during the decision-making process. If poorly managed, the decision-making process can erode relationships given the hierarchy and dominance present. If well managed, the decision-making process can stimulate more agile change and promote the engagement of individuals around a common cause.	Cardoso and Ferrer (2013), Schein (1984), Kegan (1994), Robbins (2004), Barrett (2006), Senge (1990) and Laloux (2014)
9	Change execution process	A representation of how an organization's translates strategy into changes in the day-to-day operation. It can occur through strategic projects, change of guidelines, implementation of new tools or governance tasks adopted to implement the vision of the future. Successful execution is one of the main challenges of organizations, especially in a high complexity environment and requiring strong engagement and commitment from all.	Kotter (2005), Schaffer and Thomsom (1992) and Cardoso and Ferrer (2013)
10	Mental model	A representation of the cognitive line that allows an individual to interpret multiple perspectives of reality and a complexity of the growing world. It is responsible for bringing coherence between role (expectation) and behavior (actions). It has the function of adapting the individual in their activities and may also imply resistance to changes or bias factor.	Cardoso and Ferrer (2013), Schein (1979), Wilber (2003), Beck and Cowan (2005)
11	Bonds of affection	A representation of how organizational culture is based on the way people relate. The set of individual behaviors and attitudes is appropriate as people express their values in relationships. The behavior of individuals in relationships is appropriate when it is consistent with the values shared by the group. When not in coherence with these values, they can reveal serious problems of misalignment with respect to strategic objectives or	Cardoso and Ferrer (2013), Schein (1979), Wilber (2003), Robbins (2004), Beck and Cowan (2005)

		critical problems of communication and engagement, which can be harmful to human development and the consolidation of the identity of a given organization.	
12	Organizational design	A representation of the design of how the organization should work, involving both the structure, the processes, and the existing technology. Organizational design is responsible for defining the routines, rituals, signs, and symbols of the organization, which in turn influence the organizational culture in the form of shared language. The design can evidence congruences or incongruities of the culture with a given business strategy.	Waterman et al. (1980), Cardoso e Ferrer (2013), Robbins (2004) e Laloux (2014)
13	Self-awareness	A representation of the quality of consciousness that an individual has about himself, how he relates, expresses himself and interprets the world and the interdependence between his own self and the other people around him. From the perspective of the integral approach, the self-awareness of leadership is expressed in different forms of individual presence and understanding. It is, therefore, fundamental to trigger individual motivators and enablers of self-learning and self-development. Without self-awareness of their skills, needs, and limitations, leadership may fail to develop to the point of inspiring the development and full potential of its leaders.	Sengue (1984); Scharmer (2003, 2007 and 2008); Schein (2010) and Sisodia et al. (2003, 2013 and 2018).
14	Leadership listening style	A representation of how a leader plays his or her role in relation to the relationship with others, encompassing the way in which he connects, listens, creates empathy, communicates, and is available to serve others. The leadership process takes place in the relationship between people. It is in this relationship that leadership expresses its most authentic and genuine style. Given this context, the deeper the degree of meaning, understanding of one leader's situation and empathy towards the other (led or not), the deeper the connection of this relationship will be, the greater the engagement and commitment expected as a result.	Scharmer (2003, 2007 and 2008); Schein (2010) and Sisodia et al. (2003, 2013 and 2018).
15	Collective guidance	A representation of how a leader guides the organization's actions, understanding the ability to inspire, cocreate and promote transformations around them. The collective orientation of leadership is the initial basis of the process of learning and organizational evolution. The quality of this orientation may promote (or not) coherence of the organization with a particular desired strategy.	Scharmer (2003, 2007 and 2008); Schein (2010) and Sisodia et al. (2003, 2013 and 2018).

Table 18. Measurement Model – Levels of Consciousness, Items, First-, and Second-Order Dimensions.

Second-order dimension	First-order dimension	Items	Questions	Levels of consciousness
Conscious Business	Higher purpose	Individual meaning	What motivates you to work in this company?	1 Financial stability 2 Loyalty and tradition 3 Results achievement 4 Values alignment 5 Contribute to something bigger
		Shared purpose	What is the main reason why people work here?	1 Power and domination 2 Maintain order and standards 3 Achieve defined goals 4 Inclusion and empowerment 5 Individual and collective development and collective development
		Long-term vision	What is the main organization's long-term vision?	1 Have financial stability 2 Deliver excellent products and services 3 Be the main reference of the market 4 Sustainable growth 5 Conscious impact
	Shared-value strategy	Individual		1 Carry out orders

Second-order dimension	First-order dimension	Items	Questions	Levels of consciousness
		Individual performance	What performance is expected from those who work here?	2 Follow the rules
				3 Achieve individual goals
				4 Be coherent with our values
		Shared value	What is the expected result of teamwork?	5 Express who they really are
				1 Financial gain
				2 Process reliability
				3 Better reputation
				4 Economic, social and environmental sustainability
		Strategic driver	What does the organization aim to achieve in the long term?	5 Innovation and collective evolution
				1 Better financial results
				2 Operational excellence
				3 Customers satisfaction and growth
				4 Satisfy all people involved in the business
				5 Bring positive impact on people and planet
	Conscious culture	Mental model	What is the most prevalent behavior of people on a daily basis?	1 Obey orders to survive
				2 Follow processes standards
				3 Achieve goals to receive rewards
				4 Include people and share learning

Second-order dimension	First-order dimension	Items	Questions	Levels of consciousness
		Affective bonds	What holds people together in the organization?	5 Openness to innovate and be creative 1 Command and control 2 Process safety 3 Results 4 Empathy 5 Higher purpose
		Organizational design	What kind of structure does the organization have?	1 Centralized and rigid 2 With division of highly specialized areas 3 Matrix according to business objectives 4 Highly connected network 5 Flexible self-managing circles
	Learning and change	Individual learning	What is the process which dictates people's learning?	1 Through orders, but without a defined process 2 Through very structure instructions 3 Competency based to improve performance 4 Through coaching and mentoring 5 Creatively aiming for integral development
		Decision-making process		1 By command and control 2 With respect for hierarchy and standards

Second-order dimension	First-order dimension	Items	Questions	Levels of consciousness
			What is the kind of process in which decision making occurs?	3 By focus on results achievement 4 With collective dialogue and listening 5 With autonomy and self-management
		Change execution process	What drives the way projects and changes are applied?	1 By imposingly an unscheduled way 2 Through very detailed planning 3 Through the deployment of strategic objectives 4 Empathically and with full transparency 5 With freedom for people to act
		Self-awareness	What drives leaders' attention most part of the time?	1 Maintain the power 2 Analyze process and root causes 3 Develop new projects and initiatives 4 Develop people and create a health culture 5 Generate positive and collective impact
	Conscious leadership	Leadership listening style	What is the most prevalent way leaders seem to listen on a daily basis?	1 Seems not to care and make no effort to listening 2 Listen only to what suits their needs 3 Listen with attention, but that is not always true 4 Listen carefully and then present their point of view 5 Listen warmly and with genuine interest

Second-order dimension	First-order dimension	Items	Questions	Levels of consciousness
		Collective guidance	What is the collective guidance provided by leaders?	1 Need to improve short term financial results 2 Need to ensure stability and process safety 3 Need for achieving strategic goals 4 Need to generate sustainable value and well-being 5 Need of being at the service of people, society, and planet

Figure 8 displays the proposed multidimensional framework for Conscious Business, which includes three main components: (a) the five dimensions - higher purpose, shared value strategy, conscious culture, learning and change, and conscious leadership (refer to Figure 9), (b) the five levels of consciousness (refer to Figure 10), and (c) the three perspectives (individual, relational, and organizational). Figure 11 breaks down the proposed fifteen building blocks for measuring and monitoring these dimensions, taking into account these three perspectives (individual, relational, and organizational) and showing how each element is implemented by individuals, in their relationships, and in the organization as a whole.

We suggest that the five dimensions, three perspectives, and five levels of organizational consciousness form a comprehensive and evolving framework that enables organizations to be cognizant of both internal and external factors and to effectively address challenges related to internal integration and external adaptation. This framework can aid top and middle management in their efforts to continuously evolve their business and management models in a sustainable and innovative manner.

Methods

Sample

To test our hypotheses, we conducted a field survey within a sample of 40,717 employees and leaders from 300 Brazilian firms over the period between April 2021 and January 2022. Table 19 provides the demography of the individuals who responded to the survey and their firms. Our sample is evenly distributed across firms' size and include 27.9% of firms with less than 9 employees (micro firms), 32.2% of firms with 10 to 99 employees (small firms), 28.2% of firms with 100 to 999 employees (medium firms), and 11.6% of firms with more than 1,000 employees (large firms). Firms are also geographically distributed across 18 Brazilian states, with a high concentration in the state of São Paulo (57.1%), Minas Gerais (9%) and Rio de Janeiro (7.3%), respectively. Firms operate in 15 industries, in which professional services (25.6%), consumer goods and retail (15.3%), financial services (9.6%), and health services (7.3%) are among four most representative sectors.

Table 19

Demographics of Respondents and Firms

Variable	Category	Frequency	Percent
Individual-level variables			
Gender	Female	18,932	46.5%
	Male	21,274	52.2%
	Others and prefer not to say	511	1.3%
Age	Under 20	922	2.3%
	Between 20 and 29 years old	13,232	32.5%
	Between 30 and 39 years old	14,363	35.3%
	Between 40 and 49 years old	7,808	19.2%
	Between 50 and 59 years old	2,550	6.3%
	Over 60 years old	560	1.4%
	No responses	1,282	3.1%
Race	Black	14,976	36.8%
	White	23,751	58.3%
	Others and prefer not to say	1,990	4.9%
Role	Employees	32,126	78.9%
	Leaders	8,591	21.1%
Firm-level variables			
State of incorporation	São Paulo	172	57.1%
	Minas Gerais	27	9.0%
	Rio de Janeiro	22	7.3%
	Paraná	15	5.0%
	Rio Grande do Sul	13	4.3%
	Others	52	17.3%
Size	Micro (Less than 9 employees)	84	27.9%
	Small (10 to 99 employees)	97	32.2%
	Medium (100 to 999 employees)	85	28.2%
	Large (More than 1000 employees)	35	11.6%
B Corporation	Yes	35	11.6%

Variable	Category	Frequency	Percent
Industry	No	266	88.4%
	Professional services	77	25.6%
	Consumer goods and retail	46	15.3%
	Financial services	29	9.6%
	Health services	22	7.3%
	Communications and marketing	20	6.6%
	Transportation	15	5.0%
	Construction	12	4.0%
	Manufacturing (basic goods)	12	4.0%
	Information Technology	11	3.7%
	Others	57	18.9%

The 40,717 respondents were invited through their organizational communications channels (e.g., intranet, email, and WhatsApp) and are distributed across several organizational functions including operations, human resources, sales, information technology, and fourteen other functions. Regarding their gender, 52.2% of our sample are males, 46.5% female, and 1.3% of individuals preferred not to declare or classify themselves neither as male nor female. Our sample includes 58.3% white people, 36.8% are black, and 4.9% of the individuals preferred not to declare or classified themselves neither as white nor black. In part, the race distribution reflects the geographical distribution of our sample as Southeastern states have more white population than Northern states. We used a web platform to monitor the data collection process and, specially, to comply with security and data protection policies, with the use of a Free and Informed Consent Form. In addition, we were able to monitor sampling response rates for each public of each organization to ensure feasible response rates.

Table 20. Descriptive Statistics and Correlations (Note: all correlations are statistically significant ($p < 0.001$))

Variables	Obs.	Mean	SD	Min	Max	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
1 Individual meaning	39,259	3.43	1.26	1	5	1														
2 Shared purpose	37,767	3.72	0.97	1	5	0.24	1													
3 Long-term vision	39,305	3.47	1.02	1	5	0.19	0.23	1												
4 Individual performance	39,351	3.60	0.95	1	5	0.26	0.39	0.24	1											
5 Shared value	37,843	3.37	1.42	1	5	0.27	0.39	0.24	0.32	1										
6 Strategic goal	39,504	3.00	1.02	1	5	0.21	0.29	0.33	0.29	0.33	1									
7 Mental model	38,307	3.58	1.25	1	5	0.25	0.44	0.24	0.46	0.4	0.29	1								
8 Affective bonds	38,538	3.60	0.94	1	5	0.25	0.37	0.26	0.37	0.32	0.3	0.38	1							
9 Organizational design	32,228	3.41	1.25	1	5	0.14	0.26	0.2	0.29	0.22	0.23	0.32	0.27	1						
10 Individual learning	38,053	3.08	1.24	1	5	0.13	0.27	0.16	0.26	0.27	0.18	0.32	0.21	0.19	1					
11 Decision making process	38,881	3.31	0.97	1	5	0.19	0.34	0.19	0.34	0.29	0.25	0.39	0.32	0.31	0.23	1				
12 Change execution	36,142	3.32	1.19	1	5	0.16	0.29	0.24	0.33	0.29	0.25	0.38	0.3	0.33	0.28	0.33	1			
13 Individual awareness	38,255	4.06	1.19	1	5	0.17	0.36	0.2	0.33	0.32	0.23	0.4	0.31	0.24	0.31	0.34	0.33	1		
14 Listening	38,049	4.21	0.99	1	5	0.19	0.34	0.21	0.34	0.3	0.24	0.4	0.32	0.27	0.28	0.35	0.37	0.52	1	
15 Collective guidance	37,475	3.21	1.06	1	5	0.17	0.26	0.25	0.26	0.28	0.29	0.29	0.27	0.22	0.21	0.24	0.27	0.26	0.24	1
Observations	40,717																			

Measurement model

To measure the five conceptual dimensions, our survey questionnaire (appendix) comprises a three-item quantitative scale for each dimension discussed above. The items were rated following an ordinal scale from 1 to 5, where 5 represents the highest level of consciousness for each item. Podsakoff, MacKenzie, and Podsakoff (2012) highlight that the proximity of related items in a questionnaire increases the likelihood of method bias. Thus, the items were randomized to reduce the method bias in the responses.

Also, having a common measurement scale (5-point Likert scale) for all survey questions may lead to concerns regarding common method bias. Indeed, Podsakoff, MacKenzie, Lee, and Podsakoff (2003) outline alternative remedies to account for common method bias and, therefore, we carry out Harman's single factor test. In doing so, we run an exploratory factor analysis using the 15 items loading on one single (latent) factor. Average variance explained by the single factor is only 31.6% (well below the cut-off threshold of 50%). We can conclude that common method bias is not an issue in our sample.

Analytical Approach

Table 21 presents the descriptive statistics and correlations. All correlations are statistically significant ($p < 0.001$). To examine our second-order reflective measurement model, we carried out a two-stage confirmatory factor analyses (CFAs) that relates measurement items to their respective latent variables (dimensions) (Acock, 2013; Mehmetoglu & Venturini, 2021; Munin & Noor, 2020). Further, to account for the missing values, we used full information maximum likelihood estimations that provide unbiased parameter estimates under missing information (Shoss, Su, Schlotzhauer, & Carusone, 2022; Enders & Bandalos, 2001). Considering that we have an ordinal scale in our measures, we can't assume normality and, therefore, estimate the standard errors with the bootstrap procedure.

Results

First-order measurement model

To examine first-order reflective measurement models, we perform a confirmatory factor analysis (CFA) for each of the five dimensions composed of a three-item quantitative scale. As the models are perfect identified for all first-order latent constructs (we have as many pieces of information – variances and covariances – as the number of parameters to be estimated), we are unable to test the fit of the model using chi-squared or other goodness of fit measures. Therefore, we measure the resulting scale reliability - ρ (“rho”) – that refers to the proportion of variation of the total variation in our scale formed by our indicators that is attributed to the latent construct (Acock, 2013). Figure 12 and Table 21, Panel A, presents the results of our first-order measurement model (CFA). All three indicators of Higher Purpose (HIP), Shared-value Strategy (SVS), Conscious Culture (COC), Learning and Change (LEC), and Conscious Leadership (COL) have a substantial loading (above 0.40) that is significant at 0.001 level. The resulting scale reliability (ρ (“rho”)) was 0.46, 0.58, 0.60, 0.54, 0.65, for HIP, SVS, COC, LEC, and COL, respectively.

Second-order measurement model

On the first-order CFA we were able to establish the validity for the measurement model of HIP, SVS, COC, LEC, and COL. Using a CFA, we test our hypothesis proposing that these five conceptual dimensions jointly reflect the consciousness of a business, to establish a new measurement model for CB.

Figure 13 and Table 22, Panel B, present the results of a reflective measurement model. Considering that we have more pieces of information than parameters to estimate, we used the following criteria to assess our model fit: the chi-squared test, the comparative fit index (CFI), the root mean squared error of approximation (RMSEA), and the standardized root mean squared residual (SRMR). According to Acock (2013), conventional cutoffs for model fit are 0.90 for CFI, 0.08 for RMSEA, and 0.08 for SRMR, for a reasonably close fit, and – ideally– a non-significant chi-squared. First, we estimate a model without considering any correlation between the error terms. Our $\chi^2(5) =$

1356.95, $p < 0.001$, is highly significant, not an ideal result. We can, however, examine more closely the other fitting criteria. For our data, the RMSEA=0.08, CFI=0.98, and a SRMR of 0.025, and a coefficient of determination of 0.84. Our results are strong and the model reasonably fit. However, considering the levels of the chi-square test, we examine the modification indices to check whether the chi-squared could be reduced.

We found that the modification indices for the correlation between Higher Purpose and Shared-value Strategy, Learning & Change and Conscious Leadership are not only substantial but also, and more importantly, theoretically sound. We added these correlations to our final model (Table 22). The goodness of fit is greatly improved. Our chi-squared reduced substantially ($\chi^2(3) = 45.52, p < 0.001$), and the measures of fit are all very good: CFI=0.999, RMSEA=0.019, and RMR=0.004. Since we have two models, we can also compare the Akaike's (AIC) and Bayesian information criterion (BIC). The AIC reduced by 1307.42 and the BIC reduced by 1290.2, favoring the modified model. Finally, the resulting scale reliability (ρ ("rho")) was 0.80. Altogether, we provide strong evidence that Higher Purpose (HIP), Shared-value Strategy (SVS), Conscious Culture (COC), Learning and Change (LEC), and Conscious Leadership (COL) jointly reflect the concept of Conscious Business (CB) because every single alternative hypothesis (H1a; H1b; H1d) was accepted.

Discussion and Conclusion

Our study shows that a Conscious Business can be described as a firm that dimensions such as Higher Purpose, Shared-value Strategy, Conscious Culture, Learning and Change Capability and Conscious Leadership matter. Regarding the literature on Conscious Business (Mackey, 2011; Sisodia, 2011), we discuss the main results aiming to understand how firms may evolve in the process of becoming more conscious of the inner and outer worlds that they need to adapt to create and capture value.

First, we present strong evidence that there is adherence in the measurement of the evolutionary and multidimensional model of Conscious Business, considering five dimensions, three perspectives and five consciousness levels. All three indicators of the five dimensions, on a scale of five consciousness levels, have a substantial loading (above 0.40) that is significant at 0.001 level. The measurement fit is all very good: CFI=0.999,

RMSEA=0.019, RMR=0.004, and the resulting scale reliability (ρ (“rho”)) was 0.80. Up to the development of this research, the existing literature has traditionally been focused on financial performance, ethical and exploratory discussions, not presenting a Conscious Business methodology with validity and scale reliability of measurement.

Second, in conceptual terms, we not only describe the proposal of an evolutionary and multidimensional model, but also adapt and integrate concepts to the Conscious Business model. The main development involves the integration of the approaches of Sisodia (2011) and Cardoso and Ferrer (2013). Previous models of Conscious Business and Conscious Capitalism did not measure or address the evolutionary perspective of levels of consciousness as proposed in this framework. Given this evolutionary perspective, we adapt the principle known as “Stakeholders Integration” to “Shared-value Strategy”, where the integration of stakeholders becomes part of a higher stage of consciousness. Also, due to the evolutionary perspective of levels of consciousness, a fifth dimension was included capable of accelerating the evolution of organizations, which we describe in this study as Learning and Change.

In addition, we seek to extend the prior research in several ways. First, now that we have the validity and reliability of the measurement instrument, we intend to extend the study and evaluate the effects of a conscious business framework on the satisfaction of multiple stakeholders, financial performance and Environmental, Social and Governance (ESG) metrics. Our findings also suggest that there may be differences in levels of consciousness between organizations operating in different sectors of the economy, as well as there may be different perspectives within the same organization (for example, in the relationship between leaders and collaborators, or even in the look at diversity and inclusion issues analyzing the results according to the different demographic groups). Our results suggest that analyzing traditional discussions of literature from the perspective of levels of consciousness may reveal a new understanding of organizational dynamics.

Figure 12 - A. First-Order Measurement Model (standardized loadings)

Note: All loadings are significant at $p < 0.001$.

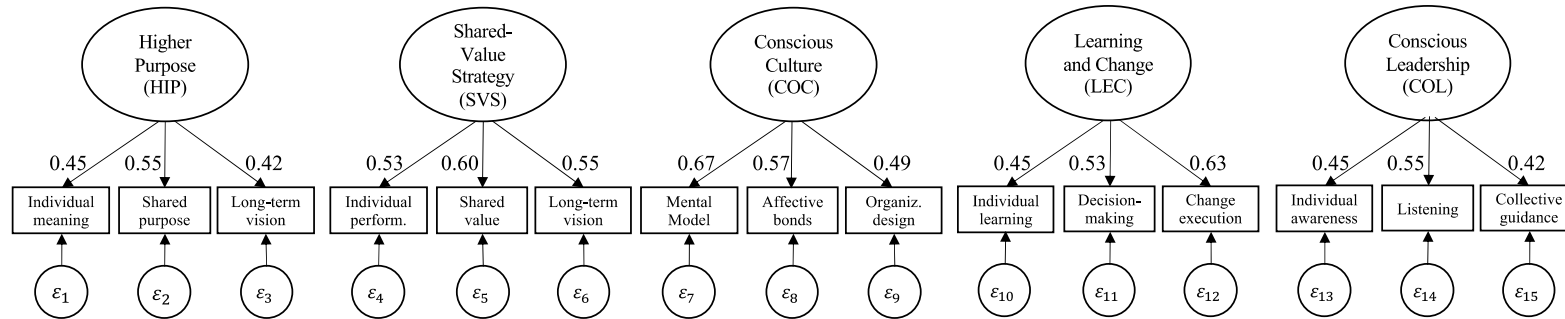


Figure 13 - B. Second-Order Measurement Model (standardized loadings)

Note: All loadings are significant at $p < 0.001$.

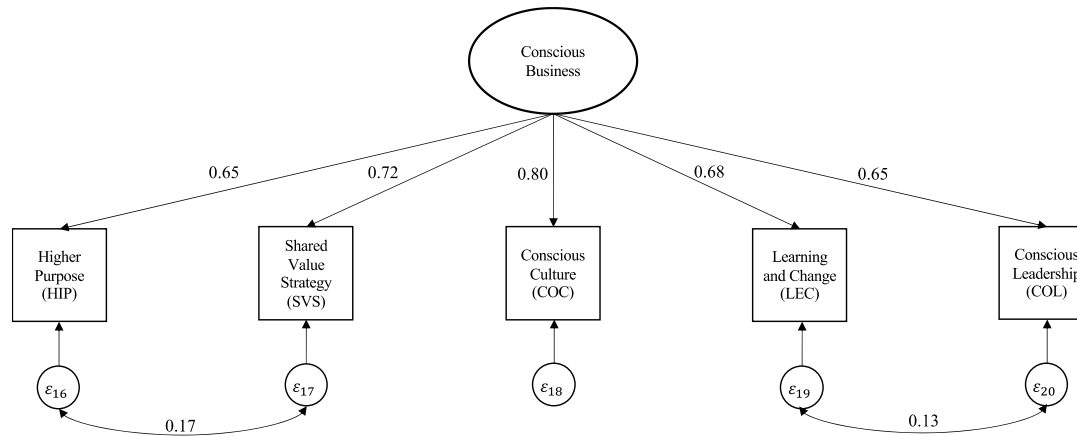


Table 21 – First-order Measurement model

		Unstandardized value	Standardized value
Loadings	Latent variable		
Individual meaning		1.000 (fixed)	0.451***
Shared purpose	Higher Purpose (HIP)	0.945***	0.555***
Long-term vision		0.758***	0.423***
Individual performance		1.000 (fixed)	0.531***
Shared value	Shared-value Strategy (SVS)	1.704***	0.603***
Strategic goal		1.105***	0.547***
Mental model		1.000 (fixed)	0.669***
Affective bonds	Conscious Culture (COC)	0.634***	0.567***
Organizational design		0.724***	0.485***
Individual learning		1.000 (fixed)	0.448***
Decision making process	Learning and Change (LEC)	0.925***	0.528***
Change execution		1.346***	0.628***
Individual awareness		1.000 (fixed)	0.754***
Listening	Conscious Leadership (COL)	0.770***	0.697***
Collective guidance		0.428***	0.363***
Variances			
error. ε_1		1.267	0.796
error. ε_2		0.650	0.691
error. ε_3		0.854	0.820
Higher Purpose (HIP)		0.324	1.000 (fixed)
error. ε_4		0.645	0.717
error. ε_5		1.289	0.636
error. ε_6		0.724	0.699
Shared-value Strategy (SVS)		0.254	1.000 (fixed)
error. ε_7		0.863	0.551
error. ε_8		0.596	0.678
error. ε_9		1.193	0.764

Conscious Culture (COC)	0.703	1.000 (fixed)
error. ϵ_{10}	1.225	0.799
error. ϵ_{11}	0.683	0.722
error. ϵ_{12}	0.857	0.606
Learning and Change (LEC)	0.308	1.000 (fixed)
error. ϵ_{13}	0.615	0.432
error. ϵ_{14}	0.508	0.514
error. ϵ_{15}	0.978	0.869
Conscious Leadership (COL)	0.810	1.000 (fixed)

Note: *** $p < 0.001$

Table 22 – Second-order Measurement model

	Unstandardized value	Standardized value
Loadings		
Higher Purpose (HIP)	1.000 (fixed)	0.645***
Shared-value Strategy (SVS)	1.089***	0.723***
Conscious Culture (COC)	2.047***	0.803***
Learning and Change (LEC)	1.103***	0.686***
Conscious Leadership (COL)	1.924***	0.651***
Variances		
error. ϵ_{16}	0.086	0.578
error. ϵ_{17}	0.069	0.478
error. ϵ_{18}	0.146	0.355
error. ϵ_{19}	0.087	0.530
error. ϵ_{20}	0.318	0.576
Conscious Business (CB)	0.063	1.000 (fixed)
Covariances		
error. ϵ_{16} with error. ϵ_{17}	0.013***	0.171***
error. ϵ_{19} with error. ϵ_{20}	0.022***	0.132***

Note: *** $p < 0.001$

Management implications

The proposed multidimensional conscious business framework has significant implications for companies, leaders and managers that seek to adopt this approach. Our research findings highlight the importance of working on five key dimensions: higher purpose, shared value strategy, conscious culture, learning and change capability, and conscious leadership. These five dimensions help to identify powerful levers of change that can drive the development of a conscious business model. The five levels of consciousness provide a framework to help organizations assess their current stage of development, and identify areas for improvement in search of achieving the next level of their own journey. Also, this evolutionary approach helps companies make better benchmarks regarding a specific consciousness level, learning and sharing information with other companies. Finally, the three perspectives – individual, relational, and organizational – help companies focus on the type of change that will have the greatest impact. As organizations adopt a more conscious approach to business, our results demonstrate the need to focus on these five dimensions. The higher purpose helps organizations align with their values and purpose, while the shared value strategy helps organizations to innovate their business model in order to create value for all stakeholders, including society and the environment. The conscious culture helps organizations foster a workplace environment that is supportive, respectful, and inclusive, while the learning and change capability helps organizations continuously improve and evolve, implementing new technologies and innovating in terms of workplace culture, structure, process, products and services. Finally, conscious leadership provides a framework for leaders to develop their own leadership skills and to help create a more conscious organizational culture.

Companies can use this framework to boost and accelerate their initiatives towards Stakeholders Capitalism, Conscious Capitalism, ESG and SDG initiatives. Overall, this proposed model provides organizations with a roadmap to help them transform into conscious businesses that are focused on creating value for all stakeholders and making a positive impact on the world. By focusing on these five dimensions, organizations can create a more sustainable, innovative, and human-centered business model that will benefit both their employees and the wider community.

Limitations

Despite the sample being quite large and considerable, only companies with operations in Brazil were consulted, and therefore it would be interesting to extend this study to other countries, such as the USA, Europe, Latin America, Africa, China, and others. This means revising and adjusting semantics for each language and country. The study did not perform segmented analyses of the instrument, and it is likely that it will be necessary to create segments of the instrument for specific sectors, especially education and health. The instrument undergoes annual revisions, according to the research team, and there is ongoing work to improve semantics. Another limitation of the study is the fact that the alternatives use evolutionary stages (awareness levels), something that is not common in statistical works and requires discussions, future studies, and improvements by the authors. Another limitation is the absence of correlation between these model and other indicators involving financial, environmental, and social metrics, a topic that will be discussed in future studies.

Finally, we add that while being a more conscious business increases the likelihood of a more positive impact on the relationship with multiple stakeholders, this does not mean that a company will necessarily have the best financial performance in its sector or will be immune from potential environmental or social crimes. In terms of financial performance, the conscious business needs not only to have a higher level of awareness of its leadership and culture, but also needs to find a business model and a product market fit that work a competitive advantage and are actually profitable in the short, medium and long term. With regard to environmental and social externalities, being a more conscious business does increase the level of care and attention of the leadership and the organization with its ecosystem, but organizations depend on their local cultures, processes, technology, and most importantly, human behavior, which is subject to errors, and the larger the scale of operation of a company, the greater the potential for failures and errors.

Future research

We propose several avenues for future research to expand upon the findings of this study. These opportunities will be discussed in terms of open research questions. Firstly, it is important to consider whether there are additional dimensions that should be evaluated to measure levels of awareness in business, beyond the five dimensions currently assessed. Additionally, improvements could be made to the questions or alternatives evaluated in order to enhance the reliability of the instrument.

Secondly, it would be valuable to examine the differences in levels of organizational consciousness among businesses operating in different countries and cultures. Furthermore, differences by sector and size should also be considered. Thirdly, it is crucial to investigate the impact of elevated business awareness on various stakeholders, including transparency, trust, wellness, diversity and inclusion, employee satisfaction, customer satisfaction, supplier satisfaction, community impact, environmental impact, and most importantly, the achievement of the Sustainable Development Goals (SDG). One hypothesis that could be explored is the extent to which a higher level of business awareness can serve as a barrier or a catalyst in advancing the SDG agenda. Fourthly, it is important to understand the strategies and factors that can support the evolution of organizational consciousness over time. This includes exploring the relationships between the different dimensions of the proposed model and the critical factors that influence an organization's level of consciousness. The evolution of organizational consciousness over time is another aspect that could be studied in future research.

In conclusion, this study presents a new multidimensional and evolutionary framework for conscious business (CB). The evidence suggests that CB can be described as a higher-level dimension that encompasses higher purpose, shared-value strategy, conscious culture, learning and change capability, and conscious leadership. The study provides a foundation for future research to examine the implications of different levels of business consciousness in various countries and sectors, to monitor the success factors in the evolution of a conscious business, and to assess the impact on stakeholders, financial performance, and Environmental, Social and Governance (ESG) metrics.

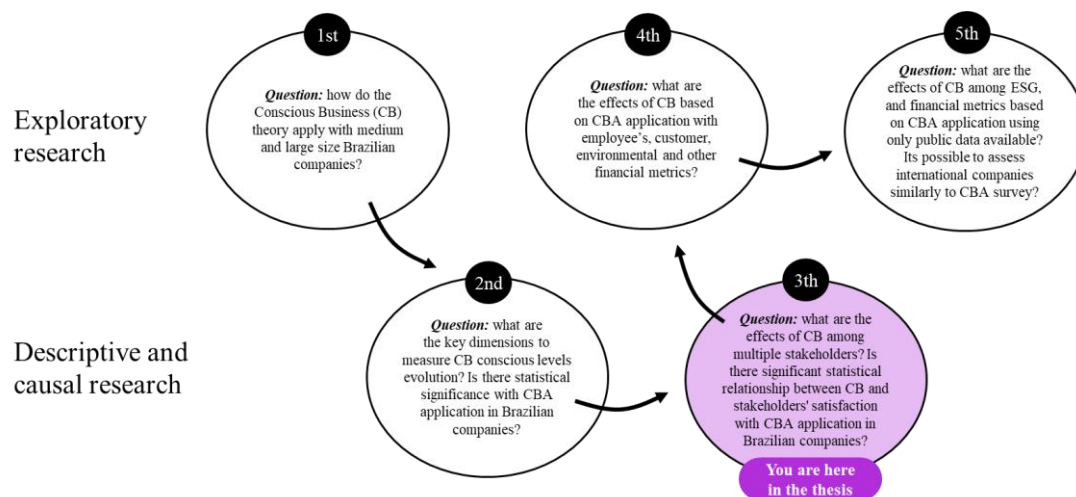
Chapter 6

The effects of CB on multiple stakeholders' engagement

Where are you in the thesis?

Throughout the presentation of the five chapters in this thesis, at the beginning of each we will make a connection following the line of the proposal presented in the specific chapter, in such a way as to guide readers through the text and identify where they are in the thesis, as described in the following figure.

Figure 14 – 6th chapter location within the thesis



The idea

After presenting the proposal for a multi-dimensional model of CB (Conscious Business), this chapter explores the effects of CB on the engagement of multiple stakeholders, including leaders, employees, customers, suppliers, local communities, and the environment. In addition to exploring the relationship between CB and stakeholder engagement, this research also presents the effects of B certification on the engagement of these stakeholders.

Abstract

This empirical study investigates the relationship between Conscious Business (CB) and stakeholder engagement, as well as the effects of B Corps on stakeholder engagement. Our findings indicate that increasing levels of consciousness in business have a positive and significant effect on environmental caring, leadership, employees, and local community engagement, but no significant effect on customer and supplier engagement. The sample includes 86,945 stakeholders from 300 Brazilian companies. Additionally, our research indicates that B Corps have a positive and statistically significant effect on local community and environmental care, but no significant effect on leadership, employees, customers, and supplier engagement, either positive or negative. The study provides practical implications for managers, B Corps, Conscious Capitalism, ESG, World Economic Forum, and UN Global Compact. Managers can benefit from our insights on measuring and developing leaders and organizations' consciousness levels to balance economic, social, and environmental goals. B Corps can use these findings to improve their certification process, with a focus on improving leadership, employees, customers, and suppliers engagement. Our research suggests that businesses prioritizing stakeholder engagement are more likely to have better ESG (Environmental, Social, and Governance) performance. It also highlights the importance of prioritizing stakeholder engagement as part of their efforts to achieve sustainable development. The findings have implications for the UN Global Compact and World Economic Forum, as they provide empirical evidence of the crucial role of Stakeholder Capitalism in sustainable business practices. This can be used to encourage businesses to prioritize stakeholder engagement as part of their efforts to advance societal goals and achieve sustainable development.

1. Introduction

The increased level of consciousness among individuals, business and society, has demanded socio-environmental responsible business practices from companies (Biswas, Raj & Srivastava, 2018; Severo, Guimarães, Dellarmelin & Ribeiro, 2019). Therefore, stakeholders are demanding companies to adopt more sustainable and ethical practices. For example, as proposed by the Business Roundtable (2019), leaders and their organizations need to assume the commitment to “lead their companies for the benefit of all stakeholders - customers, employees, suppliers, communities and shareholders” (cf. Harrison, Phillips, & Freeman, 2020; Freeman, Dmitriyev & Phillips, 2021). According to Freeman (1984), companies need to align the interests of their stakeholders in order to remain competitive and sustainable in the medium and long term. In this context, changing habits of stakeholders is causing a series of changes in the way organizations are managed (Paro, Sisodia & Gerolamo, 2020), especially regarding climate change issues, economic and social crises, and the rise of new generations in the labor, consumption and investment market, have caused a series of pressures for changes in organizations management and business models.

Another example is the increase of ESG (Environmental, Social and Governance) initiatives. Investors are focusing more on long-term sustainable growth, searching for more responsible, ethical and transparency relations with firms (Chen & Yang, 2020; McCahery, JA, Pudschedl, PC & Steindl, M, 2023). Governments are increasing compliance and regulations regarding companies responsible for climate change, social and governance practices (Singhania & Saini, 2022; Wang & Sun, 2022; Alamillos & Mariz, 2022; Yan et al., 2023). Some authors defend that customers are searching for products and services that are environmentally responsible and ethically produced (Peattie and Collins, 2009; Khalil & Khalin, 2022; Valente & Atkinson, 2018; Berestova, Kim & Kim, 2022). However, other authors defend that there is no guarantee that this customer's behavior change will occur, mainly based on a gap between action and discourse of socio-environmental consciousness (Frederico et al, 2013; Mondini et al., 2018). Suppliers and business partners are searching for ways to collaborate in conscious and sustainable ways, regarding innovations on business models, products and services to reduce ESG risks and drive positive impact for stakeholders (Ling, 2006; La Rocca et al., 2019; Yang & Wang, 2021; Sosnowski, 2022). Employees are searching for work-

life balance, ethical workplace culture, opportunities for personal and professional development in order to generate a positive legacy for humanity and the planet (Bhattacharya et al., 2022; Iddagoda et al., 2021; Bhende et al., 2020). New generations, specially Millennials and Generation Z, are driving this pressure on a multi stakeholders level, issues regarding climate change, greenhouse gasses emissions, Netzero, human rights, anti-corruption, anti-racism, DEI (Diversity, Equity and Inclusion), psychological safety, well-being (physical, mental, emotional and spiritual), animal welfare, and many others environmental and social issues.

Founders, board members, executives and managers face many challenges in responding to these stakeholders demands. They need to balance business short term and long term financial goals, implement sustainable practices that are also economically viable, and meet regulatory and legal requirements. They also need to integrate sustainability into the company culture, demonstrating the impact of sustainability initiatives to stakeholders, managing risks, adapting to the rapidly changing expectations of multiple stakeholders, encouraging and engaging stakeholders on a common cause. Beyond all those challenges, they also need to navigate the complexity of sustainability reporting and disclosure, measuring and communicating the impact of sustainability efforts effectively to avoid the risk of cases of greenwashing and peopleshopping. The Conscious Business concept has gained significant attention as a way to help businesses to address these challenges. The CB approach goes beyond traditional corporate social responsibility by incorporating the interests of multiple stakeholders, including leaders, employees, customers, suppliers, communities, and the environment, into all aspects of a company's operations. We explore how CB concepts can have a positive impact on the multiple stakeholders engagement, using a measurement CB framework proposed by Paro et al. (2023), based on five dimensions - higher purpose, shared value strategy, conscious culture, learning & change and conscious leadership. We also analyze the importance of CB approach in order to drive stakeholders engagement, Stakeholders Capitalism, ESG and SDG initiatives.

2. Theory and hypotheses

2.1 Stakeholders theory

Stakeholder theory posits that organizations should consider the interests of all stakeholders, not just shareholders, in their decision-making processes. This broader view of corporate responsibility has been shown to positively impact the relationship between companies and their stakeholders (Freeman, 1984). In particular, raising consciousness among leaders and organizations of the importance of stakeholder engagement can lead to better outcomes for all parties involved (Mitchell et al., 1997). Freeman, Phillips and Sisodia (2020) agreed that Stakeholders Management (SM) needs a broader perspective on business, writing that:

“The real issue is not shareholder versus stakeholder, but a narrow/reductionist versus broad/holistic perspective on business. It is the difference between a value chain (linear and singularly focused on financial value) and a value network (which includes the importance of shared purpose and values). A value chain has one endpoint and one desired outcome for one stakeholder, the shareholder; all other players in the system are a means to that ultimate end. In an interconnected and interdependent system, each stakeholder must be a means and an end. Each contributes to collective flourishing and each must also benefit for the system to continue flourishing. Every business is a system, embedded within a set of larger systems” (Freeman, Phillips and Sisodia, 2020).

Studies have demonstrated that organizations that engage in proactive stakeholder management tend to experience better financial performance and a more positive reputation with stakeholders (Wernerfelt, 1984). By taking the time to understand and address the concerns and needs of stakeholders, organizations can build trust and credibility, which can lead to improved relationships and increased loyalty (Mitchell et al., 1997). Moreover, companies that prioritize stakeholder engagement are often better positioned to anticipate and respond to stakeholder needs, and are therefore more agile and resilient in the face of challenges (Donaldson & Preston, 1995). An example of this is the case of “Fazenda da Toca”, a Brazilian farm that produces organic food. They use the concept of agroforestry as a competitive business differential, generating economic returns and at the same time regenerating environmental problems. In this example, they are transforming an apparent conflict of interests (profit and environmental caring), when they are placing the environmental impact as a core business fundamental.

However, there are several challenges in order to put stakeholders theory into practice. One of the main challenges of implementing stakeholder theory is balancing the interests of multiple stakeholders, which may conflict with each other (Mitchell et al., 1997). This requires organizations to make trade-offs and prioritize stakeholder interests, which can be difficult and contentious (Donaldson & Preston, 1995). A second challenge is how to implement stakeholder theory. In this context, first, it is necessary to determine who should be considered a stakeholder and the relative importance of different stakeholder groups (Mitchell et al., 1997). It requires organizations to understand the various groups that are impacted by their actions, including customers, employees, suppliers, communities, and the environment (Freeman, 1984). It also requires organizations to integrate stakeholder considerations into their decision-making processes, which can be challenging due to competing pressures and limited resources, and then measuring and managing stakeholder engagement (Mitchell et al., 1997). According to Donaldson and Preston (1995), this can be difficult as stakeholder engagement can take many forms and may not be easily quantifiable. Finally, leaders, managers and organizational culture can challenge stakeholder theory implementation by revealing high levels of resistance. Many organizations are used to focusing solely on financial performance and may resist incorporating a broader view of corporate responsibility regarding their stakeholders perspective (Freeman, 1984).

Simply educating people and defending stakeholder theory is not enough to generate meaningful change. Organizations must also take concrete steps to integrate stakeholder considerations into their decision-making processes, operations and corporate culture. This may involve establishing stakeholder engagement initiatives, creating formal channels for stakeholder input, and involving stakeholders in the planning and implementation of key initiatives (Mitchell et al., 1997). Effective stakeholder management also requires ongoing dialogue and collaboration between organizations and their stakeholders, and a commitment to transparency and accountability (Donaldson & Preston, 1995). By demonstrating a genuine commitment to stakeholder engagement, organizations can foster a culture of trust and collaboration, and lay the foundation for long-term, mutually beneficial relationships with their stakeholders.

2.2 Conscious Business

In this study, we argue that Conscious Business (CB) has a positive effect on multiple stakeholders engagement. CB is a concept used to describe a type of business that prioritizes the shared value, prosperity and well-being of all its stakeholders - including shareholders, founders, partners, board members, executives, managers, employees, customers, suppliers, communities and environment. It changes the way people think about business as it goes beyond the traditional focus on short-term profit at any cost, to a broader perspective that considers the alignment of interests in favor of a healthy and balanced long-term relationship with all stakeholders. CB operates based on a set of values and principles that are grounded in empathy, integrity, and authenticity. According to Sisodia & Wolfe (2002), Sisodia et al. (2014) and Sisodia et al. (2018), CB outperforms their competitors in terms of customer satisfaction, employee engagement, and overall business success. Kofman (2003) also explores the relationship between conscious business practices and organizational outcomes such as stakeholder satisfaction and engagement. Twist (2006), Macay (2008) and Sisodia (2011) argue that conscious businesses, which prioritize the well-being of all stakeholders, result in greater stakeholder satisfaction and engagement.

Although different authors address the influence of the concept of conscious business on business performance and multiple stakeholders engagement, none of them assessed the relationship between consciousness evolutionary stages and stakeholders engagement. In this chapter, we argue that the conscious business approach needs to take consciousness evolution into account when measuring conscious business, which is a critical factor for the implementation of stakeholder theory. We adopted Paro et al. (2023) five dimensions and five levels of Conscious Business framework, based on the previous theories proposed by Sisodia (2011), Laloux (2014), Mackey (2011), Cardoso and Ferrer (2013).

The first dimension is Higher Purpose. The purpose of a company should aim for something greater than just financial gain, as stated by Mackey (2011) and Sisodia (2011). According to Thakor and Quinn (2013), a higher purpose should be viewed as a social advantage that surpasses financial outcomes. In agreement with Henderson and Van Den Steen (2015), we see a higher purpose as the ultimate objective of a business, surpassing profit maximization, that unites and motivates stakeholders towards a shared, significant goal.

The second dimension is Shared Value Strategy. The idea of Shared Value Creation (SVC) was brought to the forefront by Porter and Kramer (2011), emphasizing the importance of discovering and strengthening the relationship between social and economic progress. In this piece, we define value creation in a broader sense, referring to the tangible or intangible benefits perceived, acquired, and produced for multiple stakeholders, including leaders, employees, customers, suppliers, partners, shareholders, communities, and the environment as a whole. The term Value Creation Strategy refers to a company's direction, policies, goals, and plans to create shared value for all parties involved.

The third dimension is Conscious Culture. A Conscious Culture refers to an organization's culture that has the capability and capacity to understand and follow its ethical standards and to adapt to both external challenges and internal integration. Schein (1992) suggests that leaders must be aware of the culture in which they operate, otherwise, the culture will control them. Therefore, a Conscious Culture is beneficial for all stakeholders and particularly crucial for leaders who aim to lead and manage it effectively.

The fourth dimension is the capability of Learning and Change by an organization. The idea of a learning organization is closely tied to practices of Knowledge Management (Senge, 1990; Garvin, 1993; Gardiner & Whiting, 1997; Sambrook & Stewart, 2000; Park & Kim, 2018). Senge (1990) believes that a learning organization is a place where individuals continually use their skills, achieve their full potential, and reach their goals, where innovative thinking is encouraged and new aspirations are achieved. Hence, learning organizations are environments where people continuously learn and work together to drive ongoing transformation. The ability to learn and change is a crucial factor in an organization's sustainability, and some organizations have a more nimble and successful approach to learning and adapting, while others do not.

The fifth dimension is Conscious Leadership. According to Yukl (2008), the majority of definitions for leadership involve a person intentionally influencing others in a small group or organization to direct activities and relationships. There are numerous styles of leadership, such as Strategic Leadership (Boal & Hooijberg, 2001; Vera and Crossan, 2004), Ambidextrous Leadership (Rosing et al., 2011), Authentic Leadership (Gardner et al., 2011; Hoch et al., 2018), Servant Leadership (van Dierendonck, 2011; Hoch et al., 2018; Eva et al., 2019), Transformational Leadership (Braun et al., 2013; Hoch et al.,

2018), Ethical Leadership (Bavik et al., 2018; Hoch et al., 2018), Conscious Leadership, Inclusive Leadership (Randel et al., 2018), Creative and Innovative Leadership (Hughes et al., 2018), and many others. None of these concepts is inherently superior or inferior, but one or more may be more appropriate for a particular group or organization facing specific internal and external challenges. The concept of Conscious Leadership encompasses the self-awareness and leadership style of individuals, as well as the collective guidance they provide.

FIGURE 15

Theoretical model of Conscious Business (CB) effects on stakeholders engagement

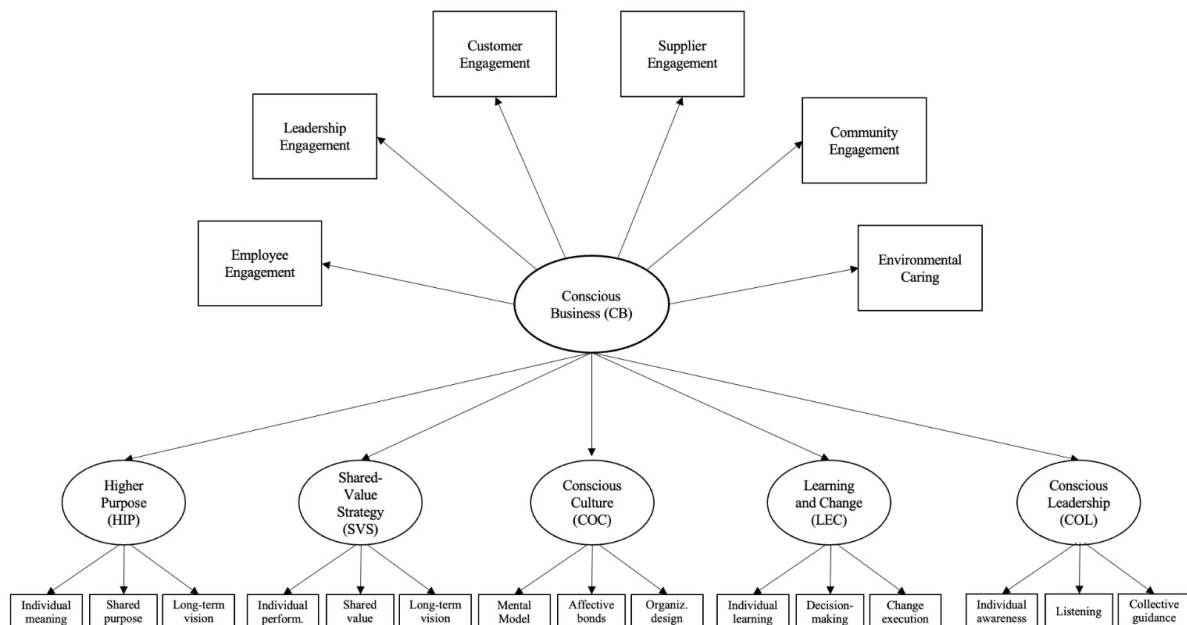


TABLE 23
Conscious Business Five Dimensions

Dimension	Definition	Example	Reference
Higher Purpose (HIP)	The highest business objective that goes beyond profit maximization, that can inspire and mobilize multiple stakeholders towards a common and meaningful goal.	Google's purpose is to organize the world's information and make it universally accessible and useful. This higher purpose is a metaphor and inspiration to their unique business model.	Thakor and Quinn (2013), Henderson and Van Den Steen (2015), Gartenberg et al. (2017) and Bastons et al. (2020)
Shared Value Strategy (SVS)	The direction, policies, objectives, and initiatives defined by a company to generate shared value for all stakeholders in economic, social, environmental, emotional, and cultural ways.	The Whole Foods Business Model starts with the understanding of their core values and societal mission, and then translating the value creation for employees, suppliers, customers, donors, community, and environment.	(Porter and Kramer (1999), Porter and Kramer (2002), Cronin et al. (2000), Freudenreich et al., 2020), Laukkanen and Tura (2020).
Conscious Culture (COC)	The core assumptions, values and beliefs learned by a group to solve problems of external adaptation and internal integration, which is known as the correct way to perceive, think and feel in relation to those problems.	Zappos is known for its unique organizational culture, which can be described as a family spirit, customer-centric, happiness and fun workplace. Their culture is a key driver to their SBMI, providing a greater experience for all stakeholders.	Van Maanen and Barley (1984), Schein (1992), Deal and Kennedy (1982), Weick (1995), Schneider et al. (2012), Graen and Grace (2015).
Learning and Change Capability (LCC)	Organizational capacity and model to be continuous learning and transforming (individuals, business and society), where people are continuously learning together and then supporting continuous transformations.	Toyota's model is traditionally known for its capacity of innovation and continuous improvement, and that is fundamental to their culture, programs and commitment to lifelong learning.	Sambrook and Stewart (2000), Senge (1990), Kegan & Lahey (2016), Ortenblad (2018), Park and Kim (2018).
Conscious Leadership (COL)	The leadership development process in which multiple individuals are prepared to lead change, motivate people towards a shared vision, define and execute business strategy.	Southwest Airlines develops their next generations through hands-on experience, training, and mentoring programs, which is connected to Southwest Business Model.	Day (2000), Boal and Hooijberg (2001), Day et al. (2014), Vera and Crossan (2004), Teece (2010), Raguz and Zekan (2017)

Also, the model proposed by Paro et al. (2023) suggests five different states of consciousness based on Laloux (2014) theoretical proposition, which play a crucial role in the five dimensions and help to outline the advancement of maturity in the fifteen components. The progression of these levels is similar to the concept of Maslow's Hierarchy of Needs, where the focus moves from egocentric desires to a consideration of the ecosystem. An organization operating at level 1.0 prioritizes survival, control, and market dominance, while one operating at the highest level of 5.0 focuses on resolving societal and environmental issues, creating shared value for all stakeholders. Conscious businesses are known for operating at higher levels of consciousness, with the majority of their practices centered at level 4.0 (green) and level 5.0 (teal) not only in terms of purpose but also in the implementation of shared value strategy, conscious culture, learning and change, and conscious leadership.

TABLE 24
Conscious Business' Five Consciousness Levels (Adaptaded from Laloux, 2014)

Level	Characteristic	Metaphors & examples	Breakthroughs
5.0	Within a self-management structure, where employees have an advisory role and activities are carried out in circles or in voluntary task dimensions. Organizations viewed as a living entity with its own evolutionary purpose, seeking to regenerate the problems of society and the environment.	Living organism metaphor. Examples of Purpose-driven organizations such as Patagonia and HolacracyOne.	Self-management, wholeness, evolutionary purpose, agile teams and others to be discovered.
4.0	Within the classic pyramid structure, focus on culture and empowerment to achieve extraordinary employee motivation. Equality, belonging, harmony, justice, cooperation, consensus and people first cultures.	Family metaphor. Examples of Culture driven organizations such as Southwest Airlines and Ben & Jerry's.	Corporate Social Responsibility (CSR), power sharing, empowerment, corporate culture, and common values.
3.0	The goal is to beat the competition, achieve profit and growth. Innovation is the key to staying ahead. Management by objectives (command and control in what, freedom in how). Efficiency, profitability and growth.	Machine metaphor. Examples of most multinational companies and private schools.	Innovation, accountability, and management by objectives.
2.0	Highly formal roles in a hierarchical pyramid. Top-down command and control (what and how). Stability valued above all through rigorous processes. Future is the repetition of the patterns of the past. Rigorous process, predictability, command and control.	Armed dimensions metaphor. Examples such as church, army, most governments, universities and public schools.	Replicable and stable process. Lean operations. Scalability.

1.0	Constant exercise of power by the chief to keep employees in line. Fear is the alloy of the organization. Highly reactive, short-term focus. Thrives in chaotic environments. Power by dimension and domination of a chief.	Wolf pack metaphor. Examples such as mafia, gangs, militias and organizations involved in large corruption schemes.	Hierarchy authority and division of labor. Usually thrives in chaotic systems.
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In this context, leaders and companies need to develop a completely new way of thinking and understanding their business, management and operational model. They need to operate on a higher conscious level in order to be capable of transcending the paradigms of traditional business mentality, engaging stakeholders into the decision making process and transforming the actual leadership and culture style, to a more conscious model. They need to see some conflicts between stakeholders not as a business limitation, but as a business opportunity for sustainable innovation in business models, products and services. There are many authors that have explored the concept of raising consciousness and the role of transcending paradigms and barriers in the way of thinking about reality. Grof (1975, 2000), Wilber (1995, 2000) and Lazlo (2005, 2007) argue that raising consciousness requires breaking through assumptions, limiting beliefs and paradigms in order to achieve a more holistic and integrated view of reality. According to Gebser (1985), breaking paradigms and barriers in the way of thinking is necessary for individuals and society to evolve.

2.3 The effects of CB on Stakeholders Engagement

In this study, we argue that CB has a positive impact on multiple stakeholders engagement, including environmental caring, as illustrated in figure 16. We contend that the evolution of awareness of leaders and organizations, represented by the five stages of consciousness, helps organizations break out of a vicious business cycle where corporate relationships tend to be more toxic and focused on a win-lose logic, moving towards a virtuous cycle of healthy relationships and focused on a win-win-win logic.

FIGURE 16

Conscious Business Building Blocks

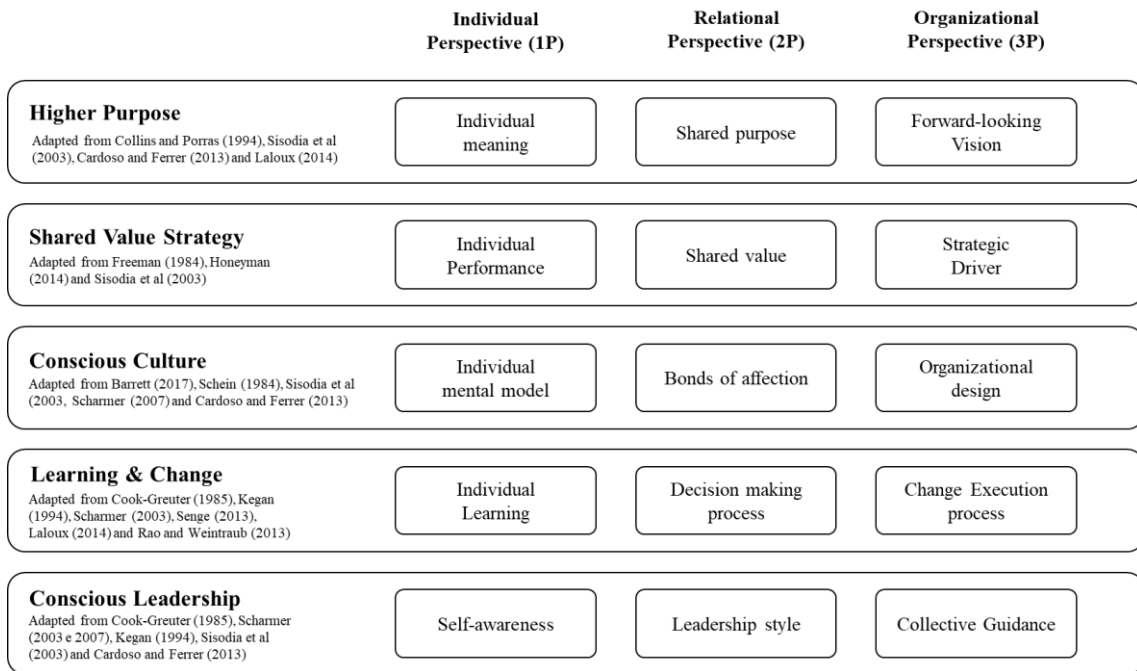


TABLE 25

Conceptual Logic of the Effect of CB on Multiple Stakeholders Engagement

Stakeholder	Decreased consciousness in business is likely to generate negative effects on stakeholders	Increased consciousness in business is likely to generate positive effects on stakeholders
Customers	Customers are more likely to have low levels of trust, poor customer experience, negative effect on brand reputation and decreasing customer loyalty.	Customers are more likely to have higher levels of trust, better customer experience, positive effect on brand reputation and increasing customer loyalty.
Leaders and employees	Leaders and employees are more likely to have high levels of stress, burnout and low job satisfaction, such as lack of purpose, limited autonomy, low levels of well-being, trust, transparency and engagement.	Leaders and employees are more likely to have low levels of stress, burnout, better work life balance and higher job satisfaction, such as a higher sense of purpose, more autonomy, higher levels of well-being, trust, transparency and engagement.

Suppliers	Suppliers are more likely to have lower levels of satisfaction, such as lower levels of collaboration, innovation, trust, transparency, and providing inconsistent quality of goods and services.	Suppliers are more likely to have higher levels of satisfaction, such as higher levels of collaboration, innovation, trust, transparency, and providing high consistent quality of goods and services.
Local communities	Local communities are more likely to have lower levels of satisfaction, such as low sense of ethical and sustainable practices, leading to social inequality, denying human rights and social responsibilities, lack of trust, transparency and social well-being.	Local communities are more likely to have higher levels of satisfaction, such as higher sense of ethical and sustainable practices, leading to social equality, defending human rights and social responsibilities, high levels of trust, transparency and social well-being.
Environment	The environment is more likely to face more damages caused by the abusive practices of the businesses, such as pollution, resource depletion, climate change, biodiversity destruction, water scarcity and soil degradation.	The environment is more likely to have reduced environmental risks and more sustainable and regenerative business practices regarding clean air, clean and abundant water, resources preservation, climate stability, biodiversity preservation, soil restoration, and conservation.

2.3.1 The effects of CB on leadership engagement

CB has a positive effect on leadership engagement (founders, partners, board members, executives, directors and managers), as it can provide a higher sense of meaning of life and work, greater job satisfaction, engagement with other leaders, teams and employees, and, also, a better optimism about the future of humanity and planet. In traditional businesses, leaders often face several problems that can lead to stress, burnout, and low job satisfaction, such as lack of meaning at work, limited autonomy, and low levels of engagement and life work balance. On the other hand, conscious businesses offer leaders a more positive experience and greater engagement, as they operate based on a set of values and principles that prioritize the well-being of all stakeholders, including their own roles. Studies have shown that leaders in conscious businesses experience greater job satisfaction, lower levels of stress, and a greater sense of purpose than those in traditional businesses. In particular, conscious leaders are more likely to report feeling optimistic

about the future, as they believe that they are making a positive impact on the world through their work (Mackey, 2008). Furthermore, conscious leaders are more likely to report feeling empowered and autonomous, as they are given the freedom to make decisions based on their values and beliefs, rather than being limited by bureaucratic processes (Sisodia & Wolfe, 2002).

Additionally, leaders in conscious businesses report higher levels of employee engagement and motivation, as employees are more likely to be aligned with the values and mission of the company. This leads to greater levels of trust, collaboration, and innovation within the organization, resulting in a more positive work environment for leaders (Kofman, 2003). In conclusion, the relationship between conscious business and leadership engagement is a positive one, as conscious businesses offer leaders a more fulfilling and satisfying work experience. By prioritizing the well-being of all stakeholders, conscious businesses create a more positive work environment for leaders, leading to greater satisfaction, engagement, and optimism for the future.

Hypotheses 1a. CB has a positive effect on Leadership Net Promoter Score

2.3.2 The effects of CB on employee engagement

CB has a positive effect on employee engagement, as it can impact the well-being and engagement of employees within organizations. In traditional businesses, employees often face several problems, such as low job satisfaction, lack of purpose, and limited opportunities for personal and professional growth. Studies have shown that employees in conscious businesses experience higher levels of job satisfaction and a greater sense of purpose compared to those in traditional businesses. This is because conscious businesses prioritize the well-being of all stakeholders, including employees, which results in a more positive work environment (Kofman, 2003). Furthermore, employees in conscious businesses are more likely to report feeling valued and recognized for their contributions, leading to higher levels of motivation and engagement (Sisodia & Wolfe, 2002).

Many authors suggest that employees are looking for a work-life balance, an ethical workplace culture, and opportunities for personal and professional growth, with the goal of creating a positive legacy for the planet and humanity (Bhattacharya et al., 2022;

Iddagoda et al., 2021; Bhende et al., 2020). In this sense, Conscious businesses offer employees more opportunities for personal and professional growth, as they are encouraged to bring their whole selves to work, including their values and beliefs (Mackey, 2008). This results in a more fulfilling and satisfying work experience for employees, as they are able to align their work with their personal values and beliefs. In conclusion, the relationship between conscious business and employee engagement is a positive one, as conscious businesses offer employees a more fulfilling and satisfying work experience. By prioritizing the well-being of all stakeholders, conscious businesses create a more positive work environment for employees, leading to higher levels of well-being, inclusion, psychological safety, trust, transparency, satisfaction and engagement.

Hypotheses 1b. CB has a positive effect on Employee Net Promoter Score (eNPS)

2.3.3 The effects of CB on customer engagement

CB has a positive effect on customer engagement, as it can have a significant impact on the customers perceived experience and reputation of a company. In traditional businesses, leaders often face challenges related to customer satisfaction, such as low levels of trust, poor customer experience, and limited opportunities for customer engagement. Studies have shown that customers are more likely to be satisfied with companies that prioritize their well-being and engage them in meaningful ways (Gardner & Davis, 2000). Conscious businesses prioritize the well-being of all stakeholders, including customers, and provide them with a positive and meaningful experience (Mackey & Sisodia, 2013). This leads to higher levels of customer satisfaction, as customers feel valued and recognized for their contributions (Kofman, 2003).

Conscious businesses also create opportunities for customer engagement and interaction, allowing customers to be more involved in the decision-making process and to provide feedback and suggestions (Sisodia & Wolfe, 2002). This results in a deeper connection between the customer and the company, leading to increased levels of customer loyalty and trust (Gardner & Davis, 2000). Also, when companies operate at a higher consciousness level, it cares more about social and environmental responsibility. There are various studies and authors that suggest that individuals and consumers in general are becoming increasingly interested in environmentally responsible and ethically produced

products and services (Peattie and Collins, 2009; Khalil and Khalin, 2022; Valente and Atkinson, 2018; Berestova, Kim, and Kim, 2022). In this sense,

In conclusion, the relationship between conscious business and customer engagement is a positive one, as conscious businesses prioritize the well-being of all stakeholders, including customers. By providing customers with a positive and meaningful experience and creating opportunities for engagement, conscious businesses lead to higher levels of customer satisfaction, loyalty, and trust.

Hypotheses 1c. CB has a positive effect on Customer Net Promoter Score (NPS)

2.3.4 The effects of CB on suppliers engagement

Suppliers are seeking ways to collaborate in a sustainable manner, through innovative business models, products and services that reduce environmental, social, and governance risks and drive positive outcomes for all stakeholders (Ling, 2006; La Rocca et al., 2019; Yang and Wang, 2021; Sosnowski, 2022). In traditional businesses, leaders often face challenges related to supplier engagement, such as limited opportunities for collaboration, low levels of trust, and inconsistent quality of goods and services. Studies have shown that conscious businesses prioritize the well-being of all stakeholders, including suppliers, and provide them with a positive and meaningful experience (Mackey & Sisodia, 2013). This leads to higher levels of supplier engagement, as suppliers feel valued and recognized for their contributions (Kofman, 2003). Conscious businesses also create opportunities for collaboration and engagement with suppliers, allowing for open communication and mutual support (Sisodia & Wolfe, 2002).

Conscious businesses also prioritize ethical and sustainable practices, which can result in improved quality of goods and services and increased levels of trust between the company and its suppliers (Gardner & Davis, 2000). By establishing a positive and collaborative relationship with suppliers, conscious businesses can ensure the success of the overall supply chain and contribute to the long-term success of the business. Working together with suppliers, they can boost innovations of business model, process, products and services. The relationship between CB and supplier engagement is a positive one, as CB aims to provide suppliers with a positive and meaningful experience. By creating

opportunities for collaboration and engagement, CB leads to higher levels of supplier satisfaction and trust.

Hypotheses 1d. CB has a positive effect on Supplier Net Promoter Score

2.3.5 The effects of CB on local community engagement

The relationship between conscious business and local community engagement is crucial, as businesses can greatly impact the social and economic well-being of the communities in which they operate. Traditional businesses often have negative impacts on local communities, such as environmental degradation, social conflicts, and decreased quality of life for residents (Banerjee & Duflo, 2007). Conscious businesses, on the other hand, prioritize the well-being of the local community and work to establish positive relationships with community members (Mackey & Sisodia, 2013). By engaging with the community and taking into consideration its needs and values, conscious businesses can improve community engagement and establish a positive reputation (Kofman, 2003). Conscious businesses also prioritize ethical and sustainable practices, such as reducing their environmental footprint and supporting local businesses, that benefit both the community and the business (Sisodia & Wolfe, 2002).

Studies have shown that businesses that prioritize the well-being of their local community have a positive impact on local residents and the community as a whole (Banerjee & Duflo, 2007). This, in turn, leads to increased customer loyalty and improved business outcomes (Gardner & Davis, 2000). By engaging with the community and working towards its betterment, conscious businesses can create a positive impact on the lives of local residents and contribute to the long-term success of the business. In conclusion, conscious businesses offer a more positive experience and better satisfaction for local communities compared to traditional businesses. By prioritizing the well-being of the community and engaging with it, conscious businesses can have a positive impact on the lives of local residents and improve the overall success of the business.

Hypotheses 1e. CB has a positive effect on Local Community Net Promoter Score

2.3.6 The effects of CB on environmental caring

Conscious business recognizes the impact of business activities on the environment and prioritizes sustainability practices. Traditional businesses often prioritize profit over environmental concerns, resulting in negative impacts such as pollution and resource depletion. In contrast, conscious businesses take a long-term view and understand that preserving the environment is essential for future business success and the well-being of the planet. Studies have shown the positive relationship between conscious business and environmental protection. For example, a study by Lee and Cho (2017) found that firms engaging in conscious business practices such as environmental sustainability have improved their environmental performance. Another study by Serrano and Rodríguez (2018) showed that conscious businesses have a positive impact on the environment through their adoption of green management practices, leading to decreased environmental damage and improved resource efficiency.

Moreover, conscious business can also help improve public perception and reputation, as consumers and stakeholders increasingly prioritize environmentally responsible behavior. By taking actions to reduce their environmental impact, conscious businesses can demonstrate their commitment to sustainability and win the trust and loyalty of customers and stakeholders. A study by Hansen and Schrader (2016) found that consumers are willing to pay a premium price for products from companies with a good environmental record. In conclusion, the relationship between conscious business and environmental caring is a positive one. By prioritizing sustainability and reducing negative impacts on the environment, conscious businesses can improve their environmental performance, public perception, and reputation, leading to better engagement of all stakeholders.

Hypotheses 1f. Conscious business has a positive effect on Environmental Caring

3. Empirical Analysis

3.1 Sample

Firms often adopt organizational practices to respond to stakeholders' demands (Mitchell, Agle, & Wood, 1997, Wood, Mitchell, Agle, & Bryan, 2021) but, still, there is no evidence on how different stakeholders collectively perceive firm's responses and, ultimately, how satisfied they are with these practices. Therefore, we collected data through a series of surveys with more than 40,000 employees and leaders, and over 30,000 customers, supplier, and local communities, of 300 Brazilian firm during the period between April 2021 and January 2022.

Table 26 presents the sample demography across internal and external stakeholders, and firms. Regarding the internal stakeholder, we surveyed 40,717 employees and leaders. Respondents were invited through their firm's organizational communications channels, including intranet, email, and WhatsApp platforms. Our sample is composed of individuals distributed across several organizational functions including operations, human resources, sales, information technology, and fourteen other functions, from which 52.2% are males, 58.3% are white.

TABLE 26

Demographics of Internal and External Stakeholders and Firms

Variable	Category	Frequency	Percent
Internal stakeholders (employees and leadership)			
Gender	Female	18,932	46.5%
	Male	21,274	52.2%
	Others and prefer not to say	511	1.3%
Age	Under 20	922	2.3%
	Between 20 and 29 years old	13,232	32.5%
	Between 30 and 39 years old	14,363	35.3%
	Between 40 and 49 years old	7,808	19.2%
	Between 50 and 59 years old	2,550	6.3%
	Over 60 years old	560	1.4%

Variable	Category	Frequency	Percent
	No responses	1,282	3.1%
Race	Black	14,976	36.8%
	White	23,751	58.3%
	Others and prefer not to say	1,990	4.9%
Role	Employees	32,126	78.9%
	Leaders	8,591	21.1%
Total number of internal stakeholders		40,717	100%
External stakeholders (clients, suppliers, and local community)			
Number of stakeholders per firm	Mean (Std. Dev)	Min	Max
Clients	86.6 (215.1)	1	2,346
Suppliers	36.6 (60.6)	1	515
Local community	35.9 (112.3)	1	1,529
Total number of external stakeholders			46,228
Firm-level variables		Frequency	Percent
State of incorporation	São Paulo	172	57.1%
	Minas Gerais	27	9.0%
	Rio de Janeiro	22	7.3%
	Paraná	15	5.0%
	Rio Grande do Sul	13	4.3%
	Others	52	17.3%
Size	Micro (Less than 9 employees)	84	27.9%
	Small (10 to 99 employees)	97	32.2%
	Medium (100 to 999 employees)	85	28.2%
	Large (More than 1000 employees)	35	11.6%
B Corporation	Yes	35	11.6%
	No	266	88.4%
Industry	Professional services	77	25.6%
	Consumer goods and retail	46	15.3%
	Financial services	29	9.6%

Variable	Category	Frequency	Percent
	Health services	22	7.3%
	Communications and marketing	20	6.6%
	Transportation	15	5.0%
	Construction	12	4.0%
	Manufacturing (basic goods)	12	4.0%
	Information Technology	11	3.7%
	Others	57	18.9%

Regarding the external stakeholders, our sample comprises 46,228 people including customers, suppliers, and local community individuals. Our sample of 300 firms varies in terms of size - 27.9% of firms with less than 9 employees (micro firms), 32.2% of firms with 10 to 99 employees (small firms), 28.2% of firms with 100 to 999 employees (medium firms), and 11.6% of firms with more than 1,000 employees (large firms), location - with a high concentration in the state of São Paulo (57.1%), Minas Gerais (9%) and Rio de Janeiro (7.3%), respectively, and sectors - firms operate in 15 industry sectors. We were able to monitor sampling response rates for each public for each organization to ensure response rates that may influence our results.

3.2 Measures

3.2.1 Conscious Business Measures

To investigate the impact of conscious business (CB) on multiple stakeholders' engagement and environmental concern, we needed to develop a measurement model for the latent construct of CB (refer to figure 16). We accomplished this by utilizing a two-stage confirmatory factor analysis (CFA) approach, which relates measurement items to their respective latent variables (dimensions) (Acock, 2013; Mehmetoglu & Venturini, 2021; Munin & Noor, 2020). Our survey questionnaire (see Appendix) contained a three-item quantitative scale for each of the five conceptual dimensions of the CB framework: Higher Purpose (HIP), Shared-value Strategy (SVS), Conscious Culture (COC), Learning

and Change (LEC), and Conscious Leadership (COL). Respondents rated each item on a scale of 1 to 5, with 5 indicating the highest level of consciousness.

To mitigate potential method bias in the responses, we randomized the item order (Podsakoff, MacKenzie, & Podsakoff, 2012). In addition, to minimize common measurement scale concerns, we conducted Harman’s single-factor test, (Chang, Witteloostuijn, & Eden, 2010; Podsakoff et al., 2012). Specifically, we performed an exploratory factor analysis on the 15 items that loaded on a single, latent factor. The average variance explained by this single factor was only 31.6%, which is well below the commonly used cutoff threshold of 50%. Therefore, we can confidently conclude that common method bias is not a significant issue in our sample.

Table 27, Panel A, displays the results of our first-order measurement model (CFA). We observed substantial (above 0.40) and statistically significant ($p < 0.001$) loadings for all three indicators of Higher Purpose (HIP), Shared-value Strategy (SVS), Conscious Culture (COC), Learning and Change (LEC), and Conscious Leadership (COL).

TABLE 27

Measurement Model – Conscious Business (CB)

Panel A. First-Order Measurement Model		
Loadings	Latent variable	Standard. value
Individual meaning (1)		0.449***
Shared purpose (2)	Higher Purpose (HIP)	0.552***
Long-term vision (3)		0.418***
Individual performance (4)		0.524***
Shared value (5)	Shared-value Strategy (SVS)	0.601***
Strategic goal (6)		0.543***
Mental model (7)		0.664***
Affective bonds (8)	Conscious Culture (COC)	0.562***
Organizational design (9)		0.480***
Individual learning (10)		0.448***
Decision making process (11)	Learning and Change (LEC)	0.522***
Change execution (12)		0.618***

Individual awareness (13)		0.748***
Listening (14)	Conscious Leadership (COL)	0.694***
Collective guidance (15)		0.361***
<hr/>		
Variances		
<hr/>		
error.ε1		0.798
error.ε2		0.694
error.ε3		0.825
Higher Purpose (HIP)		1.000 (fixed)
error.ε4		0.724
error.ε5		0.638
error.ε6		0.704
Shared-value Strategy (SVS)		1.000 (fixed)
error.ε7		0.559
error.ε8		0.683
error.ε9		0.769
Conscious Culture (COC)		1.000 (fixed)
error.ε10		0.804
error.ε11		0.727
error.ε12		0.617
Learning and Change (LEC)		1.000 (fixed)
error.ε13		0.439
error.ε14		0.518
error.ε15		0.869
Conscious Leadership (COL)		1.000 (fixed)

Note: MLMV, bootstrap standard errors

Panel B. Second-Order Measurement Model (Conscious Business)

Loadings	Latent variable	Standard. value
Higher Purpose (HIP)		0.655***
Shared-value Strategy (SVS)	Conscious Business (CB)	0.719***
Conscious Culture (COC)		0.795***
Learning and Change (LEC)		0.685***

Conscious Leadership (COL)	0.647***
Variances	
error.ε(HIP)	0.571
error.ε(SVS)	0.482
error.ε(COC)	0.367
error.ε(LEC)	0.529
error.ε(COL)	0.580
Conscious Business (CB)	1.000 (fixed)
Covariances	
error.ε(HIP)*error.ε(SVS)	0.159***
error.ε(HIP)*error.ε(LEC)	-0.043***
error.ε(LEC)*error.ε(COL)	0.126***

Note: Model's goodness of fit - Chi-squared(2)=4.767, Model vs. Saturated (p-value=0.092), Chi-squared (10)=69578.4, Baseline vs. Saturated (p-value= 0.000) RMSEA=0.006, AIC=374,742, BIC=374,896, CFI=TLI=1, SRMR=0.001, CD=0.827. AIC = Akaike information criterion, BIC = Bayesian information criterion; CFA = confirmatory factor analysis; CFI = comparative fit index; TLI = Tucker–Lewis index, RMSEA = root mean square error of approximation; SRMR = standardized root mean squared residual, CD = coefficient of determination.

We utilized a reflective measurement model to assess the conscious business (CB) construct and present the results in Table 27, Panel B. To evaluate model fit, we employed several criteria, including the chi-squared test, comparative fit index (CFI), root mean squared error of approximation (RMSEA), and standardized root mean squared residual (SRMR). Following Acock's (2013) recommended cutoffs for a reasonably close fit, we aimed for a CFI of 0.90 or above, an RMSEA and SRMR of 0.08 or below, and a non-significant chi-squared. Initially, we estimated a model without accounting for any correlation between error terms. Our results showed a chi-squared value of $\chi^2(2) = 4,767.95$, $p < 0.092$, for the test of the equality of our model estimators and the saturated model estimators, and $\chi^2(10) = 69,578.4$, $p < 0.000$, when comparing the baseline and the saturated model, indicating a strong fit of our model. Additionally, our RMSEA was 0.0068, CFI and TLI both were 1.00, and our SRMR was 0.001, with a coefficient of determination of 0.827. Overall, our results were robust, demonstrating a strong fit of the reflective measurement model to the data.

3.2.2 Multi-stakeholders' Engagement Measures

In our study, we utilized the Net Promoter Score (NPS) (Reichheld, 2003) to gauge both internal and external stakeholders' engagement. However, this metric has not been immune to criticism. Detractors have argued that the NPS is a simplistic measure that relies on a single question to assess customer loyalty and predict future business growth (Keiningham et al., 2007; 2008). Furthermore, critics have posited that the NPS does not consistently outperform other customer satisfaction or engagement measures, such as the American Customer Satisfaction Index (ACSI) or the Customer Satisfaction Index (CSI), in predicting firm performance (Morgan & Rego, 2006).

The critique of the NPS may partly stem from its application by firms and researchers. Traditionally, organizations have collected data solely from current customers immediately following a direct interaction with the company, such as a customer experience. However, a more recent and comprehensive approach suggests that organizations should measure the customer relationship with the company by incorporating a representative sample of current customers or, even better, by capturing a representative sample of all potential customers. This extended application of the NPS permits a competitive benchmark and yields a more comprehensive understanding of the customer's perception of the firm, including both current and potential customers (Markey, 2014; Reichheld & Markey, 2011). Despite the criticisms leveled against it, the Net Promoter Score (NPS) remains a prevalent metric for evaluating customer engagement. Its ease of implementation owes to its simplicity, while its potential to predict future business growth has been affirmed by recent research (Baehre, 2022). We acknowledge these criticisms but contend that the NPS offers valuable insights into stakeholder engagement.

In this study, we utilized an extended application of the NPS to attain a comprehensive sample of both current internal and external stakeholders. This approach facilitated an assessment not only of stakeholders' past experiences but also their ongoing relationships and future expectations with the organization, addressing measurement concerns raised in previous literature. Therefore, to assess stakeholder experience, we identified a representative sample for each stakeholder group and asked: "How would you evaluate

your experiences with the organization on a scale from 0 to 10?” For the current relationship, we employed the NPS question (Reichheld & Markey, 2011), asking: “How likely is it that you would recommend this company to a friend or colleague, on a scale from 0 to 10?” Lastly, to measure future expectations, we inquired: “How optimistic are you about the organization's future, rated on a scale from 0 to 10?”

From the collected data, we generated two measures: (1) the current relationship NPS (e.g., NPS) and (2) an extended NPS that considers the average of the three questions (past experience, current relationship, and future expectations) (e.g., Agg. NPS). For the second measure, we conducted an exploratory factor analysis, resulting in a single factor with a Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy greater than 0.70 for all stakeholders. Considering the correlation between the single factor and the aggregated average is greater than 0.99 for all stakeholders, we utilized the aggregate average to maintain the NPS scale, facilitating the interpretation of our estimations.

In this work, our focus is not necessarily on the environmental impact of the organization, but rather on engaging stakeholders in caring for the environment. So, to assess the organization’s environmental concerns, we posed the following question to internal stakeholders, specifically employees and leadership: “Based on your firm's organizational practices, how would you rate the extent to which your organization is committed to environmental considerations? (Scale 0 to 10).” This question facilitated the evaluation of the organization's environmental consciousness from the perspective of those closely involved in its operations.

3.3 Control Variables

Scholarly literature has suggested that the extent to which managers prioritize competing stakeholder interests is contingent on various external and internal factors, such as industry sector, geography, firm size, and current strategic commitments (Mitchell et al., 1997; Wood et al., 2021). To address these contingencies, we controlled for firm size, state of incorporation, and sector in our study. In addition, recent research by Winkler, Brown, and Finegold (2019) has indicated that B Corporation certification can promote stakeholder engagement. As such, we introduced a dummy variable that assumes a value of 1 if a company holds B Corp certification, and 0 otherwise. By doing so, we aimed to

prevent omitted variable bias and account for the potential correlation between conscious business practices and B Corp certification.

3.4 Analytical approach

To test our hypotheses, we modeled our focal variables – the NPS of multiple stakeholders, including employees, leaders, customers, suppliers, and local community, and environmental caring, a multivariate regression (OLS) that simultaneously estimate the coefficients of individual equations, allowing us to conduct tests of the coefficients across the different outcome variables. To allow for the correlation of error terms across individual equations that may influence the standard errors of coefficient estimates, we also run a co-variance based structural equation model. Considering that our observed data is non-normal, Satorra–Bentler scaled chi-squared test is reported (Satorra & Bentler, 1994).

4. Results

Table 28 displays the means, standard deviations, minimum, and maximum levels of variables and bivariate correlations. It is worth noting that most pairwise correlations are statistically significant ($p < 0.10$), with exception of conscious business and environmental caring and NPS of local community and environmental caring. Table 29 reports the distribution of NPS and aggregated NPS across conscious business (CB) quartiles for all stakeholders. It is worth noting that the differences between NPS and aggregated NPS for firms in the CB's fourth and first quartiles are positive and statistically significant ($p < 0.001$) for all stakeholders. In other words, the stakeholders' engagement increases as firm's are more aware towards stakeholders' demands. We can also observe few variations between stakeholder engagement measures, whether using the pure version of NPS or other aggregated measures (experience, NPS and future perspective).

TABLE 28

Descriptive statistics and pairwise correlations.

#	Variables	Mean	S.D.	Min	Max	1	2	3	4	5	6	7	8	9	10	11	
1	Conscious Business (CB)	0.31	0.54	-1.17	1.76	1											
2	NPS – Leadership	83.31	19.02	11	100	0.43	1										
3	NPS – Employees	72.55	21.93	-29	100	0.63	0.5	1									
4	NPS – Customers	69.66	27.87	-50	100	0.22	0.23	0.19	1								
5	NPS – Suppliers	79.68	23.72	0	100	0.19	0.18	0.26	0.36	1							
6	NPS – Local Community	69.3	30.37	-100	100	0.25	0.29	0.22	0.39	0.45	1						
7	Agg. NPS – Leadership	74.83	20.36	1	100	0.43	0.86	0.48	0.21	0.15	0.22	1					
8	Agg. NPS – Employees	65.62	21.48	-35	100	0.63	0.45	0.94	0.19	0.25	0.23	0.48	1				
9	Agg. NPS – Customers	66.77	26.93	-34	100	0.24	0.26	0.22	0.98	0.35	0.41	0.24	0.22	1			
10	Agg. NPS – Suppliers	75.59	23.14	-14	100	0.2	0.2	0.29	0.35	0.97	0.44	0.17	0.28	0.35	1		
11	Agg. NPS – Local Com.	64.69	27.38	-100	100	0.21	0.33	0.19	0.47	0.45	0.91	0.28	0.19	0.48	0.43	1	
12	Environmental Caring	42.52	34.46	-74	100	0.03	0.19	0.26	0.11	0.23	0.05	0.27	0.28	0.11	0.24	0.12	

Note: All pairwise correlations are statistically significant at $p < 0.10$, but correlation (1,12) and correlation (6,12).

TABLE 29

Distribution of Stakeholder's NPS and Aggregated NPS per Conscious Business (CB) quartiles

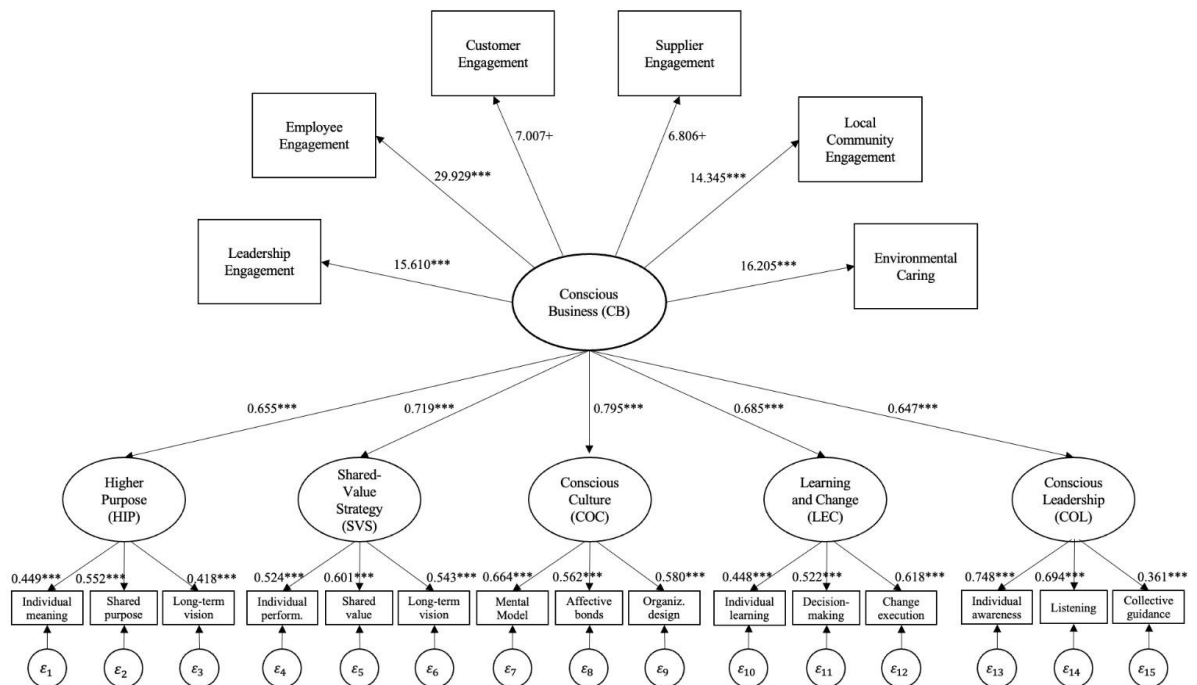
Panel A - Distribution of NPS per CB quartiles							
Q1 - First Quartile							
Stats	Leadership	Employees	Customers	Suppliers	Local Community	Environmental Caring	
N	75	75	75	75	75	75	75
Mean	72.5	53.8	58.4	73.0	61.0	44.5	
SD	18.0	20.3	33.5	25.0	28.6	27.6	
p50	73.0	56.0	68.0	80.0	65.0	48.0	
Min	11.0	-29.0	-50.0	0.0	0.0	-17.0	
Max	100.0	83.0	100.0	100.0	100.0	92.0	
Q2 - Second Quartiles							
Stats	Leadership	Employees	Customers	Suppliers	Local Community	Environmental Caring	
N	75	75	75	75	75	75	75
Mean	81.5	70.5	71.7	78.6	67.8	41.1	
SD	20.0	19.1	23.4	23.8	24.4	33.6	
p50	87.0	73.0	76.0	86.0	71.0	47.0	
Min	27.0	0.0	0.0	0.0	0.0	-33.0	
Max	100.0	100.0	100.0	100.0	100.0	100.0	
Q3 - Third Quartile							
Stats	Leadership	Employees	Customers	Suppliers	Local Community	Environmental Caring	
N	75	75	75	75	75	75	75
Mean	84.3	75.7	72.9	83.2	68.8	38.8	
SD	18.4	17.1	25.2	20.3	39.2	36.9	
p50	90.0	80.0	80.0	88.0	80.0	39.0	
Min	16.0	20.0	-5.0	0.0	-100.0	-74.0	
Max	100.0	100.0	100.0	100.0	100.0	100.0	
Q4 - Fourth Quartile							
Stats	Leadership	Employees	Customers	Suppliers	Local Community	Environmental Caring	
N	75	75	75	75	75	75	75
Mean	94.9	90.2	75.7	84.0	79.6	45.8	
SD	11.7	13.7	25.5	24.2	24.4	38.9	
p50	100.0	100.0	83.0	92.0	87.0	52.0	
Min	40.0	40.0	0.0	0.0	0.0	-60.0	
Max	100.0	100.0	100.0	100.0	100.0	100.0	
Q4-Q1							
Mean (Q4) - Mean (Q1)	22.5***	36.4***	17.3***	11.0***	18.5***	1.3	

Panel B. Distribution of Aggregated NPS per CB quartiles

Q1						
Stats	Leadership	Employees	Customers	Suppliers	Local Community	Environmental Caring
N	75	75	75	75	75	75
Mean	63.6	47.0	54.5	68.6	57.7	44.5
SD	19.6	19.7	31.6	25.0	25.8	27.6
p50	66.0	51.0	60.0	75.0	62.0	48.0
Min	1.0	-35.0	-34.0	-14.0	0.0	-17.0
Max	100.0	77.0	100.0	100.0	100.0	92.0
Q2						
Stats	Leadership	Employees	Customers	Suppliers	Local Community	Environmental Caring
N	75	75	75	75	75	75
Mean	72.8	63.5	68.9	74.4	63.9	41.1
SD	20.1	18.1	23.3	23.1	23.2	33.6
p50	76.0	67.0	72.0	80.0	66.0	47.0
Min	15.0	0.0	0.0	0.0	-3.0	-33.0
Max	100.0	100.0	100.0	100.0	100.0	100.0
Q3 - Third Quartile						
Stats	Leadership	Employees	Customers	Suppliers	Local Community	Environmental Caring
N	75	75	75	75	75	75
Mean	76.8	69.2	70.3	79.7	65.1	38.8
SD	19.4	16.7	24.1	20.3	33.1	36.9
p50	81.0	72.0	75.0	85.0	73.0	39.0
Min	27.0	24.0	-13.0	0.0	-100.0	-74.0
Max	100.0	100.0	100.0	100.0	100.0	100.0
Q4 - Fourth Quartile						
Stats	Leadership	Employees	Customers	Suppliers	Local Community	Environmental Caring
N	75	75	75	75	75	75
Mean	86.2	82.8	73.4	79.6	72.1	45.8
SD	15.7	14.0	24.4	22.5	25.0	38.9
p50	88.0	83.0	81.0	86.0	79.0	52.0
Min	33.0	40.0	0.0	0.0	0.0	-60.0
Max	100.0	100.0	100.0	100.0	100.0	100.0
Q4-Q1						
Mean (Q4) - Mean (Q1)	22.6***	35.9***	18.8***	11.0***	14.5***	1.3

The results of the multivariate regression model are displayed in figure 17 and Table 30. Our conscious business measure exhibits a positive and significant impact on leadership (b = 15.6, SE = 2.90, p < 0.001), employee (b = 29.9, SE = 2.96, p < 0.001), customer (b = 7.0, SE = 4.0, p < 0.10), supplier (b = 6.8, SE = 3.98, p < 0.10), and local community (b = 14.3, SE = 4.74, p < 0.001) engagement. This implies that an increase of one standard deviation in a firm's responsiveness to stakeholder demands raises the Net Promoter Score (NPS) by 15.6% for leadership, 29.9% for employees, 7% for customers, 6.8% for suppliers, and 14.3% for the local community.

FIGURE 17
The effects of Conscious Business (CB) on stakeholders engagement



+ p<0.10, * p<0.05, ** p<0.01, *** p<0.001

Interestingly, when accounting for conscious business, the influence of B Corp certification on stakeholder engagement becomes positive and statistically significant exclusively for the local community and environmental care dimensions. This observation underscores B Corp's emphasis on environmental concerns spanning a range of stakeholders, as corroborated by Winkler et al. (2019), in contrast to the targeted demands of internal and external stakeholders that the conscious business framework addresses (see the CB measurement model; Sisodia, Henry, & Eckschmidt, 2018).

TABLE 30
 OLS regression – Effect of Conscious Business on Stakeholders' NPS

Variables	Leadership	Employees	Customers	Suppliers	Local Community	Environmental Caring
Conscious Business (CB)	15.610*** (2.908)	29.929*** (2.956)	7.007+ (4.028)	6.806+ (3.983)	14.345** (4.745)	16.205*** (4.768)
Firm Size (Ref: Micro)						
Small	-3.641 (3.258)	-2.38 (3.354)	-1.34 (4.975)	3.935 (4.627)	9.437 (5.812)	-4.066 (6.390)
Medium	-6.844+ (3.691)	-3.704 (3.979)	-1.21 (5.930)	-4.129 (5.194)	0.835 (6.550)	-2.47 (6.783)
Large	-4.18 (4.261)	-0.016 (4.389)	-15.817* (7.369)	-13.700* (6.694)	-7.292 (7.833)	1.397 (7.601)
B Corp	-2.55 (4.040)	-5.149 (3.354)	7.182 (5.278)	5.178 (3.681)	13.286** (4.856)	21.936*** (6.119)
Industry fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
State fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
Constant	96.508*** (16.530)	95.713*** (7.177)	75.357** (24.827)	76.353** (24.864)	36.275+ (21.212)	46.390* (22.378)
Adj. R-Square	0.16	0.42	0.09	0.07	0.11	0.2
Observations	300	300	300	300	300	300

+ p<0.10, * p<0.05, ** p<0.01, *** p<0.001

In order to determine whether Conscious Business (CB) or B Corp certification better accounts for stakeholder engagement, we examine a null hypothesis that posits that the CB coefficient ($b = 16.205$) in the environmental caring model is equal to the B Corp coefficient ($b = 21.936$). The test result ($F(1, 253) = 0.51, p = 0.475$) fails to reject the null hypothesis, indicating that the impact of CB on environmental caring is statistically indistinguishable from the influence of B Corp certification. Similarly, we assess the null hypothesis suggesting that the CB coefficient ($b = 14.345$) in the local community model is equal to the B Corp coefficient ($b = 13.286$). The test results ($F(1, 253) = 0.02, p = 0.887$) also fail to reject this null hypothesis, implying that the effect of CB on local community engagement is equal to that of B Corp certification.

Table 31 displays the results of a structural equation modeling approach, which relaxes normality assumptions (Satorra & Bentler, 1994) and accommodates correlations among equation error terms. These findings align with those presented in Table 30,

demonstrating a positive and significant effect of conscious business on both stakeholder engagement and environmental caring.

TABLE 31
SEM regression – Effect of Conscious Business on Stakeholders’ NPS

Variables	Leadership	Employees	Customers	Suppliers	Local Community	Environmental Caring
Conscious Business (CB)	15.610*** (2.675)	29.929*** (2.720)	7.007+ (3.705)	6.806+ (3.664)	14.345** (4.365)	16.205*** (4.386)
Firm Size (Ref: Micro)						
Small	-3.641 (2.997)	-2.38 (3.086)	-1.34 (4.576)	3.935 (4.256)	9.437+ (5.347)	-4.066 (5.878)
Medium	-6.844* (3.395)	-3.704 (3.661)	-1.21 (5.455)	-4.129 (4.778)	0.835 (6.025)	-2.47 (6.240)
Large	-4.18 (3.920)	-0.016 (4.038)	-15.817* (6.778)	-13.700* (6.158)	-7.292 (7.205)	1.397 (6.992)
Industry fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
State fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
B Corp	-2.55 (3.716)	-5.149+ (3.085)	7.182 (4.855)	5.178 (3.386)	13.286** (4.467)	21.936*** (5.629)
Constant	81.704*** (4.041)	62.824*** (4.212)	66.285*** (7.729)	78.123*** (5.739)	61.435*** (7.857)	52.034*** (7.223)
Observations	300	300	300	300	300	300

+ p<0.10, * p<0.05, ** p<0.01, *** p<0.001

Note: Model's goodness of fit:

Satorra-Bentler, Chi-squared (3) - Model vs Saturated, 3.673 (p-value 0.299)

Chi-squared (291) - Baseline vs Saturated, 888.572 (p-value 0.000)

RMSEA=0.044 (SB-RMSEA= 0.027), AIB=2807.1, BIC=8092.4, SB-CFI=0.999, SB-TLI=0.891

SRMR=0.003, CD=0.857

In addition, we observe that the larger the firm the lower the effect of conscious business on stakeholders’ engagement. As firms expand in size, they often encounter substantial challenges in cultivating a stakeholder-oriented culture. This difficulty arises from the complexity of managing an increasingly diverse array of stakeholder interests and expectations (Freeman et al., 2010). Large organizations have to deal with a multitude of stakeholder perspectives, such as those of employees, customers, suppliers, investors, regulators, and local communities, which may not always align or may even be in direct conflict with one another (Harrison et al., 2010). In addition, the growing number of

layers within the organization's structure can obstruct communication and decision-making processes, further hindering the establishment of a coherent stakeholder-oriented culture (Jones et al., 2016). Consequently, large organizations must employ concerted efforts to prioritize and integrate stakeholder concerns into their strategic management practices to overcome these barriers and foster a culture that is responsive to diverse stakeholder interests.

5. Discussion and conclusions

5.1 Main Findings

The research findings indicate significant correlations among most pairwise variables, excluding conscious business and environmental caring and NPS of local community and environmental caring. Moreover, the distribution of NPS and aggregated NPS across conscious business quartiles reveals that stakeholders' engagement increases as firms become more attentive to their demands. Overall, this study underscores the importance of adopting conscious business practices to promote stakeholder engagement and emphasizes the need for organizations to prioritize stakeholder concerns to overcome barriers and foster a culture that is responsive to diverse stakeholder interests. Additionally, the multivariate regression model confirms that conscious business significantly and positively impacts leadership, employee, customer, supplier, and local community engagement. This suggests that a firm's response to stakeholder demands increases the Net Promoter Score for each stakeholder group. Interestingly, when considering conscious business, B Corp certification also has a positive and statistically significant influence on stakeholder engagement, particularly for the local community and environmental care dimensions, but no significant influence on leadership, employees, customers and suppliers engagement.

5.2 CB effects on stakeholders engagement

The results show that Conscious Business (CB) has a positive effect on the engagement of all stakeholders, including leaders, employees, customers, suppliers, society, and the environment. This effect is statistically significant ($p < 0.001$) in the relationship with leaders, employees, local community, and the environment, and has low statistical significance in the relationship with customers and suppliers ($p < 0.10$). When analyzing the correlation between CB and stakeholder engagement, only environmental caring does not have a significant correlation, either in relation to CB or to the NPS of the local community. The study demonstrates that CB has a positive and statistically significant effect ($p < 0.001$) on the engagement of leaders, employees, and the local community. This reinforces the Conscious Capitalism theory, as it proves that understanding a higher purpose, generating value for stakeholders, conscious leadership, and culture help engage and sensitize leaders, employees, and local communities around a common cause.

Although CB also has a positive effect on customer and suppliers engagement, this relationship has low statistical significance ($p < 0.10$), although increasing levels of consciousness tends to have a positive effect on customer and supplier engagement. Regarding customers, one hypothesis that can be built from this result and study observations is that other variables should be taken into consideration in future studies to understand the factors that engage customers, involving issues associated with the business model, processes, technologies, product structures, and services used in the customer experience. Another hypothesis and discussion that could be addressed in future studies is the fact that non-conscious businesses strive to ensure a good experience and satisfaction for their customers, regardless of the internal cost of such service. Regarding suppliers, one hypothesis that can be built is the fact that they are, in most cases, the stakeholder most neglected by companies, whether conscious or not. Both factors, whether in the relationship between CB and customers or in the relationship between CB and suppliers, demand future studies, either in terms of methodological improvement or the inclusion of new perspectives to capture a better customer perspective.

It is important to emphasize that the relationship between CB and environmental care should consider control variables such as industry type and size. For example, when analyzing all aggregated data without distinction of industry type and size, there seems to be no relationship between CB and environmental care, as control variables were not considered in the equation. However, when control variables are assumed, it is possible to observe the positive and statistically significant ($p < 0.001$) effect that CB has on

environmental care. The lack of statistical correlation in the overall sample is likely associated with the relationship between environmental caring, industry, business model, and the types of products and services of an organization. For example, a startup or technology company operating on a 100% remote model may have a very small or insignificant impact on the environment compared to a fashion or agribusiness industry. Therefore, within the same sector and profile of organizations, we can say that CB has a positive and significant relationship with environmental caring.

The results also suggest that larger firms have a lower impact of conscious business on stakeholder engagement, given the complexities associated with managing diverse stakeholder interests and expectations. For example, in order for a retailer with over 30,000 employees operating in more than 800 cities within a country to maintain a healthy and positive culture for its stakeholders, it essentially needs to work on the quality of its local subcultures, which will likely have a more significant impact from local leadership (e.g. store managers) than from founders, CEOs, VPs, and directors in the administrative area. Therefore, larger organizations must prioritize stakeholder concerns by integrating them into strategic management practices to foster a culture that is responsive to diverse stakeholder interests. In addition, they also need to develop stronger, conscious, and aligned subcultures, aiming to put a higher purpose into practice for the generation of value for all their stakeholders.

5.2 B Corp effects on stakeholders engagement

The study's findings show that B Corps have a significant positive impact ($p < 0.001$) on environmental care and engagement with the local community. However, the positive impact of B Corps on customer and suppliers engagement is not statistically significant ($p > 0.10$), and the engagement of leadership and employees is negatively and insignificantly affected ($p > 0.10$). Comparing the B Impact Assessment (BIA) methodology used by B Corps with the CB methodology, it is notable that the former is primarily focused on traditional sustainability practices concerning environmental, social, and governance issues. This implies that there should be a positive and significant effect on environmental care and local community engagement. Nevertheless, the BIA methodology does not directly or objectively address factors such as purpose, shared

value strategy, leadership, culture, learning, and change, which typically have a more substantial impact on the engagement of internal stakeholders (i.e., leadership and employees).

5.3 Managerial implications

Based on the findings of this study, managers can benefit from increasing their organization's consciousness levels in order to improve stakeholder engagement, particularly with leadership, employees, local communities, and environmental care. To do so, managers can focus on developing and monitoring the five dimensions of consciousness proposed by Paro et al. (2023): higher purpose, shared value strategy, conscious culture, learning & change, and conscious leadership. This can involve implementing sustainable business practices, fostering a positive and conscious organizational culture, and promoting leadership development and learning opportunities. Furthermore, managers can consider pursuing B Corp certification as a way to complement and enhance their efforts to promote sustainability and stakeholder engagement, particularly with respect to environmental and social issues. Overall, by prioritizing conscious business practices, managers can create a more sustainable and responsible organization that benefits all stakeholders involved.

This study suggests that for large companies operating in complex environments, it is important to work on developing strong and conscious subcultures at the local level, which can have a more significant effect on stakeholder engagement than top-level leadership. Therefore, managers should focus on creating not only a conscious culture, but also “conscious sub cultures” (related to areas, hierarchical levels, business units, and regions) that promotes conscious leadership, shared value strategies, learning and change, and a higher purpose. This can be achieved through training and development programs for local leaders and employees, as well as by fostering an environment of collaboration and shared responsibility. It is also important for companies to ensure that their sustainability practices are aligned with the expectations of their stakeholders and the broader community. Additionally, the study highlights the potential complementary role of B Corps certification in promoting environmental and social sustainability, while also

emphasizing the need for companies to focus on internal factors such as culture and leadership to drive stakeholder engagement.

5.4 Implications for a more ethical and sustainable world

This study provides strong empirical evidence of the positive impact that B Corps have on stakeholder engagement, specifically in the areas of environmental care and local community. The B Corps movement can use this information to continue improving their certification process, particularly by focusing on improving internal stakeholder engagement, such as leadership and employee engagement, as well as customer and supplier engagement. Similarly, the Conscious Capitalism movement can use these findings to encourage businesses to adopt a more conscious approach that focuses on higher purpose, shared value strategy, conscious culture, learning and change, and conscious leadership, all of which were found to have a positive effect on stakeholder engagement. It also highlights the importance of considering stakeholder engagement when measuring ESG (Environmental, Social and Governance) performance. Environmental, social, and governance issues are closely related to stakeholder engagement, and businesses that prioritize stakeholder engagement are more likely to have better ESG performance. Additionally, the study suggests that businesses should focus on improving their consciousness levels, which have a positive impact on stakeholder engagement and ultimately lead to better ESG performance.

Furthermore, this study has implications for the UN Global Compact, which encourages businesses to align their strategies and operations with universal principles on human rights, labor, environment, and anti-corruption, and to take actions that advance societal goals. The empirical evidence presented in this study demonstrates that stakeholder engagement is a crucial component of sustainable business practices. Thus, governments, NGOs, and businesses that prioritize stakeholder engagement are more likely to create shared value for all stakeholders. Therefore, the UN Global Compact can use these findings to encourage businesses to prioritize stakeholder engagement as part of their efforts to advance societal goals and achieve sustainable development.

This study also has implications for the World Economic Forum's advocacy for a Stakeholder Capitalism. The positive impact of CB practices on stakeholder engagement,

as well as the complementary role of CB and B Corps in promoting environmental and community care, provide strong support for the idea that businesses should prioritize not only shareholder value but also the interests of all stakeholders. The World Economic Forum can use these findings to continue advocating for a more sustainable and responsible form of capitalism that promotes the well-being of all stakeholders, including the environment, local communities, and employees. This study also highlights the importance of monitoring and measuring consciousness levels in organizations, which can serve as a key performance indicator for progress towards a Stakeholder Capitalism.

5.5 Future research

To advance our understanding of the impact of conscious business practices on stakeholder engagement, future research should include organizations from different countries with varying levels of consciousness. Additionally, studying organizations at different stages of consciousness can help achieve a diverse and comprehensive sample. Furthermore, examining the moderating effects of various factors, such as firm size, industry, or geographic location, on the relationship between conscious business practices and stakeholder engagement could provide a more nuanced understanding of the topic.

In regards to the CB framework, future studies should focus on exploring the correlation between CB and environmental caring while considering specific analyses based on the size and sector of each organization. It is crucial to account for control variables that have demonstrated a significant impact on this relationship. Additionally, identifying other variables that influence customer and supplier engagement beyond the current variables of the multidimensional CB model, and investigating the relationships and effects between CB variables could provide valuable insights.

The lack of a significant relationship with the engagement of leaders, employees, customers, and suppliers for B Corps also opens up avenues for research and future studies. First, thoroughly analyzing the connections and synergies between CB and B Corps methodologies is necessary, as this study's results indicate a positive complementarity between both approaches. Second, it is important to identify which factors related to the engagement of customers and suppliers are missing for both CB and B Corps. Exploring the impact of B Corp certification on stakeholder engagement within

the B Corp community would provide more reliable and robust data to evaluate the effectiveness of the B Corp system in promoting stakeholder engagement.

Finally, investigating the impact of conscious business practices on other important business outcomes such as financial performance or innovation would provide a more comprehensive perspective on the benefits of these practices beyond stakeholder engagement and sustainability. Further research on conscious business practices is necessary to promote more sustainable and responsible business practices that benefit all stakeholders involved.

Acknowledgments

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Chapter 7

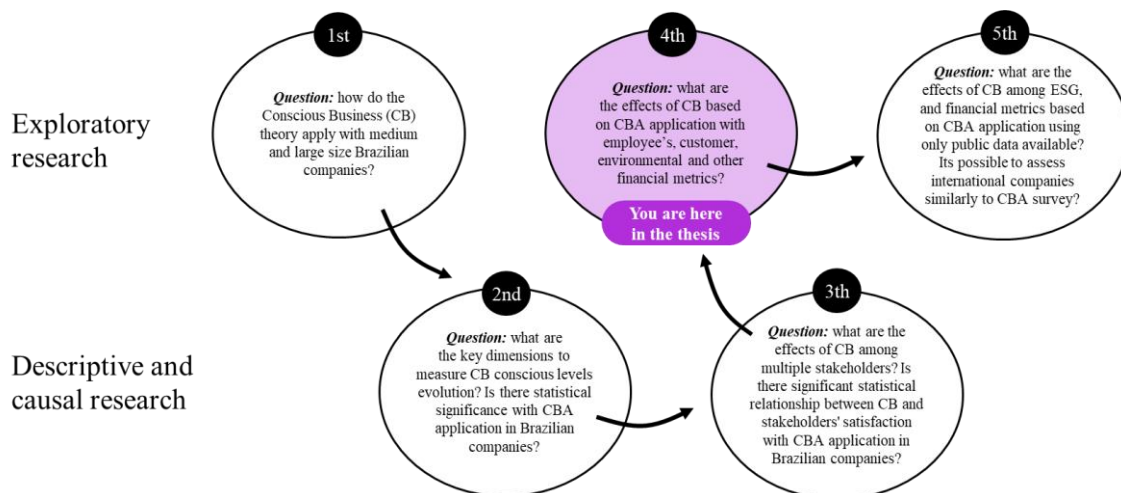
Stakeholders are redefining management

Paro, P. E., Sisodia, R. and Gerolamo, M.

Where are you in the thesis?

Throughout the presentation of the five chapters in this thesis, at the beginning of each we will make a connection following the line of the proposal presented in Chapter 2, in such a way as to guide readers through the text and identify where they are in the thesis, as described in the following figure.

Figure 18 – 7th chapter results location within the thesis



The idea

Conscious Business (CB) can have a positive influence on multiple stakeholders. It can help companies to improve brand reputation, well-being, customer satisfaction, trust, customer satisfaction, employee's satisfaction, social and environmental impact.

Context

Since 2014, Brazil has been facing a severe economic crisis, with a record number of 14.8 million unemployed in 2021, according to data from IBGE. The economic crisis is compounded by public health, education, social, and environmental crises. In terms of social issues, a report by Credit Suisse highlights that Brazil is one of the most unequal countries in the world, with the wealthiest 1% holding 58.2% of national income. It is also the country with the highest number of homicides, with 137 people being murdered daily, with 78.9% of the victims being black. The political environment is highly polarized, and even in the face of numerous crises, political parties and some of the country's major public institutions engage in disputes for their own interests, with the aim of perpetuating their power. A study by FIESP estimates that the cost of corruption in Brazil can represent 1.38% to 2.3% of GDP, equivalent to more than R\$100 billion per year in bribes, embezzlement of funds, and lost tax revenues. Given this context, it is not surprising that the country has one of the highest COVID-19 death rates in the world.

There are also serious environmental and criminal issues. For instance, if CO2 emissions continue at the current pace, projections by Climate Action Tracker indicate that Brazil will not meet its commitments under the Paris Agreement until 2030. Research by the Eldeman Institute shows that companies are the only institution trusted by Brazilians (61%), while NGOs are viewed neutrally (56%), the media is mistrusted (48%), and the government is even more distrusted (39%). The study also indicates that nine out of ten Brazilians want executives to take a stance on relevant societal issues, such as the pandemic, job automation, and social problems. In a country where exploitation, corruption, and greed predominate, the confidence of Brazilians in institutions is at one of its lowest levels in history.

There is an opportunity for a more prosperous future

Even in the face of challenges, Brazil remains one of the largest consumer markets in the world, holder of natural wealth and with high potential for entrepreneurship through the movement of startups that begin to gain international projection. The country has a number of virtues that have not yet been explored, being a great opportunity to rebuild the economy and re-undertake the country in a more conscious way.

Around the world and there are several movements directing a *New Economy oriented to stakeholders*, where the objective of the business is to generate value for all stakeholders in the success of the business – investors, shareholders, executives, employees, customers, suppliers, partners, Sociedade and environment. *World Economic Forum* (WEF), *BlackRock*, *The Business Roundtable*, Conscious Capitalism and System B, for example, are promoting this New Economics and presenting now the models of work, consumption and investment.

Here in Brazil, our study began with the intention of making a counterpoint to the negative cases of organizations that were involved in corruption schemes, serious social and environmental crimes, seeking to identify good examples of organizations for a new direction of future business in the country. Our central research question was: are there good examples of organizations in the country operating under the lens of this New Economy? If so, who are these organizations and how do they perform when compared to the market? To answer these questions, we started a broad and systemic *multi-stakeholder assessment* in the country. At first, we developed a *multi-stakeholder database*, a kind of business observatory in the country, where we accessed 3,811 organizations (small, medium and large) from public domain data on relationships with employees (380,000 responses) and consumers (7.7 million responses). In the second moment, more than 1,000 organizations were invited to conduct in-depth multi-stakeholder assessments, of which 226 accepted the challenge and engaged the internal (council, executives and employees) and external (customers, consumers, suppliers, partners, investors and society in general). Organizations such as Natura, Magalu, ClearSale, Malwee, Reserva, Fazenda da Toca, Localiza, Cielo, Elo7, Credits, Raccoon, and several others participated in the study. We collected responses from 36,868 *stakeholders*, representing a broad evaluation of the business environment in Brazil, containing quantitative and qualitative information that serves as a basis for this chapter.

In the study we found a series of evidences reinforcing that new generations, consumers and investors are exerting social pressure for business changes (see "The Rise of a *New Stakeholder-Oriented Economy*"). A study by Delloite points out that *Millenials* and Generation Z already account for 50% of the world's workforce⁷. By 2030 they should represent more than 60% and therefore we will be facing a New Economy, much depending on the values and connectivity of the new generations. These generations not only change the habits of work, consumption and investment, but also demand new technologies and are set for fundamental challenges that our Sociedade is experiencing. How to create a system where business is a positive force for the good of humanity and the planet? How to promote prosperity, well-being and happiness? These are some of the issues we will explore in this chapter with real results and examples.

Research framework

The instrument used

In this study, we used the Conscious Business Assesment (CBA®), developed by Humanizadas. The CBA® is used to collect and analyze both quantitative (numerical) and qualitative (textual) data. The evaluation process is totally digital, from the application of surveys with different stakeholders of each organization. In addition to considering multiple perspectives, it also identifies the stage of management maturity and the quality of the relationships that the organization nurtures with each audience. The maturity stage of management is evaluated from five dimensions. CBA helps® organizations formulate ESG (Enviromental, Social and Corporat and Governance) best practices and generate a postive impact on their ecosystem. The better the evaluation, the more the organization is operating from practices that dialogue with this New Economy.

Management Model

The management model of each organization was evaluated based on five Management Principles: Higher Purpose, Shared Value Strategy, Conscious Culture, Conscious Leadership and Learning & Change. These five principles serve as a foundation for the Strategic Management of *Stakeholders and* formulation of ESG best practices. Together with CBA®, they also help identify strengths, weaknesses, risks and business opportunities, with the intention of unlocking human potential within

organizations. The main reference is the work of Prof. Raj Sisodia, David Wolfe and Jag Shethur, with the inclusion of a new principle ("Learning & Change") based on the approaches of Peter Senge, Jim Collins¹¹, Frederic Laoux¹¹, Otto Scharmer¹², Marcelo Cardoso and Ricardo Ferrer¹.

The Rise of a New Stakeholder-Oriented *Economy*

Factors	New business context	Practices	Reference cases
1. New work habits	By 2030 millennials and Generation Z should account for about 60% of the global workforce, and then the labor market will be driven by new values and principles.	Alignment of purpose and values, Employee Branding and Employee Experience gain greater relevance in the market	The Raccoon Group and Dobra, founded and with teams formed by the new generations, has been constantly growing based on agile, flexible, and diverse culture.
2. New social and environmental demands	Although the problems are not new, the new generations are now demanding new responses from organizations to the social and environmental problems of Brazil and the world.	Brand Positioning, Value Proposition, Products Innovation and services start to find business opportunities in solving social and environmental problems	Malwee launches jeans that consumes only 1 glass of water. Reserva launches t-shirt that promotes the circular economy. SouSmile develops innovations aimed at the low-income population.
3. New consumption habits	With the COVID-19 Pandemic, new generations and socio-environmental demands, there is a drastic change in consumption habits – increasingly digital, with local products and based on relationships of greater trust.	Increased consumption of healthy products, sales via platforms and social networks, with increasingly faster, agile, and digital processes.	Elo7, a digital craft startup, is acquired for R\$ 1 billion. Magalu turns into a Market Place during the Pandemic. Natura strengthens the digital presence of the network of consultants and the positioning of sustainable products (see the case of the Ekos Line).
4. New technologies and model management	New work and consumption habits accelerate the digitization process and greater flexibility in organizations.	In addition to home office and virtual meetings, the market begins to adopt new technologies, agile management models and self-management to unlock human value and potential.	ClearSale balances the fact of being a reference in digital, big data and artificial intelligence, and in a culture of trust, welcoming and humanization.
5. New investment habits	Investments are guided by ESG practices, where organizations are seen as risk or opportunity according to the maturity stage of their management.	There is the growth of impact-oriented investment funds and ESG, while investors and board demand new management practices.	Globally, BlackRock's investments are targeting ESG best practices. In Brazil, the Covid-20 Program financed impact businesses during the pandemic – initiative of System B, Conscious Capitalism Institute (ICCB), Trê and Din4mo.

Learn about the Conscious Business Dimensions

Dimension	Definition	Characteristics	Example	Results
Higher Purpose	The social reason why the organization exists, and how it seeks to make a difference in the lives of People, Society, and the Planet.	A Higher Purpose inspires, mobilizes, and aligns the <i>interests of stakeholders</i> around a common goal.	Fazenda da Toca, an organic farm, aims to "connect and co-create initiatives that help regenerate systems, creating value for Society and the Planet."	Fazenda da Toca has a perception of value in ESG practices about 1.41 times higher than the average of Brazilian organizations. As an example, over a five-year period, they significantly changed the soil quality of the farm itself (see "Case Fazenda da Toca", p. 7).
Shared Value Strategy	How the organization seeks to generate shared value for all stakeholders in the success of the business.	By gaining a broader perspective on the business ecosystem, numerous opportunities for innovation are revealed.	Natura seeks a system that produces and regenerates. The objective of the model is to generate value for <i>all stakeholders</i> and develop technologies that are inspired by the movement of regeneration of nature, seeking positive impact for people and the planet.	Natura is one of the first Brazilian brands to obtain the UEBT Seal for the Ekos line, recognizing the ethical supply of natural ingredients. The Natura Ekos Line impacts the lives of 5,500 families in the Amazon and has already generated R\$ 1.8 billion in turnover, ensuring the viability of a model where the forest is worth more standing than being felled.
Conscious Culture	The pattern of beliefs and values of the organization capable of recognizing interdependence and generating value for all <i>stakeholders</i> .	A Conscious Culture is positive and guided by strong values such as ethics, transparency, integrity, being a differential of the business.	Clear Sale, a reference in anti-fraud solutions and present in more than 150 countries, understands that before generating confidence in the market, first, it needs to create an environment of welcome, transparency and trust internally.	ClearSale reveals a more reliable internal environment (1.30x) and transparency (1.34x) when compared to other organizations. ClearSale digital products protect more than 3,000 organizations worldwide from fraud transactions. They use Artificial Intelligence and a strong culture to promote an environment of transparency and trust.
Conscious Leadership	The daily behavior of leadership with its self-care, care of other people and the Society around it.	Conscious Leadership is to positively inspire and influence others through one's own example.	Luiza Helena Trajano, founder of Magalu, and Frederico Trajano, current CEO, do not seek to maintain positioning as contributing to the solution of the social and environmental demands of their surroundings.	Employees believe that Magalu has leadership sums that are 1.38x more inspiring examples and a 1.38x environment of greater inclusion and diversity when compared to other companies in the country. The company is widely recognized for positioning itself in social challenges, such as the trainee program developed with a focus on the black population.
Learning & Change	The organization's ability to learn, innovate and develop new initiatives for change.	Organizations need to continually evolve to be able to respond to new challenges of external adaptation and internal integration.	For Fernando Sigal, co-founder of Reserva, the secret of the company's success is the ability to hack the system itself to rethink and reinvent the model itself continuously, with the awareness that each person can also do this.	The innovation capacity of Reserva is 1.86 times higher than the average in the Brazilian market. For example, after learning a social education program, the company's leadership rethought the initiative and created the 1P5P Program a great brand reference. Similarly, the company has also developed several other more conscious and sustainable practices (see "Case Reserva", p. 10).

Comparative analysis

This is an unprecedented study that considers the perception of 36,868 stakeholders under the evaluation of 226 institutions operating in Brazil (small, medium, and large corporations). Average of 163 responses per organization. All institutions performed multi-stakeholder surveys, considering sample rates that corroborated with 95% degree of confidence and 5% margin of error. From the evaluation of the management models, 62 organizations with the best performance in the evaluation were identified, which were named in this study as Humanizadas (Hu). From a comparative analysis of these 226 organizations with a public database considering 3,811 organizations (a more accurate picture of the business environment in the country), it was possible to project the pattern of average business behavior in the country. Thus, the study considers results that compare the Humanizadas (Hu) with the average projection of business in Brazil (see "Comparison of Humanizadas with business in Brazil", p. 13).

Higher Purpose

Purpose originates in the Latin "*propositu*", meaning intention, deliberation, or ultimate purpose. According to Larry Fink, CEO of BlackRock, "*The purpose is not a mere slogan or marketing campaign, it is the fundamental reason a company exists. It's what it does every day to generate value for stakeholders.*" Purpose is an energy that inspires and motivates, it comes from within people and from the organization itself, freeing up full human potential (see "Different perspectives on purpose," 6). Organizations that generate the most value for all *their stakeholders* have a Higher Purpose rating 2.27 times higher than the average of other organizations in the country (see "Evaluation of Management Principles", p. 13).

For example, Fazenda da Toca understands that its purpose is to "connect and co-create initiatives that regenerate systems, generating value for society and the planet." From this understanding of its role in the ecosystem, the farm seeks to feed the Society and regenerate the land, seeking to reveal a viable solution to many of humanity's current challenges. It is a reference in an agricultural model that imitates nature itself, producing organics in balance with the forest (see "Case Fazenda da Toca", p. 7). Horacio Lafer Piva, Chairman of Klabin's board, understands that happiness in the workplace ends up being the result of a commitment to a Higher Purpose, engaging people and improving

the quality of relationships: *"deep down, people, especially the new generations, seek companies and work environments that bring meaning of life to them, authenticity, sense of community, belonging, passion and purpose."*

Diferent approaches to purpose		
Sector	Old Economy Organizations	Organizations of the New Economy
Fashion industry	"Be faster than everyone to deliver what the customer wants." Company with work practices analogous to slavery	"To be an example of how fashion can transform Soenoty." Reserva
Financial services	"To be the most innovative and successful company in the segment" Company responsible for tax fraud	"Ensuring financial progress and helping people realize their life projects." Creditas
Agricultura	"Develop products that help the farmer be more efficient." Company responsible for environmental crimes	"Connect and co-create initiatives that regenerate systems, generating value for Society and Planet." Fazenda da Toca

Case study: Fazenda da Toca	
<p>Fazenda da Toca developed an innovative agriculture model that mimics the cycles and movements of the forest itself, taking advantage of different organic elements that are already present in the same area. As we can see in the image, over a period of four years they changed the soil quality of the farm itself: from a poor soil (left) to a nutrient-rich soil (right), using the concept of Agroforestry.</p>	
<p>Imagecredits m: Fazenda da Toca¹ \</p>	

Shared Value Strategy

When we focus on something too much, it's very likely that we'll be neglecting everything else. Similarly, by focusing only on the value generated for investors and shareholders, we can forget to balance the relationship with other stakeholders in the success of the business. By having a more systemic understanding of the business, we began to value not only the financial result, but also consider the experience of customers, employees, business partners, society, and the environment in general. When an organization recognizes the importance of existing interdependence relationships between all these actors, space opens to rethink the business model, innovate, and generate shared value for all audiences. And these organizations, which bring a more systemic view, have a Shared Value Strategy assessment 2.80 times higher than the average of other organizations. And from this strategy, they tend to find excellent opportunities for innovation in business models, products, and services.

Natura is an example of innovation in the business model. According to João Paulo Ferreira, CEO of Natura, leader of cosmetics in Brazil, "*the ability to understand the systemic and interdependent perspective of nature and the universe, and manifest this awareness in a business model, goes far beyond producing a product or service.*" And Natura's trajectory reveals a constant search to improve the well-being of people and society. This occurs from the process of self-knowledge, self-care, and self-esteem that the company's experiences provide. And these experiences create contexts to stimulate a person's self-love and empathy with the different relationships they have around them – relationships with themselves, with others, with society and the environment around them. Natura's Ekos line was one of the first Brazilian product lines to obtain the UEBT (The Union for Ethical BioTrade) label, attesting to fair trade, conservation of Brazilian biodiversity and a relationship of trust in the community. The more products of the Ekos line are sold, the better it will be for investors, for employees, for customers, for local communities and even greater the reforestation of Brazilian forests.

Conscious Culture

Culture is the DNA of an organization. Two organizations may have similar products, use the same *architecture*, *the same dress code*, and the same strategy, but it is still very likely that they will have very different cultures. In a sustainable and lasting way, culture is the main competitive advantage of an organization. A Conscious Culture can recognize, respond, and generate value consistently for all its *stakeholders*. Organizations that generate the most value for all their *stakeholders* have a Conscious Culture rating 3.16 times higher than the average of other organizations. Executives know that if your organization has the appropriate culture that the business strategy needs, everything else will happen in a natural way.

Most practices mapped to develop a Conscious Culture are not complex, nor do they require high investments. ClearSale, a Brazilian company that analyzes transactions and buying behaviors in more than 150 countries, is an excellent example. They understand that before generating confidence in the market (external adaptation challenges), they first need to create an environment of welcome, transparency and trust internally (internal integration capacity). There are several practices in the company to develop relationships of higher quality, authenticity, transparency, and trust. For example, in the "Welcoming Cycle", each employee can meet clearsale's directors as soon as they enter the company. In the "Wheel and Record", there is constant approximation and dialogue between people, which happen in a recurrent and planned way according to the most relevant themes now. In "UAH Conversa", we seek to promote an environment of open dialogue between people with the intention of strengthening the sense of belonging to culture.

Case study: Raccoon

In addition to firing employees for behavior, Raccoon is also known for firing clients for behavior. Whenever a customer is bringing an unbalanced demand to employee relationships, using offensive or inappropriate tones to the work environment, directors tend to invite the client himself to discuss the relationship. More than once, they concluded the need to terminate the contract with the client. For Raccoon, the quality of life of employees is a critical success factor to serve customers with quality. In another case, when an intern made an operational error that cost more than R\$ 100,000,

the company absorbed the cost, did not fire the employee, and learned from the process – security mechanisms were missing. This does not mean being conniving with employees, but rather seeking to promote fair and balanced relationships. The company seeks to quickly dismiss employees who do not have alignment of values and attitudes, but not those who made mistakes during their learning process. Another interesting practice of Raccoon, is the creation of the role of a "Mayor", a person elected annually by employees and with a monthly budget to invest in the needs of the team. Founded by two former Google employees, the company is one of the best-awarded digital marketing agencies in Latin America.

Conscious Leadership

The previous pillars are only viable if the business has a Conscious Leadership. When we talk about conscious leadership, we refer to leaders who transcend self-interest, being motivated by the purpose of being at the service of others. They are leaders who act as mentors, motivate, inspire, and help develop human relationships within the organization. Organizations that generate the most value for all their *stakeholders* have a Conscious Leadership rating 1.72 times higher than the average of other organizations.

Luiza Helena Trajano, founder of Magalu, represents a great example of Conscious Leadership. One of the reasons for Magalu's success is related to Luiza's leadership style, which brings together concepts such as humility, simplicity, empathy, and charisma. Not only is she an example of leadership in Magalu, but she is also a reference for female leadership in Brazil. In addition to having more than 600,000 followers on her Instagram, she is the founder of Grupo Mulheres do Brasil, a suprapartisan movement that seeks to foster female entrepreneurship and women's leading position. Among the agendas defended by the group are themes considered fundamental to the future of Brazil: education, health, entrepreneurship, combating violence and racial equality. In addition to the strong positions regarding the country's challenges, for more than five years, Luiza also carried out a very well-planned succession for Frederico Trajano, current CEO of Magalu, another leadership that has been strengthening the culture and positioning of the brand in the Brazilian market.

Learning & Change

An organization cannot continue to do what it has always done forever, because the world around it is constantly changing. As new work habits, consumption and investment arise, the challenges of external adaptation and internal integration of organizations consequently increase. Therefore, to be successful in the medium and long term, it is necessary to develop the ability to learn continuously, to be able to preserve perennial values and principles, and at the same time promote changes and innovations whether in the business model, in products or services. Executives from high-performance organizations are, all the time, seeking continued progress at key business points. In this context, organizations that can generate superior value for all their audiences have environments 2.87 times more favorable to learning and change.

An example is the Reserve, which is conscious not only by financial sentiment, but also by seeking to influence continuous social transformations for the sake of good. For Fernando Sigal, co-founder, and product director, *"companies can transform and connect more to the world, and that only empowers the thought that each person can also change. There are several ways you can rethink what you are, and create the strengths and initiatives to hack what you no longer believe in."* Reserva seeks to reinvent itself and adapt to the changes of the world, always bringing new releases and sharing of learning with the team, all the time (see "Case Reserva", p. 10). The company not only develops products and services, but it is also constantly listening and communicating with the new generations. Rony Meisler, one of the founders of Reserva, has more than 200,000 followers on his Instagram, and constantly spreads his thoughts, thoughts, and learnings. When Ron presents a release or tells an apprenticeship on his social networks, he is not just dialoguing with his followers, he is dialoguing with all audiences interested in the success of the Reserve.

Case study: Reserva

The Reserve was founded in 2004. It is not a clothing company, but a company of people who dialogue through clothes. The group has 1,600 employees, 71 stores and presence in more than 1,400 multi-brands in Brazil. The purpose of the Reserve is "to be an example of how fashion can transform society". The company seeks to be seen

as a friend of people, not just a brand. They are continually developing new business practices, as we can see below:

- **Simple Shirt®:** a basic shirt signing plan that costs R\$ 24.99 per month to promote the circular economy. Each subscriber receives three t-shirts at the beginning of the subscription and, at the end of twelve months, has 1 month to return or keep the pieces. The returned parts go to the recycling process, in which the wire is defibrillated to become a new product. The Reserve guarantees that no fabric will be discarded.

- **Booking Experience:** To reinvent the customer shopping experience, Reserva began to reward sellers who promote the best experiences with consumers. The intention is to build bonds of friendship. A story that became famous, was the case of the foreigner who entered a store in Ipanema. He commented to the attendant who had loved the Brazilian draft beer. And you know what happened? When the customer left the garment, he came across a waiter waiting for him to serve him an ice-cold draft beer. This experience was unique for the customer, the history of the brand circulates the world and the seller gained recognition later that year.

- **1P5P :** The Reserve was investing in a program focused on education in Brazil. However, on one of the visits to the program, Roney Meisler, CEO of the Reserve, came across the following question from one of the beneficiaries of the program: *"Ron, when you're hungry, can you work? Well, in Brazil there are children starving, and hungry, no one can study."* That questioning changed Rony's life and, consequently, the Reserve. What did the Reserve do? They decided to create the 1P5P Program. For each product sold, five plates of food are given to those in need. They have a partnership with the NGO Food Bank and have donated more than 50 million food dishes.

- **Heads and Tails:** this program was created to stimulate the hiring of people over 50 in their stores, making a mix of generations in the team.

-
- **Made in Brazil:** the company encourages the purchase of products from local suppliers, and 95% of the products are made in Brazil by choice. The company gives preference to the local economy, even to the detriment of the cost reduction that would be possible to obtain through the import of products from other countries.

 - **Packaging:** The Reserve is differentiated from the market in different aspects, when receiving the packaging of a product, in addition to knowing more about the company, it is also possible to know the person who was responsible for the packaging of the product. At every moment, the company seeks to build an experience with the consumer.
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Comparison of Conscious Business with the average brazilian business

Dimension	#	Question	Conscious Business (CB)	Average Business (AB)	Proportion (CB/AB)
Higher Purpose	1	Individuals are motivated by work because they have alignment of values, to be able to develop and contribute to something greater.	87%	47%	1,85
	2	In relationships people seek to promote inclusion, empowerment, individual and collective development.	84%	31%	2,71
	3	The organization's long-term vision is to consciously satisfy all people, society, and the planet.	67%	27%	2,48
Shared Value Strategy	4	Individuals find an environment where they can be coherent and express the maximum of their human potential.	89%	28%	3,18
	5	In relationships people seek to generate conscious innovations, economic, social, and environmental sustainability.	83%	42%	1,98
	6	The organization's main objective is to promote well-being and positive impact for humanity.	66%	15%	4,40
Conscious Culture	7	Individuals constantly seek to include other people's perspective, openness to innovate and be creative.	94%	24%	3,92
	8	In relationships people are guided by empathy and put themselves at the service of a Higher Purpose.	88%	32%	2,75
	9	The organization has a flexible structure, where people connect in networks and with self-managing circles.	77%	26%	2,96
Conscious Leadership	10	Leaders constantly seek to develop other people, generate positive impact, and evolve collectively.	87%	51%	1,71
	11	In relationships, leaders seek to hear even different points of view, in a welcoming and true way.	97%	72%	1,35
	12	Leaders bring collective guidance of the need to promote well-being and sustainability in all relationships.	71%	25%	2,84
Learning & Change	13	Individuals learn through internal mentoring, aiming at human development in an integral way.	48%	16%	3,00
	14	In relationships, people make decisions based on dialogue, self-management, and systemic vision.	81%	29%	2,79
	15	The organization executes projects in an empathic, transparent, and free way for people to Co-Create.	69%	24%	2,88
Overall Result			79%	33%	2,43

Perception of 36,868 *stakeholders* about 226 organizations in a summary of the CBA evaluation®.

The results of Conscious Business vs brazilian market

Rated indexes	Conscious Business (CB)	Average Brazilian Business (AB)	Ratio (CB/AB)
Higher Purpose	79%	35%	2,27
Shared Value Strategy	79%	28%	2,80
Conscious Culture	86%	27%	3,16
Learning & Change	66%	23%	2,87
Conscious Leadership	85%	49%	1,72
Overall result	79%	33%	2,43
Perception of 36,868 <i>stakeholders</i> about 226 organizations in a summary of the CBA evaluation@.			

Impact on Multiple Capitals

Every organization, no matter if it is a fashion industry, cosmetics industry, agricultural machinery, hospital, farm or *startup*, all organizations are formed by people. They are people who relate to people and generate value for other people every day. At the end of the day, doing business is relating to people. If markets are formed by business, therefore, they are formed by networks of relationships that carry out exchanges in multiple capitals – financial, social, cultural, human, intellectual and other capital.

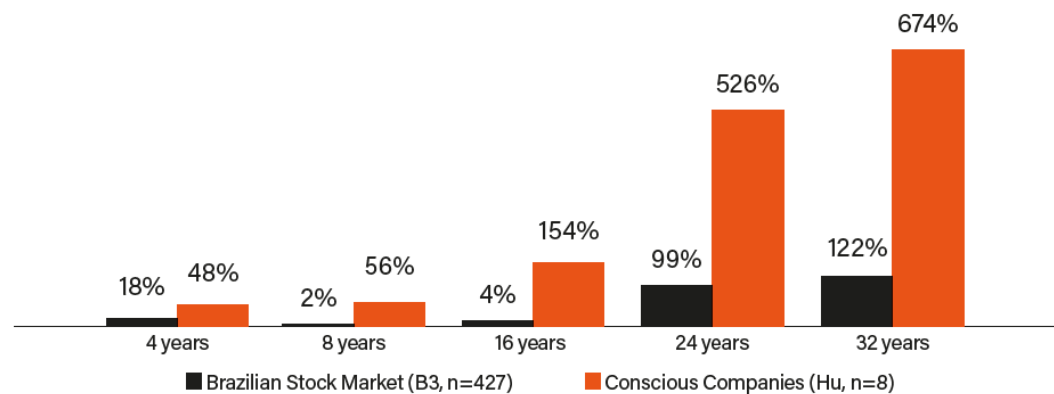
Humanizadas organizations recognize the systemic importance of these relationships, and thus seek to generate shared value for all *stakeholders*. They have ESG best practices and reveal more advanced stages of maturity of the management model. It's as if they have multiple "antennas", to capture, feel and respond dynamically to the needs and opportunities that the business ecosystem reveals. They are better evaluated in the Five Management Principles and tend to perform better in different indexes when compared to the average of business in Brazil. They have better reputation of the brand (27%), greater capacity for innovation (74%), better ESG performance (39%), promote environments of greater well-being (51%), relationships with greater perception of transparency and ethics (43%), relationships of greater trust (39%), environments of greater inclusion and diversity (48%), better customer experience (35%), better

experience of employees (27%) and better experience of society itself, families and communities in their surroundings (49%) and value for the Environment (36%).

Evaluation of organizations in multiple indexes			
Indicators	Conscious Business (CB)	Average Business (AB)	Proportion (CB/AB)
Brand reputation	93%	73%	1,27
Innovation Capacity	80%	46%	1,74
Performance ESG	85%	61%	1,39
Well-being	92%	61%	1,51
Transparency and Ethics	93%	65%	1,43
Confidence	93%	67%	1,39
Inclusion and Diversity	93%	63%	1,48
Customer experience	92%	68%	1,35
Employee experience	90%	71%	1,27
Society's Experience	88%	59%	1,49
Value for the Environment	77%	57%	1,36
Perception of 36,868 <i>stakeholders</i> about 226 organizations evaluated.			

FINANCIAL PERFORMANCE

Companies that adopt a conscious business model (Hu) create higher financial, social, cultural, human, intellectual and other forms of capital. This is clear when we look just at financial profitability in the medium to long term. For the first stage, the performance of eight publicly held companies (Natura, Magalu, Localiza, Cielo and four others that asked not to be named) was reviewed and compared to 32 years of B3 Stock Market data. Even having gone through several crises, including the Covid-19 pandemic, companies that had adopted a conscious management model posted accrued financial profits 5.52 times greater than the B3 average: 674% versus 122%.



Source: Economatica reports from December 1988 through December 2020, considering only publicly held companies.

Note 1: We only reviewed eight conscious companies (Hu) since they are the only publicly held conscious companies in Brazil. **Note 2:** One of the study limitations was not having conducted comprehensive multi-stakeholder assessments for all Brazilian publicly held companies.

For the second stage, we compared the financial performance of these organizations vis-à-vis that of the 500 biggest companies in Brazil (both public and private) over the last 20 years, a period rife with political and economic crises. Return on Equity (ROE) for companies that had adopted a conscious management model was 3.11 times the average for the country's largest companies: 14.37% versus 4.62%. Conscious companies also boasted net profit margins nearly 1.31 times greater (7.07% versus 5.40%), but revenue growth 0.97 times lower (7.4% versus 7.79%, making the net profit margin difference even more impressive).

ORGANIZATIONS' FINANCIAL PERFORMANCE

Indexes	Conscious companies (Hu, n=12)	Largest companies in Brazil (Br, n=500)	Delta(Hu/Br)
Return on Equity (ROE, average %)	14.37	4.62	3.11
Revenue growth (average %)	7.54	7.79	- 0.97
Net Profit Margin (average %)	7.07	5.40	1.31

Source: Data taken from Guia Exame "Brazil's 500 Biggest and Best," which includes publicly listed companies, family-owned companies and state-owned enterprises. **Note 1:** We only reviewed eight conscious companies (Hu) since they are the only publicly held conscious companies among Brazil's 500 biggest companies. **Note 2:** One of the study limitations was not having conducted comprehensive multi-stakeholder assessments for all Brazilian publicly held companies.

A new definition of business success

Data from this study were collected and analyzed during the years 2020 and 2021. In all, 3,811 organizations in Brazil were evaluated from public domain data, and subsequently, studies in greater depth were conducted with 226 institutions based on the responses of 36,868 different *stakeholders*. The Humanizadas (Hu) reinforce the

relevance of organizations operating under paradigms of a New Economy, seeking to generate value for all stakeholders in the success of the business. From Five Management Principles, they can awaken the maximum of human and organizational potential, generating shared value and superior results for customers, employees, and investors. They have greater Innovation Capacity (74%), better Brand Reputation (27%), better ESG Performance (39%), better Customer Experience (35%), Better Employee Experience (27%), Better Society Experience (49%), Perception of Value Generated for the Environment (36%), Better Rating on Wellness Indexes (51%), Trust (39%), Transparency and Ethics (43%), and in Inclusion and Diversity (48%).

Obviously, Humanizadas women are not perfect, just as we humans are not perfect either. However, we have a series of evidence from the application of this study reinforcing the thesis that the quality of relationships has an influence on the quality of the results of organizations. If in the Old Economy the main objective of the business was to maximize the *financial return for shareholders*, in the New Economy organizations need to seek to optimize the value generated for all *stakeholders*. Organizations that are open and prepared to work in this New Economy can find great opportunities for differentiation in the value proposition of the business model, products, and services. In a similar way, for companies that are not prepared, this new business dynamics can mean the loss of competitiveness and risk to the sustainability of the business.

This study seeks to illuminate the evolutionary journey of organizations, presenting five factors of change of the New Economy and five Management Principles that can act as levers of human and organizational development. Together with System B and Conscious Capitalism, the Humanizadas (Hu) are establishing a new meaning of success for business. They do not regard business as a money-making machine, but as a social fabric, with all its interdependencies, and willing to heal the pains of Society and the planet. Conscientious entrepreneurs understand this systemic business dynamics, and lead their teams in a transparent, authentic, and open way. These leaders inspire confidence, human development, and high performance. And it is because it has a conjuncture of these Principles (Higher Purpose, Shared Value Strategy, Conscious Culture, Conscious Leadership, Learning & Change), that these companies generate superior results for all *stakeholders*. The results and case studies cited here show that yes, it is possible to do business in a more ethical, conscious, humane, sustainable, and innovative way – even in the face of an environment going through numerous crises.

Final considerations

The main challenge of this study was to obtain data to perform evaluations from the perspective of multiple *stakeholders*, something relatively new for many organizations in Brazil. Thus, one of the limitations of the study is the volume of organizations that applied *multi-stakeholder surveys*. At the same time, this scenario reveals an excellent opportunity for future studies involving an even larger number of large corporations operating in Brazil. This challenge was decisive for the venture of Humanizadas, a data science startup, *spin-off* of the Change management and Innovation Group of the University of São Paulo (EESC/USP). The *startup* is developing technology and data intelligence to evaluate leaders and organizations on a large scale, so that future research can measure and monitor the evolution of the business environment in Brazil. It is the way the *startup intends* to present a new direction for the future of business in the country.

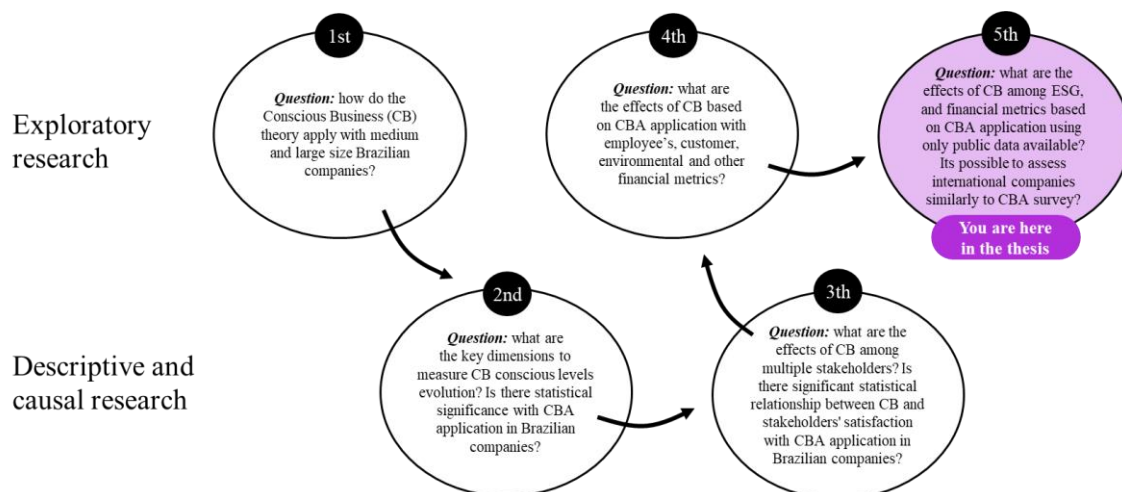
Chapter 8

Lightning the blind spot of ESG agenda

Where are you in the thesis?

Throughout the presentation of the five result chapters in this thesis, at the beginning of each we will make a connection following the line of the proposal presented in Chapter 2, in such a way as to guide readers through the text and identify where they are in the thesis, as described in the following figure.

Figure 19 – 8th chapter location within the thesis



The idea

Conscious Business and this five-dimension framework (purpose, strategy, culture, leadership, and learning) are critical factors not only for business financial success, but also in ESG (environmental, social and governance) issues.

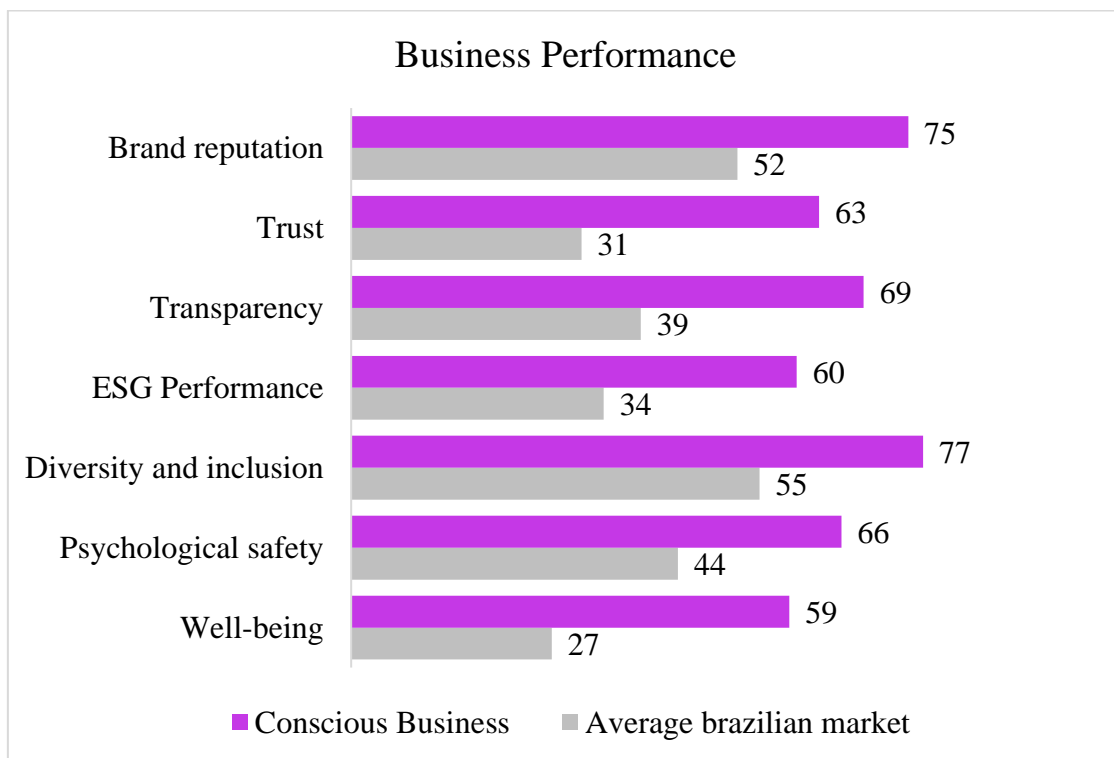
Context

Public interest in ESG (Environmental, Social, and Governance) has increased 9.4-fold between 2019 and 2022, according to data from Google Trends in Brazil. One of the reasons for this growth was the Davos Manifesto in 2019 at the World Economic Forum (WEF), where major investors, C-Level executives, and leaders advocated for Stakeholder Capitalism. ESG is seen to connect investors with business transformation and potentially address the problems caused by companies on the planet, such as pollution, deforestation, corruption, inequality, mistreated employees, and animals, among others.

Over the last three years, Humanizadas has evaluated over 500 organizations in Brazil, with the participation of more than 120,000 stakeholders, including advisors, leaders, employees, consumers, customers, partners, investors, and society at large. These evaluations have clearly demonstrated the relationship between leadership and culture with business performance. For instance, organizations with a healthier culture exhibit a higher rate of well-being (2.19x), psychological security (1.50x), diversity and inclusion (1.40x), ESG practices performance (1.76x), transparency (1.77x), confidence (2.03x), brand reputation (1.44x), and long-term profitability (4.81x).

In 2022, Humanizadas received a request from GVC Gaesco, a European asset manager with 30,000 clients and 4.5 billion euros in managed assets, to evaluate a portfolio of 91 global companies from 21 countries, including the USA, France, Germany, the Netherlands, Spain, England, and China, among others. Companies such as Amazon, Autodesk, BMW, Disney, Hilton, Southwest Airlines, and Starbucks were evaluated using the Humanizadas methodology. The Spanish-origin bank reported a loss of credibility in ESG market valuations and asked Humanizadas to develop a different approach that integrates the principles of Conscious Capitalism into ESG assessments. By the end of 2022, a larger sample will be analyzed, reaching 276 companies.

This raises several questions. Why are sustainability and ESG assessments losing credibility in the market? Do they consider the leadership and culture dimensions in their assessments? Do they consider the perspectives of multiple stakeholders interested in the success of the business? During the evaluation, the results obtained by Humanizadas were compared to those of renowned ESG rating agencies, including Sustainalytics, Refinitiv, ISS, and MSCI, and it was found that they do not consider these factors. This is a blind spot in the ESG agenda that this research seeks to shed light on. Based on the evaluation model developed by Humanizadas, it was found that factors such as leadership and culture are not only critical to environmental, social, and governance outcomes, but also to financial performance.



Responses from 86,553 stakeholders with 95% degree of confidence and 5% margin of error.

The perspective of each *stakeholder* matters

Each audience has the power to systematically choose which companies should thrive in the market. When they decide to invest, work, consume products and services from one company instead of another, they are casting a vote of confidence and making a choice. The media and society have the power to enhance or damage a brand's

reputation, investors can choose to support corrupt practices or promote initiatives that address environmental and social issues, and consumers can choose which products and services should thrive and which should be phased out. It is becoming increasingly apparent that younger generations, such as Generations Y and Z, are more likely to make these choices. When top talent from these generations decides to leave one company for another, they are also exercising their power to choose which business will be more competitive in the long term. These individual choices reflect a collective decision on whether businesses should be successful in the future and have a ripple effect on competitiveness, innovation, sustainability, and value creation for all stakeholders interested in the success of the organization.

Many executives understand the importance of stakeholders for business success and strive to make their organizations a market leader in the ESG agenda. They put in significant effort to improve their external image, aligning initiatives and communication to meet this goal.

There is a blind spot in the ESG agenda

Individuals and organizations that have been working in sustainability for years often state that companies evolve through compliance, convenience, awareness, or embarrassment. As a result, laws are improving, and greater transparency is being demanded from organizations in terms of their performance. Inspections are increasing, and consumers, employees, and investors are becoming more informed and aware before making decisions. On the other hand, there is a notable presence of business opportunities for companies that adopt a regenerative approach.

Figure 20 – The blind spot of ESG agenda



The fact is that all organizations aim for better results: increased financial returns, growth in their customer base, enhanced reputation, reduced environmental impacts, and promotion of well-being. In addition to focusing on results, some companies are also concerned with business practices. They conduct assessments of their practices, following criteria such as the Global Reporting Initiative (GRI), ISO, B Lab, or ESG Rating Agencies. These assessments help to educate the market about the transformation that the sustainability agenda is demanding from organizations. For example, when conducting these assessments, organizations begin to consider factors such as the representation of women in leadership positions and on boards, the use of renewable energy, greenhouse gas emissions, use of raw materials, recycled products, and the impacts of their value chain.

The integration of leadership and culture into ESG (Environmental, Social, and Governance) assessments is still a blind spot for many organizations. While many companies focus on results and business practices, it is the quality of the people within an organization that ultimately influences the quality of practices and results. The relationship between leadership and culture with financial, environmental, social, and governance performance is direct. Without shared value-driven leadership and an ESG-centered culture, an organization runs the risk of spreading cases of greenwashing, peoplewashing, and others. On the other hand, organizations with the appropriate values, behaviors, and skills can sustain a diverse, inclusive, anti-corruption environment and

develop increasingly ethical, human, conscious, sustainable, and innovative practices, and behaviors. This holistic approach to ESG assessments is crucial in ensuring that companies are not only adhering to standards and regulations but also operating with intention, care, and action that benefits all stakeholders.

This blind spot is also present in ESG assessments

This reverberates in a series of losses for all stakeholders: baixo growth, loss of reputation, turnover, discrimination, inequalities, and externalities in the environment. Of the companies selected for this study, we found a considerable amount of information (> 75% of the information needed) for 72 companies. From these companies, we raise the overall evaluation scores on ESG parameters of five agencies: Humanizadas, Refinitiv, Sustainalytics, MSCI and ISS. The entire survey considers exclusively analysis of public data. We also raise other financial and ESG indicators to analyze the performance of the assessments of such ESG Rating agencies. Bloomberg financial metrics were collected, such as ROI (Return on Investment), annual growth, market value and several others. Environmental, social and governance metrics were also collected from the sustainability reports themselves following GRI standards: women in leadership, positive impact on the value chain, reduction of greenhouse gas emissions and use of renewable energies. Some of these metrics are part of the evaluations themselves in different degrees of significance – in the case of Humanizadas, this relevance is around 1% to 4% according to the weights of each indicator.

Table 32 presents the "Comparison of the performance of ESG Rating Agencies". This is an unprecedented study synthesizing data from 72 global companies. By the end of 2022, 276 global companies will be analyzed, aiming at a larger and even more reliable data sample for the publication of new scientific articles and the launch of a European investment fund based on the principles of Conscious Capitalism.

We can observe that the evaluation of Humanizadas has the best correlation with ROI in five years ($r=0.27$), followed by Sustainalytics ($r=0.19$), MSCI ($r=0.16$), ISS ($r=0.02$) and Refinitiv ($r=-0.08$). Humanizadas attention is noted to present the best correlation in six of the seven indicators highlighted (variations between 0.13 and 0.69). Only Refinitiv has a better correlation ($r=0.15$) in the market value of companies. It is curious the existence of null or negative correlations. For example, within the sample of

data collected, MSCI, Refinitiv and ISS, have a negative or zero relationship with women in the leaders of companies, a hypothesis that would not be expected for such a survey. This can mean at least three different things: indicators may not be used in methodologies, can be used with a little significant weight or the complete methodology is not oriented to the proposed concepts. A similar fact is found in all other indicators, evidencing a large blind spot in the ESG evaluations themselves. Although the data are public, we did not find scientific-based publications of the agencies reraising this data. In future studies, we intend to compare the methodologies in greater depth and even with larger and more reliable data samples. ESG assessments should not have negative or null correlations with ESG metrics.

Table 32 - Comparison of the performance of ESG Rating methodologies

Correlation of metrics	Financial perspective			ESG perspective			
	Annual growth	Market Cap	ROI in 5 years	Women in the leadership	Positive environmental impacts in the supply chain	Greenhouse gas emission (Scope 1 + Scope 2)	Renewable energy
Humanizadas	0.25	0.13	0.27	0.42	0.69	0.31	0.28
Refinitiv	0.04	0.15	-0.08	-0.04	0.33	0.06	0.04
Sustainalytics	-0.02	-0.21	0.19	0.25	0.20	0.24	0.20
MSCI	-0.13	-0.13	0.16	-0.13	-0.03	0.05	0.17
ISS	-0.13	0.00	0.02	-0.02	0.25	0.15	0.16

Sample: public data related to 72 global companies.

Note: correlation of organizational assessments with financial metrics (Bloomberg data source) and ESG metrics (sustainability report data source following GRI standards). Correlations can range from "-1.00" (perfectly negative) to "+1.00" (perfectly positive).

Label: ■ Best correlation in the indicator ■ Worst correlation in the indicator

Morgan Stanley Capital International (MSCI), Institutional Shareholders Services (ISS), Sustainalytics, and Refinitiv are considered the leading ESG rating agencies. They perform environmental, social, and governance risk assessments, but do not consider behavioral aspects such as purpose, culture, and leadership in their evaluations. MSCI initiated its first ESG assessment in 1988, while ISS was founded in 1985 and has since used an acquisition strategy to expand its data intelligence through the acquisition of companies such as oekom AG, FICO® Cyber Risk, EVA Dimensions, IW Financial, Ethix SRI Advisors, among others. Sustainalytics has its roots in Jantzi Research (founded in 1992) and was fully acquired by Morningstar in 2020. Refinitiv, on the other hand, was established in 2018 as a subsidiary of the London Stock Exchange Group

following the sale of assets from Blackstone Group, which held a stake in Thomson Reuters. As part of the agreement, Thomson Reuters transferred its portfolio of financial and risk products to Refinitiv. In essence, these four ESG rating agencies bring a financial risk bias, approaching the ESG agenda from a risk perspective. Humanizadas, in contrast, adopts a systemic approach, evaluating maturity levels from the perspective of multiple stakeholders (leaders, employees, customers, partners, investors, communities, and the environment) and five management principles (higher purpose, shared value strategy, conscious culture, conscious leadership, and learning and change). Humanizadas offers an integrated and innovative approach, conducting advanced semantic analyses and considering the perceptions of multiple stakeholders and intangible factors such as purpose, culture, and leadership in its evaluations. As a result, it has the strongest correlation among ESG rating agencies.

Can leaders and organizations illuminate this blind spot and have a more consistent role on the ESG agenda?

Step 1 - Evaluate the results for each *stakeholder*

Who are the organization's interest groups? What are the main needs and value offer for each audience? How is the balance of exchanges in these relationships? What are the strengths, weaknesses, risks, and opportunities? These questions help to make up a strategic analysis of generating value for *stakeholders*. Holding a working session discussing these topics with senior leadership will provoke *excellent insights and reflections*, serving as the foundation of strategies and priorities for the next fiscal year.

Step 2 - Map material, practical and action topics

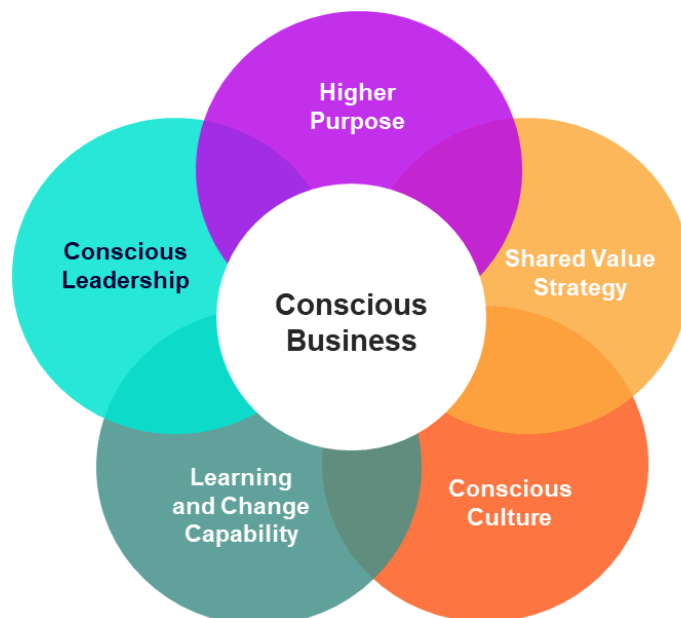
After examining the relationships with stakeholders, the next step involves identifying critical issues and prioritizing actions for each relationship. For instance, what themes need to be addressed to improve the customer experience? Is investment in renewable energy, reduction of greenhouse gas emissions, or development of recycled products necessary? If employees report low levels of well-being, what practices should the organization coordinate, develop, or enhance? The organization does not need to

address all issues simultaneously; it can and should prioritize actions based on their importance to the business and stakeholders.

Figure 21 – Multi stakeholders’ perspective



Figure 22 – Conscious Business dimensions



Step 3 - Develop appropriate behaviors

What behaviors need to be adjusted, strengthened, or developed to advance towards more conscious, sustainable, and innovative models? Five principles can guide this process. Firstly, it is essential to understand the organization's higher purpose: what is its role in society and on the planet? Having a clear answer to this question can help engage and raise awareness among various stakeholders around a common goal. Secondly, what is the strategy for generating shared value for all stakeholders? This approach is a practical way for leaders to influence others within the organization.

Stakeholder Capitalism requires stakeholders to be integrated into business strategy. When it comes to ESG, the environmental, social, and governance dimensions must be central to the strategy, rather than just peripheral, low-priority actions for the organization. It is also important to consider the values, behaviors, rituals, and routines that need to be instilled in the organizational culture to support this purpose and strategy. Culture is a powerful competitive advantage for companies in the ESG arena. Additionally, there must be a focus on developing the necessary learning, changes, and innovations to drive the evolution of cultural maturity. The ESG agenda is a journey of continuous improvement, and throughout this journey, people at all levels and in all sectors will need to acquire new knowledge and skills. Finally, effective leadership is crucial in driving the ESG agenda and promoting positive, consistent change. Conscious leaders can elevate an organization to new levels of maturity, leading to systemic innovations that address societal and environmental challenges.

Chapter 9

Conclusions and final considerations

9.1 Main findings

This thesis is structured as a sequence of five main chapters presenting data collection, research methodology, results, discussion and final considerations, each of which presents a series of research findings and results obtained. Together, this sequence has reinforced the thesis that conscious businesses do exist in Brazil, how conscious business can be defined and their effects on multiple stakeholders - shareholders, leaders, employees, customers, suppliers, local community and environmental.

Chapter 4th demonstrates the presence of conscious businesses in Brazil through the application of the original instrument developed by Professor Raj Sisodia. The study identified 22 organizations with more conscious practices in Brazil, which can be characterized as Conscious Businesses. Within each of these organizations, better management and business practices are found across the four pillars proposed by Sisodia et al. (2006) and Sisodia et al. (2018). Compared to the market, these organizations have higher ratings in Higher Purpose (1.89 times higher), Stakeholders Integration (2.88 times higher), Conscious Leadership (2.18 times higher), and Conscious Culture (2.56 times higher). As a result, when analyzing Return on Investment (ROI) for investors, these Conscious Businesses show an accumulated performance 2.16 times higher than the Brazilian market over a 20-year period. Although they exhibit revenue growth 0.59 times lower, they also have a Net Margin 1.38 times higher than the market, indicating more

sustainable and consistent performance in the medium and long term – they are not focused on growth for growth's sake, but rather on consistent growth. This research shows that the most conscious businesses in Brazil outperform traditional businesses ("business as usual"). Additionally, the author identifies that organizations were operating at very different stages of maturity, and that up until this point, Conscious Capitalism had not considered the existence of levels of consciousness in its approach.

The chapter 5th can be considered the most theoretical and in-depth work, presenting an unprecedented conscious business model with a multidimensional approach to Conscious Business (CB). The primary outcome of this research is the proposition of a new theoretical model. The proposed model considers five dimensions - higher purpose, shared value strategy, conscious culture, learning and change capability, and conscious leadership -, three perspectives - individual (1P), relational (2P), and organizational (3P) -, and five levels of consciousness - level 1.0, level 2.0, level 3.0, level 4.0, and level 5.0. The model's validation occurred through a survey involving 40,717 leaders and employees from 300 Brazilian companies of various sizes (micro, small, medium, and large) and economic sectors. Upon analyzing the First-order measurement model, all three indicators (Individual - 1P, Relational - 2P, and Organizational - 3P) of Higher Purpose (HIP), Shared-value Strategy (SVS), Conscious Culture (COC), Learning and Change (LEC), and Conscious Leadership (COL) have a substantial loading (above 0.40) that is significant at the 0.001 level. The resulting scale reliability (ρ ("rho")) was 0.46, 0.58, 0.60, 0.54, and 0.65 for HIP, SVS, COC, LEC, and COL, respectively.

When analyzing the Second-order measurement model, we found that the modification indices for the correlation between Higher Purpose and Shared-value Strategy, Learning & Change, and Conscious Leadership are not only substantial but also, and more importantly, theoretically sound. We added these correlations to our final model (Table 32). The goodness of fit is greatly improved. Our chi-squared reduced substantially ($\chi^2(3) = 45.52$, $p < 0.001$), and the measures of fit are all very good: CFI=0.999, RMSEA=0.019, and RMR=0.004. Since we have two models, we can also compare the Akaike's (AIC) and Bayesian information criterion (BIC). The AIC reduced by 1307.42 and the BIC reduced by 1290.2, favoring the modified model. Finally, the resulting scale reliability (ρ ("rho")) was 0.80. Altogether, we provide strong evidence that Higher Purpose (HIP), Shared-value Strategy (SVS), Conscious Culture (COC), Learning and Change (LEC), and Conscious Leadership (COL) jointly reflect the concept of Conscious

Business (CB) because the null hypothesis was not accepted, and every single alternative hypothesis was accepted. Therefore, it not only demonstrates the proposed model but also reveals that CB can be evaluated based on five dimensions, three perspectives, and five levels of consciousness, according to the proposed theoretical model. The first-order model has a substantial loading (above 0.40) that is significant at the 0.001 level. The measurement fit is all very good: CFI=0.999, RMSEA=0.019, RMR=0.004, and the resulting scale reliability (ρ ("rho")) was 0.80. Up until the development of this research, the existing literature has traditionally focused on financial performance, ethical, and exploratory discussions, not presenting a Conscious Business methodology with validity and scale reliability of measurement.

The 6th chapter serves as a significant practical contribution, demonstrating the positive impact of conscious businesses on relationships with various stakeholders, including leaders, employees, customers, suppliers, local communities, and environmental care. This contribution is highly relevant to the literature as it presents robust results illustrating the virtuous cycle generated by more conscious businesses, creating shared value and benefits for all stakeholders. The sample encompasses 86,945 stakeholders from 300 Brazilian companies.

Moreover, the research reveals that B Corps have a positive and statistically significant effect on local community and environmental care, but no significant influence on leadership, employee, customer, and supplier engagement, whether positive or negative. The CB measure displays a positive and significant impact on the engagement of leadership, employees, customers, suppliers, and local communities. This suggests that a one standard deviation increase in a firm's responsiveness to stakeholder demands raises the Net Promoter Score (NPS) by varying percentages for each stakeholder group.

Interestingly, when considering conscious business, the influence of B Corp certification on stakeholder engagement becomes positive and statistically significant exclusively for the local community and environmental care dimensions. This finding highlights B Corp's emphasis on environmental concerns across various stakeholders, as corroborated by Winkler et al. (2019), contrasting with the targeted demands of internal and external stakeholders addressed by the conscious business framework (see the CB measurement model; Sisodia, Henry, & Eckschmidt, 2018).

To determine whether Conscious Business (CB) or B Corp certification better accounts for stakeholder engagement, we examine a null hypothesis stating that the CB coefficient in the environmental caring model is equal to the B Corp coefficient. The test result fails to reject the null hypothesis, indicating that the impact of CB on environmental caring is statistically indistinguishable from the influence of B Corp certification. Similarly, we assess the null hypothesis suggesting that the CB coefficient in the local community model is equal to the B Corp coefficient. The test results also fail to reject this null hypothesis, implying that the effect of CB on local community engagement is equal to that of B Corp certification.

The research implies that businesses prioritizing stakeholder engagement are more likely to achieve better ESG (Environmental, Social, and Governance) performance. It also emphasizes the importance of prioritizing stakeholder engagement in efforts to attain sustainable development. The findings hold implications for the UN Global Compact and the World Economic Forum, as they offer empirical evidence supporting the critical role of Stakeholder Capitalism in sustainable business practices. This evidence can be employed to encourage businesses to prioritize stakeholder engagement as part of their efforts to advance societal goals and achieve sustainable development.

The 7th chapter revisits and expands the indicators presented in the 4th chapter, now applying the new model proposed in this work, which considers the five dimensions, three perspectives, and five levels of consciousness. With a considerably larger sample, the study explores the notion that conscious businesses not only have positive effects on stakeholder satisfaction but also positively impact medium- and long-term financial performance for shareholders. Moreover, conscious businesses can positively influence various human capital indicators, such as diversity, well-being, innovation, human development, trust, transparency, and many others. The sample encompasses responses from 36,868 stakeholders across 226 organizations operating in Brazil.

Again, we can identify organizations operating at a higher level of consciousness, which are considered Conscious Businesses (CB). When compared to the Brazilian market average, CBs have better evaluations of Higher Purpose (2.27 times higher), Shared Value Strategy (2.80 times higher), Conscious Culture (3.16 times higher), Learning & Change Capability (2.87 times higher), and Conscious Leadership (1.72 times higher). CBs not only exhibit superior performance in the five assessed dimensions but also generate more positive impacts on multiple capitals. Compared to the market average,

CBs have a better brand reputation (1.27 times higher), innovation capacity (1.74 times higher), ESG performance (1.39 times higher), physical, mental, and emotional well-being (1.51 times higher), transparency (1.43 times higher), trust in relationships (1.39 times higher), inclusion and diversity (1.48 times higher), customer experience (1.35 times higher), employee experience (1.27 times higher), societal experience (1.49 times higher), and environmental care (1.36 times higher).

These results indicate that CBs build healthier and more positive cultures, generating more favorable returns in all their relationships. Notably, when analyzing the Return on Investment (ROI) over the past 32 years, CBs demonstrate a performance 5.52 times higher than the Brazilian market (674% versus 122%). On average, CBs have a Return on Equity (ROE) 3.11 times higher than the market (14.37% versus 4.62%), a Net Profit Margin 1.31 times higher (7.07% versus 5.40%), although with a 3% lower annual revenue growth (7.54% versus 7.79%). Again, the results indicate that CBs exhibit more consistent and sustainable outcomes in the medium and long term compared to traditional companies in the Brazilian market. These findings reinforce the thesis that CBs operate within a new business and management paradigm, aiming to generate positive returns for all stakeholders.

The 8th chapter, the last chapter with research results of this thesis, explores the relationship between the conscious business concept and ESG metrics by applying a methodology using public data to evaluate international companies. It compares the performance of this methodology with the world's leading ESG rating agencies (MSCI, Sustainalytics, Refinitiv, and ISS). The sample includes companies selected by GVC Gaesco, a European asset manager based in Barcelona (Spain), such as Disney, BMW, Microsoft, Starbucks, McDonalds, Nike, Apple, and numerous others, with headquarters in more than 21 different countries. All data considers public information analyses and are based on the CB evaluation, considering five dimensions and the relationship with each stakeholder. We found a considerable amount of information (> 75% of the information needed) for 72 companies.

A notable finding from this analysis is the identification of what we call the "ESG agenda blind spot," analogous to concepts introduced by Prof. Otto Scharmer. We found that concepts such as leadership and culture make a significant difference in company evaluations but are neglected both by companies and ESG assessment methodologies. When compared to global ESG rating agencies like Refinitiv, Sustainalytics, MSCI, and

ISS, the CB methodology exhibits better statistical correlation in comparison to the four agencies in annual growth (CB has $r=0.25$, second-best performance for Refinitiv with $r=0.04$), 5-year ROI (CB has $r=0.27$, second-best performance for Sustainalytics with $r=0.19$), women in leadership (CB has $r=0.42$, second-best performance for Sustainalytics with $r=0.25$), positive impact on the value chain (CB has $r=0.69$, second-best performance for Refinitiv with $r=0.33$), greenhouse gas reduction (CB has $r=0.31$, second-best performance for Sustainalytics with $r=0.24$), and renewable energy use (CB has $r=0.28$, second-best performance for Sustainalytics with $r=0.20$). CB does not perform best in Market Cap, with Refinitiv ($r=0.15$) being the highlight in this indicator, but CB obtains the second-best performance ($r=0.13$).

All correlation agencies (Refinitiv, Sustainalytics, MSCI, and ISS) have decades of operation and public data on the analyzed companies, but no articles were found proving or validating their own methodologies. A significant insight, when comparing methodologies, is that these agencies rely solely on organizations' ESG practices and performance data, yet they neglect concepts such as higher purpose, shared value strategy, conscious culture, learning and change capability, and conscious leadership.

Thus, considering all the demonstrated data, this thesis presents its final contribution by shedding light on the ESG agenda's blind spot and proposing an extended CB approach capable of generating positive returns not only for shareholders but also for all stakeholders, including positive impacts on ESG issues. Therefore, it is argued that the conscious business concept can help illuminate a global blind spot in favor of stakeholder capitalism, ESG initiatives, B Corp movement and the UN's SDG agenda.

9.2 Implications

This study has several implications across various domains, including research/academia, management, consulting, and society.

From a research/academic perspective, this study opens numerous opportunities for further research by connecting the concept of levels of consciousness to Conscious Capitalism and Conscious Business. It helps address a significant blind spot in research involving Conscious Capitalism, Conscious Business, Stakeholder Theory, ESG, and SDGs. By demonstrating the statistical correlation between the conscious business

concept and various ESG metrics, this study emphasizes the importance of evaluating concepts such as purpose, culture, and leadership when assessing a company's performance beyond merely financial metrics. This becomes especially relevant amid the growing awareness and focus on sustainability and corporate responsibility.

From a management and consulting perspective, this study offers insights into the potential benefits of adopting a conscious business approach, including improving a company's ESG performance, fostering stakeholder engagement, and enhancing overall organizational performance. It also highlights the importance of promoting conscious business practices as a means of creating a more sustainable and equitable economy.

From a societal perspective, this study helps identify a significant blind spot in transformation movements, such as Conscious Capitalism, B Lab, Inclusive Capitalism, and the ESG and SDG agendas, as well as in discussions of the World Economic Forum. As demonstrated, the level of consciousness of leaders and organizations greatly impacts multiple stakeholders and contributes to a more humane, conscious, sustainable, and innovative future. This study reinforces that without elevating the level of consciousness of leaders, organizations, and society, we may see only incremental advancements given the urgency and importance of critical agendas for humanity's future, such as climate change, inequality, well-being, education, and other issues. It underscores the importance of promoting conscious business practices and elevating levels of consciousness in organizations as a means of creating a more sustainable and equitable society.

Moreover, this study contributes to ongoing discussions and efforts to transform capitalism into a more conscious and sustainable system and to promote stakeholder capitalism that considers the interests of all stakeholders, including employees, customers, suppliers, communities, and the environment. Overall, this study emphasizes the importance of elevating levels of consciousness in leaders and organizations to drive positive change and advance crucial agendas for the betterment of society and the planet.

9.3 Limitations

This study has several limitations that should be considered when interpreting its findings. Firstly, the sample size and scope of the research, while extensive, may not cover all aspects of the conscious business concept or provide a comprehensive view of its impact

across various industries and regions. Future research could address these limitations by expanding the sample size, exploring more diverse industries and regions, and incorporating additional data sources to enhance the understanding of the conscious business concept and its effects on ESG metrics and overall organizational performance.

One limitation stems from the discrepancy between the pace of technological development in the industry and the pace of doctoral research, which prevents the study from capturing all the quarterly or annual learning and methodological improvements made by Humanizadas. This research focuses on version 2.0 of the Conscious Business Assessment (CBA®) methodology, whereas in 2023, the methodology reached version 4.0, two upgrades ahead of the version analyzed in this study. If the pace of scientific research could keep up with the pace of technological and methodological developments in the market, it would be possible to capture an even greater wealth of learnings and research results obtained through the application and continuous improvement of the CBA®.

Another potential limitation is the possibility of selection bias, as the evaluated companies may already have a higher level of consciousness than the average company in Brazil. Since companies choose to participate in the "Humanizadas" survey, they may be more conscious and thus more likely to apply conscious business practices. Future studies should aim to include a more diverse set of companies at different stages of maturity in the evaluation. Additionally, although the research reduced selection bias by using a random selection chosen by GVC Gaesco, it also has an information bias as the reliance on public data could limit the depth and accuracy of the analysis.

Furthermore, the study relied on survey responses from companies operating in Brazil, which limits the generalizability of the findings to international companies. Additionally, the use of a single instrument for various sectors, such as healthcare, education, technology, agribusiness, and industry, may not be suitable for companies in different sectors. The study also used data from a single point in time and did not account for changes or improvements in the conscious business practices of the organizations over time. Moreover, the study did not conduct a comprehensive literature review to determine if other variables should be included in the assessment model.

In the 8th chapter, the use of publicly available data to evaluate companies may not capture the full extent of a company's performance or may contain inaccuracies. The use of

surveys or interviews with company representatives might have provided a more comprehensive and accurate assessment of a company's conscious business practices and level of consciousness.

In conclusion, the limitations of this study suggest caution should be exercised in generalizing the findings. Further research is needed to evaluate the applicability of the conscious business assessment model to other countries, industries, and contexts, and to address the limitations identified by this study, such as selection bias, the use of a single instrument, longitudinal data, and literature review.

9.4 Future research

Future research could address the limitations of this study by exploring several avenues. Conscious Business assessment (CBA®) could be applied in multiple countries to evaluate differences in the level of consciousness not only in terms of industry sectors but also to correlate with local cultures and stakeholder levels of consciousness. This could involve adapting the CBA® to specific country contexts and identifying cultural differences that affect the implementation and effectiveness of conscious business practices. Moreover, future studies could investigate the relationship between the level of consciousness of companies and their stakeholders, such as employees, customers, and local communities, in different countries. By doing so, future studies could provide insights into the applicability of the CBA® in diverse cultural contexts and the potential for conscious business practices to promote sustainable and inclusive development globally. To address the limitations of using a single instrument for companies in different segments, future studies could develop customized instruments for each industry sector or identify specific adjustments that could be made to the current instrument to increase its applicability across sectors.

To address the limitation of using data from a single point in time, future studies could collect data over a longer period to examine the longitudinal evolution of conscious business practices and their impact on performance. To address the potential selection bias in this study, future research could use a more randomized sampling method to ensure that companies evaluated represent a wide range of maturity levels, sectors, and geographic locations. Future research could also use a control group of companies that

have not implemented conscious business practices to provide a more accurate comparison. Future research could also conduct a comprehensive literature review to identify other relevant variables that could be included in the assessment model. This could involve examining the impact of specific conscious business practices or dimensions, such as Shared Value Strategy and Learning and Change Capability, on performance outcomes. Finally, future studies could explore other methods of collecting data beyond publicly available information, such as surveys or interviews with company representatives, to provide a more comprehensive and accurate assessment of a company's level of consciousness and conscious business practices.

Future research could further explore the impact of conscious businesses on accelerating the movement of Conscious Capitalism globally, promoting Stakeholder Capitalism, and achieving the SDGs. Specifically, future studies could investigate how conscious businesses can contribute to reducing inequalities, improving working conditions, addressing climate change, promoting well-being, advancing education, fostering partnerships, and promoting world peace - all of which are targets of the SDGs.

Moreover, future studies could also delve deeper into the impact of conscious businesses on the ESG agenda, seeking to broaden the impact and accelerate positive changes for the environment, society, and governance. This could involve examining the relationship between conscious businesses and each of the three letters of the ESG acronym: Environmental, Social, and Governance. For example, future studies could investigate how conscious businesses reduce their carbon footprint, promote sustainable supply chains, promote diversity and inclusion, and encourage ethical behavior in governance.

9.5 Final considerations

This doctoral thesis has made significant contributions to the field of conscious business by presenting a comprehensive study spanning different time periods (2019, 2020, and 2021). The evolution and theoretical proposition of the Conscious Business Assessment (CBA®) model, coupled with its practical validation, demonstrate statistical rigor and significance while comparing the methodology to other market approaches such as B Corps, ISS, Refinitiv, MSCI, and Sustainalytics. This research underscores the importance of rigorously testing and evaluating methodologies to prevent inaccurate or

misleading conclusions that could adversely impact businesses, policymaking, and the environment.

The development of the CBA® methodology was made possible through the foundational works of authors such as Sisodia et al. (2003), Sisodia et al. (2018), Cardoso and Ferrer (2013), and Laloux (2013). The CBA® is an extension of the model initially proposed by Sisodia et al. (2003) and Sisodia et al. (2018), building upon their research to create a more comprehensive assessment tool. This study provides evidence of the reliability and validity of the CBA® methodology, emphasizing its value in both practical and academic contexts. The research advances our understanding of conscious business practices and their impact on organizational performance and sustainability metrics, while also highlighting the need for future research to address its limitations and explore the applicability of the conscious business assessment model in other contexts and countries.

It is worth noting that this research found no peer-reviewed articles providing strong evidence demonstrating the reliability of the other methodologies mentioned (ISS, Refinitiv, MSCI, and Sustainalytics), nor any peer-reviewed articles presenting strong evidence regarding the reliability and effects of B Corp Certification on stakeholder engagement. This finding underscores the significance of this study in contributing to the construction and validation of scientific knowledge in the field of conscious business. By rigorously testing and validating the CBA® methodology, this research advances our understanding of conscious business practices and their impact on organizational performance and sustainability metrics.

The research demonstrates the importance of considering aspects such as purpose, culture, and leadership when evaluating a company's performance beyond financial metrics. It also emphasizes the importance of conscious business practices not only for their societal and environmental benefits but also for their potential to generate strong financial performance.

Leaders and organizations must commit to generating positive returns for all stakeholders in their journey towards higher levels of consciousness. Conscious business practices show that it is possible to balance financial returns with the well-being of stakeholders, the environment, and society. Embracing these practices can foster a culture of awareness, responsibility, and collaboration that benefits all stakeholders.

In conclusion, this doctoral thesis contributes to the emerging field of conscious business, suggesting that the CBA® model has the potential to promote conscious business practices in companies. Further research is needed to address the limitations of this study and explore the potential of conscious business practices in promoting sustainable and inclusive development. By embracing conscious business practices and fostering a culture of awareness, responsibility, and collaboration, companies can significantly contribute to a more humane, conscious, sustainable, and innovative future. The findings of this research serve as a call to action for leaders, organizations, and society to elevate consciousness and work collectively towards a more sustainable and equitable world.

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Annex A

The Conscious Business Assessment (CBA®) survey.
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Part 1 - Stakeholders reputation

Questions for internal stakeholders (board, leaders, employees, and partners) and external stakeholders (customers, partners, family members and the community in general).

In your opinion, on a scale of zero (extremely negative) to ten (extremely positive), how do you rate the organization on the following criteria:

1. Past experiences

How do you rate the experiences you had with the company?

Extremely negative

Extremely positive

0	1	2	3	4	5	6	7	8	9	10
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2. Present satisfaction

How likely are you to recommend the company to a friend or colleague?

Not at all likely

Extremely likely

0	1	2	3	4	5	6	7	8	9	10
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3. Future perspective

How optimistic are you about the future of the company?

Extremely pessimistic

Extremely optimistic

0	1	2	3	4	5	6	7	8	9	10
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4. Comments

If you have a story or comment to represent your relationship with the organization, could you tell us? (Optional)

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Part 2 – Quality of relationships

Questions for internal stakeholders (board, leaders, employees, and partners).

1. Care for the Environmental

How much does the company care about the environment through practical actions?

Rarely

Always

0	1	2	3	4	5	6	7	8	9	10
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2. Legacy

In your opinion, how much does the organization effectively seek to make the world a better place?

Rarely

Always

0	1	2	3	4	5	6	7	8	9	10
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3. Freedom of expression

How much freedom do you feel to freely express your thoughts, questions, and suggestions?

Rarely

Always

0	1	2	3	4	5	6	7	8	9	10
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4. Psychological safety

How safe do you feel to admit a mistake without fear of judgment or punishment?

Rarely

Always

0	1	2	3	4	5	6	7	8	9	10
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5. Inclusion and Diversity

How much are differences respected and valued at work?

Rarely

Always

0	1	2	3	4	5	6	7	8	9	10
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6. Sense of trust

How much trust do you sense there is between people in the company?

Rarely

Always

0	1	2	3	4	5	6	7	8	9	10
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7. Transparency

How much do you feel the organization shares information transparently and truthfully about the business?

Rarely

Always

0	1	2	3	4	5	6	7	8	9	10
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8. Well-being

How much does the company create conditions to improve your well-being (physical, emotional, and mental)??

Rarely

Always

0	1	2	3	4	5	6	7	8	9	10
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9. Human development

How much does the organization create contexts to contribute to your personal and professional development?

Rarely

Always

0	1	2	3	4	5	6	7	8	9	10
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10. Learning

How much do you sense an environment for continuous learning and information sharing?

Rarely

Always

0	1	2	3	4	5	6	7	8	9	10
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11. Autonomy

Are people in the organization encouraged to take risks and implement change?

Rarely

Always

0	1	2	3	4	5	6	7	8	9	10
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12. Innovation

How much does the company encourage the formation of teams and dedicated moments to think and propose changes?

Rarely

Always

0	1	2	3	4	5	6	7	8	9	10
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13. Integrity

How well do the organization's leaders demonstrate integrity and consistency?

Rarely

Always

0	1	2	3	4	5	6	7	8	9	10
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14. Leadership by example

How inspired do you feel by the example of the organization's leaders?

Rarely

Always

0	1	2	3	4	5	6	7	8	9	10
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15. Servant-leaders

How willing are the organization's leaders to serve and support people in different situations?

Rarely

Always

0	1	2	3	4	5	6	7	8	9	10
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Part 3 – Individual Characteristics

Questions for internal stakeholders (board, leaders, employees, and partners) and external stakeholders (customers, partners, family members and the community in general).

1. Personal Values

Select at least five values that you most identify with in your personal life.

Agility	Strategic alliances	Learning	Accept risks	Self-management	Autonomy	Bureaucracy
Caution	Competition	Compliance	Trust	Control	Corruption	Professional growth
Creativity	Curiosity	Short-term	Performance	Human Development	Open Dialog	Diversity
Efficiency	Entrepreneurship	Specialization	Hope	Spirituality	Financial stability	Ethic
Excellence	Abuse	Falsehood	Make the difference	Happiness	Result orientation	Customer orientation
Hierarchy	Humanization	Humility	Humiliation	Impact	Inclusion	Innovation
Integrity	Collective intelligence	Envy	Loyalty	Long-term	Manipulation	Continuous improvement
Meritocracy	Standardization	Quality	Acknowledgment	Cost reduction	Resistance to change	Safety

Silo mentality	Status	Stress	Sustainability	Teamwork	Transparency	Integrated view
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2. Current culture

Select at least five values that better reflect the organization's current culture in your opinion.

Agility	Strategic alliances	Learning	Accept risks	Self management	Autonomy	Bureaucracy
Caution	Competition	Compliance	Trust	Control	Corruption	Professional growth
Creativity	Curiosity	Short-term	Performance	Human Development	Open Dialog	Diversity
Efficiency	Entrepreneurship	Specialization	Hope	Spirituality	Financial stability	Ethic
Excellence	Abuse	Falsehood	Make the difference	Happiness	Result orientation	Customer orientation
Hierarchy	Humanization	Humility	Humiliation	Impact	Inclusion	Innovation
Integrity	Collective intelligence	Envy	Loyalty	Long-term	Manipulation	Continuous improvement
Meritocracy	Standardization	Quality	Acknowledgment	Cost reduction	Resistance to change	Safety
Silo mentality	Status	Stress	Sustainability	Teamwork	Transparency	Integrated view

3. Desired culture

Select at least five values that better reflect the organization’s ideal culture in your opinion.

Agility	Strategic alliances	Learning	Accept risks	Self-management	Autonomy	Bureaucracy
Caution	Competition	Compliance	Trust	Control	Corruption	Professional growth
Creativity	Curiosity	Short-term	Performance	Human Development	Open Dialog	Diversity
Efficiency	Entrepreneurship	Specialization	Hope	Spirituality	Financial stability	Ethic
Excellence	Abuse	Falsehood	Make the difference	Happiness	Result orientation	Customer orientation
Hierarchy	Humanization	Humility	Humiliation	Impact	Inclusion	Innovation
Integrity	Collective intelligence	Envy	Loyalty	Long-term	Manipulation	Continuous improvement
Meritocracy	Standardization	Quality	Acknowledgment	Cost reduction	Resistance to change	Safety
Silo mentality	Status	Stress	Sustainability	Teamwork	Transparency	Integrated view

Part 4 – Management model maturity level

Questions for internal stakeholders (board, leaders, employees, and partners).

The questions below address drivers that guide the organization's management. You should select one or two alternatives in each question that make the most sense to you. There is no right or wrong, and you can select the option "not applicable" if you don't want to answer.

1. Individual meaning

What motivates you to work in this company?

Ensuring my financial stability	Feeling safe and part of a structure	Achieve goals, improve, and be rewarded	Alignment of values, search for personal and professional balance	Continuous search for my development and that of others	Not applicable
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2. Shared purpose

In your opinion, what is the purpose of people in relating to each other?

Gain more power to control the organization	Maintain standards and respect hierarchy	Achieve the defined goals and objectives	Bring harmony and empowerment of the other	Develop themselves and others	Not applicable
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3. Forward-looking Vision

What best represents the true purpose of the company?

Have financial stability	Prosper its tradition and deliver products and services of excellence	Grow, innovate, and consolidate as a reference in the market	Help and satisfy everyone involved in the business	Consciously meet the needs of society and the planet	Not applicable
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4. Individual performance

What are people most expected to do in this company?

Carry out orders	Follow the rules	Achieve individual goals	Act in consensus	Express who they really are	Not applicable
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5. Shared value

When in a team, what result do people seek to achieve?

Gain greater control and power in the organization	Security and stability of our processes	Growth and improvement of our performance	Well-being, diversity, and sustainability	Individual, organization and society evolution	Not applicable
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6. Strategic goal

What best represents the strategic focus of this company?

Cost reduction and short-term financial gain	Operational excellence of products and services	Customer satisfaction and organization growth	Well-being, diversity, and business sustainability	Generating a positive impact on society and the planet	Not applicable
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7. Mental model

What is the most prevalent behavior of people daily?

Obey or give orders	Follow processes, standards, and guidelines	Achieve results to improve and be rewarded	Seek consensus, inclusion, and harmony	Seek constant development in an open and complex way	Not applicable
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8. Affective bonds

How do people in the organization relate to each other?

In an Imposing manner in search of short-term results	Safely, respecting work standards and policies	Entrepreneurial way, seeking innovation and better results	Empathically, collaboratively, and transparently	In an open, flexible, and creative way	Not applicable
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9. Organizational design

In your opinion, how would you define the structure of the organization?

Centralized and rigid	With divisions into specialized areas and well-defined domains	Matrix according to the strategic goals and projects of the business	In a highly connected network with constant information exchange	Flexible self-managing circles with full autonomy	Not applicable
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10. Individual learning

How do you perceive that people learn and develop in the organization?

There is no incentive for learning and development	Following well-defined work instructions	Focus on improving performance and technical skills	Sharing learning in a transparent and inclusive way	Open to trial and error, for the benefit of individual and organizational learning	Not applicable
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11. Decision-making process

In your opinion, how are decisions made in the organization?

In command and control of leaders	According to the hierarchies of our structure	According to the objectives and goals set.	Through dialogue and diversity of opinions and feelings	From a holistic perspective, transforming conflicts into opportunities	Not applicable
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12. Change execution

How do projects and changes occur in the organization?

In an imposing and unplanned way	Through very detailed planning	Through innovation and the deployment of strategic objectives	Empathically, sustainably and with full transparency	Flexible and resilient, with the freedom to co-create	Not applicable
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13. Individual awareness

In your opinion, what is the focus of the leaders close to you?

Hold power and give the orders	Analyze processes and give instructions	Motivate with goals, new challenges, and projects	Include, develop, and empower people	Making an impact on the lives of people and the planet	Not applicable
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14. Listening

What are the most prevalent way leaders seem to listen daily?

Seem not to care and make no effort to listen	Listen only to other leaders or what suits their needs	Listen carefully but despise different points of view	Listen with empathy to even different points of view	They listen in a totally open, welcoming, and truthful way	Not applicable
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15. Collective guidance

What best represents the directions of the leaders close to you?

Need to fulfill orders and reduce costs	Importance of delivering quality products and services	Focus on customer satisfaction and achievement of defined goals	Well-being, diversity, and business sustainability	Generating a positive impact on society and the planet	Not applicable
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Part 5 – Final Comments

Questions for internal stakeholders (board, leaders, employees, and partners) and external stakeholders (customers, partners, family members and the community in general).

This is the last session of the questionnaire, in which the questions are open for you to write what you think about the company.

There are no right or wrong answers, make your contribution as sincere as possible.

1. Strengths

In your opinion, what are the main differentiators (strengths or things you admire) in the company? (Optional)

2. Weaknesses

In your opinion, what are the main problems (weaknesses) that you see in the company? (Optional)

3. Risks

In your opinion, what are the main risks that the company may face in the future? (Optional)

4. Opportunities

In your opinion, what are the main opportunities that the company can explore in the future? (Optional)