

CORPORATE SOCIAL RESPONSIBILITY PROGRAMS  
IN SUPPLY CHAIN STRATEGIES

by

Craig A. Standridge

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Dissertation

Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Business Administration

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Liberty University, School of Business

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## Abstract

This study focused on United States-based small and medium-sized (SME) manufacturing companies and their decision-making strategies regarding corporate social responsibility (CSR) programs within their supply chain strategies. As CSR gains global acceptance, those stakeholder interests seek validation and compete for outcomes that affect the triple bottom line of people, the planet, and profits. Strategic managers must skillfully balance the implementation of CSR programs with available resources, all without a guaranteed increase in competitiveness or organizational excellence. CSR is often perceived as more suitable for larger organizations with ample resources. At the same time, SMEs grapple with the fiduciary challenges of adopting CSR programs into their organizations. This study used a qualitative, flexible multiple-case research design to gather data through interviews with six purposefully chosen C-suite-level manufacturing business leaders. The research followed an inductive, theory-driven approach to data collection and analysis. The findings suggest that SME manufacturers often rely on supply chain partners to meet their production needs. However, apart from fulfilling contractual obligations, they are not involved in how these partners conduct business. They typically see CSR as burdensome and, when mandated by government, another cost of doing business. Outside mandates or driven by customer demands, they show little interest in CSR and question its purpose when conducting business based on an ethical stewardship model.

*Keywords:* corporate social responsibility, sustainability, stewardship, shareholder

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## **Dedication**

I would like to dedicate my dissertation work to my family and many friends who have supported me by offering encouragement and prayers over the past few years. I have a special feeling of love and gratitude for my wife, Margaret, whose reassuring words of hope, dedication, and commitment provided the foundation for me to continue when I was least interested. You have been my greatest encourager, leading me through the frustrating times and celebrating my accomplishments. I would not have been able to pursue this challenge on my own without your love and support. I also dedicate this dissertation to my mother, Eleanor, whose prayers have helped keep me grounded and focused. Thank you to my many friends who have supported me in prayer and encouragement throughout this process. I will always appreciate your support and belief in my pursuits.

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## Section 1: Foundation of the Study

Corporate social responsibility (CSR) is a self-regulating business model that helps promote accountability to itself, its customers, and all stakeholders economically, socially, and environmentally. It primarily relies upon leadership within business communities to voluntarily adopt programs that intend to improve corporate citizenship, also called sustainability, due diligence, and a host of other names, while maximizing profits and protecting social and environmental concerns (Chen et al., 2020). CSR programs cover many options consisting of four basic categories: philanthropic activities, ethical business practices, environmental responsibility, and financial accountability. All four categories risk reducing profitable returns by increasing costs to business models while seeking to gain competitive advantages and organizational excellence and creating goodwill (as with philanthropic activities) for those organizations adopting the most effective programs by strategic managers (LaBaron et al., 2022). CSR is gaining importance to business leaders, and stakeholders are becoming increasingly expectant in today's increasingly globalized world as global expectations for greater accountability, improved products and services, and higher ethical business practices are driving a paradigm shift away from traditional business models that focus solely on profits and returns to investors (LaBaron et al., 2022; Sobande, 2019).

Strategic managers are challenged with incorporating CSR programs into their current business models, which requires a shift from a long-standing singular focus on profits and returns to business shareholders (Asmussen & Fosfuri, 2019; Basta et al., 2018; Freeman, 2006). While the rationale behind the CSR movement is extensive, the environmental concerns for pollution catastrophes, such as the methyl isocyanate gas leak at the Union Carbide manufacturing plant in India, and the growing implications of climate change are shifting

stakeholder expectations towards demanding exceptional stewardship of businesses' use of natural resources (Trushna & Tiwari, 2022). Additionally, the concerns for human trafficking, the use of child labor, and workplaces considered unhealthy and unsafe are among the reasons for promoting CSR programs, especially among those developing nations' manufacturing capacity so commonly relied upon for outsourced products and services. Shifting paradigms are persuading strategic managers to embrace CSR programs into their current business models to adapt to changing markets and expectations, thus responding to the triple bottom line (3BL), where a company weighs its actions according to not only making profits but also how those actions impact social and environmental sustainability and create societal benefits (Macaulay et al., 2018; Mamun & Shaikh, 2018; Waldman et al., 2020). Kouaib et al. (2020) described the strategic manager's responsibility to balance performance under the 3BL model of sustainable economic profits, social well-being, and environmental concerns. These shifting paradigms force strategic managers to balance limited, scarce resources against the 3BL to maintain long-term business competitiveness and meet shifting stakeholder expectations (Mamun & Shaikh, 2018; Mitra, 2021; Norman & MacDonald, 2020).

Globalization opened the world to increased trade and commerce, granted new market access, and lowered the operating costs of outsourced products. Supply chains are pivotal to business success and of growing concern to all stakeholders of an organization, including owners, boards of directors, shareholders, employees, customers, governments, and the societies hosting supply chain operations (Basta et al., 2018). Technology affords increased communications, which provides greater visibility of supply chain operations, specifically those involving human rights, labor abuses, and potential ethical and environmental concerns. Fontoura and Coelho (2020) described how strategic managers' proactive leadership in CSR

programs enables sustainable supply chains to benefit all partners and stakeholders, increasing organizational excellence and competitive advantages.

A review of the current literature identified potential areas for research regarding difficulties experienced by strategic managers initiating CSR programs into their organization's current business models. There is a lack of research on how small to medium-sized businesses with 500 or fewer employees adopt CSR practices and how strategic managers face challenges integrating programs into their supply chain strategies, hindering organizations from achieving excellence and maintaining a competitive advantage. This research project increased the understanding of strategic managers' challenges, justifications, and methods for selecting and applying CSR, leading to increased organizational excellence and competitive advantages. It also adds to the growing body of knowledge by creating relatable results.

### **Background of the Problem**

Public expectations of corporations shift as citizens seek additional values benefiting social and environmental causes and quality products and services (Rae & Wong, 2012; Sobande, 2019). Increased competitiveness drives globalization, exponential growth in technology enables higher levels of consumer awareness, and media scrutiny has peeled back layers of concealment by exposing business practices once taken for granted (Silvestre et al., 2018). Freeman (2006) contrasted the differences between global retailers, such as Walmart and Costco, as an example of CSR's importance, as both were criticized and praised for their levels of CRS woven into their business strategies. Walmart faced heavy criticisms in the mid-2000s for focusing on cost-cutting strategies to maximize shareholder returns at the expense of squeezing price concessions from suppliers, offering low pay and no benefits for unskilled employees, often in areas where workers had few employment opportunities, and shoddy

reporting on environmental issues as compared to Costco which openly reports on their CSR programs for all stakeholders and customers. Costco states its policies towards adhering to codes of conduct for suppliers and employees and accountability measures taken through reported documentation of all CSR programs (Freeman, 2006).

Although Rae and Wong (2012) highlighted that both companies continued to advance efforts since Freeman's (2006) article was published, increased awareness and expectations for CSR continually change, creating a never-ending budgetary balancing act for strategic managers to embrace. The incorporation of CSR into a business model is not simple. It requires allocating scarce resources to add value to the interests of internal and external stakeholders, who all seek validation (Macaulay et al., 2018; Mamun & Shaikh, 2018; Waldman et al., 2020). This shift in focus from traditional profit-seeking businesses benefiting shareholders to models incorporating the 3BL is challenging. Core businesses now face new pressures to account for these components (Basta et al., 2018; Freeman, 2006).

### ***Supply Chain Strategy Challenges***

The 1980s and 1990s began the widespread adoption of globalization by U.S. manufacturers increasingly relying upon outsourced supply chains to meet their production needs. Many manufacturers thrived economically by taking advantage of cheap offshore labor to manufacture acceptable quality products at lower production costs, relying upon outsourced production abroad (Hess, 2021). However, the lack of transparency eventually led to questions concerning accountability towards outsourced supply chain production, leading to criticisms levied against respected companies exposed for environmental pollution, exploited child labor, forced labor conditions, and inadequate safety and health working conditions (Li et al., 2022; Ventura, 2022; Wood et al., 2022).



Consider both Apple and Nike corporations. Both multinational companies have been accused of corporate irresponsibility, benefiting from their reliance upon outsourced supply chain strategies seemingly at the expense of fair corporate citizenship (Chen et al., 2020; Hess, 2021). Both companies have faced accusations of embracing and benefiting greatly from inexpensive labor abroad in their supply chain partnerships. Accusations included using underpaid, overworked employees in unsafe conditions and even child labor to make iPhones and sports shoes. After the issues were uncovered, both organizations took proactive measures to enhance transparency and accountability in their supply chains. They did so by implementing codes of conduct set by the Fair Labor Association. These codes demand increased accountability through reporting and the termination of contracts in cases where fair treatment and conduct violations occurred (Hess, 2021). The incidents involving Apple and Nike brought attention to the problem of unethical supply chain practices. They emphasized the importance of CSR in combating potential issues with supply chain strategies, not only with immediate upline suppliers but throughout the entire value chain of an organization.

CSR directly correlates with how a business enacts stewardship of resources to pursue profitability while simultaneously creating social and environmental value (Fish & Wood, 2017; Mamun & Shaikh, 2018; Shen et al., 2020). Strategic managers of businesses are increasingly being held to a higher account for social and environmental stewardship while creating maximum profits, organizational excellence, and competitive advantages. A review of current literature provides an in-depth look at the types of CSR programs, both voluntary and mandatory, and the challenges presented to strategic managers embracing such programs into current business models. A distinct linkage between CSR and supply chain strategies exists, yet a lack of published analysis exists regarding how or why strategic managers decide to adopt CSR to

prevent human rights and environmental violations (Li et al., 2022; Ventura, 2022; Wood et al., 2022).

The integration of CSR throughout all areas of a business model is an important topic for strategic managers to consider. Stakeholders of an organization seek validation for their needs, desires, and wants, which can be influenced by cultural factors and changing demands. In their article, Li et al. (2022) explained that CSR is a broad term encompassing a variety of programs, initiatives, and measures that businesses can adopt to promote ethical, legal, and profitable outcomes. However, the success of these CSR programs can vary greatly depending on the business, industry, and society in which they are implemented. What works for one company may not work for another, and what benefits one community may not benefit another. Deciding which CSR programs to evaluate, select, implement, and fund is as much a challenge to strategic managers as how to measure their effectiveness, success, and ultimately, who should bear the responsibility within the organization, such as the C-suite, human resources, or other designated decision-makers (Sarvaiya et al., 2021). This study explored this phenomenon and presented it to a broader audience.

### **Problem Statement**

The general problem addressed was the potential challenge of strategic managers to incorporate CSR programs into current business models, failing to achieve organizational excellence and maintain a competitive advantage. Fish and Wood (2017) stated that organizational excellence creates a framework connecting core values, talent, and a visionary outlook necessary to support and balance CSR programs with those required to maintain a competitive advantage. Mamun and Shaikh (2018) supported the view of strategic managers'

challenges when incorporating CSR programs and define bottom-line organizational competitiveness as the most critical factor for organizational success.

Mitra (2021) stated that strategic managers should incorporate CSR programs into existing business models to become more competitive and improve organizational excellence. In a study of Chinese firms, Shen et al. (2020) reported that many strategic managers struggle to realize positive quantitative results leading to visible competitive advantages but cite increases in intangible benefits to their organizational performance, such as through increased employee loyalty, company pride, and less turnover within the organization. The problem addressed was the potential challenge strategic managers of manufacturing companies with 500 or fewer employees within the United States face incorporating CSR programs into supply chain strategies, resulting in the potential inability to achieve organizational excellence and competitive advantage.

### **Purpose Statement**

This study examined how strategic managers incorporate CSR programs into their business models to achieve organizational excellence and maintain a competitive edge. The study's author generated results through a flexible design multiple case study that sought to extend the understanding of how and why strategic managers determine which CSR programs to implement into their supply chain strategies and the reasons for their success or failure. This study explored the impact of decision-making on the organization's supply chain strategies when implementing CSR and whether the specific types of CSR programs chosen were the main factors for success or failure. Additionally, consideration was sought regarding the types of CSR programs compared to other supply chain programs. The results of this study related the findings to a broader audience.

## Research Questions

Research regarding CSR's effectiveness in supply chain strategies and managers' leadership challenges in pursuing organizational excellence and competitive advantages is limited. The following research questions sought to identify the perspectives and intentions of strategic managers of U.S.-based manufacturing companies operating with 500 or fewer employees when initiating CSR programs in their respective supply chains and their linkage to organizational excellence and competitiveness.

In qualitative research, researchers gain insights by asking open-ended, evolving, and non-directive questions (Hamilton & Finley, 2019). The research questions presented began with an overarching central question: Why do CSR programs fail when incorporated into current business models, specifically when strategic managers apply those programs to supply chains? Phrasing the first research question by asking why suggests a possible cause-and-effect relationship, creating a more accurate focus on the phenomenon that leads to greater discovery of success and failure (Hamilton & Finley, 2019). The last two research questions concentrate on the actions taken by strategic managers and their perception of CSR programs initiated in supply chains versus non-CSR programs that impact supply chains and how perceived differences affect organizational excellence and competitiveness.

RQ1. Why do some strategic managers fail to incorporate CSR programs into their current supply chain strategies successfully?

RQ1a. What actions by strategic managers seem to lead to failure when initiating CSR programs into their supply chain strategies?

RQ1b. What actions by strategic managers seem to lead to success when initiating CSR programs into their supply chain strategies?

RQ2. How are CSR programs different from other strategic supply chain programs initiated by strategic managers?

RQ2a. How do those identified differences influence strategic managers' ability to incorporate CSR programs into supply chain strategies?

RQ2b. How do those differences impact organizational excellence and competitive advantage?

RQ3. What are the perceived issues of implementing CSR programs into organizational supply chain strategies?

### ***Discussion of the Research Questions***

The first research question, RQ1, and subsequent RQ1a and RQ1b were open-ended questions that solicited responses as to why some strategic managers fail to incorporate CSR programs in their supply chain strategies, resulting in the potential decrease of organizational excellence and loss of competitive advantage as indicated in the general problem statement. RQ1a and RQ1b approach this issue from the perspective of what strategic managers perceive as reasons leading to success or failure when implementing CSR programs in their supply chain strategies. By asking what actions strategic managers take when implementing CSR programs into supply chain strategies, the research question presented a balanced position between perceptions of success and failure, eliminating the potential for bias as it allows for the possibility that CSR programs may lead to increased organizational excellence and competitive advantages.

Research question RQ2 attempted to gather data on how CSR programs differ from other non-CSR programs initiated in their supply chains. Once the differences were identified, RQ2a

and RQ2b followed up by asking how those differences influence strategic planners' efforts and potentially impact organizational excellence and competitive advantages.

Research question RQ3 focused on identifying strategic managers' perceptions of CSR programs applied to supply chain strategies affecting organizational excellence and maintaining competitive advantages. While the previous research question identified the differences in CSR versus non-CSR programs, RQ3 seeks to understand the overall perception of CSR programs within their respective organizations and if those CSR programs resulted in organizational excellence and competitive advantages. The preceding research questions provided insights into strategic managers' supply chain decision-making processes.

### **Nature of the Study**

Research studies address identified problems systematically by gathering and analyzing data, leading to a better understanding of theories, concepts, experiences, or phenomena. These studies can generate new research topics or contribute to a greater body of knowledge to support generalizations (Mohajan, 2020). Properly framing a research project involves determining how the researcher will address the problem statement, including the paradigm worldview, research design, and methodology for collecting, analyzing, and deriving results. The introduction to this research project includes a discussion of four paradigms, three structural designs, and five qualitative research methodologies commonly used in qualitative business research projects. Each paradigm, research design, and qualitative methodology is defined and discussed in relation to their contribution to this case study project. Lastly, a discussion on triangulation is presented to increase the study's validity.

### ***Discussion of Research Paradigms***

Synonymous with worldview is the term paradigm, introduced by Thomas Kuhn in his published work titled *The Structure of Scientific Revolutions* in 1962 (Kankam, 2019). Kuhn's concepts assisted scientists in making sense of their worlds and realities (Kelly et al., 2018). A researcher's paradigm guides ways of looking for explanations of phenomena, ultimately seeking validity and relatability across a wider audience. Kankam (2019) describes paradigms as an individual's outlook that shapes an inclusive research worldview, establishing a framework that influences data gathering, analysis, and interpretation of results. Because all individuals are subject to bias, paradigms can often prove challenging to recognize as they are ingrained into the psyche and personality of each person; they are implicit, assumed, and often taken for granted. Hamilton and Finley (2019) defined ontology (the observation of reality), epistemology (against what is known), and methodology (how one processes) as the three critical components of any paradigm. How an individual views their perceptions of self and others, political and ethical ideals, historical perspectives, and lived experiences contribute to establishing an individual's worldview (Hamilton & Finley, 2019). The four paradigms common to applied research in the business realm are presented.

**Positivism.** The positivism paradigm is based on an approach that explains observed evidence-based events studied by scientific or mathematical logic; therefore, only what can be observed can be studied. The positivist assumes that people's beliefs, values, and opinions may be false (Turyahikayo, 2021). Therefore, all truth and reality are considered objective, accessible, and independent of both the viewer and the observer (Kankam, 2019). Research and interpretation are accomplished by using universal laws and methods, which are observed and measured based on scientific analysis and deductive reasoning (Mingers & Standing, 2017;

Ryan, 2018). Ragab and Arisha (2018) define the outcomes of positivist research as replicable factual generalizations.

**Post-Positivism.** The post-positivist relies upon a logical, scientific approach, which continues where positivism ends by adopting a meta-theoretical approach, embracing an amalgamation of human experiences subjected to different conjectural experiences (Hamilton & Finley, 2019). Because human knowledge is speculative, the post-positivist researcher strives to continually refine and research, leading to an estimation of truth, unlike the positivist's search for the absolute truth (Kelly et al., 2018). While the positivist's single reality of the truth eventually ends, the post-positivists' research and refinement are continuous (Kelly et al., 2018). Post-positivists embrace how researchers' bias may influence the subject, and cause and effect are probabilities that may or may not happen in the pursuit of discovery (Hamilton & Finley, 2019).

**Constructivism.** The constructivist paradigm seeks to understand the phenomenon, subject, or fundamental law of nature, viewing knowledge as socially constructed by the researcher and the subject, relying heavily upon the subject's views and lived experiences (Hamilton & Finley, 2019). Truth and knowledge are subjective to the constructivist as the subject's cultural and historical experiences shape understanding (Ryan, 2018). Constructivists employ a systematic approach to understanding what is being studied, resulting in gathered data generating ideas that lead to theories. The constructivist researcher acknowledges that their background potentially affects how data are viewed and, as such, considers the subject of interest an active participant when interpreting results (Hamilton & Finley, 2019).

**Pragmatism.** A pragmatic paradigm seeks outcomes that address actions, situations, and consequences of inquiry, resulting in facts and not speculation or interpretations of opinions (Hamilton & Finley, 2019). Metaphysical concepts such as truth and interpreted concepts of



reality are pushed aside as the focus centers on the problem addressed regardless of which truth works at the time of inquiry (Kaushik & Walsh, 2019). As the pragmatism paradigm centers on evaluating the core problem researched, Kankam (2019) stated that observations allow for the development of theories that can then be assessed and applied across a greater field, not solely regarding the sample. Pragmatism rejects a single complete objective or subjective reality rather than focusing on what Kankam (2019) described as adaptive reasoning. The pragmatic paradigm embraces flexibility by allowing the researcher to move between induction and deduction while collecting and analyzing data. The pragmatist accepts many views of the single objective world, allowing flexibility when examining sampled data collection, analysis, and interpretation.

The pragmatist places the research problem at the center of the study, leading to a strict focus on providing solutions to known problems of the occurring phenomena and seeks outcomes that address actions, situations, and consequences of inquiry, resulting in facts and not speculation or interpretations of opinions (Hamilton & Finley, 2019). Metaphysical concepts such as truth and interpreted concepts of reality are pushed aside as the focus is centered on the problem addressed regardless of which truth works at the time of inquiry (Kaushik & Walsh, 2019). Pragmatism rejects a single objective or subjective reality, focusing on what Kankam (2019) described as adaptive reasoning, embracing flexibility by allowing the movement between induction and deduction while collecting and analyzing data.

**Selected Research Paradigm.** This study selected a pragmatic paradigm that best reflected the author's philosophy. This pragmatic approach focuses on the stated problem and the achievable, successful factors that enable strategic managers to overcome challenges (Hamilton & Finley, 2019). A pragmatic paradigm excluded a search for absolute truth, formulated an

amalgamation of strategic managers' contextual experiences to find an unobtainable truth, and factored in the author's perceptions of the realities of those sampled.

### ***Discussion of Design***

The research design process is critical to ensure accurate and effective data gathering, analysis, and interpretation to meet the research objectives (Aguinis & Glavas, 2019). Three basic qualitative, quantitative, and mixed methods designs are necessary to assist researchers in taking broad concepts and narrowing them to detailed data collection and analysis (Hamilton & Finley, 2019; Korstjens & Moser, 2017). To ensure that the findings of research are objective, reliable, and relatable, it is necessary to limit any bias that may be introduced by the researcher during data collection, measurement, and analysis (Abutabenjeh & Jaradat, 2018). In this regard, three commonly used research design methods in business applications are fixed, flexible, and mixed methods.

**Fixed Design.** The fixed design is typically theory-driven, with the study design established before data collection, generally through quantitative measurements. Fixed designs typically involve controlled experiments, surveys, secondary research, and correlation studies, often conducted by individuals with a post-positive worldview (Hamilton & Finley, 2019; Korstjens & Moser, 2017). Fixed designs are often suitable for business studies where the baseline research proposals are determined from the beginning, and all data are collected, measured, and analyzed against the control item, such as testing the effectiveness of a new product or pharmaceutical drug compared to a baseline sample. Abutabenjeh and Jaradat (2018) explained that fixed design studies typically begin with established variables and hypotheses, rely on closed-ended questions or numerical data, and use deductive means to drive statistical analysis and conclusions.

**Flexible Design.** A flexible research design study indicates a lack of rigidity and allows adjustments to research parameters as needed for the best fit (Hamilton & Finley, 2019). The flexible design embraces the qualitative methodology when seeking to understand a problem or phenomenon and offers the option to adjust methods or tools of data collection (Hamilton & Finley, 2019). Qualitative research seeks to establish purpose from inductive, subjective, and contextual data, which may drive changes to generate validity and reliability of the study (Hamilton & Finley, 2019; Shekhar et al., 2018). While flexible-designed studies rely upon qualitative methodologies, incorporating basic limited levels of quantitative measurements may provide for data triangulation; however, those quantitative measurements are limited in their scope. The quantitative tools researchers incorporate into a flexible design study may increase perspectives and a greater understanding but are not incorporated to the degree of a mixed-method design study.

**Mixed Method Design.** The mixed method design incorporates qualitative and quantitative methodology into a single research project study. Equal emphasis is placed on both methodologies, enabling two data sets to complement the other method in an incremental, step-by-step process (Rutberg & Bouikidis, 2018). The researcher can use the results of one method to support the findings of the other and, in the process, identify strengths or weaknesses of the methods, leading to a better understanding and overall validity of the research (Rutberg & Bouikidis, 2018). Mixed method studies incorporate both inductive and deductive reasoning. An inductive process (flexible) allows for discovery through observations, whereas a deductive process (fixed) relies upon starting with a hypothesis in which data are collected and evaluated against what the researcher has predetermined (Hamilton & Finley, 2019).

Research for medical or pharmaceuticals may benefit from the mixed method design as qualitative and quantitative methods may triangulate each other (Rutberg & Bouikidis, 2018). The quantitative method may collect and analyze the effects of a drug, while the qualitative method may lead to the discovery of a subject's perception of the experience (Rutberg & Bouikidis, 2018). A central criticism of the mixed method design is that it resides outside traditional methodology frameworks and, therefore, may require justification regarding structure.

**Selected Research Design.** This research study utilized a qualitative flexible research design, specifically, a multiple case study that provided a holistic, in-depth understanding of the challenges faced by strategic managers in integrating CSR programs into their supply chain strategies. The blueprint of qualitative research is loosely based and adaptive to new information, allowing the researcher to become an integral component through continuous evaluation of the study's vector (Rutberg & Bouikidis, 2018). This research project explored the subject phenomenon without any preconceived theories or hypotheses. The goal was to discover variables that are not easily measured, leading to a better understanding and interpretation of the subject. The findings contribute to the growing body of literature or result in a call to action. (Hamilton & Finley, 2019; Korstjens & Moser, 2017). The case study methodology allowed for flexibility to alter the study's design, if necessary, to derive answers to how and why the study's phenomenon occurred. This flexible multiple-case study design supported and reinforced reliable, valid, and relatable results presented to a broader audience.

### ***Discussion of Method***

The five qualitative methods begin with assumptions, an interpretive lens, and the study of the identified research problems. Researchers must decide the structure for conducting the research based on the appropriateness of the method's approach to the subjects or phenomenon,

available time and resources, and the ability to interpret results in a productive manner that creates valid, reliable, and relatable findings (Hamilton & Finley, 2019).

**Narrative.** The narrative research method is akin to storytelling to uncover potential hidden intricacies, facts, or other details that might go undiscovered if pursued through different research methodologies. Individual subjects are examined over multiple contextual environments covering a period to establish a thorough, in-depth understanding of the lived experience (Hamilton & Finley, 2019). A researcher collects an individual's stories of lived experiences of specific places or situations gathered through interviews, observations, or the examination of artifacts (Hamilton & Finley, 2019). Analysis of collected data intends to uncover patterns, themes, or similarities to other research to develop a greater understanding of the subject, culture, or shared phenomenon. Narrative research methodology focuses on an individual's lived experiences, which leads to a greater understanding of culture and how individuals relate to each other. Narrative research may involve an individual's reaction to cultural events, societal changes, or reaction to a phenomenon that might otherwise go undetected through other qualitative research methods.

**Phenomenology.** Like the narrative method research study, which places a single person or group of single individuals' experience at the center of focus, the phenomenology method seeks to understand a group of heterogeneous individuals' experience of a particular phenomenon (Hamilton & Finley, 2019). The data collected attempts to explain the experiences and how they were perceived. Korstjens and Moser (2017) described two common philosophical approaches: hermeneutical, where the researcher focuses on the subject and their relation to their lifeworld, and transcendental, where the researcher's interpretations are less concerned than the subjects. The data are collected, framed within boundaries (bracketed), and homogenized into similar

statements or themes to convey the experience (Gunawan et al., 2021). Phenomenological methodology is beneficial in researching subjects related to medicine and education. In the example provided when describing the narrative method used to research the lived experiences of cancer patients, each patient has a specific category of illness under the umbrella of having cancer. The phenomenological method would study a group of similar subjects and their experiences of what occurred and how they interpreted the event, such as studying a group of same-aged men with a similar cancer diagnosis (Neubauer et al., 2019).

**Grounded Theory.** The grounded theory methodology discovers theories from collected and analyzed data from participants who have all experienced a process, action, or phenomenon (Hamilton & Finley, 2019). Glaser and Strauss' seminal work, *The Discovery of Grounded Theory: Strategies for Qualitative Research*, published in 1967, discovered that theory could generate results through inductive rather than more traditional deductive means of testing and refining data (Chun Tie et al., 2019). Glaser and Strauss intended to highlight how developing new theories based on subjects' ideas, experiences, and context of a phenomenon is possible (Corbin & Strauss, 2008). Methods of data collection include interviews, participant observation, examining artifacts, and examining written texts (Hamilton & Finley, 2019). Data are continuously updated as the process is iterative until coding collections yield emerging categories and trends leading to theoretical objectives (Flynn, 2017). The grounded theory methodology does not test existing theories against samples. However, it seeks to develop theory through inductive observation, which lends itself to difficulties, specifically over-saturation of collected data and lack of flexibility often afforded by other methodologies.

**Ethnography.** The ethnographic research method is closely related to the case study method. However, it focuses on the shared patterns of behavior, beliefs, language, or anything

discernable to a group or a subset of a group sharing a similar culture (Hamilton & Finley, 2019). Ethnography methodology is standard in the social sciences, such as in anthropology studies, where a researcher will imbed himself or herself within a tribe or group of individuals, interviewing and observing rituals and everyday occurrences over a long period (Hamilton & Finley, 2019; Korstjens & Moser, 2017). Researchers begin with a theory based on cognitive research and, through observation over time, intend to define practices exhibited by the group, which will lead to a greater understanding of the subject and an increase in institutional knowledge (Hamilton & Finley, 2019; Korstjens & Moser, 2017; Zilber, 2020).

Ethnographic research can be time-consuming to observe, collect, catalog, and analyze data over prolonged periods, incurring challenges to both subject(s) and researcher's commitment and regarding the possibility of losing objectivity from going local, thereby becoming prejudicial and reactive to observations and interpretations of data (Hamilton & Finley, 2019). The two types of ethnographers include the realist ethnographer, who remains unattached and unbiased in observation and data collection, commenting on mundane and everyday patterns, values, behaviors, and language of the culture-sharing group. The second type of ethnographer is critical in their approach and intends to discover politically sensitive issues to speak out against the researched subject (Hamilton & Finley, 2019). Although the ethnography method may have business applications, the researcher must adequately justify and sacrifice personally to meet the requirements of a valid and reliable study.

**Case Study.** Of the five methodologies, the case study provides the researcher with an in-depth framework to investigate the why and how of a phenomenon concerning a particular organization, group of individuals, or event or occurrence (Hamilton & Finley, 2019). Case studies allow researchers to focus intently on a case and maintain a holistic perspective

throughout collecting and analyzing data through interviews, questionnaires, audio-visual materials, and documents and reports for one or multiple cases (Hamilton & Finley, 2019). In order to gain a thorough understanding of the studied phenomenon, the researcher limits the scope of data collection to prevent external data from mixing with internal data, helping to establish a strong connection between the case and the research questions and propositions (Hamilton & Finley, 2019; Korstjens & Moser, 2017). Bounded limitations in case study methodologies prevent research questions deemed too broad in scope from creating an abundance of data. Typical characteristics of a case study research focus on one individual or a group typically limited to no more than five or six participants (Creswell & Poth, 2018; Hamilton & Finley, 2019; Yin, 2018).

***Three Types of Case Studies.*** Korstjens and Moser (2017) defined three types of case study designs: instrumental, collective, and intrinsic. The instrumental case study focuses on one issue or concern and selects one bounded case to illustrate the issue. Like the instrumental, the collective (or multiple) case study selects one issue or concern. However, multiple case studies illustrate the issue until a saturation point has been met (Hamilton & Finley, 2019). This method increases the number of perspectives on an issue and, at the same time, increases the likelihood of repetition sought for recreating the research. The intrinsic study design focuses on the case itself due to some unique characteristics of that case (Hamilton & Finley, 2019). Intrinsic case studies may consist of a study of a system affecting individuals rather than focusing on those affected. The challenges of case study methodology include establishing boundaries for data collection and research parameters, ensuring that the research stays focused, and eliminating irrelevant information. Studying single or multiple subjects requires balancing time and resources (Hamilton & Finley, 2019).



**Selected Methodology.** This research study relied on a qualitative flexible design multiple case study methodology, which provided a holistic, in-depth description and analysis of how and why strategic managers experience challenges when CSR programs in their current supply chain strategies potentially affect organizational excellence and competitive advantages. The case study methodology provided flexibility to alter the study's design, when necessary, to derive answers to how and why a phenomenon is occurring. This flexible multiple-case study design supported and reinforced reliable, valid, and relatable results to a broader audience.

The flexible qualitative case study methodology facilitated a comprehensive, in-depth analysis of phenomena that examined identified complexities from multiple perspectives (Fearon et al., 2021). Data collected from research questions targeted participants' experiences until a saturation point was achieved (Hamilton & Finley, 2019). By applying a pragmatic paradigm to this case study, both positive and negative points of interest were analyzed for cause and effect instead of viewing the specific problem statement regarding an absolute truth (i.e., positivist or post-positivist) or a constructed reality of the phenomenon (i.e., constructionist).

***Four Design Methods Not Selected.*** Selecting a design method depends on the research approach that best reflects the researcher's intent (Hamilton & Finley, 2019). Each method provides a means to accomplish a goal, whether that goal be to explore an individual or group of individual's lived experiences, to create a theory based on research, to share a group's cultural identity, or to provide an in-depth study of a single case (Hamilton & Finley, 2019; Korstjens & Moser, 2017). Each methodology requires researchers to balance considerations such as time, resources, training, and research structure when deciding on a way forward. Both the narrative and the phenomenology design methods were ill-suited for this research program as the intent of these two methodologies is to present the lived experiences of an individual or group of

individuals. These approaches would not contribute to why strategic managers are experiencing challenges when initiating CSR programs into the supply chains. The lived experiences of one strategic manager or a group of strategic managers would be ineffective.

Similarly, a grounded theory methodology was ineffective because this study began with specific theories as a baseline before data collection. Lastly, the ethnology methodology intends to discover why strategic managers are challenged and how they perceive these challenges, not to discover the shared cultural values of strategic managers experiencing challenges as outlined in the specific problem statement. Therefore, the selected methodology was the collective case study; by including multiple cases, the study's reliability and validity were increased, making the subject relatable to a wider audience.

### ***Discussion of Triangulation***

Triangulation is the process of using more than one approach when conducting research to increase validity by converging information from multiple sources (Carter et al., 2014). Triangulation increases the credibility of a researcher's findings, specifically validity, which reflects the accuracy of concepts or ideas investigated (Noble & Heale, 2019). In addition to enhancing validity, triangulation creates a more in-depth picture and provides a means to interrogate different ways of understanding a research problem (Nightingale, 2020). There are four types of triangulation: data, theoretical, investigator, and methodology; data and theoretical methods were the selected triangulation methods for this study. Theoretical triangulation involves applying several theoretical frameworks to the research project. This approach relied upon three theories presented in this study's framework, including stakeholder, legitimacy, and servant leadership theories.

### ***Summary of the Nature of the Study***

Selecting a research design is critical in selecting the right study methodology. Four paradigm worldviews were initially presented, defining how a researcher views problems and gathers and interprets data. The author's pragmatic paradigm worldview seeks answers to the phenomenon studied without regard to a single objective truth or concern with the subjects' view of reality. The three research designs—fixed, flexible, and mixed methods—were presented with descriptions and examples of each method's application and how they support either qualitative or quantitative research frameworks. The research project used a fixed qualitative design to allow for the flexibility of parameters and to adapt to the emerging data collected to meet the study's intent. The presentation of the five qualitative methodologies and how they support this research proposal provided the basis for determining the most appropriate methodology. The author selected a multiple case study as it closely leads to an in-depth understanding of the subject and specific problem statement. Lastly, triangulation was discussed to increase a research project's validity through multiple options, including various forms of data collection and data analysis through multiple theoretical applications.

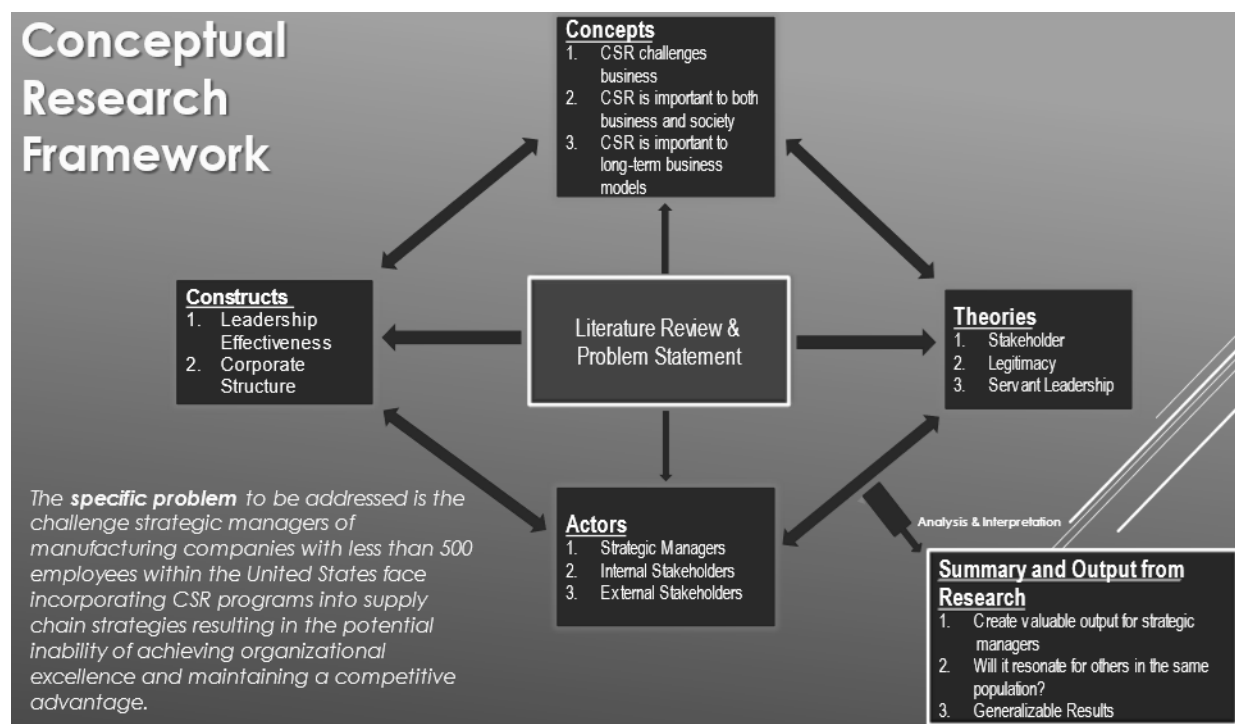
### **Conceptual Framework**

The theoretical framework of a research project provides a structure for conducting the research, including defining the problem, purpose, justification, and expected outcomes. It serves as the basis for conducting a literature review, selecting a data collection method, analyzing the data, and interpreting the results. As CSR continues to gain global recognition in both public and private sectors, strategic managers and stakeholders increasingly anticipate the 3BL approach, seeking goals benefiting people and the planet in addition to profits (Kouaib et al., 2020; Weidner et al., 2021). The following section discusses each element of the study, including

concepts, theories, actors, and constructs and their relationship to each other. The diagram in Figure 1 is a visual representation of the framework for this study. The diagram presents a model of four elements, including concepts, theories, actors, and constructs, surrounded by the specific problem statement, intending to depict how the specific problem can affect each of the four elements, which, in turn, influence strategic managers' decision-making processes. Figure 1 depicts forward and reverse arrows between the elements, which indicate that the blocks do not lead into one another. However, they do have some level of influence on each other. Analysis and interpretation of the data led to study results relatable to other strategic managers in the same population.

**Figure 1**

### Conceptual Research Framework Diagram



## *Concepts*

The available professional and academic literature led to three controversial yet increasingly accepted concepts selected for this research study. A concept is an abstract idea that cannot be quantified or precisely defined. They are ideas, principles, general notions, or groups of ideas generalized from combining characteristics or particulars. When combined or woven together, concepts reinforce research and help shape what is abstract into concrete. This research project presented three concepts regarding how CSR is viewed in the business community, how it is gaining importance to leadership and stakeholders, and how it is embraced among global societies.

**CSR Challenges Business.** For strategic managers, the perception of CSR programs can be a significant obstacle due to the associated unnecessary risks and costs, especially among SMEs. They tend to believe these programs are better suited for larger firms more capable of incurring the associated costs (Stoian & Gilman, 2017). For participants, incorporating CSR programs into business models offers no guarantee of gaining a competitive advantage, and therefore, careful evaluation and selection of programs are crucial. This challenge must be addressed, especially as CSR continues to gain prevalence in both developed and undeveloped regions of the world.

**CSR is Important to Both Business and Society.** Over the past few decades, governments worldwide have recognized the need to promote CSR programs, a trend that will most likely continue to increase in popularity and importance. Whether mandated by governments or voluntarily enacted, CSR is becoming increasingly important to businesses and societies as stakeholders seek validation. It is not just another business trend but a shift in how businesses operate and societies function. Businesses are embracing CSR programs to strengthen

all actors in the value chain, leading to company growth, increased sustainability, and providing value to all internal and external stakeholders through transparency and credibility of CSR reporting.

CSR is undeniably increasingly integrated into business strategy at all levels (Nave & Ferreira, 2019). Mamun and Shaikh (2018) described how social and economic goals directly relate to an organization's success, although they are not necessarily directly correlated. Consider the following examples of CSR governmental mandates. In 2013, the Indian government mandated that larger firms allocate at least two percent of their profits to CSR programs. This requirement addressed the absence of sufficient social welfare initiatives, which would otherwise necessitate higher taxes to improve living standards. Germany mandates non-financial disclosures of those German firms of 500 or more employees as part of the European Union's (EU) mandate for firms to report on their social, economic, and environmental topics under the guise of due diligence or mandatory CSR, among the EU members (Bergmann & Posch, 2018).

**CSR is Becoming Critical for Long-Term Business Strategy.** The increase in an organization's social contract contributions strengthens and supports the entire value chain from suppliers to customers, allowing for the elimination of non-value-adding components and leveraging strengths (Kramer & Porter, 2006). Weidner et al. (2021) detailed the increasing expectations the global community places on businesses to incorporate the 3BL into business models, as previously mentioned with the Indian and EU member nations. Latapí Agudelo et al. (2019) described the emergence of modern-era CSR beginning in the 1950s as predominantly philanthropic but has emerged over the ensuing decades, significantly pushed forward by globalization and the rise of multinational organizations relying upon labor and resources derived from developing and third-world nations. More significant concerns about implementing CSR

have led strategic managers to incorporate programs into business models. This represents a shift toward social contracts providing economic profitability and stewardship of resources needed to remain globally competitive (Mamun & Shaikh, 2018; Mitra, 2021). Additionally, awareness of CSR is driving organizations to incorporate more programs benefiting societies seeking social and environmental value in addition to quality products and services (Mamun & Shaikh, 2018).

### *Theories*

A theory provides a broad framework for interpreting, viewing, and analyzing data. The usefulness of a theory lies in its ability to help researchers make sense of complex phenomena by providing a lens through which they can investigate, observe, and make predictions. According to Hamilton and Finley (2019), theories are essential tools for researchers in many fields, including the social sciences, natural sciences, and humanities. Collins and Stockton (2018) defined a theory as a generally accepted idea encompassing many other smaller ideas with a high degree of explanatory power. Creating a framework of accepted theories simultaneously combines what a researcher believes and values, creating a foundation for interpreting data and processing new knowledge (Collins & Stockton, 2018). Three predetermined theories in this research project established a comprehensive theoretical framework for data collection, interpretation, and analysis, resulting in a triangulation method that enhanced validity (Leeming, 2018).

**Stakeholder Theory.** In order to fully comprehend the scope of stakeholder theory, it is essential to grasp Milton Friedman's stockholder theory. The stockholder theory focuses solely on bottom-line profits, yielding maximum returns to shareholders and owners of the organization, resulting in creating value, which then gets passed along to customers (Jahn & Bruhl, 2018). The stockholder theory was created by famed libertarian economist Milton

Friedman, who stated that businesses do not have any social or moral obligations other than legally and ethically maximizing their profits (Freeman et al., 2018). In contrast, the stakeholder theory created by R. Edward Freeman (Freeman et al., 2018) argued that businesses should create value for all parties integral to an organization's success.

The stakeholder theory raises expectations by including customers, suppliers, employees, communities, and lenders who seek value over those expecting to profit, specifically owners and internal stockholders (Freeman, 2009). Social concerns balance out the 3BL by incorporating fair treatment of people (i.e., employees and customers) and the planet (i.e., sound environmental policy and practices), creating a sense of corporate citizenship achieved through a commitment to social concerns of all stakeholders in addition to generating customer value and maximizing profits for shareholders in a world of scarce resources, social conflict, and environmental degradation (Weidner et al., 2021).

**Legitimacy Theory.** The legitimacy theory states that businesses have an implicit social contract with their communities and customers through open and honest disclosure of social responsibility and sustainability measures for public evaluation (Velte, 2021). Deegan (2019) described legitimacy theory as when a business is operating within conformance of what is expected by society, the community will prosper, and those businesses operating outside expected standards will be deemed illegitimate and suffer sanctions imposed by communities and governments through higher taxation, compliance standards, or by customers' negative actions resulting in decreased demand.

Legitimacy theory establishes a shared understanding of ethical behavior, which dictates established boundaries that safeguard and offer the most benefit to society (Velte, 2021). Strategic managers embracing the legitimacy theory strive for long-term survival by meeting



societal demands and expectations through accurate reporting, increasing resource stewardship, improving employee and investor relationships, and providing customer value. Subsequently, Velte (2021) described how this enhances CSR efforts, including organizational excellence and competitiveness.

**Servant Leadership Theory.** Servant leadership theory describes leaders who place others in their organization before profits, striving to create a greater good for all others above self-interests (Hartnell et al., 2020). The servant leader is first a servant to subordinates, focusing on their development and promoting every opportunity to benefit throughout the organization (Afsar et al., 2018; Heyler & Martin, 2018), yet critics cite leaders' difficulties serving multiple interests in the pursuit of remaining solvent as each entity desires attention at the potential cost of others. Over the past 50 years, the rise of CSR programs has led to a shift in expectations from the shareholder theory to the stakeholder theory. This has increased visibility and the number of stakeholders seeking approval and attention, expanding the scope of responsibility for servant leaders. A shift from only economic profits to a broadened focus on providing value to all stakeholders often requires a strong transformational leader focused on building organizational trust between internal stakeholders. Mallen-Broch et al. (2020) described the servant leadership style as best suited to incorporate CSR initiatives into business models. Servant leaders place a high value on achieving goals and objectives by focusing on employees and stakeholders through developing an environment of mutual trust, collaboration, empathy, and ethics (Lumpkin & Achen, 2018). Internal and external stakeholders benefit in creating higher standards of ethics, virtue, and morality (Lumpkin & Achen, 2018).

### *Actors*

Three groups of identified actors are presented in the framework of this research study, including strategic managers and internal and external stakeholders of the organization. Internal stakeholders often include employees, boards of directors, stockholders, and those directly associated with the organization, while external stakeholders typically include suppliers, governments, societies, or those interested parties who are not directly associated with the business. Each group of actors has specific roles and responsibilities toward the organization and influences each other in various ways, as explained below.

**Strategic Managers.** Strategic managers are the leaders responsible for setting the organization's tone, controlling decision-making efforts, guiding operations, planning, and overseeing programs to pursue organizational excellence and competitive prosperity. Strategic managers are liable and held accountable for all resources under their purview, including gaining concern with implementing CSR programs that generate maximum profits and values for all three bottom lines of people, planet, and profits (Tiwari et al., 2021). Strategic managers are directly influenced by those internal and external to the organization, each with specific roles and influences intending to drive outcomes and validate needs. Opportunity-seeking strategic managers understand these influences and balance those desired outcomes from stakeholders along with current business models to create an environment of success for customers and stakeholders and maximize the shareholders' wealth in a visibly authentic manner (Waldman et al., 2020).

**Internal Stakeholders.** Internal stakeholders are directly involved in the organization's success, including boards of directors, managers, employees, and, to some extent, voting stock members or those with direct financial interests in the business. Strategic managers must

understand the complexities of those internal stakeholders and balance their power to affect outcomes within the organization (Macassa et al., 2021). Internal stakeholders are often directly involved in promoting CSR plans for adoption, such as increasing employee training, safety standards, environmental impacts, and adopting standards as presented in the ISO26000 guidance for universal CSR programs (Talib et al., 2021). Liu et al. (2020) described the positive linkage between internal stakeholders and strategic managers when those internal stakeholders are involved in the strategic direction and planning of the organization and when able to influence the decision-making process.

**External Stakeholders.** External stakeholders are identified as those people or entities outside the organization yet still have some ability to affect or be affected by the organization. Those external stakeholders typically include business external supply chain partners, customers, creditors, lenders, community members, and governmental agencies who indirectly affect outcomes while remaining external to the organization. External stakeholders drive strategic managers in their strategy development when interests are affected by the firm's actions (Xu et al., 2021). Customers may stop buying or openly protest against the company on social media, intending to cause adverse effects until their needs are met. Xu et al. (2021) described strategic managers' developing pressures regarding cultural identifications through stated beliefs, symbols, and other virtue signals expected by external stakeholders and other advocacy groups seeking legitimacy.

### ***Constructs***

Constructs are concepts that are broad in scope and uneasily defined or measured. When an individual is said to have a poor attitude, widespread images, opinions, and conclusions are prevalent for each person sitting in judgment of the accused person. Someone may believe they

"know it when they see it," yet the results are subjective and remain unmeasurable. A leader's management style is a construct that deserves consideration when applied to CSR affecting an organization's supply chain. Additionally, the concept of the corporate structure in this research project was reflective based on the number and type of internal stakeholders, the structure of the business, and the level of involvement from decision-making managers. Only non-governmental, for-profit businesses with some level of active CSR were considered for this research project.

**Leadership Effectiveness.** The effectiveness of strategic management's leadership capabilities directly impacts the ability to successfully implement CSR programs, leading to increased organizational excellence and competitive advantages. Lumpkin and Achen (2018) described the value of a leader establishing trust with stakeholders through managing with high ethical, moral, and virtuous business practices. Influential leaders motivate, empower, demonstrate trust, build relationships, and build upon competence to further organizations (Lumpkin & Achen, 2018). In contrast, ineffective leadership detracts the organization, hindering profitable bottom-line results (Waldman et al., 2020). The leadership style may significantly impact the acceptance of CSR along with its implementation and management.

**Corporate Structure.** An organization's leadership structure can have decision-makers who actively provide strategic direction and influence over CSR. In the case of incorporated businesses, boards of directors and voting stockholders may have an influence depending on the size and organization of the business. For LLCs, employees with influential access to leadership may serve the same functions as members of a board of directors (Lidstone, 2021). Because CSR programs are increasingly critical to organizational success, internal stakeholders may pressure strategic managers to direct changes affecting labor, working conditions, training, and other initiatives that improve working conditions. External stakeholders may attempt to pressure

strategic managers to address, implement, and manage CSR initiatives and programs through soft measures of decreased sales, governmental regulations, or negative feedback on social media.

On the other hand, companies structured as S-Corps, sole proprietorships, or owned or influenced by governmental agencies in socialist societies, such as those in European nations, may have different perspectives on how to approach CSR. For example, a government-owned business, or one where considerable governmental oversight is the norm, as in Germany, may be able to enforce CSR mandates and set new societal and business expectations instead of a business operating in a free market (Sahasranamam et al., 2020).

### ***Relationships Between Concepts, Theories, Actors, and Constructs***

Each of the four elements presented in the study's theoretical framework was selected based on their potential ability to affect others either directly or indirectly to some degree. CSR programs intend to exceed stakeholder expectations through sustainable long-term business practices (De Silva & De Silva Lokuwaduge, 2021). CSR is increasingly accepted as necessary for long-term strategic planners to remain competitive and to reflect shifting business and social expectations gaining momentum through the global community. However, CSR programs can be costly and strain scarce resources, which places greater demands upon managers to balance budgets with customer needs and stakeholders' demands. Literature has shown the growing importance of CSR programs globally as beneficial to businesses, societies, and the environment. Nevertheless, available literature has also shown the financial and budgetary challenges presented to the business community embracing CSR programs, stifling widespread acceptance and adoption (Asmussen & Fosfuri, 2019). Both academic and professional literature indicate that CSR is becoming a strategic necessity for managers' planning and pleasing internal and

external stakeholders, creating a sense of loyalty to the firm, which can easily be lost and leave negative impacts on the organization.

This research project's conceptual and theoretical frameworks were best suited for the subject of interest presented, as CSR often relies upon voluntary adoption by leadership. All elements presented in Figure 1 relate to and influence each other. The research project began by identifying the changing nature of the business community's efforts to understand, adapt to, and successfully implement CSR programs into their supply chain strategies. Heuristic beliefs suggest that CSR challenges business leaders, their budgets, organizational excellence, and competitiveness. However, prevailing concepts behind the adoption of CSR indicate that the business community and the societies in which they operate are growing more concerned about issues beyond just products, services, and profits. With the increasing demand for social consciousness, stewardship, and ethical business practices, particularly in areas where supply chains rely on labor practices in developing nations, the issue of CSR is becoming unavoidable.

**How Theories are Used to Interpret Data.** The three theories presented in this research project shape the interpretation of how strategic managers' decisions reflect their philosophical outlook. The stakeholder theory drives strategic managers' decisions to maximize 3BL profits and ethically treat internal and external stakeholders fairly. This sense of ownership or stewardship of the 3BL leads to the second theory, the legitimacy theory, which guides strategic managers to meet societal demands and mitigate risks to the environments, customers, and all employees in the value chain. Servant leadership theory best suits ushering in CSR programs with a positive, long-term, sustainable outcome benefitting internal and external stakeholders (Lumpkin & Achen, 2018; Mallen-Broch et al., 2020).

**How Actors May Drive Actions and Change.** Internal actors, in particular labor, have a more direct ability to affect the decision-making processes of strategic managers' while external actors in the organization tend to drive change through social media, word of mouth, driving legislative changes affecting business, or by spending their money elsewhere (Sahasranamam et al., 2020). Attracting and retaining quality talent is paramount more than ever. More than additional training or benefits offered, labor forces seek a connection, something more significant than a paycheck (Valentine et al., 2017). Other internal stakeholders seek assurances of ethical treatment of employees, accurate reporting, and environmental stewardship, placing pressure on strategic managers' efforts to attract and retain talent. External stakeholders exhibit similar concerns and have shown a proclivity to alter strategic management's decisions by spending elsewhere or through negative social media (Xu et al., 2021). Boards of directors and shareholders can vote to remove senior leadership of corporations; governmental oversight may impose higher CSR programs or production standards, such as CAFÉ standards placed upon automobile manufacturers (Sahasranamam et al., 2020). Internal and external actors pressure strategic managers to balance profitability against the remaining elements of the 3BL: people and planet.

**How Constructs May Affect Decision-Makers.** A business's structure and leadership's effectiveness can directly impact the selection, implementation, and outcome of CSR programs adopted into current business strategies through stakeholder influences. Effective strategic managers and leaders motivate, empower, demonstrate trust, build relationships, and build upon competence to further organizations (Lumpkin & Achen, 2018). An absence of effective leadership is a detriment to the organization. Leadership determines why CSR programs are adopted and how they are implemented in the organization, and they must work within set

boundaries provided by governments, the structure of the organization, and those internal to the organization. External stakeholders may have limited means of altering strategic managers' decisions, but the capability is potentially there to create change. Awareness of CSR is growing globally, and expectations are increasing; additional concerns for the long-term survivability of any organization are adding new requirements to create value for those internal and external to the organization. CSR is increasingly required for organizational success regardless of product, service, or location.

### ***Summary of the Research Framework***

The theoretical framework of a research project is like a blueprint for a building, depicting the structured walls and supporting frames. Similarly, these boundaries guide a researcher throughout the dissertation process. The author of this study presented a research project to understand why and how strategic managers face challenges when implementing CSR programs into their supply chain strategies. This study discussed how CSR is emerging throughout the business community and its growing importance in leading strategic managers to adapt new concerns, ideas, and actions beyond traditional goals of focusing solely on profit maximization and creating value for all internal and external stakeholders. The theories presented allowed the researcher to analyze data from the perspective of why things are occurring and to understand the structured organizational restrictions and expectations placed on strategic managers.

### **Definition of Terms**

The following terms were included to clarify for the reader, as they were frequently used in this research project and existing literature. It is important to note that CSR may have different names used interchangeably based on current trends or the locations where the programs are



implemented. While this list may not cover all terms as new names, titles, and language are continually emerging, it represented the subject matter to the best of the author's current knowledge.

*Closed loop supply chain:* A closed-loop supply chain (CLSC) attempts to reincorporate the return of materials and supplies that would otherwise be discarded during a product's life cycle (Duan et al., 2022). Manufacturers and suppliers may create additional value throughout the supply chain ecosystem by recycling and reusing products throughout a product's life cycle. The CLSC philosophy is becoming increasingly important for strategic managers considering adopting sustainable CSR programs that allow them to have a positive impact without depending on external partners.

*Corporate social responsibility:* Businesses engage in CSR by extending value to stakeholders beyond their normal operations to pursue profits (Aguinis & Glavas, 2019). CSR efforts vary widely between organizations, industries, and societies. They include initiatives to create social and environmental value through ethical leadership, truthful reporting, responsible use of resources, and improving the quality of life for employees, local communities, and society (Dey et al., 2018).

CSR encompasses four basic areas: economic, legal, ethical, and philanthropic efforts. These efforts are intended to increase social and environmental value and contribute to profitability. Mitra (2021) described CSR as adaptable, taking different forms depending on the context. In wealthier nations, it focuses on long-term strategic goals, diversity, fair labor practices, and philanthropy. The politically mandated CSR in emerging economies aims to support deficient social welfare programs. CSR extends beyond the scope of business when simply maximizing profits is considered inadequate (Jahn & Bruhl, 2018; Saleem et al., 2020).

*Diversity, equity, and inclusion (DEI):* a growing essential component of CSR, seen as a requisite of a thriving and successful workplace. The intent of DEI is to adopt a societal framework in organizations that can foster a culture of respect, understanding, and collaboration that benefits employees, customers, and the broader community by focusing on individuals who have historically been underrepresented based on identity or disability.

*Due diligence:* The EU's nomenclature for the directive on corporate social responsibility and sustainability. Due diligence fosters sustainable and responsible corporate behavior and anchors human rights and environmental considerations in companies' operations and corporate governance. Due diligence means that businesses address the adverse impacts of their actions, including in their value chains inside and outside Europe.

*Environmental, social, and governance (ESG):* The environmental, social, and governance (ESG) score is a voluntary index rating companies use to measure their sustainability and ecological stewardship levels based on standards agreed upon by United Nations and Paris Agreement members regarding climate change (Zanin, 2021). ESG scores are determined by each reporting business or organization and compared to industry peers by governing boards such as the Sustainability Accounting Standards Board (SASB). This comparison helps link scores to financial solvency and provides a new level of risk management for potential investors (Duque-Grisales & Aguilera-Caracuel, 2021).

*External stakeholders:* Individuals or entities associated with a business often include customers, direct suppliers of equipment, parts, or raw materials, creditors/lenders, governmental agencies, local communities operating near businesses, and the greater societies served by the organizations (LaBaron et al., 2022).

*Greenwashing:* Lee et al. (2018) defined greenwashing as deceptive attempts by organizations to pander to clients, customers, or other decision-makers by disseminating false information regarding the environmentally favorable processes or outcomes of their businesses' CSR programs. Claims of CSR may be vague or exaggerate new benefits in areas often unobservable, offering little concrete evidence or detailed clarification demonstrating measures of effectiveness (Wu et al., 2020). According to Lee et al. (2018), the opposite of greenwashing is going brown, the opposite of adopting CSR or greenwashing, and occurs when a business refuses to embrace CSR efforts into its business model.

*Internal stakeholders:* Employees, owners, board members, managers, leaders, investors, and shareholders of the corporation are internal stakeholders (LaBaron et al., 2022).

*Political corporate social responsibility:* Political corporate social responsibility (PCSR) is the act of an organization or business using CSR programs to push forward an agenda of a politically charged nature for the appeasement of outlying stakeholders seeking validation and legitimacy (Carroll & Brown, 2018; Liu et al., 2020; Scherer et al., 2016). Coke-a-Cola, Apple, IBM, and Capital One have all been accused of PCSR, with a recent example being Disney's attempt to influence both politicians and public opinion by using brand recognition and funds to promote social and political objectives and exert influence of specific advocate groups over others (Sobande, 2019).

*Supply chain:* The network of suppliers and distributors involved in manufacturing and delivering a product to end customers, with the core business identified as Tier 0, the first supplier as Tier 1, and secondary suppliers at Tier 2 who sell to Tier 1, and so forth (Liu et al., 2020).

*Sustainability*: In the context of CSR, sustainability refers to the long-term success of an organization's ability to remain competitive while creating shared societal and environmental value for all stakeholders (Fish & Wood, 2017). Sustainability is also simultaneously interchangeable with CSR.

*Triple bottom line*: The triple bottom line (3BL) consists of social (people), environmental (planet), and economic (profits), of which the first two are generated through CSR programs. The introduction of social and environmental bottom lines compete for scarce resources against profits, balanced by strategic managers intending to generate organizational excellence and competitive advantages in the marketplace (Waldman et al., 2020).

### **Assumptions, Limitations, Delimitations**

A research project's assumptions represent the foundational beliefs acknowledged as validated by researchers and readers of dissertations or published research. At the very least, plausibility exists based on factors such as the statistical representations of a selected sampled population or the design of a researcher's framework (Simon, 2011). Limitations are those possible weaknesses in any study that are out of the researcher's control, although they may be mitigated to some extent (Simon, 2011). Last, delimitations are the boundaries the researcher sets to ensure the inclusion or exclusion of critical items for a manageable, orderly study. Delimitations prevent data collection, analysis, and interpretation from straying outside set boundaries, lending to the reliability and objectivity of the data collected. The following assumptions, limitations, and delimitations were offered to assist the readership in understanding the scope of this author's research project.

### *Assumptions*

The first fundamental assumption was that CSR in its various forms will continue to be relevant to business and an essential component of strategic planning and strategy necessary for long-term sustainability (Valdez-Juárez et al., 2018). As Sales (2019) stated, businesses are not immune to shifting global social norms and expectations, where traditional strategic business models transform to include increased pro-social behavior (Kotek et al., 2018). Mitigation efforts include reinforcing the importance, relevance, and increasing expectations spurred on by globalism and technological increases, uniting people and societies simultaneously. As CSR takes on many forms, including economic, legal, ethical, and philanthropic programs (Mitra, 2021; Stobierski, 2021), the importance of CSR continues to gain momentum in strategic long-term planning, either by voluntary or governed means (Mamun & Shaikh, 2018).

Participants in this research study responded truthfully to all interview questions. Just as medical patients are known to withhold pertinent information from treating physicians for various reasons undermining treatments, participating strategic managers in this research project might have been reluctant to answer openly or withhold responses for fear of reprisal (Wetzel, 2019). Mitigation efforts to promote accurate responses included informing all potential participants that the study would protect identities by preserving the anonymity and confidentiality of responders and by allowing withdrawal from the research program at any time without the fear of negative recourse (Simon, 2011). Additionally, all collected information is safeguarded and handled with the highest degree of confidentiality.

The participants in this research study were aware of the basics of CSR. By answering the interview questions, they continued their education on CSR's intent and impact on business and supply chain management. All case study participants actively participated in the decision-

making processes of their respective organizations. Efforts to mitigate potential issues included creating qualification requirements for the greater sample based on knowledge, position, and experience related to the topic.

### ***Limitations***

The primary limitation of the research study was the specific convenience sample, specifically strategic managers of SME manufacturing companies, rather than a purely random sampling. The narrow sampling limited the generalizability of the results to a broader population. However, it provided valuable recommendations to strategic managers in SME manufacturing and non-manufacturing industries considering adopting CSR programs. The study targeted a large sample population to overcome this limitation until the point of reaching thematic saturation. The larger sample improved the validity and reliability of the collected, analyzed, and reported data (Sebele-Mpofu, 2020; Weller et al., 2020).

The research faced limitations regarding timeliness, as business leaders were subjected to current business, economic, social trends, or political factors affecting the decision-makers surveyed. Ever-changing business trends or imposed government policies threatened stability and potentially forced artificial change by enacting new governmental policy adherence. A future recommendation to address this limitation was to conduct a longitudinal study to measure changes in trends over longer periods of time (Hamilton & Finley, 2019; Korstjens & Moser, 2017). A third limitation was the potential for biased responses. Participants fear judgment or criticism if they provide perceived incorrect responses to the interview questions, which would challenge the validity of the data collected. Efforts to mitigate this limitation included assuring participants of the confidentiality of their identities and of their specific industries (Wetzel, 2019).

### ***Delimitations***

The study's first delimitation narrowed the boundaries for data collection by limiting the sample to strategic managers of SME manufacturing firms with 500 or fewer employees. Only C-suite and equivalent-level managers actively engaged in selecting, implementing, and overseeing CSR efforts were interviewed concerning their organization's business and supply chain strategies. The second delimitation limited the research to only manufacturers based in the United States. However, many sampled had supply chain operations based overseas in developing nations under the host nation's purview.

The third delimitation eliminated evaluating data through the lens of Milton Friedman's Stockholder theory, as this theory stands counter to CSR. In principle, the theory states that as long as managers act ethically and legally, they have met their environmental, social, and governance responsibilities and require no additional efforts extending beyond those in pursuit of creating the best products and services while maximizing profits (Aguinis & Glavas, 2019; Freeman, 2009; Friedman, 2007; Silvestre et al., 2018). Those businesses embracing Friedman's Stockholder theory were considered most likely biased in their contributions but could offer valuable insights into why CSR challenges strategic managers (Jahn & Bruhl, 2018; Saleem et al., 2020).

### **Significance of the Study**

This research project provided a platform for strategic managers' consideration when evaluating, selecting, and implementing CSR programs into their supply chain strategies. The study sample was bound by location and size, but it was expected that the decision-making models and reasoning would be relatable to other strategic managers considering adopting CSR into their supply chain strategies. The study offered insights and guidance from a select group of

strategic managers, providing a deeper understanding of decision-making models, which resulted in positive organizational benefits for all stakeholders. This study fills gaps in the current literature regarding how CSR applies to supply chain management and contributes to the biblical principles of stewardship, creating social and environmental value through proper human and natural resources management. It has relatable applications to the greater business community and strategic managers and decision-makers seeking to incorporate CSR programs into the current business models.

### ***Reduction of Gaps in the Literature***

Recent literature on strategic management integrating CSR programs into their supply chain strategies is limited. Current academic writings focus on the challenges larger organizations encounter when adopting CSR or the benefits and drawbacks of programs with little consideration of strategic managers' decision-making strategies. Related topics such as how manufacturers incorporate CSR to achieve green environmental successes, such as incorporating a closed-loop supply chain strategy (Cheng & Ding, 2021; Kraft et al., 2018), and those embracing CSR to increase their exposure in hopes of gaining advantages when competing for government procurement contracts (Flammer, 2018).

Liu et al. (2020) further explored governmental subsidies' impact on commitment levels in manufacturing firms leading to increased profits for supply chain members. Other common research topics include the impact of supply chain visibility on consumer value and the motives that directly influence the decision-making capabilities of strategic managers (Kraft et al., 2018). Available literature explores many of these topics but little to no exploration of why strategic managers select CSR programs for their supply chain strategies or how they base their decisions given the wide range of CSR options.



Supply chain management is vital for manufacturing companies that want to stay competitive in today's fast-paced environment driven by advanced technology and global trade. It has become the go-to model for long-term business growth (Cheng & Ding, 2021). Strategic managers can use this research project's findings to assist in deciding if CSR creates value for internal stakeholders (e.g., employees, board of directors, stockholders, etc.), and demonstrates to external stakeholders (e.g., customers, lenders, society, etc.) their commitment to long-term sustainable outcomes of mutual value and benefit, reinforcing the concept of biblical stewardship.

### ***Implications for Biblical Integration***

The concept of CSR is based on the biblical principle of stewardship. Luke 12:48 (New King James Version, 1982) states, "For everyone to whom much is given, from him much will be required; and to whom much has been committed, of him they will ask the more." This scripture applies to strategic managers, guiding their faithfulness in managing what is under their authority to all concerned stakeholders. CSR directly correlates with how a business enacts stewardship of resources to pursue profitability while simultaneously creating social and environmental value (Fish & Wood, 2017; Mamun & Shaikh, 2018; Shen et al., 2020). Strategic managers of businesses have fiduciary responsibilities to internal stakeholders. They are increasingly accountable for social and environmental stewardship, leading to organizational excellence and competitive advantages. The book of 1 Corinthians 10:31 states, "for whatever you do, do it for the glory of God" (New King James Version, 1982). The traditional approach to CSR focused mainly on philanthropic activities (Siltaloppi et al., 2021). In contrast, contemporary CSR programs aim to engage internal stakeholders, such as employees, managers,

and shareholders while also fostering positive relationships with external stakeholders like customers, suppliers, and societies (Barnett et al., 2020).

Jahn and Bruh (2018) described how R. Edward Freeman's stakeholder theory embraces all internal and external stakeholders of an organization seeking value and legitimacy. This contrasts Milton Friedman's stockholder theory, which focuses on generating maximum profits without considering other stakeholders (Jahn & Bruh, 2018; Saleem et al., 2020). When strategic managers consider all stakeholders in planning and operations decisions, they embrace the legitimacy theory, which is based on a social contract between the business community and society (Velte, 2021). Strategic managers who choose to ignore social and environmental considerations to their 3BL do so at their own peril, particularly in organizations that rely on the benefits of a global supply chain system.

Multi-tiered supply chains may benefit from outsourced suppliers or laborers who are not visible to the core manufacturer. However, this could lead to their demise if poor conditions, labor abuses, and excessive pollution are employed without oversight (Fontoura & Coelho, 2020). Responsibility and accountability are paramount, considering the accessibility of technology that grants visibility and instant global communications. Businesses can no longer assume complete autonomy in their actions. As such, CSR continues to gain importance for acceptance into corporate and social environments and is a crucial linchpin to long-term sustainability (Goedeke & Fogliasso, 2020).

The variety of CSR programs is vast, and while not every program is suitable for all businesses, the trend of internal stakeholders responding positively to organizations with strong CSR positions is growing, especially among Millennials, who now make up over 35% of the U.S. workforce in 2020, with that number expected to increase significantly as the Baby Boomer

and Generation X workers retire (Bernardino, 2021; Fry, 2018; Valentine et al., 2017). Employees tend to become more engaged, develop greater organizational pride, and are likelier to stay with a company that embraces CSR as a core function (Bernardino, 2021; Tsourvakas & Yfantidou, 2018). Mallen-Broch et al. (2020) emphasized the importance of workers' connection to CSR and strategic managers' need to meet those expectations. Whether CSR programs are adopted and applied to increase the benefit of employees or other stakeholders, this shift from shareholder to stakeholder benefit brings value to the 3BL and increases what both Hardy (1990) and Keller and Alsdorf (2016) described as an increase to God's providence on earth by increasing safety protections and investments for workers, philanthropic works, truthful and ethical business practices, and by ensuring protections for natural resources benefiting people and the planet.

### ***Benefits to Business Practice and Relationship to Cognate***

This research project benefits the greater business community by offering insights into the decision-making processes of strategic managers adopting and implementing CSR programs in their organizations. Since the 1970s, the increase in CSR programs has led to a global commitment by business communities to participate in principles-based, certification-based, and reporting-based standards. This has created value for social and environmental concerns while maximizing profits (Aravalo & Aravind, 2017). As earlier stated, CSR efforts go above and beyond normal efforts to balance stakeholder demands against the need to generate profits (Rae & Wong, 2012). In the pursuit of creating value for the 3BL, CSR is becoming a strategic management tool for managers to incorporate into long-term strategic planning, which potentially yields additional benefits to concerned stakeholders beyond providing employment opportunities, creating a good product for consumers, or generating profits for stockholders. CSR

programs fall into four primary groups: philanthropic, environmental, ethical, and economic (Stobierski, 2021).

With such a wide range of potential programs available, how can one decide on which area to focus on, the costs versus benefits of programs, and potential adverse outcomes, all of which create challenges to budgets and strain scarce resources (Oh et al., 2017)? Consider the success of Wholefoods, Inc., whose leadership and internal stakeholders agree to donate widely to philanthropic non-profits. Additionally, Starbucks promotes fair trade coffee to protect the coffee supply chain from farmer to cup (Rae & Wong, 2012), and those organizations Oh et al. (2017) highlighted in their study of sin companies (e.g., gaming, alcohol, firearms, defense, and others) using CSR programs as a public relations platform to counter negative connotations associated with their industries. The CSR arena is vast and widely embraced by businesses for as many reasons.

Manufacturing firms' supply chains are prone to outsourcing globally, which can create an asymmetric advantage that leads to greater profits. However, this structured system can create a lack of visibility and potential vulnerability (Parella, 2019). Increased global competition, media scrutiny, and consumer awareness are driving expectations higher than ever for supply chain managers (Silvestre et al., 2018). Manufacturers striving for sustainability throughout their value chains can no longer rely upon suppliers and supply chain participants to comply with CSR and sustainability expectations (Silvestre et al., 2018). This study focused on how and why strategic managers select CSR programs incorporated in their supply chain strategies to counter the negative implications of outsourcing supply chain activities. Discovering how CSR programs are evaluated, decided upon, and implemented and examining their decision-making processes provided relatable results to a broader audience.

### ***Summary of the Significance of the Study***

Leaders and managers often face conflicting demands as they strive to balance human, financial, and limited natural resources to produce high-quality products and services in a competitive marketplace, ultimately creating value for internal and external stakeholders. CSR is based on the biblical principle of stewardship, requiring strategic managers to evaluate how to expend scarce resources on the programs they believe will increase competitiveness, lead to organizational excellence, and benefit all stakeholders. With the public's growing CSR expectations of the business community, identifying the decision-making processes and rationale behind how and why programs are selected for SME manufacturers' supply chains adds to the growing body of academic literature on this subject and provides relatable insights to others in the business community faced with similar challenges of CSR adoption into their business models.

### **A Review of the Professional and Academic Literature**

An extensive review of the latest academic and professional literature revealed potential research areas related to the challenges faced by strategic managers when implementing CSR programs within their organization's existing business models. These challenges include difficulties in gaining competitive advantages and achieving organizational excellence. This literature review thoroughly evaluates current professional and academic literature to enhance the understanding of strategic managers' challenges, justifications, and decision-making methods when selecting and applying CSR in their supply chain strategies. The literature review provides insight into the phenomenon currently researched, discovers what has previously been identified regarding the topic, and provides the foundation for this research project as an insufficient amount of research reflecting CSR in multi-tier supply chains exists, specifically within SME-

sized organizations (Kuokkanen & Sun, 2020; Stekelorum et al., 2018). In addition, this literature review adds to the growing body of the subject knowledge by creating relatable results.

Concepts explored establish the growing importance of CSR programs creating organizational excellence and competitiveness in a global economy. CSR programs are increasingly being adopted as a strategic planning tool to increase productivity and generate new demand, and in some instances, have become an emerging discriminating factor for organizations intending to signal that their business operations and marketing strategies are socially responsible (Lee et al., 2017). The study presents three theories guiding data collection, analysis, and presentation, as well as how leadership effectiveness and the organization's structure help shape the decision-maker's conclusions. The study of strategic managers' decision-making processes and challenges evaluates multiple perspectives on this issue, including critics of CSR who doubt the intent or effectiveness of programs undertaken. Also discovered is the history of CSR, its growing importance to businesses, and its impact on culture are explored. Additionally, the discussion will include the benefits of CSR programs to SMEs through their supply chains, which are known to benefit all internal and external stakeholders. The final section will examine expected themes before conducting research and reveal new discoveries about the direction of CSR, highlighting how financial markets and investment interests are becoming key drivers in the adoption of CSR.

**Methodology of this Systematic Literature Review.** This exhaustive literature review is a systematic approach to available academic and professional literature regarding the identified research project. A significant level of formal academic and professional literature evaluated on CSR and supply chains extends back more than 50 years to the late 1960s, drawn from academic journals, magazines, textbooks, and professional reports from international bodies, such as non-

governmental organizations and professional associations related to the topic. Most CSR literature and discussions focus on how large corporations interpret and act on the subject matter. However, including individual sole proprietors, non-profits, not-for-profits, and private organizations in these theoretical discussions is essential because it is assumed that strategic managers in all types of structured organizations will act similarly to those corporate executives of large organizations. They are not excluded from CSR's expectations, challenges, and outcomes as this research project focused on the SME manufacturer regardless of business structure.

CSR directly correlates with how a business enacts resource stewardship to pursue profitability while simultaneously creating social and environmental value (Fish & Wood, 2017; Mamun & Shaikh, 2018; Shen et al., 2020). A review of current literature provides an in-depth look at the types of CSR programs, both voluntary and mandatory, and the challenges presented to strategic managers embracing such programs into current business models. The bulk of the literature examined was published within the previous 5 years to maintain current relevance to the subject, and literature sources were peer-reviewed whenever possible to increase the reliability and validity of this research project. This literature review follows a systematic approach to summarize existing literature and to identify similarities and gaps in the body of knowledge regarding the subject matter. The selected references were chosen based on their thematic similarities, suitability, and relevance to the bounded topic of study. Case studies and examples are provided to clarify points of interest and make it easier for the reader to follow the flow of logic presented.

### ***Business Practices***

In today's globalized world, CSR is becoming increasingly important to business leaders and stakeholders to provide growth and survivability and protect organizational reputations (LaBaron et al., 2022; Shira, 2023). Strategic managers face growing challenges integrating CSR programs into their current business models without compromising organizational performance or competitive advantage. Organizations are now moving away from solely focusing on profits; instead, they are integrating CSR programs into their current business models to enhance the 3BL (Macaulay et al., 2018; Mamun & Shaikh, 2018; Waldman et al., 2020). Kouaib et al. (2020) described the strategic manager's responsibility to balance performance under the 3BL model of sustainable economic profits, creating social well-being, and protecting the environment. Strategic managers must consider the 3BL in order to maintain long-term business competitiveness, and stakeholder expectations are creating a paradigm shift that values people and the environment as much as profitability (Kuokkanen & Sun, 2020; Mamun & Shaikh, 2018; Mitra, 2021; Norman & MacDonald, 2020).

Globalization has opened the world to increased trade and commerce, granted new access to once-limited markets, and lowered the operating costs of products through outsourcing strategies. Supply chains interact with multiple stakeholders, including business owners and shareholders, employees, customers, governments, and the societies hosting those supply chain operations (Basta et al., 2018). Technology affords increased communications, which now offers visibility of supply chain operations, specifically when identifying those involving human rights, labor abuses, and potential ethical and environmental concerns more common in developing countries. Fontoura and Coelho (2020) described how strategic managers' proactive leadership in



CSR programs enables sustainable supply chains to benefit all partners and stakeholders, increasing organizational excellence and competitive advantages.

Every CSR program exceeding a business's legal and ethical requirements is costly in terms of time and resources. However, studies have shown that enhanced and improved innovation, higher productivity, and greater buy-in for employees and other internal stakeholders are often the result (Tiwari et al., 2021). Since the modern age of CSR emerged in the 1950s, programs have extended to include more than altruistic, philanthropic investments in charitable works and ethical reporting to those programs that create value, increase social and environmental bottom lines, and increase economic profits. An array of programs presents a wide breadth of options and choices for strategic managers; as such, not all CSR programs are easily implemented nor evaluated for success as programs vary widely based on industries and business objectives.

The economist Milton Friedman argued that the primary purpose of any for-profit organization is to maximize profits without any social or moral obligations other than upholding legal and ethical responsibilities (Freeman, 2009; Friedman, 2007; Silvestre et al., 2018). All other means to promote social value, which reduces profits, are fundamentally subversive and anti-capitalist (Friedman, 2007). By focusing solely on economic profits, an organization will create maximum value for the owners (i.e., shareholders) and customers (Jahn & Bruhl, 2018; Saleem et al., 2020). Historically, strategic managers choosing to invest in social or philanthropic causes were at the discretion of senior decision-makers, indulging their desires with little concern for stakeholders, which prevailed until the mid-1980s (Silvestre et al., 2018). Friedman derived and framed his argument during a turbulent time in America's early 1970s, where high unemployment was prevalent, increased competition from Japan's auto and electronics industries

were threatening less than optimal business practices in the United States, and social unrest stemming from the war in Vietnam were shifting the nation's culture.

Silvestre et al. (2018) discussed how the mid-1980s saw changes in the public's awareness of global competition and social issues that continued redefining American culture, including increased expectations placed upon businesses for better quality products and services and improved environmental stewardship. Due to ill-managed and abusive business practices, new paradigms regarding social and environmental concerns have prevailed over the past decades. Milestone events such as the 1984 Union Carbide leak of toxic chemicals in India, banking failures (e.g., savings and loans, Lehman Brothers, etc.), and the 2001 collapse of Enron and Arthur Anderson due to fraudulent reporting, oversight and business tactics have shaped public demands for more accountability and regard for people, the planet, and economic value in the products and services produced (Rae & Wong, 2012). Additionally, the exponential technological advancements since the mid-1990s have opened up emerging markets, creating vast new employment opportunities and instant communications, and enabled visibility into once obscured business practices.

These new capabilities have created tension between stakeholders and strategic managers striving to maximize profits while meeting greater expectations for social and environmental benefits alongside quality products and services (Valdez-Juárez et al., 2018). Creating a sustainable business model is imperative for an organization's long-term survivability, which, in turn, benefits those internal stakeholders directly associated with the business and external stakeholders outside the business, including those concerned with environmental issues, and creditors and governments concerned with solvency and taxation revenues (Tura et al., 2019).

Large organizations and SMEs seek competitive advantages while creating organizational excellence by creating optimal business plans, typically including some CSR programs.

This awareness is driving strategic managers to seek creation of social and environmental value and profits benefiting stakeholders throughout the business model. Internal stakeholders benefit from CSR programs which place value on workers through increased training, safety, and inclusion into the organization (Hwang et al., 2020), encouraging organizational buy-in, improving relationships between managers and workers, and helping improve morale and esprit de corps and positive work-life balance (Fuertes et al., 2020; Hwang et al., 2020). Even though CSR programs may yield higher productivity levels, the strain on SME strategic managers' resources is apparent as programs extending past minimal ethical and legal boundaries challenge limited budgets (Sawe et al., 2021).

Globalization affords businesses to incorporate new strategies leading to lower-cost goods and services and access to new global markets that have raised the living standards of many once shut out of international commerce (Dabic et al., 2021). Since the 1980s, globalism has created open markets and new financial flows, resulting in increased trade and shifts in governments' policies that were once stifled. Such activity has transformed many Asian, Latin American, and African nations by expanding the options for multi-national businesses to adopt outsourcing as a critical strategy. Opting to outsource parts of production to offshore partners has created significant opportunities that reduce operating costs for core businesses, yet incorporating offshore production of goods or services into an organization's supply chain should not alleviate the parent core business from the social and environmental responsibilities required as if the firm were conducting operations in-house (Fontoura & Coelho, 2020). While out of sight and out of mind may have sufficed before globalization and CSR, the overall public

sentiment enabled by current technological capabilities does not allow for complete obfuscation once taken for granted. Supply chain partners and suppliers may not consistently adhere to CSR and sustainability requirements and initiatives, thus creating higher levels of responsibility for strategic managers to manage supply chains similar to those adopted with their core functions (Fontoura & Coelho, 2020; Silvestre et al., 2018; Weber, 2019).

Stekelorum et al. (2018) comprehensively overviewed the four common approaches a core manufacturer (or Tier 0) can take regarding CSR and their supply chains. These approaches include a direct approach to upline suppliers, granting strategic managers access, influence, and oversight; an indirect approach that delegates authority to a trusted Tier 1 supplier to ensure lower levels comply; a third-party assurance approach that relies on outsourced oversight of supply chain partners; and lastly, the do-not-bother approach, in which all CSR interests and activities end with the Tier 0 core manufacturer. Understanding these approaches equips strategic managers with the knowledge to make informed decisions about their CSR strategies.

**Why Incorporate CSR?** Strategic managers have a fiduciary responsibility towards their shareholders' interests to generate profits and maximize the return on investment. CSR programs enacted by any business outside ethical and legal practices required by law are considered voluntary and, as such, will theoretically drain available resources from the firm's primary function to create or deliver the intended product or service (Asmussen & Fosfuri, 2019; Popescu, 2019). While larger-sized firms may be able to incorporate CSR programs to create value for all interested stakeholders, SME-sized firms may not be as free with resources. CSR programs could theoretically undercut a fiduciary responsibility to maximize profits, especially if not enacted in good faith or if non-value-adding programs fail to produce desired value and positive results for stakeholders (Freeman et al., 2020). The forceful hand of government drives

some elements of CSR, as evident in the nation of India, where in 2009, voluntary guidelines for businesses' CSR efforts were made mandatory through legislation, enforceable in 2014, in order to offset a weak social infrastructure (Oware & Mallikarjunappa, 2022). According to Shira (2023), India was the first nation to legislate for private businesses to invest a mandatory two percent of profits into CSR programs of choice, such as those supporting climate change, equality of rights for citizens, education, ending poverty, or advancing workplace rights. Private companies with a net worth of \$70 million or more, or an annual turnover of at least \$140 million, or a net profit of at least \$699,125 must allocate 2% of their average net profits over a prior 3-year window on CSR (Shira, 2023).

Knudsen (2018) described the differences between coordinated market economies (CME), such as Germany, Japan, Sweden, Austria, and Denmark, which tend to coordinate business transactions through non-market activities and typically experience their government's heavier involvement with vocational training and education of employees, corporate governance, and greater coordination between industrial and employee relations. The United States, Britain, Ireland, Canada, Australia, and New Zealand are all liberal market economies (LME) whose coordination between firms and between firms and investors, employees, suppliers, and customers are dictated by free market principles (Heery & Noon, 2017). LMEs typically focus on short-term profits and strive to maintain positive relationships when economic adversity arises, such as challenges that may arise with labor through bargaining for improved training, safety, and benefits collectively in the case of unions. Governments of LMEs are not directly involved in the strategy or operations of business, yet different levels of influence through regulatory means and social policies affecting constituents may exist. Due to the lack of direct governmental involvement, LMEs tend to have higher levels of innovation despite the intent

exerted to shape and influence industries, notably related to CSR activities (Knudsen, 2018). Governments of LMEs create conditions to shape public opinion in one direction or another, just as advertisers frustrate consumers into purchasing the products advertised. Governments have banded together to increase world opinion through the United Nation's environmental awareness of climate change, the Kyoto Protocol, the Paris Agreement, and the G7+ summits of world leaders. These examples are influential means of the international governing bodies and leaders attempting to shape opinions and expectations regarding CSR, specifically regarding environmental issues.

Because the United States is an LME and, therefore, the levels of government cannot directly leverage authority regarding CSR efforts, other soft influential means of leading businesses to embrace CSR exist, which steer industries and organizations in desired directions. Because governments are never static, influential forces always strive for favorable change through corporate philanthropic donations, campaign donations, and lobbying efforts, which have been shown to influence government decision-makers in ways relating to business interests, including CSR (Bertrand et al., 2020). When CSR becomes a political tool wielded by businesses to influence stakeholders, change becomes possible, such as when strategic managers adopt a moralistic approach to CSR, seeking virtuous impacts upon the strategic outcomes for future generations (Majumdar, 2019). When CSR is politically motivated, efforts can attempt to influence decision-makers in government, affect customer perceptions and actions, and potentially increase or limit investments as currently experienced with index rating scores ranking an organization's sustainability record.

**Index Scores.** The growing popularity of environmental, social, and governance (ESG) scores and other index ratings, such as those adopted in Turkey, India, and Taiwan Stock

Exchange sustainability rating systems, have been pushed forward significantly by investment bankers seeking to influence capital flows toward, or away from, perspective firms seeking investors (Hou, 2019). In 2022, Blackrock CEO Larry Fink published his annual letter to CEOs stressing the need for sustainable business practices to help shape society, be a catalyst for change, and for world governments to provide clear pathways for sustainability policy, regulation, and disclosure across markets (Fink, 2022). Fink joins a growing list of investment bankers, hedge fund, and private equity managers steering clients into those companies participating in CSR programs. On the other side of this equation is the ability to deflect funds from companies going brown, those companies avoiding CSR programs, or those with non-sustainable business models (Lee et al., 2017). Whether social pressures from customers, stakeholders, governmental regulation of industries, or financial interests favoring those organizations adopting CSR programs, strategic managers of all sized organizations face decisions regarding selecting, implementing, and justifying CSR expenditures while pursuing maximizing profits. As previously mentioned, one additional alternative for strategic managers is to go brown at the risk of public scrutiny.

**History of CSR.** The early 1970s experienced a turning point in the general acceptance and understanding of CSR throughout the international business community. Some nations embraced CSR quicker than others, typically those with higher living standards and gross domestic product (GDP) and those more culturally open to change. The works of H.R. Bowen (2013) first challenged American business by posing questions such as: What responsibilities do American business leaders have towards society, considering that the top 500 firms in the nation are such economic powerhouses? This is directly based on the biblical scriptures, which state

that from whom much is given, much will be required (*King James Bible*, 1769/2017, Luke 12:48).

Ethical and societal structural questions arise when determining the what, where, and when of production, considering the impact on employees' lives and the benefits to the local community and society. Author C.I. Bernard (Bernard & Andrews, 1971) first defined CSR as the economic, legal, moral, social, and physical aspects of a business environment in his book *Functions of the Executive*, published in 1968. Bernard's perspectives continued to challenge long-held perceptions of the roles and responsibilities of business as American customs and values leaned towards liberalization during the second half of the 1960s. Just over 10 years later, Carroll (2021) clarified CSR with a four-level approach, including economic, legal, ethical, and philanthropic, which he concluded society would require of a business.

History reveals evidence of CSR leading back to when the Roman Empire ruled through government-provided asylums, hospitals, and orphanages (Chaffee, 2017). The influence of the British Empire viewed business as critical for social development. When combined over the centuries with the Christian church, society gained a greater awareness regarding labor abuses of women, elders, and children. Other critical factors, such as the move from an agricultural to an industrial society, environmental concerns brought on by industrial accidents, and the rise of welfare programs, contributed to the shifting characteristics of societies and the expectations placed upon business leaders (Latapí Agudelo et al., 2019).

***Pre-1970s.*** The post-World War II era was a growth era of business and changing attitudes toward how those businesses should be concerned with the needs of society. Until 1970, most CSR activities exhibited by corporations came in the form of altruistic, philanthropic actions funding pet projects benefiting specific individuals, communities, or societies funded out



of excess business resources with no expected payoffs (Carroll, 2008; Kotek et al., 2018; Latapí Agudelo et al., 2019; Lee et al., 2017). As previously mentioned, the social shifts throughout the 1950s and 1960s drove changes in attitudes and expectations from the business community. The war in Vietnam saw an uprising of protestors standing up against the U.S. Government in the second half of the 1960s decade. These challenging ideologically accepted norms carried over to objections and protests of those businesses enabling the war, such as Dow Chemical's Napalm and Agent Orange defoliant and Honeywell's production of cluster bombs that all seemingly rose above the Laws of Armed Conflict's principle of proportionality (Waterhouse, 2017). Oil spills, toxic dumps, and manufacturers' billowing smokestacks all contributed to greater social and environmental expectations placed upon businesses. The 1960s witnessed the creation of governmental departments of the United States to protect the civil liberties of workers, which continued to expand throughout the 1970s, yielding many additional improvements intending to protect people, society, and the environment (Lee et al., 2017).

*The 1970s.* The year 1970 saw additional improvements benefiting society, beginning with the creation of the Environmental Protection Agency (EPA), creating regulatory standards pollution standards for air and water, driving new expectations of citizens and businesses, all influencing strategic managers' actions (Latapí Agudelo et al., 2019). The Committee for Economic Development (CED), Equal Employment Opportunity Commission (EEOC), the Occupational Safety and Health Administration (OSHA), and the EPA were all created to formalize the responsibilities business has towards people and the environment. The collective mindset of the American public and business community was questioning the status quo and pushing forward the debate on CSR at a rapid pace, leading to social unrest in the pursuit of validated answers. This need for the public's understanding and the government's responsive

action caused uncertainty throughout the business community. Firms sifted through multiple contexts and competing frameworks stated that CSR meant something different to everyone (Carroll, 2021).

Milton Friedman stated in his famed New York Times article, *The Social Responsibility of Business is to Increase its Profits*; that the sole objective of any corporation is to maximize profits through the highest ethical and legal means (Friedman, 2007; Ramanna, 2020). Friedman associated corporate responsibility with the government's burden-shifting social welfare onto the shoulders of the businessman at a cost to shareholders, employees, and customers in the form of less return on investment, smaller wages, and decreased purchasing value (respectively). In addition, Friedman's perspective was significantly driven by his concern that American business had grown uncaring and all but ignored competitors abroad in key industries poised to lose market share (Ramanna, 2020). Perhaps Friedman's point of view was (and continues to be) narrowly interpreted as objecting to any CSR initiative under a neoliberal theology. This same debate continues to this present time, with critics citing how CSR is becoming a political tool and misdirects profits, which could, in turn, build a better mousetrap.

***The 1980s to the Present Day.*** The decades following the 1970s saw many social concerns, which increased the public's awareness in the United States and internationally regarding CSR's role in countering pollution and environmental crises such as Chernobyl, deterioration of work-life standards in urban areas, and abusive practices of multi-national organizations, especially those operating in developing nations (Carroll, 2008). Ramanna (2020) described how deregulation in the United States and Great Britain allowed business managers to focus on short-term profits over long-term strategies, forgoing many of the ideals of responsibility to stakeholders gained in the preceding decades. Globalization increased during

the 1990s, creating opportunities for businesses to expand operations worldwide with less scrutiny and regulatory oversight (Latapí Agudelo et al., 2019). International organizations within the United Nations and European Union banded together to create oversight committees, and host summits on pollution, climate, human rights, and other topics, which often pointed fault at the business community and raised awareness and expectations for increased levels of CSR.

The 2000s ushered in a new era of CSR implementation. The following decade of the 2010s witnessed the creation of international certifications such as ISO 26000, creating guidelines of quality and environmental standards of social responsibility created at the time of adoption by 450 experts from 99 nations and 40 international organizations, which over 80 countries have since adopted as accepted standards (Talib et al., 2021). They are creating shared value derived not only out of public and government pressures to increase CSR but through a strategic long-view increasingly adopted by strategic managers to create a competitive advantage and to bolster organizational excellence through day-to-day operations by applying CSR methods, initiatives, and programs that benefit internal stakeholders (Kramer & Porter, 2006).

***CSR Throughout the Industrialized and Developing Nations.*** The prevailing academic literature tends to focus on the United States and how CSR has played a role in contributing to stakeholder interests along with maximizing profits. Other industrialized nations, such as Germany and Japan, view CSR as a necessary part of their social welfare infrastructures, where long-term and lifetime employment is a protected virtue of Japanese society (Ramanna, 2020). China's economic boom over the past 20 years has witnessed an adoption of higher corporate governance and increased ethical leadership, leading to enhanced employee identification and contributions to the organization, according to Lu (2014). Considering China's communist structure, CSR is growing as a recognized and valuable tool for creating intangible benefits

among workers, leading to higher retention and innovative contributions (Shen et al., 2020; Tourigny et al., 2017).

The nation of Turkey is expanding CSR throughout a business community historically driven by powerful vertically integrated family conglomerates less concerned with stakeholder values than profits (Akdogan et al., 2020). Turkey adopted the United Nations General Assembly sustainability goals, which better align stakeholder values with global developments. The Borsa Istanbul Stock Exchange has a unique sustainability rating index that embraces ESG scores identified as the Borsa Istanbul Sustainability Index (BIST), raises awareness of sustainable practices, and promotes model firms suitable for new capital investment (Borsa Istanbul, n.d.) to increase competitiveness in the global marketplace and to improve stakeholder values. The BIST joins a growing number of members of the World Federation of Exchanges (WFE), promoting CSR programs as a strategic planning tool to increase competitiveness first via financial means, increasing capital flows in a growing global marketplace (Hou, 2019).

As previously presented, India has embraced CSR partially as requirements set forth by legislation to shore up an insufficient welfare state. On the African continent, the nation of Kenya has experienced positive gains for internal stakeholders while achieving high profits in their banking industry through adopting CSR programs benefiting labor through increased education and training opportunities, reducing employee turnover, and creating new levels of employee loyalty and innovative progress (Muriithi et al., 2018). The world's business community will most likely experience growth of CSR first, primarily through financial incentives and pressures brought on by index scores like member WFE nations before willingly adopting CSR and other sustainability programs in the absence of concrete evidence of higher

tangible and intangible yields, which concretely lead to increased competitiveness and organizational excellence.

Countries like Bulgaria, Vietnam, and other Central and Eastern European nations that have begun to transition from communism to embracing Western business values are now embracing CSR after years of struggle. This shift comes after years of grappling with the fall of communism and the adoption of profit-driven and competitive business values (Koleva & Meadows, 2021). The nation of Bulgaria is a prime example of how communist and socialist nations have viewed CSR during centralized governance merging into a free market system. Under communist rule, the State-run central government of Bulgaria determined the social context of business. Under their closed market economy from 1944 until 1989, all businesses and charities were nationalized, and production quotas, price controls, and all aspects of worker employment, training, education, and benefits were driven by the State (Iankova, 2008). The payoff for the business community came in the form of lifelong employment and State paternalism, sacrificing lost productivity and innovation (Iankova, 2008; Koleva & Meadows, 2021). Any CSR during this period included only those financial and environmental reporting requirements to the state, which presented a risk of being falsified or creatively enhanced to meet mandated goals.

With the fall of communism in the former Soviet Union, the nation of Bulgaria was faced with introducing capitalism into its now-defunct business models or embracing insolvency through increased global competition. Koleva and Meadows (2021) discussed the slow progress of businesses in Bulgaria as they sought to justify the cultural shift from the previous state-run society, where benefits to workers were provided through CSR. This shift continues to pose challenges in filling the gaps left by embracing CSR while maintaining financial stability.

*United States and European Union Legislative Laws.* In 2010, the State of California passed the Transparency in Supply Chains Act of 2010, which requires large manufacturers and retail businesses with annual worldwide gross receipts exceeding \$100 million to conspicuously disclose on their website the extent to which they engage in third-party verification of supply chain partners' risk of human trafficking, forced labor, and unsafe working conditions (Birkey et al., 2018). Those businesses meeting the minimum threshold of revenue operating within the State of California must conduct independent and unannounced audits of their suppliers to certify that operations comply with local laws regarding trafficking and forced labor. Internal accountability is required through internal audits, employee training, and proper reporting of findings to promote transparency for supply chain partners and the greater public and increase consumer awareness (Koekkoek et al., 2017). Enforcement of the California Transparency Act is up to the discretion of the State's Attorney General and is primarily aimed at urging businesses to comply based on their initiative, along with promoting consumer awareness (Koekkoek et al., 2017). However, private parties can sue under California's Unfair Competition Law (Kloosterman, 2011; Schaper & Pollach, 2021).

Whether or not this law's effectiveness is evident, or if it only serves as a model for other states to follow, is uncertain as the law's success is mainly in the hands of those committed to following its intent. Hess (2021) discussed other initiatives enacted by the United States Government, including the mandatory disclosure of rare minerals and elements mined in conflict zones and the prohibition of the importation of goods or services from known entities profiting from child labor, indentured or forced labor sources which include the imprisoned Chinese Uyghur population or other forced prison, child, or elder labor practices (Koekkoek et al., 2017).

***European Union Supply Chain Laws and Enforcement.*** In early 2022, the EU proposed a policy to promote corporate sustainability called the Corporate Sustainability Due Diligence Directive (CSDDD). The EU adopted the political agreement in May 2024, promoting, among other things, labor rights, better protection of the environment, improved access to financial markets, and an equitable business environment (Kolev-Schaefer & Neligan, 2024). Like the California Transparency Act, this law would require larger companies to evaluate and report on all partners within their entire value chain regarding applicable human rights standards and environmental protections (Kolev-Schaefer & Neligan, 2024; Ventura, 2022). This measure of due diligence was structured on the German supply chain law passed in June 2021, which only affects those corporations with a minimum of 3,000 employees and their direct suppliers, effectively omitting SMEs within the EU unless they are direct suppliers to those who fall under the CSDDD.

Moser and Leipold (2021) questioned the ability of the EU to harden accountability by passing laws that have little ability to ensure that all businesses comply fully. The EU's intent in legislating supply chains is to strengthen the bond between business and government, creating a hybrid approach to protect vulnerable interests as nearly every product purchased within the EU originates from a global supply chain partner. Like the California Transparency Act, many SMEs are omitted from the requirements, with critics voicing concerns about potential policy violations by SMEs (Moser & Leipold, 2021).

### ***The Problem***

Enacted CSR programs intend to improve social, environmental, and economic values. They are becoming more prevalent in the global business community, requiring strategic managers to balance additional social and environmental concerns while maintaining the

profitability of their organizations (Mamun & Shaikh, 2018). However, CSR and those programs labeled as sustainable lag compared to other strategic thinking methods that intend to cut operating costs, raise productivity, and enhance organizational excellence, such as capital investments in equipment and facilities (Basta et al., 2018). Strategic managers develop CSR strategies to seek their firm's improvement and competitive advantage, bolster reputations, appease stakeholder pressures (i.e., internal and external), comply with governmental regulations (Mamun & Shaikh, 2018), and increasingly, acquire financial investments (Akdogan et al., 2020). Kuokkanen and Sun (2020) described how strategic managers are not only challenged in matching which type of CSR program will meet stakeholder desires and increase product demand but also how to develop a framework for implementing, managing, and evaluating results given consumers' increasing understanding of CSR and the perceived differences between altruistic efforts and those undertaken to improve product branding and reputation. As CSR analysis has steadily increased in academic circles over the past decades, new relationships and expectations between corporations and their stakeholders are emerging, driving greater strategic adoption of initiatives that generate value beyond the sole focus of economic profits (Nave & Ferreira, 2019).

Kramer and Porter (2006) discussed how important CSR is for strategic managers' pursuit of organizational excellence, and those uncommitted are experiencing lose/lose outcomes in their organizations, citing increased disharmony and decreased relations between management and stakeholders. This challenge to maintain profitability in a current business culture where stakeholders are increasingly seeking validation places increasing pressures on leadership to satisfy multiple entities (Shen et al., 2020), and with a wide array of options presented under the CSR umbrella, where to begin is as much a challenge as how to move forward, implement, and



evaluate the success of selected programs. Which group is targeted first? Are those internal or outside stakeholders not directly associated with the company more deserving? Fish and Wood (2017) discussed these types of strategic questions faced by strategic managers to which they agree upon one core postulate: organizational excellence is required to create a framework of core values, talent, and a visionary outlook necessary to identify, adopt, and implement CSR programs into existing business models and strategies.

**Supply Chains and CSR.** Globalization has opened the world to increased trade and commerce, granted new market access, and lowered operating costs through outsourcing. How supply chains are managed affects various stakeholders directly and indirectly, including business owners, shareholders, employees, customers, governments, and the communities where supply chain operations are located (Basta et al., 2018). Improvements in technology have only increased communications and granted transparency of supply chain operations, specifically those involving human rights, labor abuses, and potential ethical and environmental concerns. Fontoura and Coelho (2020) described how strategic managers' proactive leadership in CSR programs enables sustainable supply chains to benefit all partners and stakeholders. However, conventional wisdom depicts it as out of sight, out of mind, when the visibility of an ecosystem is not available nor guaranteed. Here lies the rub with a manufacturer's supply chain production, logistical, and human resources involvement, especially for multi-national firms relying on global supply chain partners. CSR programs and results are becoming more visible for consumers and stakeholders. Yet, much is still obscured in the business-to-business (B2B) community of relationships (Muller et al., 2017), allowing core Tier 0 manufacturers to cloak the visibility of CSR efforts and accomplishments within their entire business ecosystem (Amaeshi et al., 2008).

Muller et al. (2017) described their findings regarding supply chain CSR, which reveals that supply chain managers typically engage partners through contractual means but also gain influence with governing officials, politicians, concerned stakeholders, and the public via targeted advertisements and media campaigns. Challenges exist when outsourcing, especially when partners do not exist within the same political or social constructs as the Tier 0 business. The ability to exert influence among supply chain partners and suppliers may be restricted due to differences with host nation governments' laws, policies, restrictions, and culture (Amaeshi et al., 2008). Wetzel (2019) described similar challenges experienced by leaders and supply chain managers in adopting CSR programs. Specifically, multi-national SMEs with supply chain partners rely heavily upon liaison employees promoting CSR for all levels of the supply chain once contractual standards are agreed upon.

The U.S. Government does not have direct authority to interfere with any business. Instead, it typically influences businesses' behavior through tax policy, tax subsidies, import tariffs, and by enacting industry standards. Governing bodies set and enforce environmental and safety standards, effectively imposing business regulations (Bloomquist, n.d.). The United States Government considers itself an external stakeholder in the domestic business community, along with other internal and external stakeholders seeking validation. It is a driver of social concerns that sways public opinion much the same as advertisers attempt to pressure potential customers into future purchases.

Café standards for automobiles, pollution standards enforced by the EPA for manufacturers, and protection of civil rights through EEO/AA are, in essence, government-implied CSR (Lee et al., 2017). While these protective laws are in place in the United States, many developing nations with participants in global supply chains have few standards that can

equal those of the United States. Calls to create a third-party verification system (Lee et al., 2017) have been unsuccessfully realized, with the alternative routes being global organizations, NGOs, and political action committees exerting pressure through global summits, United Nations actions, climate change protocols, and international committee participation intended to sway or pressure all participants into moving towards CSR. Lee et al. (2017) stated that a third-party system could decrease or prevent greenwashing by creating a system of checks and balances authenticating business reports and thoroughly scrutinizing business practices. Are supply chains an opportunity to expand CSR programs, creating shared value for all stakeholders? Or are they as Hess (2021) presented as a dirty secret of corporations operating in global markets sacrificing ethical business practices for laissez-faire approaches to dealing with foreign entities with questionable cultural practices and expectations? Strategic managers' challenges in evaluating, implementing, and managing CSR in their supply chains are immense and often teeter between the need to maximize profits and adopting CSR programs with a high probability of net gains.

**Specific Problem of Supply Chains and CSR.** SME-sized firms of 500 or fewer employees experience difficulties validating CSR efforts adopted in relation to profits and productivity and as a strain on scarce resources but view CSR as critical to survival in an increasingly competitive global marketplace (Lee et al., 2017; Valdez-Juárez et al., 2018). Compared to larger corporations, which typically have the time, money, and other capital resources available to create more robust CSR programs, SME firms under 500 employees are challenged to realize positive gains from their efforts (Valdez-Juárez et al., 2018). However, adopting CSR programs can benefit SME-sized businesses seeking increased sustainability and increase a corporation's financial performance (Hou, 2019). SMEs seeking capital investments

may find the costs of initiating CSR seemingly prohibitive. However, current trends of index scores driving investors' opinions present opportunities to increase stock sales to those organizations seeking more sustainable companies (e.g., pension funds, government-controlled funds, private equity, and hedge funds).

For manufacturing firms, supply chains can offer exceptional value through outsourced competition. Yet, they can become the Achilles heel of production if viewed as a source of vulnerability regarding ethical business practices for those participating entities (Parella, 2019). The amount of literature on CSR programs in supply chains and the effectiveness of CSR throughout multi-tiered supply chains is limited (Mani et al., 2020). Supply chains of both domestic and multi-national organizations yield benefits from outsourcing manufacturing production and services by sub-organizations (Tier 1, Tier 2, and higher) that are often not visible to Tier 0 core entity. This expansion into a global marketplace has significantly enabled manufacturers' economic profits, turning outsourcing into a force multiplier (Fontoura & Coelho, 2020). As such, inadequate supply chain management can become a double-edged sword to the core manufacturer if not managed correctly by not taking ownership in all stages of operations. Fontoura and Coelho (2020) described how outsourced labor in developing nations lacking human rights protections such as elder or child labor, pollution abatement, and inadequate safety work protection measures remain prevalent.

Walker and Jones (2012) stated that sustainable supply chain strategies lead to sustainable management, strengthening risk mitigation efforts, and minimizing potential factors with external collaborators and subcontractors. Responsible CSR applied to supply chains generates an ethical approach to all stages of production for manufacturers operating globally.

Active participation with both salient and unobservable practices of supply chain members can reduce greenwashing and promote CSR as a political or marketing strategy (Wu et al., 2020).

### *Concepts*

The three concepts presented in this research project are gaining acceptance, often controversial for decision-makers, and were derived from interpreting available literature. Unlike a theory, concepts are not measurable nor definable, which provides a general explanation and lens of how to interpret, view, and analyze data (Hamilton & Finley, 2019). When combined or woven, concepts reinforce research and help shape what is more abstract into something concrete. This study introduces three concepts: how CSR is viewed in the business community, its increasing importance to leadership and stakeholders, and its acceptance among global societies.

**CSR Challenges Business.** CSR programs present a challenge for all businesses incorporating efforts into current business models that can decrease competitiveness, lower productivity levels, and hinder financial and non-financial performance if not properly selected, adopted, and managed (Asmussen & Fosfuri, 2019; Popescu, 2019). Sitaloppi et al. (2021) described how strategic managers face increasing levels of tension balancing the 3BL against those competing needs from internal and external stakeholders, which often incur budgetary challenges in attempts to validate all parties. As strategic managers realize the importance of embracing some levels of CSR, many are opting to incorporate visible philanthropic and charitable outreach programs to bolster brand loyalty to satisfy stakeholders and create a positive outlook with the public while continuing to hone in on profitability (Sitaloppi et al., 2021).

The range of CSR programs is vast, with loose tangible evidence indicating success or failure, although the available literature suggests there is value realized for both internal and

external stakeholders (Garg & Gupta, 2020; Macaulay et al., 2018), yet a lack of rigor which relies upon individual organizations and those who make up the structure to be honest and forthright in their reporting. While philanthropy and charitable outreach programs are long-substantiated options for companies, internal CSR programs intending to increase productivity through training, safety, and investments in labor can be of equal importance. CSR programs that increase employee loyalty to the organization often result in increased productivity, decreased turnover, and higher rates of innovation. Companies that change may only survive, but companies that transform thrive as they adopt culturally, as with those organizations over the past 50 years adopting quality programs, such as TQM, Lean, and Six Sigma (Wen et al., 2022).

Attempting to increase productivity and establish a well-trained workforce loyal to the organization is at the center of any Quality initiative striving to create an environment where internal stakeholders perceive loyalty and continuously provide ongoing support reflective of stated core values, successful practices, and which creates an atmosphere of legitimization (Siltaloppi et al., 2021). Workers highly trained and rewarded for their productivity tend to be actively engaged in the firm's success and contribute to retention, helping reduce the human resources costs associated with recruiting through termination (Valentine et al., 2017). These intangible benefits gained through improved worker conditions, training, and equitable benefits lead to an atmosphere of collaboration within the organization and an alignment with tangible organizational assets (Shen et al., 2020).

As CSR becomes increasingly prevalent in both developed and undeveloped regions of the world, incorporated programs do not guarantee a firm will necessarily gain a competitive advantage, often due to governmental and societal expectations and needs of the host nation (Mamun & Shaikh, 2018; Shen et al., 2020). Shen et al. (2020) cited the risks of initiating CSR

programs in their study of 4,788 Chinese firms whose intangible benefits generated higher retention of skilled workers, leading to organizational excellence and competitive advantages leveraged through targeted CSR. In 2019, the Small Business Association (SBA) reported that 30.7 million SMEs in the United States, consisting of 500 or fewer employees, contribute to 99.9% of all employment (Moshin, 2020). SMEs often view CSR programs as expensive and draining upon limited resources, but they are better suited for larger, more prominent firms capable of incurring burdensome costs (Dey et al., 2018). Thus, SMEs seeking new capital infusions may benefit from initiating CSR and promoting their successes to gain increased index scores to separate those embracing sustainability from those going brown. Such programs are often risky and do not guarantee increased success, nor are they linked to a favorable competitive advantage. However, public sentiment increasingly demands validation from businesses embracing some CSR (Mamun & Shaikh, 2018).

**CSR is Important to both Business and Society.** Governments worldwide have recognized the need to promote or even sanction CSR programs intending to increase stewardship of resources and provide for the welfare of the ordinary citizenry (Jain et al., 2021). In 2013, the Indian government began requiring larger firms to spend at least two percent of profits on CSR programs to shore up the lack of social welfare programs (Garg & Gupta, 2020; Oware & Mallikarjunappa, 2022). Germany and the EU mandate firms to report on their social, economic, and environmental topics, leading to CSR taking root among the European population under the guise of due diligence (Bergmann & Posch, 2018). Automobile manufacturers must meet emissions and safety standards for the vehicles they sell in the United States, including catalytic converters, which reduce smog emissions, and crash test minimum standards, providing high levels of safety for the common citizenry.

Whether mandated by governments or voluntarily enacted, CSR is becoming increasingly crucial to businesses and societies as stakeholders seek validity in their causes, bringing additional value regarding the 3BL of planet, people, and profits. Businesses embrace CSR programs intending to strengthen all actors in the value chain, leading to company growth, increased sustainability, and providing value to all internal and external stakeholders through transparency and credibility of CSR reporting (Gatti et al., 2019; Timbate & Park, 2018) leading to higher levels of ethical standards, stewardship, and citizen welfare (Jain et al., 2021). Barnett et al. (2020) questioned the aggregate benefit of CSR to societies after decades of programs enacted globally. Accurately measuring those touted benefits is questionable and subjective, yet academic literature indicates the resulting greater good.

**CSR is Increasingly Critical for Long-Term Business Strategies.** CSR is critically important for business leaders and is increasingly woven into various business strategy levels (Nave & Ferreira, 2019). The increase in an organization's social contract contributions strengthens and aids the overall value chain from suppliers to customers and allows for the removal of non-value-adding components and capitalization upon strengths (Kramer & Porter, 2006). Weidner et al. (2021) detailed the increasing expectations the global community places on business to incorporate the 3BL into business models, as previously mentioned with the Indian and EU member nations. Latapí Agudelo et al. (2019) described the emergence of modern-era CSR beginning in the 1950s as predominantly philanthropic but has emerged over the ensuing decades, significantly pushed forward by globalization and the rise of multinational organizations relying upon labor and resources derived from developing and third-world nations.

More significant concerns about implementing CSR have led strategic managers to incorporate programs into all business models. This movement represents a shift toward social



contracts providing economic profitability and stewardship of resources needed to remain globally competitive (Mamun & Shaikh, 2018; Mitra, 2021), which is reinforced by Shen et al. (2020), who advocate for incorporating CSR into strategic planning to create value to the organization and all stakeholders including supply chain suppliers. Additionally, a general increase in awareness of CSR is driving organizations to incorporate more programs that benefit entire societies, seeking social and environmental value and benefits from local business communities (Mamun & Shaikh, 2018).

Over the past decades, a significant movement promoting sustainable business models has included creating index ratings to promote investment or disinvestment based on a firm's sustainable CSR business practices. The U.S. Government, while unable to directly enforce sustainability, is witnessing the emergence of other methods that are pushing businesses toward CSR. These methods include media campaigns, social pressures placed on consumers, governmental industry regulations and increased standards, investor index ratings, and the external pressures placed on investment banks and lenders desiring greater sustainability from corporations seeking investor capital (Fink, 2022). All these movements intend to facilitate the adoption of CSR into current business models, potentially generate higher ethical stock sales and investments, create 3BL value for all stakeholders, gain a competitive edge, and create organizational excellence.

### ***Theories***

Collins and Stockton (2018) defined a theory as a generally accepted idea encompassing many other smaller ideas with a high degree of explanatory power. Creating a framework of accepted theories simultaneously combines what a researcher believes and values, thus creating a foundation for interpreting data and processing new knowledge (Collins & Stockton, 2018).

Three pre-determined theories presented in this research project assisted in framing this research study. Each theory created a broader theoretical framework, which played a significant role in data collection, interpretation, analysis, and how triangulation led to increased validity (Leeming, 2018).

**Stakeholder Theory.** At the core of CSR lies the stakeholder theory. Developed by R. Edward Freeman in 1984, he argued that businesses should create value for all parties integral to an organization's success, including employees, customers, and local and worldwide communities, and essential for this research project, suppliers of products and services integral to the organization (Freeman et al., 2018). The stakeholder theory runs counter to the longstanding Shareholder theory by raising public expectations for internal and external stakeholders seeking validation and value enriching their expectations, and over those who expect to profit from the firm's success, such as owners and stockholders (Freeman, 2018; Jahn & Bruhl, 2018). Social and environmental concerns balance out the 3BL by incorporating fair treatment of people (i.e., employees and customers) and the planet (i.e., sound environmental policy and practices), creating a sense of corporate citizenship achieved through a commitment to social concerns of all stakeholders in addition to generating customer value and maximizing profits for shareholders in a world of scarce resources, social conflict, and environmental degradation (Weidner et al., 2021).

In order to fully understand what stakeholder theory encompasses, one must gain insight into Friedman's stockholder theory. The stockholder theory was credited to famed libertarian economist Milton Friedman, who stated that businesses do not have any social or moral obligations other than legally and ethically maximizing their profits (Friedman, 2007; Freeman et al., 2018). Friedman stated that CSR is a means of taxation imposed by a firm, collected through

lower returns to stockholders and investors, lower wages or opportunities to workers, and potentially sacrificed quality of products or services to the end consumer. By sacrificing resources for CSR programs, profits are re-directed towards means the government should provide through taxation and governance or private benevolence should address (Friedman, 2007). Friedman continued his perspective by stating that any attempt to shift the burden from government to the shoulders of business is simply a form of socialism. Therefore, the stockholder theory focuses solely on bottom-line profits yielding maximum returns to shareholders and owners, creating value, which then gets passed to investors and customers (Jahn & Bruhl, 2018).

Any form of CSR, philanthropic or otherwise, is left to the discretion of the organization's owners, board of directors, and voting stockholders. Freudenreich et al. (2020) described the growing importance of strategic management's role in meeting and often placating the interests of those stakeholders focused on concerns other than profits by creating multi-directional flows enabling sustainable operations in a framework of solution-seeking efforts to improve economic returns. Stakeholder theory has emerged as beneficial not only to business models purely striving for higher shareholder returns but also as a strategic tool for long-term survivability, increased competitiveness, and organizational excellence.

**Legitimacy Theory.** The concept of legitimacy refers to the general perception that actions taken by two or more parties are acceptable, appropriate, and beneficial to the social well-being of a society or group of individuals (Crossley et al., 2021; Gulluscio, 2020). Legitimacy is based on a shared system of values, beliefs, creeds, and social norms. Since legitimacy is subjective and abstract, it is essential to establish a common understanding of what actions are subject to interpretation and to agree on a system of values. This can be seen in the

relationship between citizens and the governing class or, in the context of this research, between society (e.g., stakeholders) and an organization's generally accepted business practices. When these value systems align, it promotes the theory of legitimacy.

Legitimacy theory, as applied to this research project, is based on the belief that business has an implicit social contract with the communities and customers they serve through open and honest disclosure of social responsibility and sustainability measures for public evaluation (Velte, 2021). When applied to a business, Deegan (2019) described legitimacy theory as balancing what is expected to create prosperity and value, and those businesses operating outside expected standards will be deemed illegitimate and suffer sanctions imposed by governments through higher taxation, compliance standards, or by customers' actions resulting in decreased demand.

Legitimacy theory establishes a shared understanding of ethical behavior, which dictates established boundaries that safeguard and offer the most benefit to society (Velte, 2021). Strategic managers embracing legitimacy theory strive for long-term survival by meeting societal demands and expectations through accurate reporting, increasing resource stewardship, improving employee and investor relationships, and providing customer value. Subsequently, this intends to enhance organizational excellence and competitiveness, all characteristic goals of CSR (Velte, 2021).

Crossley et al. (2021) describe how SMEs target customer engagement as more unique than larger organizations by developing more personal, deeper relationships with customers and clients to gain and maintain market share. SMEs' relationships with stakeholders lean toward the interpersonal and informal through making direct connections to the communities they serve, compared to large, structured organizations, often considered too large and distant to reach the

individual. Large firms are likely to afford CSR programs over those SMEs struggling to gain market share seeking to differentiate themselves from competitors. Establishing legitimacy through concerned social and environmental business practices, which facilitate growth, enhance reputation and image, and establish industry differentiation, is a growing strategic tool for SMEs to increase competitiveness and create organizational excellence.

**Servant Leadership Theory.** The servant leadership theory is defined as the practice of leaders balancing the need to lead and manage their organizations while strongly supporting the needs of employees. All the needs of the company and stakeholders are considered, with an emphasis on labor, in the pursuit of maximizing profits. However, there are debates surrounding this leadership theory. Hartnell et al. (2020) raised the question of whether practicing leadership theory leads to a negative financial return (i.e., lower profits and decreased competitiveness) by prioritizing organizational citizen behavior over profits. The servant leader prioritizes the development and well-being of subordinates throughout the organization (Afsar et al., 2018; Heyler & Martin, 2018). However, critics argue that leaders may face challenges in serving multiple interests while striving to remain financially viable, as each entity seeks attention potentially at the expense of others.

The emergence of CSR programs over the past 50 years has helped shift expectations away from the shareholder theory to the stakeholder theory. This has increased visibility and the number of entities seeking approval and attention, increasing the servant leader's scope of responsibility. Under the shareholder theory, a strategic manager would focus on establishing working conditions, providing training and management services, and ensuring workers' ethical and legal treatment. However, it is essential to consider whether improving the workforce will be beneficial if the company cannot remain competitive and must terminate operations. The servant

leadership structure encourages employees to contribute to the organization's well-being, fostering innovation, corporate identity, and empowerment (Mallen-Broch et al., 2020). This approach can lead to improved work-life balance, increased employee benefits, reduced turnover, and enhanced corporate citizenship for internal stakeholders, all of which are shared values generated under servant leaders (Lythreatis et al., 2021).

As Mallen-Broch et al. (2020) described, servant leadership is best suited to incorporate CSR programs into business models. This leadership style places a high value on achieving goals and objectives by focusing on employees and stakeholders, fostering an environment of mutual trust, collaboration, empathy, and ethics (Lumpkin & Achen, 2018). Internal and external stakeholders benefit by creating higher standards of ethics, virtue, and morality (Lumpkin & Achen, 2018). Employees who are dissatisfied could choose to quit, change jobs, seek validation through other means, or opt for union membership. A shift towards providing value to all stakeholders often requires a strong transformational leader who focuses on building trust within the organization between internal stakeholders.

### ***Constructs***

Constructs are broad concepts that are difficult to define or measure. When someone is said to have a poor attitude, those judging the person form many different opinions and conclusions. Some people may believe they can recognize it when they see it, but the results are generally subjective and cannot be measured. This research project focused on two prevalent constructs: leadership effectiveness and corporate structure. A leader's management style and success rate are essential considerations when CSR affects an organization's supply chain. Additionally, the concept of corporate structure influences decision-making and was considered in this research project.

**Leadership Effectiveness.** The effectiveness of strategic management's leadership capabilities will directly impact the ability to successfully implement CSR programs, leading to increased organizational excellence and competitive advantages. Lumpkin and Achen (2018) described the value of a leader establishing trust with stakeholders through managing with high ethical, moral, and virtuous business practices, echoed by Freudenreich et al. (2020) and Weidner et al. (2021). Influential leaders motivate, empower, demonstrate trust, build relationships, and build upon competence to further organizations (Lumpkin & Achen, 2018). An absence of effective leadership is a detriment to the organization, hindering profitable bottom-line results (Waldman et al., 2020) and creating value for all stakeholders of the organization. Adopting a long-range outlook regarding business strategy is an essential determinant of leadership effectiveness, as highlighted in the Muriithi et al. (2018) study of indigenous Kenyan banking strategic managers who embraced employee-focused CSR programs with noted successful productivity, innovation, and lower turnover increases. This positive relationship exists between leadership effectiveness and its sub-constructs of influence, follower commitment, and versatility. These aspects are essential when integrating CSR into any organization (Freudenreich et al., 2020; Muriithi et al., 2018; Weidner et al., 2021).

Strategic managers of LMEs versus CMEs have differing points of view regarding CSR adoption. Those LME managers may weigh the benefits of CSR to ultimately increase profits, whereas CME managers may view CSR adoption as part of a more significant societal community benefit. The further left politically, the greater the government control. However, even China embraced CSR beginning in the 1990s. Their communist-controlled capitalist society realizes CSR opportunities and incorporates programs into their business communities by creating a strategic practice of blending capitalistic markets with a communist central planned

economy with underlying Confucian values (Parsa et al., 2021). The adoption of CSR by the Chinese government has strengthened their internal markets and increased global competitiveness, benefiting all multinational companies, including Chinese companies participating in their supply chains.

**Corporate Structure.** The leadership a board of directors and voting stockholders provides to strategic managers can significantly influence the organization's actions. As CSR programs are increasingly crucial to organizational success, internal stakeholders such as boards of directors or voting stockholders may exert pressure on strategic managers to adopt CSR programs that improve working conditions, training, and other initiatives aimed at enhancing productivity, reducing turnover, and increasing long-term profits (Freudenreich et al., 2020; Weidner et al., 2021). External stakeholders may also seek to influence strategic managers to address, implement, and oversee CSR through soft measures such as decreased sales, governmental regulations, or negative feedback on social media. How CSR is approached, and the success of implementing programs can vary for family-owned, LLC-structured, or government-owned businesses. For instance, businesses owned by the government or those with substantial governmental oversight may have the authority to enforce CSR mandates and establish new societal and business expectations, unlike businesses operating in a free market (Sahasranamam et al., 2020).

This literature review discusses that CSR's notoriety often focuses on large corporations' efforts and accomplishments. Although sole proprietorships, LLCs, or privately held companies also have social responsibilities to ensure the highest standards of employee safety, environmental standards, and raising capital investments, they may not be subjected to the same level of scrutiny as incorporated businesses with boards of directors or voting stockholders. For



this research project, the emphasis focused on the executive decision-maker regardless of structure. The results of this research are relevant to a broader audience, including businesses and leaders beyond the scope of small and medium-sized manufacturing enterprises.

### ***Related Studies***

The academic and professional literature on CSR in the past 5 years has mainly focused on broad concepts of societal and environmental welfare. However, there has been relatively little exploration of the decision-making processes of leadership and other internal stakeholders at a more detailed level (Al-Abdin et al., 2018). Additional research on this topic has provided various perspectives, opinions, and findings essential for assessing CSR programs' effectiveness. This research has also highlighted common criticisms and the politicization of CSR, particularly in influencing social issues such as diversity, inclusion, and internal stakeholder voting (Pfajfar et al., 2022). There is also a growing interest in examining the link between CSR and marketing and in using CSR as a management tool to address perceived or actual corporate irresponsibility. These emerging topics fall outside the traditional CSR boundaries of altruistic 3BL principles (Streimikiene & Ahmed, 2021; Sun & Govind, 2022).

**Criticisms of CSR.** The overall effectiveness of CSR programs still needs to be addressed. Because programs targeting internal and external stakeholders vary in size, scope, and intent and often yield intangible outcomes or results, the overall value is beholden to the stakeholder (Al-Abdin et al., 2018; Barnett et al., 2020). CSR programs not chosen nor those improperly enacted can sour internal stakeholders' perceptions as being symbolic; likewise, external stakeholders may perceive CSR actions taken as greenwashing as attempts to create an environmentally friendly atmosphere that only re-labels business goals as CSR efforts (Dahlin et al., 2020).

Aguinis and Glavas (2019) described how traditional CSR typically focuses on firm-level outcomes while overlooking individual internal stakeholders' perceptions, attitudes, and behavioral trends that poorly reflect management's ability to enact such programs. Industries vary in their approach to justifying the CSR programs adopted, specifically in industrial or naturally resourced-based businesses such as within the energy sector, which relies heavily upon social media and other positive propaganda messages aimed to shape public perception away from greenwashing (Pizzi et al., 2021). Critics of CSR cite examples of how programs failed in low-governance regions, such as in Brazil's mining and extraction industries, where attempts to create a bridge between business and the communities led to increased distrust, resentment, and instability between labor and the firm leading to disruptions in productivity and supply chains (Hoelscher & Rustad, 2019). Critics of CSR often point out that organizations may adopt programs that focus on activities visible to consumers and the public while overlooking efforts that could benefit less noticeable stakeholders, such as tier 2 or higher-level supply chain partners (Wu et al., 2020).

Greenwashing is a concern when organizations engage in deceptive practices related to their CSR efforts (Lee et al., 2017). Some experts have suggested oversight and regulation to address this issue. Greenwashing can harm consumer and societal perceptions by overshadowing genuinely environmentally friendly products and services with false claims from competing companies (Lee et al., 2017). Dahlin et al. (2020) discussed the potential need for an international governing board to set standards, evaluate, and certify CSR programs, leading to standards more accurately measuring a firm's sustainability efforts than relying on self-reporting. Despite the negative criticisms of CSR, strategic managers seeking the long-term sustainability of their organizations are increasingly viewing programs as necessary to gain acceptance in

corporate and social communities that advocate for increased mandatory activity (Goedeke & Fogliasso, 2020).

**Political CSR.** The rise of corporate social activism can transform CSR efforts into political weapons by hijacking legitimate efforts intending to add value to the 3BL and turning CSR efforts into a political advantage or to push forward a political narrative that strays from the mission and organizational objectives (Carroll, 2021). Multinational conglomerates like Disney and Coke are no longer satisfied with simply doing good, as discussed by Carroll and Brown (2018). Instead, they have begun supporting causes that some question as having little to no value other than to appease specific groups seeking validation. This has raised doubts about the validity of any CSR program in the eyes of consumers and other stakeholders. Other firms embrace greenwashing to improve their public image with customers and stakeholders, while other firms may embrace an anti-CSR stance completely by going "brown," according to Lee et al. (2017).

**Index Scores.** Are ESG and DEI scores an extension of political CSR? Investors concerned with funding sustainable businesses increasingly rely on ESG scores to determine where to invest their capital resources. Businesses increasingly rely upon DEI scores to assist in recruitment and hiring, which can be interpreted as an affront to meritocracy (Cuellar, 2022). Similarly, investment bankers are increasingly directing clients toward companies with favorable index scores (Madison & Schiehl, 2021), which raises the possibility of favoritism by excluding smaller companies that are less likely to afford initiatives leading to higher index scores.

ESG and DEI scores are voluntary ratings that businesses use to measure their sustainability, ecological stewardship, and human resources efforts (Zanin, 2021). Each reporting business or organization subjectively determines its scores, which are then compared to industry

peers by governing boards like the Sustainability Accounting Standards Board (SASB). This comparison can equate scores to financial solvency, creating a new level of risk management for potential investors (Duque-Grisales & Aguilera-Caracuel, 2021). The inconsistency in reporting standards and the subjective nature of how scores are determined introduce subjective standards by which companies are asking to judge themselves and to be judged by others. Critics of the ESG and DEI scoring systems cite inconsistencies across industry sectors, firm sizes, and governance practices. Additionally, SMEs may lack the resources to gather the data needed to generate positive index scores reported to the rating agencies (Drempetic et al., 2020).

Madison and Schiehl (2021) described the lack of clarity regarding the composition of the ESG scoring system, as each of the three components of the 3BL is subject to factors that may impact a business. Environmental accidents causing environmental damage may reduce a company's score in this category, yet the public notification and cleanup response may be noteworthy. Social and governance scores are driven by events outside the control of managers, such as a workforce reduction due to the recent COVID-19 pandemic or a labor strike, which may negatively affect the firm's score. However, factors such as greenhouse gas emissions, carbon footprints, and gender and age-specific requirements within the organization's structure also contribute to the scores (Tamimi & Sebastianelli, 2017). Until significant objective measurement and evaluation standards are established across industries, the perception of favoritism exists regarding how index scores are tallied, reported, and used to gain favor.

### ***Anticipated and Discovered Themes***

**Anticipated Themes.** There are four primary categories of CSR: environmental, economic, ethical, and philanthropic. Depending on the context in which it is applied, CSR can include various programs, initiatives, and ambitions (Mitra, 2021), adapting to the organization's

needs and internal and external stakeholders. Furthermore, CSR adopts new terms, particularly sustainability, due diligence, and DEI, to address the over-familiarization of outdated or negatively connotated terms (Carroll, 2021). Strategic managers must consider balancing the public perception of their CSR programs with the actual cost-benefit analysis, significantly when public perception outweighs the return on investment regarding stockholder gains (Su-Yol & Seo, 2017). The diverse range of CSR perspectives within business communities raises questions about validity (Barnett et al., 2020). This validity also pertains to strategic managers who implement and oversee CSR programs and whether these programs shape the organizational ideology throughout the firm, as often expected (Gupta et al., 2016).

Most of the literature on CSR's effectiveness emphasizes the positive impact on internal stakeholders, encompassing intangible employee benefits, safety improvements, and reduced turnover. However, it often fails to identify measurable benefits for society. Although some of the benefits of CSR programs are intangible and cannot be easily measured by the public or society, the idea that CSR benefits organizations and society persists (Deegan, 2019; Velte, 2021). This supports the concepts of goodwill and stewardship and highlights the increasing reliance on CSR to create value for all stakeholders. CSR is becoming essential in business strategic planning efforts as managers strive to generate 3BL profits and value, leading to organizational excellence and competitive advantages (Fish & Wood, 2017; Mitra, 2021).

As CSR programs expand globally across industries and become more socially visible worldwide, public perceptions will continue to shape global stakeholders' expectations regarding 3BL values, reinforcing the legitimacy theory. In nations with weak societal infrastructures or where regulatory shortfalls exist for businesses, CSR programs enacted through legislative or

voluntary means are bridging gaps in societal and environmental standards (Carroll, 2021; Garg & Gupta, 2020; Oware & Mallikarjunappa, 2022; Wickert, 2016).

**Discovered Themes.** The professional and academic literature has revealed a significant imbalance in supply chains, resulting in reduced visibility for Tier 0 entities. These entities must either invest in new capabilities, embed liaison employees, or depend on supply chain partners (Tier 1, 2, and higher) for accurate and honest CSR reporting (Fish & Wood, 2017; Liu et al., 2020; Mamun & Shaikh, 2018; Mitra, 2021). Increased use of technology has improved general public awareness and shed light on how supply chains manage CSR, making it more understandable for those interested. Technology also holds businesses accountable and promotes public awareness, media scrutiny, and global competition, which has lifted the shroud that previously obscured supply chain actors (Silvestre et al., 2018). Core businesses at Tier 0 that rely on supply chain participants to adhere to sustainable initiatives and CSR programs benefiting all stakeholders cannot assume that maximum efforts are being made to uphold expectations.

Political CSR transforms legitimate business activities led by business organizations into political actions through involvement in public deliberations, influencing governing decision-makers, and the provider of public goods when governing bodies are incapable (Scherer et al., 2016). In these instances, CSR is used to judge wealth and social status by firm owners in nations, using programs to gain political connections or to increase or alter a business's public perceptions and marketing plans (Liu et al., 2020). Schrempf-Stirling (2018) described a highly politicized global environment is emerging, driven in part when traditional governing state and business roles diminish the rule of law and when the rise of PCSR in business creates undue influence as with multi-national conglomerate organizations that become non-state actors

creating their favorable conditions. When taken to the extreme, PCSR can be used as a tool of the corporate political entity, as seen with the significant influence that large tech firms have when an organization tries to gain political and economic influence. This can lead to a competitive edge for the organization by participating in political processes outside of regular business and market activities (Carroll, 2021; Shirodakar et al., 2018; Wickert, 2016). As mentioned previously, index scores are a component of CSR. They can be used for political means, such as obtaining governmental contracts or diverting investment capital to organizations that achieve a certain level of self-determined scores. These index scores continue to move CSR efforts forward without governmental legislation (Birkey et al., 2018).

***Financial Markets' Influence on Business and CSR.*** The U.S. Government is only legally permitted to shut down individual businesses after going through a legal process. Legal authority exists granting direct control over businesses if emergency powers are enacted to redirect industry resources to address a deficiency deemed necessary to protect national interests under the National Emergencies Act of 1976 (Emergency Powers, n.d.). In June 2022, the Juul e-cigarette was ordered off the market by the Food and Drug Administration (FDA) while allowing competitors to continue selling their products (Maloney, 2022). Bieber (2022) reported that 33 United States Attorneys General have filed suit against the Juul Corporation for predatory marketing of the youth, failure to disclose the potential health risks of their product and negligence. The Juul corporation provided their legal defense to the plaintiffs to gain reversal of this decision, ultimately settling for nearly \$440 million in damages in September 2022; Juul's products are back on the market, having eliminated questionable lines of product and banned advertising in the United States (Christensen, 2022).

While this type of cease-and-desist action may be a more common event in CMEs or socialist nations, only on rare occasions will the United States Government exert authority through non-elected entities, such as the FDA or the EPA, to shut down a business under the guise of protecting her citizenry (Maloney, 2022). Regulation of industry through creating minimum standards is one method. ESG and other market index scores allow the financial sectors to shape public opinion regarding businesses by promoting favored indexed firms for investment.

Investment firms, private equity, and hedge fund managers are increasingly funneling clients' capital investments towards those businesses considered CSR friendly and sustainable through rated index scores, such as ESG and various other index ratings in foreign market exchanges (e.g., Istanbul, Taiwan). The CEO of Blackrock, Larry Fink, states in his most recent letter to CEOs that the ESG index is not a measurement of woke nations but rather a rating system that ensures clients seeking sustainable investment opportunities have the necessary means to make sound financial decisions (Fink, 2022). Those organizations not meeting investment firms' expected index scores may see capital redirected toward those deemed favorable. ESG and index scores move businesses towards CSR faster than governments' legislative means in their core facilities and supply chains.

### ***Summary of the Literature Review***

This systematic literature review provided an overview of strategic management's challenges in identifying and implementing CSR programs into current business models, specifically supply chain strategies, which are often asymmetric in structure and offer little to no visibility past the first levels of business. CSR is increasingly becoming a component of an organization's long-term strategy, which intends to increase sustainability and bring value to



internal and external stakeholders, thus enabling competitive advantage and organizational excellence.

The background history presented a framework of how CSR has emerged primarily from philanthropic efforts to an emerging long-term strategy tool that is increasing competitiveness, benefiting society, and protecting against environmental abuses. Common business practices related to the study were presented, describing strategic managers' challenges in seeking to balance the 3BL with limited resources, driven by the three concepts of how CSR challenges businesses and how it is gaining importance for long-term strategists to increase competitiveness and excellence benefiting both the organization and society's stakeholders.

Additionally, three theories, or lenses, of how to gather, analyze, and define data were presented along with the basic constructs of organizational structure gathered from current literature regarding CSR programs were presented with the stakeholder theory as the primary theory driving the adoption of CSR and the foundational theory for this study. Last, the final section of the literature review details the themes anticipated through research, primarily how CSR is expanding and is shaping how global public perceptions continue to place greater demands upon strategic managers in fulfilling stakeholder expectations through increased technology powering communications and social media. Those discovered themes centered around the influence of how political CSR can ingrain business and government together to shape perceptions and how indexed scores are becoming a new standard of measurement for investment capital flows, further shaping the direction of business.

This literature review provides a 360-degree examination of the challenges CSR programs present to strategic managers striving to remain competitive while providing long-term strategic outcomes for customers and all stakeholders. This research project evaluated the how

and why strategic managers' decisions to adopt and employ CSR programs in areas of their business models that often need to be more visible and seemingly out of the scope of authority. Understanding the reasoning and methods used by decision-makers will benefit the academic and professional communities by understanding the magnitude of choices faced, which will be relatable to a greater audience.

### **Summary of Section 1 and Transition**

Section 1 of the research project established the foundation for examining how and why strategic managers of U.S.-based manufacturers of 500 or fewer employees embrace CSR programs in the supply chain strategies. The study discussed the challenges presented by CSR programs and how strategic managers must balance limited resources. While these resources were once solely intended to increase profits for shareholders, they must now also be used to meet social and environmental goals to satisfy a more demanding public. This paradigm shift intends to benefit both people and the planet. General and specific problem statements were presented, which identified the overall phenomenon and led to a focused challenge of incorporating CSR into a specific category of supply chain strategies. Targeted research questions were presented for strategic managers to explore the identified phenomenon of how, why, and what led to success or failure, and the research framework described the boundaries for collecting, analyzing, and presenting data to a broader audience. The study incorporated a pragmatic paradigm seeking to achieve an understanding of what the successful factors are and how they may impact future occurrences of this phenomenon. A qualitative, flexible multiple-case study method was used to achieve this project's stated goals best. Section 1 outlines the literature review, detailing the extensive research conducted on CSR, supply chains, and the

study framework. It includes examining concepts, theories, actors, and constructs and the basic assumptions, limitations, and delimitations that may impact the study's outcome.

### ***Transition to Section 2***

The literature review introduced the background, current trends, types, and intentions of CSR and how these programs may be relevant to supply chain strategies. Combined with identified shortcomings and gaps in existing research, section 1 provided a comprehensive background on the study's research design and methodology and possible assumptions, limitations, and project scope. Section 2 introduced the study's participants, discussed sampling and the target population, and described the data collection instruments for organizing and analyzing the data to ensure its validity and reliability.

## **Section 2: The Project**

Ensuring the credibility of research is essential for producing trustworthy, valid, reliable, and relevant results to a broader audience, demonstrating its significance. Establishing a solid foundation for a study requires a credible plan for fieldwork and data analysis, contributing to the study's authenticity. Section 2 outlines the processes used throughout this research project to achieve reliable and valid results during data collection, organization, and analysis. Furthermore, it explains the rationale for choosing a flexible qualitative multi-case methodology to understand the selected phenomenon, define the research population, justify the sampling method, determine the sample size, and outline the approach to achieve data saturation. Specific details include how data were collected during the multiple-case study interviews, organized, analyzed, interpreted, coded, and developed for themes, employing both manual techniques and qualitative software. Additionally, this research project demonstrated effective methods to reduce bias and enhance reliability and validity through bracketing, memoing, and triangulation.

### **Purpose Statement**

The purpose of this flexible design multiple-case study was to add to the understanding of how strategic managers select and implement CSR programs into current supply chain strategies intending to achieve organizational excellence and maintain competitive advantages. This study explored how strategic managers determined which CSR programs to implement into their supply chain strategies and the reasons for their success or failure. The study examined how decisions made by strategic managers impacted their organizations and determined whether those decisions or the specific types of CSR programs implemented were the main reasons for any failures.

## **Role of the Researcher**

The researcher is the vessel that establishes credibility, trustworthiness, dependability, and objectivity in the process of gathering, analyzing, interpreting, and presenting findings (Sinkovics et al., 2008). As such, the researcher must develop the skill of separating oneself from the subject in all stages of the research project, requiring a thorough understanding of what Collins and Stockton (2018) described as the instrument of self, or knowing one's personality and character traits, engaging in reflective opportunities to develop an understanding of self, much in the same manor an actor understands the role they are about to portray to deliver a reliable and valid performance. An appropriate starting point for any researcher is to realize they are never as competent or prepared as they may think.

### ***Researcher Actions Taken to Conduct the Study***

Researchers establish a credible foundation by collecting and analyzing data before reporting findings. This process includes obtaining approval for the research proposal from the university's Institutional Review Board (IRB) and relevant parties related to the study (Hamilton & Finley, 20198; Korstjens & Moser, 2017). All participants in this study understood how the data were collected, their role and responsibilities during the interview process, assurances of anonymity, and their option to terminate their participation without any repercussions.

Creswell and Poth (2018) and Yin (2018) outlined effective researchers' five fundamental characteristics guiding the collecting, analyzing, and presenting this study's findings. Firstly, the author identified an underdeveloped area of concern through research and developing a problem statement. Research questions were crafted to accurately reflect the how and why of the problem statement, aiming to create valuable content for both the academic and business communities. Effective data collection during fieldwork required strong listening skills. Active listening meant

recognizing those identified personal biases and striving to eliminate any roadblocks threatening the study's results.

The author remained adaptable, guiding discussions to stay on track with the research theme while valuing all contributions. The author frequently used expected follow-up and probing questions to obtain desired information. Being well-versed in the subject matter was critical, including the core issue and the ancillary issues surrounding the topic that sometimes spun off in different directions. Lastly, it was important to remain ethical and understanding when contrary opinions, answers, or evidence were discovered. The author created a plan for organizing and analyzing the data to ensure consistent, fair results for each participant (Sinkovics et al., 2008).

**Researcher Bias.** Bias often stems from preconceived ideas, beliefs, and utilitarian ideals of high societal ethical standards. Wadams and Park (2018) discussed four common types of bias in qualitative research. The first type involves biased research questions overlooking critical confounding factors such as ethnicity or race, which may not be equally considered across the study's sample. Second, the sampled population can introduce bias if the selected participants prefer certain factors irrelevant to the study. For instance, in this research project, selecting U.S.-based manufacturers with 500 or more employees or supply chain operations from a specific manufacturing subset or those vertically integrated organizations could lead to biased results, as these prospects may have many similarities among their stakeholders seeking similar or biased validation. None of the study's participants were in related manufacturing industries, were vertically integrated, nor shared internal or external stakeholder interests. It is important to note that the research project did not prioritize one type of manufacturer over another when selecting case studies.

Wadams and Park (2018) discussed two other types of bias. One is conceptual bias, which refers to a narrow focus when collecting, analyzing, and interpreting findings to fit the project's selected theory or concept. The second is anticipation theory, which involves introducing ideas during the data collection or analysis and interpretation phase that may be challenging to overcome. This type of bias is often called the "pink elephant bias." Once mentioned, it becomes ingrained and difficult to overcome (Morse, 2015; Morse & Mitcham, 2002). In fact, suppressing thoughts is more likely to make those same thoughts more intrusive. The study's interview questions were thoroughly evaluated, ensuring no leading or biased wording, statements, or questions were asked.

**Bracketing.** The practice of bracketing is a method used by qualitative researchers to help identify and mitigate potential bias, specifically preconceived ideas, concepts, or notions that may inadvertently skew or stigmatize the research process (Tufford & Newman, 2012; Weatherford & Maitra, 2019). Deleterious effects resulting from hidden or subtle researcher biases may be unacknowledged or not immediately known, requiring continual examination throughout the research project life cycle. Bracketing was essential to maintain the integrity of the subject under study. This process helped identify and eliminate any possible researcher bias. Noted instances were noted and weighed against the author's extensive knowledge of the subject, practical experience, and understanding of the associated cultural customs and beliefs (Gregory, 2019). As Gregory (2019) explained, bias can be subtle or obvious. For example, a researcher might encounter difficulties gathering fieldwork data on criminal offenders because of preconceived societal and academic ideas about the research topic, leading to biased and non-credible results. While CSR is not synonymous with criminal behavior, the topic is subject to

intense debate from various perspectives. It was crucial for the study's author to consistently guard against bias in any study, ensuring the reliability and validity of the results.

**The Practice of Bracketing.** Overcoming bias as a qualitative researcher requires consciously striving for the highest levels of objectivity and impartiality when reporting research findings. One method to achieve this was through bracketing, which involved setting aside the author's personal beliefs and experiences during the research process. The author used bracketing tools like journaling and creating written memorandums of events, thoughts, and feelings about the subjects sampled. Any personal relationships, attitudes, or roles were noted and examined to counter bias (Wadams & Park, 2018). Tufford and Newman (2012) described the bracketing process as a journey of self-discovery and efficacy. In addition, it was important to seek qualified outside counsel to help identify preconceptions and biases. This involved conducting academic reviews, discussing progress with advisors, and researching additional topics. Engaging in deep reflection, followed by a commitment to seek clarity and strive to eliminate identified biases, were crucial steps taken to understand and overcome potential biases.

### ***Role of the Researcher Summary***

The researcher's role was to identify an area within the business community lacking professional and academic reporting and needing improvement. The formulated research questions were used to query a selected sample of participants, and data were gathered that was then analyzed and interpreted, and the findings were presented to a broader audience. In any research project, the researcher must guard against biases that could taint the findings and render the work non-credible or invalid. Bias can take many forms, stemming from societal and cultural experiences and from anticipated outcomes and conceptual images during research. To protect against preconceptions, emotions, values, interests, and theories that could affect the research



project's results, the author engaged in bracketing through journaling and creating memorandums of record throughout the study for review, examination, and reflection, allowing freedom of thought outside the constraints of the research project and relying on outside sources to identify possible bias and committing to personal reflection and open intellectual honesty assisted in guarding against bias.

### **Research Methodology**

The research study used a flexible design and qualitative multiple-case study methodology as the most suitable approach. This methodology offered flexibility, allowing for adjustments to unforeseen parameters for the best fit (Hamilton & Finley, 2019; Korstjens & Moser, 2017). The flexible design embraced the study's qualitative methodology to understand the problem or phenomenon studied, offering the option to adjust data collection methods or tools best suited for the data collection process (Hamilton & Finley, 2019; Korstjens & Moser, 2017).

Qualitative research intends to establish purpose from inductive, subjective, and contextual data, which may drive changes to generate credible, valid, and reliable studies (Morgan, 2014; Shekhar et al., 2018). While flexible-designed studies rely upon traditional qualitative data collection methods such as interviews, observations, and archived data reviews, incorporating basic limited levels of quantitative instruments, such as surveys or questionnaires, may aid with triangulating data (Flick, 2018). The quantitative tools researchers incorporate into a flexible design study may increase perspectives and greater understanding without restructuring the project as a mixed-method design. This study did not incorporate quantitative data collection methods but relied solely upon qualitative tools.

### ***Discussion of Flexible Design***

This research study was based on a flexible design using qualitative methods, which provided latitude to alter research parameters as needed to collect and analyze data and present the study's findings to a greater audience (Creswell & Poth, 2018; Hamilton & Finley, 2019; Korstjens & Moser, 2017). The author expanded the study's sample frame after determining that no significant differences existed between incorporated and LLC-structured SME manufacturers regarding CSR, thus expanding the pathway to greater data collection (Morgan, 2014; Shekhar et al., 2018).

### ***Discussion of Chosen Methodology***

**Case Study Methodology.** This research project utilized a multiple-case study methodology. The case study methodology provides researchers with a comprehensive framework to investigate the reasons and methods behind a particular organization, event, phenomenon, or group of individuals (Creswell & Poth, 2018). Yin (2018) explained how case studies enable researchers to focus deeply on a single case and maintain a holistic perspective while collecting and analyzing data through interviews, questionnaires, audio-visual materials, and documents and reports for one or multiple cases (Creswell & Poth, 2018). Because the researcher sought to understand the experienced phenomenon, interview questions and other research methods were limited by establishing the data collection scope, preventing external data from mixing with internal data. This bounding creates a stronger connection between the case, research questions, and propositions (Yin, 2018). Bounded limitations in case study methodologies prevent research questions that are too broad in scope from generating an excessive amount of data. In case study research, typical characteristics focus on an individual or a group, including at least six participants (Creswell & Poth, 2018).

**Appropriateness of Chosen Method.** This study utilized the multiple-case study methodology. As stated, this allowed the researcher to gain an in-depth understanding of a phenomenon within a specific context that would not be possible with other methodologies (Creswell & Poth, 2018; Yin, 2018). While it is widely believed that CSR programs benefit the organization, addressing the possibility of unexpected perspectives and results was necessary to fully understand the challenges faced by strategic managers interviewed in this study (LaBaron et al., 2022; Mamun & Shaikh, 2018; Mitra, 2021; Velte, 2021). The multiple-case study methodology allowed for adaptive interviews that offered additional follow-up and probing questions during data collection. The author explored additional questions seeking to understand how, what, and why that otherwise were not an option under alternative methodologies. Additionally, the ability to gain clarification through member checking ensured that the most accurate and credible data for analysis was provided. The study's author determined the flexibility provided by a multiple-case methodology best aligned with the research project's goals.

The blueprint of qualitative research is loosely based on and adaptive to new information collected, requiring the researcher to continuously evaluate the study's direction to become an integral component of the research (Rutberg & Bouikidis, 2018). As there were no preconceived theories or hypotheses regarding why a certain phenomenon occurred, this research project evaluated subjects to discover variables that are not easily measured, leading to a greater understanding and interpretation of the subject, contributing to literature, or resulting in a call to action (Creswell, 2008, 2013; Creswell & Poth, 2018; Hamilton & Finley, 2019; Korstjens & Moser, 2017; Yin, 2018). As previously noted, the flexible design allowed for alterations to the study's pathway to collect data that best reflected the research questions.

### ***Discussion of Methods for Triangulation***

Triangulation is the process of using multiple approaches in research to enhance the validity by gathering information from different sources (Carter et al., 2014). Moon (2019) also pointed out that triangulation can be used to verify the credibility of quantitative data, thus improving reliability and validity. Apart from improving research credibility, triangulation provides a more comprehensive picture and allows for exploring different perspectives on a research problem (Nightingale, 2020). Triangulation enhances the credibility of qualitative research findings and supports reliability and validity through the four methods outlined in the following paragraph. This contributes to the accuracy of the concepts or ideas under investigation (Moon, 2019; Noble & Heale, 2019).

**Four Triangulation Methods.** Moon (2019) described four types of triangulation methods: data (also called methods), theory, investigator, and methodology. Data triangulation incorporates multiple methods of collecting data, such as surveys, interviews, and observations, to gather information from various sources and validate the same findings. This data triangulation method was one of two methods used in this author's research project (i.e., interviews and observations), with theory triangulation being the second method used. Stakeholder, legitimacy, and servant leadership theories were presented within the study's framework. Relying upon these theories enhanced the research project's rigor as it analyzed data from three different perspectives, allowing for the emergence of similarities and differences that may not support the expected outcomes (Moon, 2019). Evaluating the collected data using the stakeholder theory explored the potential motivation to meet the expectations of competing stakeholders (Freeman et al., 2018). Legitimacy theory examined the potential motivation to make decisions based on the need to uphold a social contract that provides socially acceptable

and ethical behaviors for the public to evaluate (Deegan, 2019; Velte, 2021). Lastly, servant leadership theory explored the potential motivation to prioritize the welfare of employees and internal stakeholders above all else (Afsar et al., 2018; Hartnell et al., 2020; Heyler & Martin, 2018).

**Triangulation Methods not Selected.** Yin (2018) discussed the two remaining triangulation methods not used to triangulate in this research project: investigator triangulation, which relies upon more than one investigating researcher to gather data evaluated for corroboration, and methodology triangulation, which involves mixed methodological approaches to the study. It was crucial to exercise caution when attempting to triangulate the study's data, as Moon (2019) warned that assumptions of triangulation methods will not automatically eliminate any errors. Heale and Forbes (2013) elaborated on this, highlighting the commonly accepted notion that data sets collected from different methods will be congruent. However, if flawed data collection methods were employed, none of the findings can be considered valid. The question of weighted measures for each method must also be addressed. As with any system, the 'garbage in, garbage out' principle applies. A solid foundation for any study is necessary to increase credibility and rigor, with triangulation serving as a tool to achieve positive results.

### ***Summary of Research Methodology***

The flexible qualitative case study methodology used in this research allowed for a thorough and in-depth analysis of various complexities from different perspectives (Fearon et al., 2021). The findings of this case study provided a deep understanding of the challenges faced by strategic managers in integrating CSR programs into current supply chain strategies, affecting organizational excellence and competitive advantages. By applying a pragmatic paradigm, this case study focused on identifying what works and where failures occur rather than aiming for an

absolute truth (i.e., positivist or post-positivist) or a constructed reality of the phenomenon (i.e., constructionist). This approach enabled flexibility in adjusting the project parameters based on the collected data as necessary when unexpected insights influenced overall results. The four triangulation methods were also discussed, detailing how this study used data and theory triangulation to ensure a credible and comprehensive understanding of the phenomena under study.

### **Participants**

Refining the target population pool was critical for creating valid data collection. This process selected information-rich cases that facilitated a comprehensive understanding of the studied phenomenon and ensured the validity and reliability of the results (Ishak & Bakar, 2014; Staller, 2021). Current academic and professional literature emphasizes the growing necessity for businesses to integrate CSR into their business models and supply chain strategies despite budgetary constraints, leading to managerial stress and challenges to competitiveness and organizational excellence (Stoian & Gilman, 2017). Manufacturing businesses often depend on supply chain partners for resources, including parts, components, and labor for their production (Weidner et al., 2021). Globalization and technological advances have opened up options for supply chain operations through free trade and increased infrastructure capabilities, enabling economic prosperity for once-closed nations. This phenomenon is evident in those developed nations that rely on offshore supply chains to leverage strengths and omit weaknesses.

The participants in this research project were C-suite level owners or executives of manufacturing organizations with 500 or fewer employees based in the United States, having supply chain partners both domestically and offshore, and having some level of noted CSR programs as part of their business strategies. Strategic managers in the sample were actively

involved in the decision-making processes and held responsibility for overseeing CSR programs and assessing their impacts on stakeholders, competitiveness, and organizational excellence, particularly in their manufacturing supply chains.

### **Population and Sampling**

Wu and Thompson (2020) outlined the selection of suitable criteria for individuals or units (cases) in the research project's population, who will eventually be identified as the target population and selected as study samples. Refinement of the target population through sampling creates a concrete foundation of potential cases, leading to relevant data collection, thus eliminating wasted time, effort, and resources. This refinement process continues by narrowing the potential pool of candidates to hone in on those sampled cases, leading to the best understanding of the research phenomenon and the most significant probability of reliability or transferability of results (Andres, 2012). This project's flexible, qualitative design and non-statistical sampling technique were best suited for refining and determining case participants as it enabled targeted solicitation of prospective participants (Creswell & Poth, 2018; Hamilton & Finley, 2019; Korstjens & Moser, 2017; Martínez-Mesa et al., 2014; Taherdoost, 2016; Yin, 2018).

### ***Discussion of Population***

A population, as defined by the qualitative researcher, is a group with at least one characteristic in common between groups of people or institutions. It is a starting point for drawing eventual participants for the study (Berndt, 2020). Groups of people, such as a professional baseball team, a hospital staff, or a military squadron, all have similar characteristics of belonging to a group that has shared experiences, similar characteristics, or allegiances to an institution, which makes them unique among the general public would be examples of a

population (Martínez-Mesa et al., 2014). Regardless of the nature of the grouping, at least one bonding element exists amongst all within the population, creating a starting point for the researcher to consider initially.

According to the most recent data from the United States Census Bureau (2019), there are 6.1 million employer firms in the United States; 99.7% of these firms have 500 or fewer employees and have strong connections to their local communities, influencing economic and environmental outcomes ("Facts & Data on Small Business and Entrepreneurship," 2022; Stoian & Gilman, 2017). The Commerce Department reports that approximately 10% of all employment, or about 15.7 million workers, are in manufacturing. The United States is one of the world's manufacturing leaders alongside China in key automotive, electronics, and chemical industries, ranking 14th worldwide (Thomas, 2022).

The U.S. Commerce Department reports that just under 15% of all intermediate goods and services in the United States are imported from offshore activities, highlighting the reliance on offshore supply chain partners (Thomas, 2022). The statistics reflect the growing reliance on manufacturers embracing robust supply chain strategies (Stoian & Gilman, 2017). Stoian and Gilman (2017) described CSR's leadership challenges for SMEs aiming to achieve 3BL returns. These challenges involve maintaining profitability while simultaneously working to create goodwill and a positive image with internal and external stakeholders who are increasingly concerned about social and environmental issues. Larger manufacturing organizations with 500 or more employees are more likely to have the necessary resources and larger budgets to initiate and maintain CSR in their business supply chain strategies (Weitzner, 2020). SMEs face challenges similar to those faced by large firms in staying solvent; ignoring this segment of the



business community prevents a greater understanding of strategic managers' challenges when evaluating CSR for their organizations.

***What is the Size of the Eligible Population?*** The study's author refined the population into a targeted sample of 60 manufacturing businesses without considering their specialty. Those SME manufacturing organizations' leaders' were contacted in addition to canvassing public requests for participation on LinkedIn group sites dedicated to CSR and sustainability. Additionally, personal contacts were sought through the author's established business and social contacts to increase the targeted sample size. All the identified organizations contacted had publicly stated ongoing CSR efforts on their websites or disclosed during initial discussions if their business had no web presence (i.e., found via referral). Of the six study participants, two chose not to maintain an active web presence due to their OEM status with other manufacturing organizations and no retail sales. However, upon initial research, they did implement active CSR programs throughout their organizations.

### ***Discussion of Sampling***

A population for this study provided the initial pool from which potential study participants were drawn (Berndt, 2020). Narrowing down a population for a study is akin to a funnel. It starts with a larger group and gradually eliminates portions of the population through a series of restrictions until a refined grouping is achieved. Not every member of the population will possess traits or characteristics that are of interest to the researcher. However, those members who initially pique the researcher's interest are the targeted population. This group is further refined through the examination of desired qualifications, leading to the identification of a core group for the study, also known as the sample population (Ishak & Bakar, 2014; Martínez-Mesa et al., 2014; Staller, 2021; Taherdoost, 2016; Yin, 2018).

**Eligible Population Characteristics.** It is widely accepted that SME manufacturers experience higher budgetary constraints than large organizations within the same industry (Stoian & Gilman, 2017). The study identified a preliminary list of manufacturing businesses that fit the initial criteria established for this research project concerning firm size of 500 or fewer employees, were based in the United States, and had active CSR efforts in their organizations, including references to sustainability, certifying organizations, ESG, DEI, or other website index scores were considered. Prospects lacking any of these characteristics were not considered for the study. Removing these potential participants ensured the sample population only included relevant participants and eliminated non-relevant data into the study, which prevented introducing irrelevant data into the study.

**Sampling Methods.** Sampling methods can be categorized into two basic types: probability-based and non-probability-based (Berndt, 2020). Probability-based sampling methods are primarily used in quantitative and mixed-method research, and they intend to generate statistically representative samples of the larger population by incorporating randomness in participant selection. There are several approaches to probability-based sampling, including pure random selection, systematic sampling, cluster sampling, and stratified sampling (Taherdoost, 2016). These methods give every individual in the population an equal chance of being included in the sample, thus creating a representative sample that allows for generalization. The final outcomes are predetermined, and the sample is expected to reflect the characteristics of the whole population (Staller, 2021). Probability-based sampling is considered the most effective in quantitative research, producing higher quality, objective, and less biased results that reflect the entire population.

***Non-Probability Sampling Method.*** Non-probability sampling is based on pre-determined decisions made by the researcher and the accessibility of the population. Farrugia (2019) expanded upon non-probability sampling by describing the two general approaches of non-conceptual and conceptually driven sampling. Non-conceptually driven methods have no specific qualifications or principles in their sampling approach; two examples are when researchers base selection on convenience or emerging opportunities (Farrugia, 2019). Selecting samples based on ease of convenience or capitalizing on opportunities that arise are not considered scientific methods. However, they may be entirely suitable based on the framework of the research study. Farrugia (2019) continued by stating that both convenience and opportune methods are apt to save time, effort, and resources but can yield lower credible, quality study results for the qualitative researcher.

Taherdoost (2016) described three additional methods of non-probability sampling, including the quota method, where predetermined characteristics are used to select sample participants from subgroups likely to generate an equal distribution of characteristics compared to the broader population (Stratton, 2021). Second, the snowball sampling method occurs when one case may refer a researcher to another similar case based on the likelihood of participation. The snowball sampling method is more effective with organizations that are closely guarded, deal with sensitive information, or are stratified with hierarchies prohibiting open exchanges of time, ideas, or availability, which otherwise would be closed off to the researcher without a warm introduction (Berndt, 2020; Ishak & Bakar, 2014; van Rijnsoever, 2017). Last, the judgment-based sampling techniques include the theoretical and purposive methods commonly used by qualitative researchers (Taherdoost, 2016).

The non-probability-based approaches, theoretical and purposive, are conceptually driven, reflecting the strategic nature of qualitative research. The theoretical method, often used in grounded theory methodology, is guided by the underlying framework of a research study, allowing for the emergence of data (Conlon et al., 2020; Farrugia, 2019; Stratton, 2021; van Rijnsoever, 2017). The purposive method, commonly used in case study methodology, involves the selection of samples that best match the research questions based on predetermined criteria (Farrugia, 2019). By establishing baseline criteria that closely reflect the research questions, the researcher can reduce the possibility of selecting cases that do not meet the minimum requirements, thereby saving time and resources.

**Selected Sampling Methods and Their Appropriateness.** The study initially relied upon the purposive sampling method, where predetermined characteristics or criteria were used to refine the population, as a primary method to secure case study participants. The secondary option for sampling was the snowball sampling method, where current case participants encouraged or referred other potential cases for consideration in the survey sample (Creswell & Poth, 2018; Davis, 2005; Hamilton & Finley, 2019; Korstjens & Moser, 2017; Taherdoost, 2016; Yin, 2018). These two methods were appropriate because of the vast number of SME manufacturing organizations in the United States; it was not conceivable to expend time and resources to sample the entire population to understand the phenomenon researched (Ishak & Bakar, 2014). Calculating sample sizes was crucial to the overall success of this project as determining the right size sample mitigated the probability of error and reduced the boundaries set for time, resources, and effort (Martínez-Mesa et al., 2014).

The collected data yielded meaningful analysis and results by relying on more in-depth details from each selected sample (Taherdoost, 2016). The purposive sampling method consisted

of identifying potential samples and narrowing the prospects (i.e., sampling frame) through a series of filters, eliminating all prospective samples that did not meet the minimum established criteria for the study or lending to the research project's purpose. The secondary snowball sampling method eliminated cold-calling prospective cases through introductions made by personal or professional contacts, establishing a researcher's baseline credibility. The targeted sample directly solicited two participants, while the remaining four resulted from referrals.

**The Sample Frame.** The sample frame is a list of qualifications reflecting the basic criteria for the desired sample population in a case study research project. The study's first criterion required potential businesses that were non-vertically integrated U.S.-based SME manufacturers; those vertically integrated organizations with their supply chains were not considered due to the advantages of creating unequal influence upon supply chain partners. Second, only manufacturers with active CSR programs were considered. Third, the participants were C-level or decision-makers within manufacturing SME organizations willing to participate in the research project. This sample frame was appropriate as it was based on subjective judgment, which best suited the project's boundaries by eliminating those from the population that do not reflect the study's intent or offer any value to the analysis or outcome (Berndt, 2020; Elfil & Negida, 2017).

**The Desired Sample and Sample Size.** The criterion in the sample frame identified a desired sample from the more significant population. Previously identified sampling methods of purposive and snowballing eliminated the potential loss of time and resources by correctly identifying targeted samples from the population. Additionally, those organizations with unwilling participants capable of discussing their firm's participation, reasoning, selection, and results for CSR programs did not prove beneficial to the study, therefore, were eliminated. Yin

(2018) discussed the need for researchers to select closely those samples that intently reflect their sample frame to generate similar and predictable results that will lend the framework and the desired outcome of the study. Multiple-case studies do not have a given number that guarantees a desired outcome, but rather, the number of individual cases required to reach a saturation point is the end goal. Hamilton and Finley (2019) suggested using up to five cases, while Creswell and Poth (2018) recommended up to six. Yin (2018) mentioned that between six and 10 individual cases typically provide strong support for initial propositions in a multiple-case study. The data's saturation point are determined through analysis of the collected data.

**Sample Size and Why it is Appropriate.** The study's author expected to reach a saturation point with a minimum of six to 10 cases of manufacturing firms incorporating CSR into their supply chain strategies. Including CSR activities in supply chain management is a relatively new concept for most organizations compared to other strategic planning efforts to increase productivity, competitiveness, and excellence, a finding backed by the study's results (Basta et al., 2018). Refining the sample pool provided a richness of data that yielded similar coded results until an estimated saturation point was reached. If, during analysis, it was determined that saturation had not been met, additional cases would have been sought until the saturation point was reached.

**How the Sample Size Will Reach Saturation.** Supply chain visibility and activity tend to decrease farther away from the parent organization, creating an asymmetrical approach to management; currently, there are only limited CSR options for supply chain strategies (Fish & Wood, 2017; Liu et al., 2020; Mamun & Shaikh, 2018; Mitra, 2021). With few options available, cases were anticipated to identify similar efforts and responses for how and why programs are selected. Saturation was achieved after six case studies yielded a richness of data collected with

no outlying concepts or coded responses, but rather, redundancy of responses was realized (Staller, 2021).

**Gaining Access to the Sample.** As previously stated, initial research provided a list of 60 organizations fitting the sample frame from internet research and Forbes, Inc. magazine's annual expose on the top U.S.-based SME manufacturers for 2022 and 2023. Canvassing targeted CSR-related groups on social media outlets did not yield any results, nor did direct contact through local canvassing of prospects, who were often unavailable or unwilling to discuss their organization's CSR programs despite their marketed sustainability efforts. The prospective case study participants were contacted through direct mailings and phone calls to identified decision-makers and C-suite leaders. On-site visits were conducted for those businesses within the author's local area, and attempts to gain additional prospects were solicited through social media accounts, such as LinkedIn, and referrals from influential people networked throughout the local business community. Gaining access to and establishing commitments from case study participants was the most difficult step of this research project.

### ***Summary of Population and Sampling***

SME manufacturers incorporating CSR into their supply chains are budgetarily stressed but increasingly consider CSR an effective long-term strategy component, yielding competitive advantages and organizational excellence (Stoian & Gilman, 2017). This research project was a flexible, qualitative multiple-case study that sampled C-suite decision-makers engaged in CSR adoption, management, and evaluation within their respective organizations. The study was not impacted by the type of manufacturer, as every organization in the sample frame was qualified. The study focused on the decision-making process of CSR programs without considering specific programs adopted. This approach allowed the study to concentrate on understanding the

reasons behind these decisions, regardless of the industry type. The sample frame relied upon a non-probability sampling of predetermined manufacturers that initially met the criteria sought for this research project. Six case studies out of the anticipated six to 10 cases reached a saturation point.

### **Data Collection and Organization**

Qualitative research involves using non-numerical methods such as interviews, document reviews, and observations to understand a situation or phenomenon, focusing on subjective reasoning to gain insights that are not statistically measurable (Creswell & Poth, 2018).

Researchers collecting data from participants must consider ethical, legal, and social concerns such as protecting privacy, concern for the common welfare, and proper storage and destruction of collected data (Lobe et al., 2020). This section discusses the plan for collecting data through semi-structured interviews of multiple case studies and the process of verifying data through member checking and follow-up interview practices to increase the study's validity. Semi-structured interviews and observations were noted as the primary means of gathering data.

Appendix A provides a guide to the semi-structured interview questions with possible follow-up questions used to gather data through video conferencing, phone calls, text, and email.

Appendix B represents a protocol checklist for each interview and how data were organized to ensure the integrity of collected data. The protocol interview sheet was a checklist reminder to ensure all necessary formalities were completed for each participant.

### ***Data Collection Plan***

The research project relied on a semi-structured interview schedule to capture data regarding the human experience of how and why SME manufacturing C-suite level strategic managers evaluate and incorporate CSR programs into their supply chain strategies. Bearman



(2019), along with Schultze and Avital (2011), described the importance of seeking a more profound understanding of the human experience when conducting qualitative research, and both support the collection of thick, rich data through semi-structured interview schedules. The semi-structured interview in this study facilitated a dynamic exchange of information between the interviewer and participant by adhering to predetermined questions while allowing flexibility to delve into further areas through follow-up questions, probes, and comments. This approach aimed to elicit experiential data, leading to new ideas and insights (Schultze & Avital, 2011).

The semi-structured interview schedule consisted of open-ended, detailed questions that supported the study's research questions. Semi-structured interview questions do not provide direct answers to a study's research questions but elicit data leading to an understanding of how participants' experiences occurred and the meanings associated with those responses (Roberts, 2020). Semi-structured interviews should trigger discussion where the interviewer is responsible for the questions, and the participants are responsible for the answers. This approach drove unexpected responses, in-depth perspectives, and experiences related to the phenomenon (McGrath et al., 2019), which, in turn, led to answers to the approved research questions. Collected data were then analyzed and coded before and after member checking or follow-up interviews were conducted. Structured interviews adhere strictly to a set of predetermined questions. In contrast, unstructured interviews are entirely open-ended without any predetermined questions, allowing the interviewer to change questions and follow up when necessary. This study relied upon the semi-structured interview schedule, which yielded the highest quality experiential data (Billups, 2021).

The research project considered various data collection methods other than web-based video conferencing, such as written surveys. However, the structured nature of written surveys

limits interaction for clarification, except through the member check process (Candella, 2019; Iivari, 2018; Motulsky, 2022). Reviewing documentation of an organization's performance would primarily show outcomes of decisions without explaining how or why they occurred, therefore not relevant to this study (Yin, 2018). Archival or public records reviews were unlikely to help understand how decision-makers choose CSR programs. Additionally, direct observation was not feasible due to the dispersed eligible population across the United States, making access intrusive and overbearing. It was also unrealistic regarding the time and monetary commitments needed to observe individual cases. As a result, semi-structured video conferencing was the preferred data collection method for this research project.

A protocol based on a structured approach would be more suitable if all participants in this multiple-case study had similar business structures, meaning they all provided similar goods and services; however, the nature of this study required a different approach as each participant's business was independent of the others. As described, the preferred method was web-based video conferencing. Participants all agreed that telephone conversations, email, and text messaging were also acceptable, in that order, if web-based conferencing was not available or suitable. Video interviews were recorded with the participants' permission to ensure accurate transcription (Creswell & Poth, 2018; Yin, 2018). Video web-based conferencing allowed the author to observe non-verbal language and social gestures, such as voice inflection and intonation, which was included in the coding process (Opdenakker, 2006).

**Member Checking.** Semi-structured interviews allowed the researcher to collect open-ended and spontaneous experiential data, giving the freedom to explore relevant thoughts that arose (Candella, 2019; Iivari, 2018; Motulsky, 2022). Due to the complexity of human communication, messages or their intent can be misunderstood. Researchers may interpret

statements differently, possibly misunderstanding the content as quickly as participants regarding those questions asked. This study mitigated such risks through member checking, lending to the validity and trustworthiness of the data collected (Candella, 2019). Iivari (2018) discussed the value of member checking through subjects' involvement in the research process, co-constructing the outcomes with the researcher. The participants were invited to review, comment, correct, or approve the written transcripts of the data collected through an artificial intelligence program that transcribed the written word from the audio Zoom recordings. All participants were provided written transcripts, with only one participant contributing minor edits. Member checking increased the data fidelity, leading to higher levels of trustworthiness between the researcher and the participating interview subject. The remaining participants approved their individual written interview transcripts, ensuring collected data were valid, accurate, and correctly reflected the researcher's interpretations (Iivari, 2018).

As Motulsky (2022) identified, member checking has potential challenges regarding how findings are shared with subjects. Subjects may assume a power-sharing stance with the researcher by altering or renegeing the data collected, as described with qualitative research involving marginalized groups of subjects (Motulsky, 2022). Member checking in certain types of studies may cause subjects to react negatively by revisiting those questions previously asked, inadvertently causing some levels of harm. This phenomenon is noted in Candella's (2019) case study, which presented the interpretations of her summary findings of teachers interviewed who altered their content, fearing reprisal from school administrators regarding sensitive subjects discussed during the interview process. None of these experiences occurred as subjects were granted time to reflect upon answers provided and recant or withdraw from the research project as the member checking process unfolded.

**Follow-up Interviews.** As the interview progresses, follow-up questions may arise during or after the semi-structured interview process when additional clarification on answers or ideas is required. Before conducting any interviews, a structured protocol guide was used to inform the participants about the study's purpose, their roles and legal rights, and their option to review interview transcripts for clarity or to end their participation at any time (Kvale & Brinkmann, 2009; Yin, 2018). Roberts (2020) described the benefits of preparing an interview guide or protocol to assist with a focused approach, keeping the interview on a proper course, and prompting the interviewer with anticipated responses and questions to facilitate in-depth sharing.

When additional clarification was needed for two follow-up interviews, they were conducted similarly to the protocol for initial interviews: teleconferencing, telephone calls, email, and then text, based on the requirements of the participants. While web-based video interviews were preferred, the researcher accommodated the participants' preferred method of communication and provided a prepared list of questions to expedite the process. Additionally, during all interview processes, participants were given a final opportunity to share additional thoughts, perceptions, ideas, or experiences. The follow-up interviews successfully provided data clarity and were used iteratively to solidify points of interest.

### ***Instruments***

Qualitative research interviews are valuable for gaining insight into an individual's perspective on a phenomenon, shedding light on how experiences occur and why certain choices are made (McGrath et al., 2019). Interviews can also reveal the significance of an event, what constitutes normal activity or behavior, establish cause and effect, and uncover viewpoints on an issue (Jiménez & Orozco, 2021). They provide researchers with valuable access to people's

experiences in real-world settings, which may not be apparent through other research methods such as surveys, observation, or reviewing related artifacts (Roberts, 2020). Qualitative research interviews can range from structured, with a predetermined set of questions, to unstructured, with no set questions. This study's interview protocol fell between these two styles, known as semi-structured.

**Semi-Structured Interview Guide.** Appendix A contains the data collection instrument for this research project's protocol structure, the semi-structured interview. According to Billups (2021), the semi-structured interview is beneficial as it directs the conversation, steers the narrative, and minimizes the collection of unnecessary data and time (Yeong et al., 2018). Roberts (2020) suggested that researchers should adopt a qualitative attitude, focusing on emerging stories, experiences, and themes during the interview process rather than seeking direct answers to research questions. The schedule of questions was formulated in three sections, starting with broad questions and becoming narrower as the interview progressed.

**Introductory Questions.** Section one of the schedule consisted of introductory questions intending to establish a rapport and mutual trust with the participant, encouraging them to speak openly about their experiences and perspectives. The first question asked the participants to briefly describe their overall impressions of CSR within the manufacturing industry, followed by a similar question about manufacturers' supply chain management. Question two focused on the participants' thoughts regarding CSR within their own organization, followed by a question about the breadth and depth of their supply chain operations and their connection to CSR practices. These questions successfully generated open-ended discussions about CSR within the manufacturing industry and the participants' organization. The second phase of the interview

schedule consists of predetermined questions designed to delve deeper into the core phenomenon.

***Core Questions Relevant to the Study.*** The core interview questions were designed to gather detailed experiential data to address the approved research questions and were closely related to them. During the interview, the study's author remained open-minded and attentive, observing the participants' body language and using probing questions to explore emerging topics, experiences, and themes. Probes, which are exploratory in nature, involved asking for additional content or encouraging the participants to elaborate if it was perceived that valuable information was being withheld. This process, called prompts, allowed participants to delve deeper into their answers by asking follow-up questions. Additionally, Appendix A showcased prepared follow-up questions and possible prompts for each question.

***Core Questions Related to Research Question 1.*** Questions 3 through 5, as outlined in Appendix A, were designed to address research question 1 (RQ1) and its subsequent parts, RQ1a and RQ1b. These questions sought data on the factors influencing the participants' decisions to implement or forgo CSR programs in their supply chain strategies. They prompted the participants to freely share their perceptions regarding the topic, the perceived importance of CSR in their organization, and any positive or negative outcomes, including the impact on stakeholders.

This project's RQ1 asked why some strategic managers fail to incorporate CSR programs into their current supply chain strategies successfully. Question 3 of the interview schedule, as presented in Appendix A, asked, in your experience, what is your greatest challenge when choosing and implementing a CSR program or initiative in your organization? In your supply chain strategy? The second portion of the question asked for their perceptions and directly

reflects both RQ1a and RQ1b, which sought to understand those actions taken by strategic managers for both successes and failures when selecting and implementing CSR into supply chain strategies.

RQ1a and RQ1b asked which actions by strategic managers seem to lead to failure or success when initiating CSR programs into the supply chain strategies. Question 4 of the interview schedule supported RQ1a by asking how CSR benefits your organization's supply chain. The follow-up questions requested explanations of the positive impact of CSR programs and their value to the beneficiaries, focusing on how these programs benefited their organization's supply chain and asking for specific experiences that created value. RQ1b was similar but solicits experiences where CSR programs applied to the organization's supply chain were unsuccessful. Question 5 asked for a descriptive experience where an enacted CSR program did not benefit your supply chain strategy. Follow-up questions asked the participants for thoughts on why this CSR strategy was not successful. What did it cost your organization in terms of resources and impressions on both internal and external stakeholders?

**Core Questions Related to Research Question 2.** Questions 6 through 9, as presented in Appendix A, sought to gather data relating the participants' leadership strengths and decision-making models and processes when balancing CSR programs into their supply chain strategies. This research project's RQ2 asked how CSR programs differ from other strategic supply chain programs initiated by strategic managers. Supply chain strategy is a challenging facet of management that requires strong leadership, making decisions that impact direct and indirect components, partners, and suppliers (Cheng & Ding, 2021). Question 6 asked the participants where CSR programs fall in their organization's grand scheme of efforts to improve their supply chain strategy. Also, how do CSR programs compare to your organization's other efforts to

improve your supply chain strategy? This question sought to collect data on the perceptions of CSR's importance, considering every strategic manager faces competing interests throughout the organization, specifically in supply chain management. Two follow-up questions supported RQ2a, potentially asking participants to provide examples of programs and how internal and external influences, pressures, and interests impact decision-making. Question 6 highlighted what programs impacted the organization the most, who benefited, and how those impacted the strategic manager's ability to make decisions that balance competing interests.

Question 7, as shown in Appendix A, focused on how CSR programs affected competitiveness and organizational excellence. Two follow-up questions included how CSR programs were measured for success in terms of competitiveness and organizational excellence and who benefited the most from these CSR programs applied to the organization's supply chain strategy. Question 7 directly supported RQ2b, which asked how those differences between CSR and other supply chain programs impact competitiveness and excellence within the company and sought to understand how CSR was viewed as applied to supply chain strategy if the participants perceived the efforts as beneficial, and, if so, how and what measurable impacts were made.

Question 8 continued to seek data supporting RQ2b by asking how you perceive the CSR you have in your supply chain and in your organization as impacting the corporate culture of your organization. With competitors? This question established how strategic managers perceive CSR in their supply chain strategies. What was the value of their importance? Who benefited from expended resources, and how were those benefits applied to internal and external interests? Last, question 9 sought to understand the outcome of CSR programs used in the organization's supply chain strategies by asking what measurable proof indicated a change in competitiveness and organizational excellence.



***Core Questions Related to Research Question 3.*** Question 10 asked participants to present their perceptions of stakeholders regarding CSR implemented in the organization's supply chain for internal and external interests. Follow-up questions asked for an in-depth analysis of how and why internal and external stakeholders were affected by CSR. RQ3 asked what the perceived issues of implementing CSR programs into organizational supply chain strategies. Along with question 10, question 11 asked those interviewed to present their opinions on how far they or their organization would be willing to implement CSR into their organization and in their supply chain strategy. Varying levels of CSR programs present financial challenges in addition to strategic challenges to business practices that traditionally focus on maximizing profits. Questions 10 and 11 sought to understand how strategic managers balance competing interests in their business and supply chain strategies.

***Concluding the Interview with Final Thoughts.*** Bearman (2020) described the importance of concluding the interview by asking the participants for their final thoughts on the issue and allowing the presentation of residual questions for clarification. Questions 11 and 12 allowed reflection or clarification of positions, answers, or other comments made during the interview. Question 11 was a hypothetical inquiry that asked if you were to read a headline about your organization in a major newspaper regarding your supply chain's CSR contributions 5 years from now, what would you want it to say? Additionally, question 12 asked for final thoughts on today's topic. Once the interview process was completed, participants were thanked and provided a plan for possible follow-up questions and member checking.

***Refining the Interview Schedule.*** The interview schedule should remain iterative and open to restructuring or removing questions to reflect the study's purpose better. Human use of heuristics often leads to oversimplification or shortcuts, which may not become apparent until

the first round of interviews is complete (Jiménez & Orozco, 2021). While this study's interview questions initially aligned with the research project's questions, data collection revealed areas that did not necessarily align with the project's preconceptions. Those questions considered irrelevant during the interview process were readdressed with the participant in follow-up interviews or were foregone altogether (Kleining & Witt, 2000). Questions 6 and 7 were readdressed to include the decision-making process and justifications for no CSR in supply chain strategies. The study's author relied upon a hermeneutics-based approach to the interview process, starting with the first case study interview, which was considered a pilot case study. The pilot case study allowed for thoroughly evaluating the questions, ensuring appropriate wording, and identifying and correcting any potential misunderstandings for future case studies (Bearman, 2019). Minor wording adjustments to a few interview questions were made after the initial interview concluded.

### ***Data Organization Plan***

Creswell and Poth (2018) recommended adhering to an interview protocol when collecting data from an interview or conducting observations. This study's interview protocol was necessary for facilitating consistent and meaningful exchanges, building trust and confidence between the interviewer and participants, eliminating unnecessary or distracting data, and ensuring comprehensive information was obtained within the time allotted for the interview (Yeong et al., 2018). This research project relied upon case study interviews as the primary means of collecting data, specifically through the web-based platform Zoom, which allowed for visual observation of those participants' non-verbal body language.

The interview protocol is detailed in Appendix B, which outlines the approach taken to conducting each case study interview. This document helped organize data by including the case

study number, participants' names, dates, times, and the organizations they represented. It also explained the research project's purpose, the data's analysis, and the legal and procedural information needed for each interview. Consent forms, participants' legal rights, confidentiality, anonymity, and participant protection were addressed before, during, and after the interview process to ensure the highest ethical standards. The protocol also included guidelines for the safe handling, storage, and destruction of recorded audio and official transcripts of the interviews after a 3-year period. Before the interview, participants were allowed to discuss any issues or questions regarding the subject or process, which were noted on the worksheet, along with any notes regarding body language, inflections, pauses, pitch of voice, and other observations. After the interview, participants were informed about the transcription process, the possibility of follow-up interviews for additional data or clarification, and the member checking procedure to ensure the highest quality, reliable data for analysis (Yeong et al., 2018). Following each interview, the recorded verbal conversations were transcribed verbatim using artificial intelligence software, and any observed non-verbal communications or verbal abnormalities during the interview process were evaluated for context and noted during the coding process. Additionally, a summary of each interview was created for bracketing purposes, identifying any emerging themes (Creswell & Poth, 2018).

### ***Summary of Data Collection & Organization***

The semi-structured interview was used as the primary method to collect empirical data. Appendix A provides the interview questions and justification for their relevance to the approved research questions. Appendix B includes the interview protocol, outlining the ethical and legal data-gathering process, including analysis, coding, representation, safe storage, and a cross-reference plan that was implemented to facilitate easy recall and access. The organizational plan

was implemented to ensure the files would be securely stored, easily retrieved, and eventually disposed of after 3 years. After each interview, the transcripts were generated from the audio files, and the memoing process began capturing non-verbal communications and noted points of interest. Member checking and follow-up interviews were conducted as needed to ensure response fidelity and validity of each interview. Case study interviews continued until data saturation was reached during the analysis phase, as described in the following section on data analysis.

### **Data Analysis**

Analyzing case study data requires a strategic approach that involves examining the collected data clearly to identify emerging ideas, concepts, and patterns. Researchers can explore all possible avenues by methodically applying unbiased and transparent procedures. Without an established data analysis plan, the results may consist of a large amount of data that takes excessive processing time, making the study's results unattainable (Yin, 2018).

### ***Emergent Ideas***

There are various techniques to help readers understand and comprehend the written text, including scanning to identify general themes or quickly searching for keywords to gain familiarity with the content. These methods can help understand the main messages without delving into deeper meanings or subtext. Such approaches are more mechanical than cerebral and can be beneficial at the beginning of the analysis process (Creswell & Poth, 2018). These initial techniques are crucial for identifying emerging themes and coding when reading transcripts of data collected from semi-structured interviews. Effective reading skills are enhanced through the reader's general understanding of the topic, linguistic abilities, the capacity to infer the meaning of the text based on existing knowledge, and the skill of comprehension monitoring, which

involves deep reflection on the written text (Elleman & Oslund, 2019). To understand the collected data effectively, the authors' deep comprehension of the researched materials and knowledge of current events and trends related to the research topic was necessary,

The author's memoing process was integral during the initial reading phase of analysis and was carried through to the final summarizations (Birks et al., 2008). Memoing is both an art and a science due to the absence of a consensus on how to conduct the practice (Birks et al., 2008; Creswell & Poth, 2018), requiring each reader to develop a system for memoing thoughts, ideas, and facts, statements, or other relevant data from the readings using tools like pens, highlighters, Post-it notes, and journal entries. It is important to keep memoed notes in chronological order as the meanings of the collected items may evolve over time (Razaghi et al., 2020). Creswell and Poth (2018) discussed different levels of memoing that aid in the analysis of collected data, including segment and project memoing. Segment memoing involves making notes during initial readings, and the same process can occur when memoed notes are concluded based on each document or interview. Once data are collected and themes appear across multiple documents, project memoing is done. Organizing memoing is crucial for research validity, as the collected data can be overwhelming when organized using only cognitive recall.

### ***Coding Themes***

As Williams and Moser (2019) described, forming codes is the heart of qualitative data analysis. Coding is assembling, categorizing, and thematically sorting the data observed from general to specific, leading to an organized sense of the project's meaning and begins by examining collected data through the researcher's paradigm; in this case, this author relied upon the pragmatic paradigm which best reflected his worldview (Creswell & Poth, 2018; Williams & Moser, 2019). Data were organized into smaller categories to identify codes for each case and

then identified across multiple cases. Those codes were labeled and categorized for review and re-review until themes were identified. The study's author adhered to Williams and Moser's (2019) description of a three-step process for coding, beginning with open coding, followed by axial coding, and ending with selective data coding.

Open coding began with identifying broad themes and concepts for categorization by assimilating similar words, phrases, and groupings of ideas together and labeled with an identified code. Creswell and Poth (2018) recommended creating tentative codes that do not indicate any specific area of concentration to prevent oversaturation and paralysis. They recommend using the 5Ws approach - seeking who, what, where, when, why, and how - as an effective way to begin the open coding process. Axial coding further refined, aligned, and categorized emerging coded themes, the second step in Williams and Moser's (2019) coding process. While not every coded theme was useful, axial coding began identifying connections and similarities between those initial codes via inductive and deductive analysis.

Qualitative research primarily relies on inductive, data-driven analysis, where observations lead to pattern recognition and, ultimately, to general conclusions. On the other hand, deductive, concept-driven analysis tests collected data against established theory to gain conclusions. In this study, the coding of themes relied upon inductive analysis (Graneheim et al., 2017). Inductive coding based on the words, phrases, and terms used by those interviewed and observed and not by the researcher's vocabulary bolstered the validity of the research by closely reflecting the integrity of data collected and giving a voice to the study's participants (Linneberg & Korsgaard, 2019). Methods for further refinement of coded themes included constant refinement seeking out causes, contexts, contingencies, consequences, covariance, and conditions (Larossa, 2005) and immersion in the collected data, scrutinizing the data with a keen

focus on the research project's intent thus eliminating potential bias or useless content (Williams & Moser, 2019). The selective coding process further refined the themes that emerged from the outcomes of axial coding. The goal was to end up with a targeted set of five to seven themes to make them more manageable and to eliminate anything that wasn't helpful in the process of developing these themes from the codes (Creswell & Poth, 2018). This study included four main themes and three sub-themes. Funneling themes eventually led to the development of theory and the construction of meaning from the collected data (Williams & Moser, 2019).

### *Interpretations*

The next step in the analysis process requires making sense of the identified themes drawn from the collected data. A critical consideration regarding interpreting collected data are how to differentiate between science and art. The science of interpreting coded themes and eventual theories relies upon a scientific-based system or system of processes leading to reliable and valid results. However, there is limited academic literature on the methods for interpreting collected data (Lindgren et al., 2020). There is no guarantee that any structured or scientifically based system used to analyze and interpret collected data would lead to desired outcomes; researchers must develop their system and processes for interpreting data, which risks introducing bias based on one's worldview, chosen paradigm, or research methodology. This study established a structured approach for interpreting theories by creating boundaries and limits to work within while creatively seeking to maintain the integrity of the data collected.

Military planners rely upon operational science and operational art when devising campaign battle plans. The operational science of military planning consists of a framework that all participants follow for guidance regardless of location or function. This structure creates acceptable boundaries for each party to work within to obtain the best results in the least amount

of time. Operational art allows each participant to creatively work within their set duty boundaries derived from known capabilities, their collective experiences, studies, known limitations, and those operational limitations set by higher authorities (Jones & de Leon, 2020). In a similar vein, the interpretation of collected themes required a structured approach set by the research project's framework, methodology, and intent of the study, but with the ability to closely interpret those theories in a manner that helps eliminate too broad or too narrow of interpretive scope (Lindgren et al., 2020). The risk of striking an unbalance between science and art can lead to abstract or over-generalized results that do not reflect the collected data (Graneheim et al., 2017). If the context is too broad, it could lead to the experiences of the participants in the individual case studies not being properly reflected in the interpreted results, generating abstract results that could apply to any situation and, therefore, not convey anything meaningful about the unique experiences of the participants in the study (Graneheim et al., 2017). Regular assessments through bracketing techniques helped prevent bias when interpreting and coding data into themes, ensuring the validity and reliability of the collected data in relation to the research questions. Without these periodic checks, there was a risk of skewed perceptions and biased analysis. Seeking external evaluation and engaging in self-reflection were valuable steps, as distinguishing between the descriptive and interpretive data elements and assessing those interpretations accurately to enhance data validity (Lindgren et al., 2020).

### ***Data Representation***

Visualizations are a powerful tool and are standard in assisting an audience with understanding who, what, where, when, why, and how data are presented. Data organized into charts, graphs, brackets, word trees, and various other diagrams are helpful when text alone fails to convey messages, meanings, or intent. The author initially intended to organize the collected



data, including codes and themes, in a tree diagram demonstrating the flow of coded themes from initial discovery into developed themes. However, the decision to omit the tree diagram was replaced with a chart identifying themes, sub-themes, and the frequency of their occurrence in each case study. The study's author concluded that Table 1 effectively communicated the themes and their frequencies across the case studies.

### ***Analysis for Triangulation***

The focus on triangulation emerged with Denzin's (1970) seminal work on eliminating personal bias when analyzing collected research data (Fusch et al., 2018). Triangulation enhances both the validity and reliability of the data collected and assists in reducing potential bias through corroboration of sources, which converge, leading to accuracy, truthfulness, and legitimacy of interpretations and perceptions, and repeatability of an observation (Carter et al., 2014; Creswell & Poth, 2018; Farquhar et al., 2020; Renz et al., 2018; Yin, 2018). Additionally, triangulation creates an in-depth picture of collected data, leading to more significant insights into a project's research questions. Farquhar et al. (2020) defined how multi-trait, multi-method measurements of the same trait tend to correlate to a higher degree than separate traits measured by different means, leading to increased internal and external validity levels.

Noble and Heale (2019) described the benefits of triangulation as offering greater clarity and richness of collected data that leads to valid, reliable results relatable to a greater audience. Of importance, limitations may exist when triangulating the collection of data (Carter et al., 2014; Creswell & Poth, 2018; Farquhar et al., 2020; Renz et al., 2018; Yin, 2018). First, the collection periods may extend and become more complex due to integrating multiple methods, such as creating surveys and interviews, accessing documents for review, and observing the studied phenomenon. What if the results for each triangulation method do not adequately support

the other? Inconsistent or conflicting data were either discarded, resulting in mismanaged resources, or additional efforts were required to mitigate the differences.

***Qualitative Triangulation.*** As applied to qualitative research, triangulation relies on collecting data through interviews, reviewing documentation, and making observations. This can involve multiple interviews or observations at different times, using various data sampling methods such as surveys and questionnaires, employing multiple investigators, and using theories to evaluate data for corroboration of the researched phenomenon (Farquhar et al., 2020; Ridder, 2017). Employing any of these means of triangulation leads to greater convergent validity and higher confidence in the collected data when interpreted and coded into themes.

***Quantitative Triangulation.*** Quantitative methodology researchers strive to measure outcomes of large random samples, often through surveys, to gain measurable and bias-free data regarding the population in a particular situation or while experiencing an identified phenomenon evaluated against a known variable or measurement. Quantitative methodology is deductive in reasoning and does not focus on the how or why of an identified phenomenon, as the data collected occurs under controllable conditions with descriptive, explanatory, and predictable objectives. Quantitative analysis methods of triangulation are like those of quantitative analysis methods, meaning a mix of data and or methods are employed to gather data, which then will be analyzed for corroboration. Qualitative analysis of large batches of collected data as the primary method can be reinforced by conducting smaller numbers of open-ended question interviews to validate collected qualitative data. Likewise, a qualitative methodology study can augment collected data with those tools typical of qualitative analysis, such as surveys or other statistical measurements.

**Selected Methods of Triangulation.** This research project used a multiple-case study methodology that relied on data triangulation to collect convergent evidence until a point of saturation, generating construct validity (Yin, 2018). Ridder (2017) described how triangulation is applied to multiple case studies by reviewing interview transcripts and follow-up interviews, phone calls, text messages, and written correspondence after the initial appointment session, embraced by this study's author. The study also employed the theory method of triangulation to evaluate the collected data based on the stakeholder, legitimacy, and servant leadership theories. Other triangulation methods not used in this study included the investigator triangulation and method triangulation due to time and resource limitations, as these methodologies require additional researchers and collection methods that lay outside the purview of this study (Carter et al., 2014). As such, the two selected methods of triangulation generated valid, reliable results.

**NVivo Software.** The study incorporated the computer-assisted qualitative analysis software (CAQDAS) program NVivo to aid in analyzing the collected data. The NVivo software was an effective tool to assist and further validate the entire coding process, from the initial memoing of notes to the coding process, eventually leading to identified themes. The software aided in representing the collected data by organizing and identifying insights for further consideration. The NVivo software was not a substitution for the data analysis process but rather a tool in assisting with the organization, triangulation, validity, and reliability of the research project through its ability to identify similarities and themes and draw conclusions via data management, leading to richer insights (Maher et al., 2018).

Qualitative data analysis requires rigorous data collection and creative interpretation, as Maher et al. (2018) demonstrated in their published report on how NVivo aided in analyzing data

through three separate analysis methods. The first coding method only included human actions using whiteboards, Post-it notes, and highlighters to assist in memoing, coding, and generating themes. The second method relied solely upon digital coding through the NVivo CAQDAS program. The third method employed both methods with overall benefits not attributed to one method over the other (Maher et al., 2018). The best results stemmed from the manual approach, which allowed freedom in terms of constant comparison of data, larger visual representations of the data, and interpretive insights not readily drawn from relying upon the NVivo program. The manual approach best suited the study's author, which provided a big picture backed by the NVivo software. The benefits of the software were data management, quick recall, and search capabilities, while the limitations of narrow computer screen size, steep learning curve, and an excessive number of unusable functions were obstacles to overcome. The larger display of color-coded data on whiteboards enabled the human mind to function quickly. Despite the perceptive downsides of CAQDAS programs, the NVivo software used in this research study did offer valid means of analysis, bolstering manual coding efforts (Creswell & Poth, 2018; Maher et al., 2018; Yin, 2018).

### ***Summary of Data Analysis***

This research project relied upon case study interviews to gather data for emerging ideas, potential codes, and eventual themes. Descriptions on interpreting collected data through reading techniques and memoing ideas led to the development of coded similarities in data. The recurring codes were refined into themes representing substantial, detailed, factual data relating to the study's research questions. Since the interpretation of data requires creativity and protection against bias, the data were cross-referenced against the author's bracketing efforts to enhance the project's credibility and dependability. Additionally, the data were triangulated to

enhance validity and reliability through the theory method and by cross-indexing case study interviews with observed participant actions and responses during the interview process. The NVivo software program was instrumental in organizing data during the coding process by providing a platform to help organize and identify codes, complementing the manual process of memoing, coding, and developing themes. Continuous evaluations between memoed notes, emergent ideas, initial classified codes, and emerging themes against interview transcripts, follow-up communications, and the NVivo analysis were crucial in developing themes from the data.

### **Reliability and Validity**

Qualitative and quantitative research must be trustworthy, credible, and reliable for potential application across a greater spectrum. Reliability contends with the stability of outside researchers achieving similar results and the applicability of a study's findings outside the study's boundaries. Internally, a study's validity relies upon the confidence level presented within the study's rigor or how well the data collected, analyzed, and coded reflect the research questions. Qualitative studies often come under scrutiny regarding validity due to the non-numerical and non-scientific approach to methodology and data interpretation. A lack of rigor demonstrated may lead to doubts about transparency and conclusions drawn on biased personal opinions, all of which may cast doubt over a study's results (Noble & Smith, 2015). The following discussions on reliability and validity reflect the actions taken to bolster the results of this research project.

#### ***Reliability***

In qualitative research, reliability refers to the confidence level in replicating the same processes by another researcher to achieve consistent results. Reliability is about trustworthiness and is achieved when two or more independent evaluators can code the same data, ensuring

consistency of codes for the same data or similarly structured non-identical research projects (Leung, 2015; Rose & Johnson, 2020). Reliability is an essential aspect of a study's overall trustworthiness, which includes credibility, transferability, dependability, and confirmability (Leung, 2015; Rose & Johnson, 2020).

**Credibility.** The credibility of a study is determined by how well its outcomes align with the subject or phenomenon being studied. Credibility is crucial for establishing trust in the researcher, the research project, and the supporting institution(s) as demonstrated by the study's protocol presented in Appendix B. Without credibility, there is no guarantee that the study accurately reflects its intended purpose. Building credibility takes time but can be lost instantly, personally and professionally, just as a research project can be lengthy but ultimately irrelevant without credibility. This study prioritized credibility by collecting accurate data, including follow-up interviews and member checking.

**Transferability and Dependability.** Transferability refers to applying the results to other contexts, situations, or settings, lending insights to others (Maher et al., 2018). Yin (2018) referred to transferability as external validity, which is addressed in the next section. Achieving transferability is based on the accuracy of findings and the overall credibility of the study. Having a rigorous data collection framework, seeking rich empirical data leading to thick, rich descriptions during the coding process, and adherence to a bracketing plan led to the transferability and relatability of this project. If a study is transferable, it must also be dependable by proving its value through sufficient research, data collection, analysis, coding, and generating similar results if conducted two or more times (Maher et al., 2018).

**Confirmability.** Qualitative research is confirmable if free from researcher bias, similar to the idea of objectivity in quantitative research (Maher et al., 2018). Removing bias at every

opportunity requires thoroughly understanding a research project's background, periodic peer or academic reviews, and an established rigorous research process (Korstjens & Moser, 2017; Maher et al., 2018). Bracketing was critically important and defined in detail throughout sections one and two of this study.

### ***Validity***

Yin (2018) explained the requirements for a quality research study by discussing validity and reliability. He emphasizes that validity contributes to the overall quality of a qualitative study through construct rigor, trustworthiness, and reliability (Hayashi et al., 2019; Maher et al., 2018). Internal validity refers to the trustworthiness of a study and how accurately the results reflect the research questions and intent of the study. In other words, do the analyses represent reality, and do the data collected support the claim? Additionally, Yin (2018) defined external validity in a qualitative study as the applicability of the findings to other populations or settings outside the study. Are the study's results relatable to others beyond its boundaries (Rose & Johnson, 2020)?

Because critics can view qualitative research as ambiguous and subject to the unintended bias of the human mind, limited access to adequate data, and the complexity of external drivers altering change in perceptions and outcomes, the focus on a study's trustworthiness was critical (Hayashi et al., 2019; Maher et al., 2018). For this study, internal and external validity include all four listed elements of reliability as defined by Hayashi et al. (2019) as credibility, transferability, dependability, and confirmability trustworthiness. All remained a primary focus of this body of work. An in-depth understanding of the subject matter and relevant academic literature was the first step in creating this study's validity (Hayashi et al., 2019).

When conducting qualitative research, it is important for researchers to thoroughly document their observations to maintain the integrity of the data and its context, thereby enhancing the credibility of the research (Razaghi et al., 2020). It is essential to employ sound techniques for analyzing the qualitative data obtained during the coding process and to diligently draw meaningful conclusions regarding cause and effect, as described by Yin (2018) in terms of internal validity (i.e., the relationship between event X and event Y). Furthermore, researchers need to ensure that all external influences are taken into account or purposefully excluded during the coding process, and to have a clear understanding of how the tools, processes, and data align with the goals of the research project, given that qualitative methodology relies less on statistical and numerical conclusions compared to quantitative methodology (Leung, 2015). Due to the inherent subjectivity of qualitative methodology, despite efforts to minimize bias, researchers must strive for a methodical and structured approach to data analysis and coding (Maher et al., 2018).

**Ensuring Validity.** Central to qualitative data analysis and the coding process is ensuring that all data collection, analysis, and coding procedures are defined and consistently applied to conform to validity and reliability standards associated with qualitative research (Williams & Moser, 2019). Several practices were employed that contributed to the trustworthiness of this research project. An in-depth understanding of the subject matter and strict adherence to the study's protocol while conducting fieldwork and during the coding process were followed. Through subject immersion, harmful data were identified, documented, and set aside as disconfirming or not fitting within the pattern of a code or a derived theme. The author's deep understanding of the subject matter, identification of bias through bracketing, and strict adherence to the study's protocol bolstered this study's validity (Creswell & Poth, 2018).



**Methods of Gaining Validity.** Member checking solidified the accuracy of this study's collected data, leading to the highest levels of honesty (Rose & Johnson, 2020). Through bracketing and a comprehensive view of memoed notes, ideas, and observations, the study's author remained true to the data and data context, increasing the validity of the research (Razaghi et al., 2020). Member checking after initial interviews were completed for accuracy of the content. In addition, follow-up interviews were conducted to address data inconsistencies and misperceptions and to provide participants with final opportunities to verify their data input as part of the data collection process. As data were collected, analyzed, and coded, it was examined and determined when similar coded responses were identified; redundancy of the collected data signaled when saturation was achieved (Staller, 2021).

Triangulating data increased the validity through the practice of using converging data from multiple sources to increase trustworthiness and confidence that the studied phenomenon has been rendered accurately (Creswell & Poth, 2018; Farquhar et al., 2020; Ridder, 2017; Rose & Johnson, 2020). Examining data through the lens of the selected theories was employed and the NVivo software program accompanied the manual coding process, confirming manually detected codes and, eventually, themes.

### ***Bracketing***

Bracketing, as described in this paper, involved keeping a written or digital journal to record notes, thoughts, feelings, and insights during fieldwork and analysis, assisting in identifying connections, attitudes, roles, and personal experiences that may reveal bias (Wadams & Park, 2018). Bracketing is a process of self-efficacy and discovery (Tufford & Neuman, 2012) and assists researchers with conferring with outside counsel during academic review (Wadams & Park, 2018). Bracketing was crucial in achieving clarity, uncovering bias, and validating this

research project. This study's author practiced the art of bracketing by journaling entries throughout the research project lifespan and periodically reviewing entries during the analysis and presentation stage of the project. Every conscious effort was made through journaling, striving to identify ideas, beliefs, or any potential bias encountered, such as emerging thoughts, opinions, or insights of case study participants, data collected, or academic literature or current events influencing the nature of this research project. Protecting the integrity of this study against any taint of bias was paramount.

### ***Summary of Reliability and Validity***

Quantitative research is intended to achieve reliability and validity to ensure the trustworthiness and dependability of results. The study outlined methods to ensure rigor, leading to reliable and accurate data collection. This included a comprehensive framework for collecting and interpreting detailed data throughout the collection and analysis process. To uphold the study's validity, enough data were collected to ensure content saturation. Theory and data triangulation from interviews and observations enhanced coding accuracy, leading to precise results. Additionally, a careful approach to bracketing the study captured notes, ideas, questions, perceptions, and other factors potentially revealing researcher bias. By implementing the outlined strategies to guard against potential bias, this study adhered to the highest ethical and legal standards, ensuring the utmost trustworthy, credible, valid, and reliable results.

### **Summary of Section 2 and Transition**

Section 2 presented the project's researcher role in creating the study's foundation for data collection, analysis, and presentation of the findings. It included the process for determining the sampling method, sample frame, and desired sample size, along with justification for using non-statistical and non-probability methods for this research project. Data collection methods

consisted of semi-structured web-based video interviews to allow for an unrestricted flow of ideas relating to the subject matter and visual body language observations. The interview questions supporting the approved research questions are provided in Appendix A.

Appendix B includes the protocol schedule, ensuring that each person interviewed received the same level of information about the study's purpose, schedule of events, and legal rights. This was done to build trust by eliminating unnecessary or distracting information. The methods for organizing and analyzing the data were also introduced in section 2, including the plan for coding emerging themes, interpreting, and presenting those themes in answering the research questions. Data and theory triangulation, member checking of data, and bracketing to identify and mitigate researcher bias were described as tools to increase the study's validity and reliability. Anticipated expectations were presented along with descriptions of outcomes, or when necessary, changes to population sampling, data collection, organization, analysis, or interpretations were not realized.

Section 3 of the study presents an overview of the study, including discovered themes, their interpretation, and application to a greater audience. The four main themes and three sub-themes are presented as determined through data collection and analysis. The visual display of data links interview results with developed codes and eventual themes. Those discovered themes are interpreted and evaluated against the study's framework, including the study's conceptual framework of concepts, theories, actors, and constructs established in Section 1. Furthermore, the study's findings are rigorously examined for their relation to professional applications and the author's personal life. In addition, connections to biblical principles are provided for how the results relate to ethical stewardship.

### **Section 3: Application to Professional Practice and Implications for Change**

#### **Overview of the Study**

This research study addressed the challenges that strategic managers of manufacturing businesses in the United States face when incorporating CSR programs into their supply chain strategies. The study narrowly focused on SMEs with 500 or fewer employees, seeking to understand how and why their decisions are made. CSR intends to promote a 3BL that benefits both social and environmental stakeholders and the profits generated by the firm (Chen et al., 2020; Macaulay et al., 2018; Mamun & Shaikh, 2018; Waldman et al., 2020). An organization's internal and external stakeholders compete for validation through various political means, including governmental standards and voluntary index scores that drive investment capital. Socially, professional organizations granting certifications proving higher quality standards or media-seeking groups attempting to frustrate business managers to adopt cultural change in their organizations are challenges strategic managers face. CSR programs cover many options consisting of four basic categories: philanthropic activities, ethical business practices, environmental responsibility, and financial accountability. All four categories risk reducing profitable returns by increasing costs to business models, creating challenges for strategic managers seeking to maximize profits (LaBaron et al., 2022).

The study's framework used a flexible qualitative, multiple-case approach comprising six C-suite SME manufacturing business leaders. Each participant was interviewed about their views and level of involvement in CSR within their organizations, specifically within their supply chain strategies. Four main themes and three subthemes were identified, which supported the research questions and provided a clear purpose, justification, and answers to the study's topic. The themes revealed overwhelming evidence supporting SME manufacturers' challenges experienced

incorporating CSR programs in their supply chains. The prevailing perception questioned the necessity of mandated CSR, as the participants were already committed to operating with ethical stewardship. The participants expressed great concern for continuously improving their operations and business practices, as well as protecting the interests of their stakeholders, both socially and environmentally (Trushna & Tiwari, 2022).

Half of the participants were required to implement CSR programs in their supply chains due to government-mandated requirements or customer demands. Although they initially resisted, the participants eventually embraced the programs, which became ingrained in the organization's culture, improved competitiveness, and contributed to overall organizational excellence. Despite some success, there were negative perspectives on CSR, particularly regarding its impact on participants' supply chain strategies. This was due to their limited ability to influence change with supply chain partners and the lack of alternative sources for raw materials.

### **Presentation of the Findings**

The findings of this research study focused on the decision-making of C-suite-level strategic managers. Each participant was interviewed, and the resulting transcripts were coded to identify emerging ideas, potential codes, and eventual themes. The resulting themes are presented and visually represented, along with analysis and interpretation of the results against the key areas of the study presented in the research proposal. The study concludes with a summary of the key findings in relation to the problem researched and the purpose of the study.

### ***Themes Discovered***

Developing themes for qualitative research studies requires a strategic approach to analyzing data. This involved deep reflection and interpretation of the collected data to present

findings that addressed approved research questions (Creswell & Poth, 2018; Yin, 2018). The following guidelines assisted in developing themes based on six case studies presented in the research proposal, including becoming familiar with the data by reading the interview transcripts without attempting to code or identify specific patterns. Case study participants were allowed to review their written transcripts within a 7-day interview window with minor clarifications made by only one of the six study participants.

Upon reviewing the interview transcripts, the process began with deep reflection on observations and taking notes on emerging points of interest and future ideas. Journaling and bracketing prevented potential bias by continually reflecting on the collected data and frequently reviewing the author's notes (Tufford & Newman, 2012; Weatherford & Maitra, 2019). Elleman and Oslund (2019) described comprehension monitoring as the practice of deep reflection and writing down emerging ideas for analysis to guard against bias when developing codes. The study enhanced the reflections, observations, and points of interest through a theoretical approach to developing codes based on the propositions from the initial and subsequent research questions (Robson & McCartan, 2016; Yin, 2018).

As noted, potential codes were noted in the margins of the transcripts, and the text was highlighted in different colors for those similar codes that appeared throughout the entire transcript to help organize points of interest. At specific times, when needed, the video recordings were evaluated to triangulate the emotional appeal present in the written transcript. Similarities amongst codes began to emerge, in addition to the frequency of similar responses and any contradictory responses noted further analysis. This approach provided more context to the interviews and gave a better understanding of the data. The codes and journal entries from the bracketing process were further examined in greater detail. As the coding process continued,

similar codes for each interview were grouped, and similar codes were evaluated across the individual case studies. Approximately 80 codes were identified in the first few rounds of coding the case study interviews, with noted similarities beginning to emerge in each case study and across the individual cases.

**Methods for Case Study Analysis.** Each case study was closely examined for the participant's responses to the interview questions. The focus was not solely on the responses but also on the most frequently discussed topics and the repetition of similar responses. Additionally, special attention was given to how often the participants revisited the same points when answering open-ended questions. Before the interviews, the author thoroughly studied the business of each case study, including the locations of operations and factories, as well as the supply chain partners. Each participant was asked to provide a summary of their type of business and any initial thoughts on CSR before the interview questions began. This approach helped frame the participants' responses and perspectives and their descriptions of their stakeholders. Additional notes were taken to focus on any contradictions or shifting opinions, stereotypes presented in the answers, and the type of language used to describe emotional responses, whether positive or negative.

***Cross-Case Analysis Methods.*** As the number of case studies increased and each case was individually coded, similarities of codes between the cases emerged despite the differences in participants' operations. The type of manufacturing business conducted and the organizational structure had no bearing on the data collected, as both incorporated and LLCs showed no difference in their decision-making processes. A few case studies had partially unionized labor forces, while the other case studies rely upon low-skilled labor in their organizations and within their supply chain partners, especially those operating in developing countries worldwide, such

as China and Indonesia (UN DESA, 2022). The manual coding processes continued with the assistance of the NVivo software program.

**NVivo Software.** The study incorporated the NVivo software for qualitative analysis to assist in the organization of the coding process. This software has many capabilities but is not a panacea for identifying codes, nor does it replace analysts' need to understand processes required to identify themes. After manually coding each file, the author uploaded the case study transcript files into NVivo, where like codes were grouped together, combining identified patterns and similarities into parent and child codes labeled positive and negative. For those codes that did not fit into the positive or negative category, additional parent codes were introduced to facilitate reviewing and merging similar codes. Those codes in both positive and negative groupings were further evaluated and placed into parent codes more associated with the eventual themes. As each code was carefully examined in context to determine its origin and frequency across case studies, those similar codes were further consolidated to reinforce themes that address the research questions. Following multiple rounds of thorough evaluation, four main themes and three sub-themes were discerned.

**Stewardship.** The most prevalent theme emerging from the analysis was stewardship. Waldman et al. (2020) loosely defined stewardship as responsible planning and managing resources based on ethical values. Stewardship is the ethically based approach to conducting business that protects social and environmental conditions without being forced into compliance. Stewardship often reflects Judeo-Christian values, which may positively impact the 3BL of people, planet, and profits, where each component competing for scarce resources determined by strategic managers intending to generate organizational excellence and competitive advantages in the marketplace (Waldman et al., 2020). CSR programs can sometimes conflict with



stewardship, as they may seem like an obligatory involvement in stakeholder interests rather than a voluntary commitment to ethical and legal business operations. Stewardship is based on integrity and the belief that such forced initiatives are not required to better the 3BL. Notably, objections to government-mandated compliance, whether perceived or actual, may cause conflicts when stewardship is already integral to business decisions and operations in both business and supply chain strategies.

**Negative Impressions of CSR.** The second most significant theme was CSR's negative impressions on SME strategic managers. A common view of CSR programs was the additional strain caused by stakeholders' interests attempting to force organizational change, primarily through governmental and social pressures. The actual and perceived measures increase stress levels in business and supply chain strategies where there is less control over human, environmental, or business practices. SME leaders often view themselves as risk-taking entrepreneurs with little interest in affecting grand schemes outside their purview by entities offering little benefit outside their own validation. CSR is often viewed as an attempt to alter societal norms that are better left to larger organizations with greater financial assets and interests in creating public sentiment. Given the prevailing negative perceptions of CSR in the business community, many companies are hesitant to integrate these programs into their operations and supply chain strategies.

**Limited Positive Views of CSR.** While SMEs may predominantly view CSR programs negatively, not all initiatives are considered illegitimate or unworthy. The perception of CSR in developed nations may be different from that in developing nations. For instance, in former communist nations that have transitioned to capitalism, there may no longer be a welfare state for the citizens providing the minimum safety net of care. In poor areas of the global business

community, there may be struggles with poverty. Developing nations with legislated CSR are seen as imposing a tax on businesses, compelling them to contribute to the nation's infrastructure. In developed nations like Germany and Japan, a firm's commitment extends to long-term and lifetime employment, which are protected virtues (Ramanna, 2020). Industries that are more regulated, such as farming or those relying upon chemicals, pesticides, or other hazardous materials in their production, face meeting environmental and governance standards to protect environments and poor farming practices that otherwise threaten sustainability, especially in progressive and developing areas of the world. Forced compliance is mostly openly embraced and adopted into business and supply chain strategies, with costs passed on to consumers or upline supply partners.

***Supply Chains are Often Willfully Ignored.*** Supply chain partners for SME manufacturers face different challenges compared to those of larger organizations. SME manufacturers have limited options for sourcing materials and services, making initiating change difficult. Another factor to consider is that SME manufacturers typically require smaller quantities of goods and services than larger corporations. This results in less negotiation power with supply chain partners. As a result, SME manufacturers often have little influence over the business models of their supply chain partners and may only take action when unethical activities are discovered. With little influence over supply chain partners, activities often are ignored.

**Politically Driven CSR.** The perception of governments infringing upon businesses is widespread in the business community. Although there are many options and possibilities for adopting CSR programs, the idea that governments have a heavy hand domestically and internationally is prevalent. Governmental overreach through forced compliance to protect labor and natural resources, with the intention of creating sustainable social and environmental

protection levels, contributes to the stress of scarce resources. Index scores, such as ESG and DEI, are gaining notoriety and have widespread adoption in many large-scale businesses and governmental organizations. These scores present a perception that directly opposes meritocracy and are notably tied to investment banking in the United States and other global markets, which use these scores for preferential investment in selected industries (Fink, 2022). These perceptions of governmental and non-governmental entities forcing change upon the business community affect the SME communities through costly self-policing and reporting.

**Business Culture.** The adoption of CSR programs leading to more significant sustainable measures has become increasingly prevalent in the mindset of strategic managers, justified as yet another cost of doing business driven by increasing governmental, societal, and customer demands. Incorporating CSR into business and supply chain strategies can have some positive benefits, such as protecting the sustainability of markets, protecting labor, and aiding in branding products as sustainable and environmentally friendly. Increasing mandates and customer demands, which cause higher operating business costs, ultimately force organizations to re-evaluate long-term planning strategies, which can be viewed as a necessary step in creating an atmosphere of continuous improvement.

***Governmental Mandates and Certification Standards.*** Many core businesses' (Tier 0) supply chain partners (Tier 1, 2, 3, and higher) operate overseas in developing countries that have governmental constraints placed upon their operations. Mandates are often found to protect local labor, prevent over-harvesting, and eliminate abuses through punitive actions against poaching or other nefarious business practices. For the SME manufacturer relying upon such supply chain partners, the option to source substitute or competitive products may not exist, resulting in the adoption of higher standards into their business practices. Customer demands

may also drive the need for voluntary membership with certifying organizations as a measure of proving quality, chain of custody for parts and supplies, and higher levels of sustainability at all stages of production. These higher standards are adopted and considered simply as a cost of doing business; if not adopted, solvency may be threatened. The adoption of programs is often accepted and used to improve product branding for customers or supply chain partners who purchase the products for use in their manufacturing.

### ***Interpretation of the Themes***

The coding process produced approximately 80 codes across all case study participants. Subsequent examinations narrowed down similar codes and merged them together or discarded those that offered no value to the study. The following themes were derived from the grouped codes and are interpreted as follows.

**Stewardship.** Stewardship was a common code resulting from the case study interviews. Many SME manufacturers integrate CSR programs into their business and supply chain strategies without explicitly labeling their practices as such. Instead, they often referred to their actions as ethical stewardship, indicating a lack of emphasis on the purpose of CSR. At the core of the case study, participants touted the principle of ethical standards in all behavior, practices, and decision-making. For all participants, stewardship was the fundamental standard for individuals and organizations, based on personal beliefs and the standards of what is and is not acceptable within the organization (Gopan & Padmanabhan, 2022). Businesses engage in CSR when they extend value to stakeholders that exceed the normal scope of operations while pursuing profits (Aguinis & Glavas, 2019). Gopan and Padmanabhan (2022) described CSR as a management style that must incorporate ethical standards into business to benefit social and

environmental stakeholders. In this author's interpretation, combining these descriptors equates to stewardship.

Because CSR encompasses extended value to stakeholders exceeding the normal scope of operations while pursuing profits, CSR programs, initiatives, and trends are subject to cultural shifts, changes, and stakeholder expectations (Aguinis & Glavas, 2019). Mitra (2021) described CSR as a chameleon that can change to meet environmental needs based on shifting cultural expectations while the principle of stewardship remains a constant. Since CSR may cover such a broad umbrella of programs, the concept of stewardship is more comfortably discussed among those case study participants regarding their supply chain strategies. Stewardship, based on ethical decision-making and adherence to set standards, is demonstrated in the representation and visualization of data.

**Negative View of CSR.** All participants expressed at least some negative views of CSR, seeing it as something often forced on companies through legislation or social pressure without adding any significant value to a company's bottom line. Participants expressed how CSR programs consume time, effort, and money, draining scarce resources. This perspective was applied not only to the core business model but also to supply chain partners. There was little interest in partner CSR, sustainability, or index scores (e.g., ESG or DEI) unless mandated by the government or required to satisfy external customers. Many believe that pushing business leaders to meet additional governmental standards and requirements replaces meritocracy. The negative attitudes toward CSR appeared to raise doubts about exploring possibilities or discouraging any interest in implementing programs that could provide a greater return on investment. However, maintaining ethical standards was supported due to greater familiarity with ethical stewardship practices compared to CSR, especially in relation to supply chain strategies.

***Limited Positive View of CSR.*** The case study participants, with minimal involvement, failed to realize that the strategies they were applying to their supply chains were, in fact, CSR. Their decision-making was guided by ethical standards that went beyond regular operations solely to promote stewardship of resources, protect the environment, and maintain their labor force. These efforts resulted in additional costs to the company, exceeding the normal measures required to earn a profit (Aguinis & Glavas, 2019). Dey et al. (2018) discussed how ethical leadership based on stewardship of resources, which benefits the 3BL, leads to an improved quality of life for employees, the local community, and the greater society.

Mitra's (2021) CSR chameleon can change colors according to its context, taking long-term strategic aims, creating diversity, fair labor practices, and philanthropy. The idea of ethical stewardship satisfied participants' CSR involvement in their organizations and with their supply chain partners. SME manufacturers often conduct CSR in their businesses' supply chain strategies without knowingly doing so, specifically in the realms of fair labor practices and improved sustainable practices where raw materials and products are sourced. These measures were conducted without stakeholder conviction. As indicated by many participants, the perception of CSR is primarily shaped by larger companies' notoriety as being sustainable and their boastful reporting perceived as virtue signaling. Therefore, CSR programs are easily overlooked by SME manufacturing companies who are not overly concerned with projecting a specific public image.

***Supply Chain CSR is Largely Ignored.*** SME manufacturers often do not have the clout or assets to make changes to affect supply chain partners' operations compared to large manufacturers like Apple, Nike, or General Motors. SME manufacturers may be quite profitable, yet the size and scope of their operations typically are not enough to influence a supply chain

partner to alter their business operations or to improve social or environmental conditions. As with all six participants, each expressed an inability to affect supply chain partners due to the perception of being too small to make a difference, or they are forced into maintaining their relationships due to the limited availability of resources needed. Additionally, with no availability or substitute supply chain partners to source needed products, each discussed their need to rely upon what was available and apply the best level of ethical decision-making to ensure high stewardship standards were met. This results in accepting inevitable realities in their supply chain strategies until alternatives or substitutes are discovered.

**CSR is Politically Driven.** Several similar codes were identified and grouped into a theme describing CSR programs as largely politically driven. They were perceived as being overreach by governmental agencies in the United States and abroad, especially in first and developing nations where many manufacturers' supply chain partners operate. The view of less governmental oversight and the perception that the government is largely incapable of creating successful environments for business helped shape this theme. This theme was also enhanced by enforced governmental CSR requirements for supply chains, such as in the State of California's Transparency in Supply Chains Act of 2010. This act requires retailers and manufacturers with annual worldwide gross receipts exceeding \$100 million to openly disclose on their websites the extent to which they engage in third-party verification of supply chain partners' risk of human trafficking and forced labor. Four out of the six participants were or had been based in California since the Act was passed, unfamiliar with the law. However, they were not surprised by the level of governmental reporting required for those mandated businesses. Closely related to California's Supply Chain Act, one participant described the EU's newly enacted Due Diligence requirements requiring supply chain transparency as a threat to his market share if he refused

compliance. More on this level of CSR certification will be described in the representation and visualization of the data section.

**Business Culture.** The case study participants largely viewed CSR as a net positive if governments did not mandate the programs and if those programs were proven to increase competitiveness and organizational excellence. Those survey participants who were not subjugated to governmental control over their supply chains were not concerned with what occurred outside their interest of ethical stewardship. In contrast, those participants describing the requirements of adhering to government-imposed standards accepted the minimal standards as nothing more than a cost of doing business. Participants were also willing to embrace levels of professional industry certifications when available based on their customer demands and the ability to incorporate them into their product branding. Examples for agricultural manufacturers include familiar certifications such as fair trade, organic, and non-GMO certifications, when incorporated into their product branding and imagery signal a higher level of sustainability for their product against market competitors.

***Governmental Mandates and Certification Standards.*** As previously described, two of the case study participants currently operate in the State of California, while two other participants have chosen to relocate outside California due to increasing legislation perceived as overregulating the business climate in the state. None of the four participants knew of the Transparency in Supply Chains Act, primarily due to their size and gross sales falling under the established parameters. Similar laws exist in the EU regarding supply chains for domestic manufacturers and those in the United States desiring to sell products to the EU. The United States actively embraces governmental regulations and standards within the business community through such measures outlawing discrimination in the workplace through the Civil Rights Act



of 1964, environmental pollution standards for producers and manufacturers adherence, and automotive CAFÉ standards, which are examples intending to protect social and environmental conditions similar to other governments around the global business community.

SME manufacturers operating in partnership with supply chain partners globally generally accept governmental standards as simply a cost of doing business. Not all standards should be viewed as overreaching. Valentine et al. (2017) listed many reasons a business may outsource portions of production or services offshore, including accessing cheaper labor, reducing production costs, and diversifying markets and customer bases. These types of decisions not only benefit the company but also create opportunities and growth in parts of the world that were once left languishing. Expansion into new markets introduces capital investments and new products and services to otherwise isolated nations.

The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) requires strict paperwork to prove the origin of agricultural products and ownership documented custody trails. Similarly, the Lacey Act of 1900 established environmental protection for wildlife, plants, and fish. Both measures aim to protect the sustainability of crops and prevent improper labor outsourcing in developing areas of the world. A recent violation of the Lacey Act occurred in 2011 when the Justice Department raided the Nashville, Tennessee-based Gibson Guitar factories for importing illegally obtained foreign-sourced wood without proper authorization and trail of custody paperwork. The company had its inventories of required wood seized along with heavy fines levied (Thomas, 2022). Both CITES and the Lacey Act are laws similar to those established in many of the supply chain partners of the case study participants, which rely on business partners located in developing nations where host governmental regulations exist to protect their citizens, labor, and natural resources. There are

certification standards for different industries to ensure compliance with or even exceed government regulations. Participants who chose to adhere to higher standards by joining certifying bodies due to governmental or customer mandates accepted the memberships as a cost of doing business. These certifications are often incorporated into strategic planning efforts related to product branding and marketing. Case study participants discussed the benefits and challenges of meeting higher standards and eliminating certifications that did not benefit marketing their products. No participants obtained certification purely based on altruistic values.

### ***Representation and Visualization of the Data***

The four main themes and the three sub-themes are presented in Table 1. The study comprises six individual case study participants from varying manufacturing industries. Each participant was a C-suite strategic-level manager with the title of general manager, owner, or chief executive officer, depending upon whether the organization was structured as an LLC or incorporated. None of the businesses were related, nor did they conduct business with each other. Each identified theme and sub-themes reflect the number of case study participants (files) making specific comments supporting the theme. Additionally, the references heading lists the number of times those participants discussed or mentioned responses, which became related codes and eventually developed into themes.

**Table 1***Themes Presented and Number of Occurrences*

Theme	Files	Reference
Stewardship	6	29
Negative Impressions of CSR	6	53
Limited Positive Impressions of CSR	4	26
Supply Chain CSR is Largely Ignored	6	13
CSR is Politically Driven	4	19
Business Culture	5	29
Govt. Mandates and Certification Standards	3	16

**Stewardship.** Stewardship was the underlying theme that tied together all other themes presented in this study. As previously described, stewardship is loosely defined as responsible planning and management of resources based on ethical values. Those values may be determined acceptable by an organization, such as those established by military service, or self-determined interests by the individual based on a historical understanding of oversight, trust, fiduciary responsibilities, and other trusted elements related to leadership and governance (Sama et al., 2022). The interpretation of stewardship can be as equally subjective as one interprets CSR (Gopan & Padmanabhan, 2022). What one considers ethical and good stewardship, another may not, which presents the reality of describing actions with broad brush descriptors. This author's study was not concerned with specific programs but rather with how and why the decisions were determined. Because the study of ethics historically supersedes the rise of CSR, ethically based stewardship was more prevalent in the interviews, receiving greater favor than pursuing the

adoption of CSR programs often viewed as forced, overreaching, infringing, and driven by altruistic desires.

Stewardship may apply to business leadership based on a Judeo-Christian value system of biblical principles as described by participant “Noah” (Appendix C, p. 267) when he stated, Christian ethics makes it [our business] run and prosper. When we look into what and how we deal with our own people and our customer base [if revealed] a tainted relationship or things about them and their ethics not [sic] up to par, we wouldn't do business.

He continued with a discussion of his positive impressions of on-site visits with supply chain partners in China, “our ethics are such that we don't deal with people who are not ethical.” Similarly, participant “Matthew” stated, “We viewed ourselves as a good corporate citizen, from just a corporate governance point of view, sure, we're in compliance [with governmental requirements].” Even participant “Mark” (Appendix C, p. 324) who was outspoken on his negative views of CSR in his business and supply chain strategies stated,

Be a good corporate citizen and blend in with the community and give something back to the community...if there were some egregious issues with one of our patterners, then we would take a close look at the situation and make an appropriate change, if possible.

While not every SME manufacturer has the option to source substitute supply chain partners or negotiate for more favorable conditions as those in this research study have stated, the commitment to upholding ethically based stewardship was openly expressed. Participant “John” stated, “It's become part of our culture, doing the right things and making sure what's left better health [sic] when we leave than when we started.” Such sentiment was echoed by participant “Thomas” when he described his organization's supply chain strategy of, “Carrying out the

responsibility where we can try to move our products and source our supply chain in the least impactful way we can.” Those participants who have openly embraced the governmentally imposed standards of their supply chain partners or have chosen to adopt higher levels of CSR through various certifications at the urging of external stakeholders have reported increased competitiveness and internal stakeholder organizational excellence. Participants who were not under internal or external stakeholder pressure to adopt higher CSR standards continued to promote ethically based stewardship in their business and supply chain strategies.

**Negative Views of CSR.** The participants predominantly had negative views of CSR programs for many reasons, centered around the pressures governments, customers, and social advocacy groups place on business owners, both large and small, and upon societies to influence and shape cultures. CSR is often touted by business and academic media and social media and on display as part of larger corporations and retailers’ business models, which are often viewed as excessive or used to connote higher levels of virtue. Participant “Luke” supports CSR within his supply chain strategy through compliance with his supply chain partners’ host nation governmental standards and through compliance with industry certification boards established to promote higher levels of sustainability, yet his views of CSR only support the minimum requirements as he stated (Appendix C, p. 290).

We're not a public company so we don't have a lot of liability to project an image of what we're doing to *virtue signal* [emphasis added] ourselves as being something that maybe we're not or maybe that our focus is in a direction it isn't.

When asked about CSR index scores, participant “Luke” also stated, “Companies are more concerned about their scores than they are about their responsibility to their stakeholders and partners.” Other participants had negative views of CSR based on how programs typically

strain scarce resources. Participant "Matthew" stated, "Anytime you embark on a corporate social responsibility, you have to accept that there's going to be greater costs," and "these certifications [CSR measures adopted] increase our cost of production ... which has really been in the form of documentation." Participant "Mark" (Appendix C, p. 323) had stronger viewpoints presented when he stated,

While we don't outright identify these [sustainable] measures as CSR, they do add to our operating costs. I just don't see any value in either forcing a business to take additional resources to create programs which add no real value to my bottom line, especially when there are no reasons to do so. Additionally, I've never been asked or been concerned regarding the [supply chain] inputs to our manufacturing processes in any of our locations.

Other participants, such as "Thomas," commented on his perception of how philanthropy was once at the center of CSR but has faded into nothing more than larger corporations placing their names on stadiums or buildings to advertise or achieve political favors (Appendix C, p. 322). He states

Local governments are afraid they'll [big businesses] all leave. And, so many corporations now use that as a threat ... remember, when Amazon was going to open their new second headquarters? Every place they went, they wanted to know how they were not going to pay taxes and not they [sic] were not coming to your town to help it. [This is the] new kind of normal.

These demonstrations of how CSR is negatively perceived in the business community create an atmosphere of doubt when choosing to embrace CSR programs in business and supply chain strategies. Is CSR all bad?

*Limited Positive Views of CSR.* The presence of CSR is now woven into the fabric of societies as the stockholder theory is replacing the shareholder theory throughout the global community, driving a general increase in awareness of CSR (Mamun & Shaikh, 2018). Mamun and Shaikh (2018) described how businesses and governments are increasing programs benefiting societies seeking social and environmental value and the value gained from the goods and services produced. To say that SME manufacturers and other businesses of similar size reject CSR outright is inaccurate. There are reasons why CSR has a positive impression on the business community, as expressed by this author's case study participants. As previously stated, all the case study participants incorporate some level of CSR in their business and supply chain models. While some focus more on complying with government regulations and certification bodies, CSR is seen as a limited benefit that yields positive results, as indicated by the following participants.

Participant "Luke" stated, "They [CSR in our supply chains] certainly benefit us. I mean, if we were sourcing our product in Burma instead of Indonesia, we'd be out of business." Luke relies on supply chain partners in Indonesia who adhere to strict governmental regulations to prevent illegal harvesting and poaching of the crops essential to his business. Other countries growing the same crops without similar protective measures produce lower-quality products at higher costs and risk depleting resources. Without the Indonesian government's protection of its agricultural base, labor, and industries, the quality of Luke's products would be significantly reduced or he would be forced out of business. In a similar manner, participant "Matthew" (Appendix C, p. 243) explained how CSR had compelled his company to reassess its operations by stating

It's [CSR] a royal pain but it's making us a better company. It's forcing us to do certain things within our company that we would not have done otherwise ... we're still having to deal with all, and most of the associated pain that comes with it, the increased documentation ... yet, what we're seeing is that it has given us benefit.

CSR protects the supply chain partners, thus creating a more sustainable use of natural resources for those case study participants relying upon raw harvested goods in their supply chains. Participant "Luke" stated, "For the future we see a supply that will be there for our products. Other than that, I don't see much more benefit. I'm not downplaying CSR, again, I think it's very important...it does benefit us in that way." When asked about the interest in sustainability expressed by his organization's stakeholders, Participant "Luke" replied, "I would say 1% at most are interested," indicating the higher standards he must meet to ensure his competitive brand succeeds is not based on more than meeting the demands of his supply chain partners and not those of his firm's stakeholders.

Manufacturers rely upon supply chains for their inputs into production, but they often partner with businesses using their products in their own manufacturing or retail sales. Participant "Matthew" is in this situation with his product, and he states, "they [supply chain partners] were looking for a sustainably certified product ... our CSR centers around the certification programs that we're required to have based on their end use of the product."

CSR globally intends to create a tide that rises all boats. Participant "Noah" (Appendix C, p. 268) discussed how his supply chain partners in China have experienced increases in living standards over the years

Some of the reasons are, as time goes on, things get better ... my prices in China have gone up over the last 25 years tremendously as they [Chinese labor] used to earn 35 cents



an hour, they're now getting \$2 an hour. China over the last 20 years has created a middle class where they have never had a middle class before. We have gone to our factories, they run smoothly, and their standards of living have improved greatly.

While not every participant expressed favorable views of CSR, most participants described some benefits from CSR measures experienced throughout society and within their own industries where protective measures were in place to guard against abuse and create sustainable measures. Both participants “Luke” and “Matthew” indicated that the CSR measures in their supply chain models have created sustainable business models despite the strain on their limited resources, preserving and even bolstering their competitive advantages.

***Supply Chains Largely Ignored.*** This research study focuses on SME manufacturers' challenges when incorporating CSR into their supply chain strategies. All the case study participants expressed frustration about their limited ability to influence their supply chain partners due to their small business scale. Participant “Thomas” stated, “We don't have any way to dictate to our suppliers ... we don't have any way to be in the know or to influence that really, we're such a small player.” Similarly, participant “Mark” stated, “I don't have the luxury of being able to choose between a lot of companies when it comes to getting the supplies I need to make my own products.” Participant “Matthew” (Appendix C, p. 253) discussed his limited options with his incoming supply chain partners' products regarding those assets required for his operations to continue

About 70% of my fertilizer program relies on a single vendor. And the reason that we use them is they are two miles down the road. Now what is their CSR? Background? Do they even care whether we have certain CSR programs? When everything got really tight during COVID, certain herbicides were almost impossible to get. We were on an

allocation as we competed for limited fertilizer coming into the state, 'we can only give you X-amount.' That forced us to look at our business practices.

The limited supply in participant Matthew's situation superseded his ability to yield any influence with his suppliers. His organization adequately adjusted to keep production levels in operation and meet the demand from his upline supply chain partners and customers.

Participant "Noah" discussed his frustration over his limited influence on the CSR conditions among his suppliers overseas. "I know some things must be going on in China or in India that I don't like, but I can't control it. And quite frankly, I don't lose sleep over any of it." As presented in the previous section, "Noah" discussed the balance of his inability to create change with improving the working and living conditions of those Chinese laborers who work for his supply chain partners, alleviating many of his supply chain partner concerns. This is akin to what participant "John" presented when he stated, "My philosophy is to build long-lasting relationships before you run into supply chain crisis, I think that's all set up beforehand and it comes with longevity in the business to having solid supply partners."

Participant "John" prided himself in building solid supply chain partner relationships "before they become an issue to deal with." Last, participant "Mark" (Appendix C, p. 323) expressed his frustration clearly when he stated, "Those companies and businesses that make up my supply chain have little to do with the way I run my business as I do with theirs. It's just not something I'm particularly focused on." He continued

So, as far as I'm concerned in my organization, I really don't have any interest as I don't see CSR practiced or implemented with supply chain partners making my bottom line better, nor making better products to sell.

Participant “Mark’s” pragmatic view of CSR in his business and supply chain strategy opposes those opinions that limit supply chain involvement: limited scope of business, lack of influence, limited options, and building a community amongst partners. His perspective is more closely aligned with meritocracy and providing returns for shareholders and those profiting stakeholders over meeting the needs of his employees and those external stakeholders to his organization. He stated, “I’m a firm believer that businesses should be based on merit [sic] of the company and of the individual.”

The participants all expressed frustration at their lack of control and the need to accept their limited roles in implementing CSR in their supply chain strategies. Their experiences highlighted the shifting paradigms in the business community, as they felt that governing bodies and social pressures from advocacy groups, media outlets, and social media platforms were negatively influencing their perceptions of CSR.

**CSR is Politically Driven.** The participants were familiar with the required level of domestic and foreign governmental measures in the place where their respective businesses operate. These measures are aimed at protecting local labor and the environment and creating equitable environments to protect consumers and stakeholders. The line that separates acceptable regulation from overreach varies for each individual according to their specific concerns.

Participant “Noah’s” perspective on increasing levels of CSR was expressed as, “My thought anything government comes up with is probably not the right answer, and they [sic] put a lot of burden on companies ... I also think it's control, I mean, bureaucracy loves control.” Noah operates a business in the State of California, perhaps the most business-regulated state in the United States. He continued, “In California, the government burden is absurd. CSR is just another government overreach.”

When discussing motives behind CSR, including the money flows from investment bankers into socially progressive markets such as green infrastructure projects or to those companies deemed to have acceptable ESG scores (Fink, 2022; Hou, 2019), participant “Mark” (Appendix C, p. 324) stated,

Maybe they [CSR programs] are beneficial and help other types of businesses, but as for my industry and my company, I just don’t see it as much more than a creation of red tape or throwing money at people or problems that really have no impact upon me.

The perception of large investment bankers has become a reality with the number of investment houses, such as BlackRock, that have funneled over \$4 trillion into sustainable businesses globally and have assisted businesses in transitioning to net-zero emissions (Fink, 2022). CEO Larry Fink stated that his intent is not only to direct money into sustainable investments but also to influence governments to help transform cultures worldwide for the benefit of all stakeholders.

Participant “Luke” cited these types of measures as “an overreach,” and participant “Thomas” stated, “I don’t want to see laws written [forcing CSR] ... I would think, though, that communities could put some pressure on big companies to act in a certain way.” In developing nations, there is generally more acceptance of governmental regulations and strict compliance with regulatory authorities. However, in the United States, there is a perception that the push for CSR is an infringement upon freedom and not as necessary as in less developed nations. If there is a strong presence of government and financial industries pushing for increasing mandatory CSR, it risks preventing small and medium-sized business owners from exploring acceptable CSR programs in their business and supply chain strategies.

**Business Culture.** The shifting paradigms lead to changes in trends, customs, and perceptions based on evolving societal expectations and cultural norms. This study explores the need for validation among stakeholders. With the rise of globalization and instant internet communication, businesses and governments have effectively used new technology to promote increasing sustainability levels and validate their commitment to internal and external stakeholders (Aust et al., 2020). The general acceptance of these new trends and expectations is evident in the case study participants. As highlighted in previous themes, the consensus among participants is that CSR is often seen as overreaching, encroaching, and interfering with the ability to maximize profits. Despite these negative perceptions, the benefits of adopting CSR programs were discussed.

Participant “John” stated, “In terms of CSR, doing what we do each day, that's part of our culture ... it just becomes a part of your culture in a way of doing business.” Participant “Matthew” spoke of his organization’s adoption of CSR throughout his organization when he stated, “This [CSR] is having a positive benefit in the marketplace, and it is becoming part of who we are.” Additionally, the adoption of higher CSR programs in his organization has led to new levels of branding for his products. He stated (Appendix C, p. 250)

What we're selling is associated with Hawaii, the memory of a vacation. So, we accept that we're not [in the market just to sell our product], we're actually in the gift market. Within that market set, the significance or story behind that gift is really where we have our value. The CSR aspects of it help us tell that story, why we're special, why we're different.

Matthew's company adopted CSR to fulfill customer demand for sustainable products. These products are then offered to other supply chain partners for resale or marketed to customers as certified green, non-GMO, and sustainable. He also stated,

What if we decertify? It would mean changing our packaging, pulling back the branding message we have been working on for the last 5 years. The opinion within the team is that this has now become part of who we are.

***Governmental Mandates and Certification Standards.*** Participants in case studies who adopt higher levels of CSR in their supply chains, especially for their Tier 1 suppliers, are often driven by governmental mandates and customer demand to accept this as the new normal. On the other end of the spectrum, participant "Mark's" (Appendix C, p. 326) indifference to promoting CSR in his business and supply chain strategies was reinforced by describing his internal stakeholders as low-skilled labor that is

quite temperamental when it comes to what is best for them individually. They liked the union-type of benefits offered to keep them working but have no interest in [CSR]. They are often transient. Externally speaking, none of our clients or customers have made any issue of how sustainable our business operation is, so it's not of a concern to me.

Participant "Mark" does not have any stakeholder interests to consider. Therefore, he does not have any interest in implementing CSR programs similar to the ones mentioned by other participants, like Matthew, into his business or supply chain strategies. His perspective has led him to the decision that most CSR programs are not beneficial to his organization or profit margin and do not align with any altruistic ideology.

The adoption of certifications is specific to each industry. They provide detailed documentation that publicly shows an organization's dedication to demonstrating its management

and operational practices. This includes focusing on the ecological and social aspects of its business and its ability to generate profits (Dahlin et al., 2020). The question of whether certifications add value to an organization's 3BL is not always clear.

Are certifications an attempt to greenwash the public through the branding of products? Are they worth the price to pay for a business requiring audits to meet new standards? Participant “Matthew” stated that certifications “[Certifications] are cost prohibitive for a small producer to obtain the certifications.” He continued, “We're the only certified product in this market which makes it more expensive for us to grow with this way, but it makes our product more attractive. And our sales figures back that up.” Both participants, “Luke” and “John,” rely upon certifications for their products generated by their supply chains. Participant “John” stated not all certifications are a panacea and are often misinterpreted by stakeholders, “I believe it was 99% of the consumers that recognize that FSC logo [certification] thought it had to do with quality and had absolutely no idea that it had to do with sustainable practices.” For those participants adopting certifications within their industries as a means of CSR in their business and supply chain strategies, they are ultimately driven by consumer demand and stakeholder interests. If those interests are not competing for viability, there is little incentive to exceed the cost-benefit ratio, or, as Dahlin et al. (2020) described it, businesses are answering the global call to action.

### ***Relationship of the Findings***

The case study interviews revealed themes that were presented to tell the story of how and why strategic managers of SME manufacturers in the United States face challenges with their supply chain strategies due to stakeholder pressures seeking validation from CSR programs. This ultimately affects their organizational excellence and competitiveness levels. The following

section discusses how the participants' responses to open-ended interview questions relate to the study framework and reflect the research questions.

**The Research Questions.** The first research question (RQ1) asked why some strategic managers fail to incorporate CSR programs into their supply chain strategies successfully. RQ1 discusses the issue of CSR in supply chain strategies, assuming that this is standard practice for leadership when managing their supply chain strategies. Failure to incorporate indicates why such programs are not widely adopted. The participants mentioned three reasons for not widely applying CSR in their supply chains. First, they indicated a limited scope of business conducted with supply chain partners, which prevented them from negotiating favorable terms or impacting their partners' operations. Second, many participants expressed their reliance on single-sourced supply chain partners, with no other raw material options, making it difficult to switch suppliers. Third, those participants with no stakeholder interests in CSR saw no reason to spend scarce resources trying to influence supply chain partners beyond standard ethical business practices.

Both RQ1 and RQ1b were opposites, asking what actions led to failure and what led to success when integrating CSR into supply chain strategies. Failures focused on limited abilities to influence supply chain partners beyond known ethical concerns (as with participant "Noah"). Successful adoption of CSR in supply chains occurred through certifications (as with participants "Matthew," "Luke," and "John") used to improve product branding and to establish a chain of custody paperwork based on customer demands.

**Research Question Two.** RQ2 asks how those CSR programs applied to supply chain strategies differ from other supply chain strategies. All participants expected on-time, safe delivery of quality products and maintaining professional relationships conducive to the return or credit of products that did not meet the agreed-upon quality standards. There were no other



specific requirements discussed. The CSR measures discussed focused on supply chain strategies aligned with government standards and regulations and voluntary certification levels for participants with upstream supply chain partners ensuring compliance. The primary focus was on maximizing profits, with little emphasis placed on implementing CSR programs into supply chain strategies beyond what is required to increase profits while maintaining high levels of stewardship.

RQ2a continues this theme by asking how these identified differences presented in RQ2 influence strategic managers' ability to apply CSR to their supply chain strategies. Government standards affecting supply chain partners are widespread in developing nations such as Indonesia, China, and India. As mentioned in the previous section, "Interpretation of the Themes," supply chains are often overlooked, and participants have little influence over partners or options for their operations. This results in adopting higher standards, considered a part of the business culture, similar to paying taxes; it is simply part of doing business. Certifications vary in nature and are typically voluntary, ensuring levels of quality, chain of custody, or product sustainability. The participants in this study voluntarily adopted certifications based on customer and other upline supply chain partners. A cost-benefit analysis determined that certifications that did not provide significant benefits were abandoned, as seen with participant "John," while those that were retained proved advantageous.

RQ2b asks how those identified differences identified in RQ2 impact organizational excellence and competitiveness? Participants who did not have a stakeholder interest in CSR programs in their supply chains were not affected by this research question. However, businesses that incorporated some level of CSR practices found that higher standards became embedded in their company culture. In many cases, employees took pride in the company's philanthropic

initiatives and strong leadership efforts to promote additional measures, eventually becoming a source of dignity and honor for the workers. This phenomenon was supported by a recent 2019 study, which found that CSR aligns with employees' psychological needs for autonomy, competence, and belonging, thus motivating innovation (Nazir & Islam, 2020). Reinforced CSR brings intangible benefits, enhancing organizational excellence and employee innovation, as evidenced by studies from Liu et al. (2020) and Shen et al. (2020).

Increased standards in supply chain strategies showed a positive increase in competitiveness, as with participant "Matthew," while participant "John" capitalized upon new cost-prohibitive standards required by the EU, as briefly introduced in the section "Interpretation of the Themes - Politically Driven," to prove where John's products are sourced through geospatial technology. He viewed this as an opportunity to increase sales to this region rather than lose significant market share from not adopting the new mandate in his supply chains. This choice required creative, strategic planning to incorporate new stakeholder CSR standards, costing time, money, and resources, thus creating a positive advantage to increase his organization's competitiveness rather than foregoing the challenge.

One potential downside to such resistance to CSR in supply chains, although quite existential, is the opportunity costs embraced by resisting exploring how CSR programs may strengthen supply chain partnerships, which may lead to both competitive advantages and organizational excellence. This author's stance is that not all CSR applied to supply chain strategies has to be costly or lead to a low return on investment, which stresses scarce resources. With the advent of growing technology, it is conceivable that more productive means of sourcing strategies to reduce material waste, improve logistical efficiency, and explore any option to reduce overall risk may be foregone.

**Research Question Three.** RQ3 asks what of the perceived issues of implementing CSR into organizational supply chain strategies. The perceptions of CSR in supply chain strategies can be categorized into two groups: strategic managers and the organization's internal and external stakeholders. There is an overall perception that incorporating CSR into supply chains can enhance the 3BL, but some believe these programs are expensive, more suitable for larger corporations, and do not directly contribute to the bottom line. Those who integrate CSR programs into their supply chain strategies often do so in response to government requirements and customer demands for sustainable products.

The second category of perceptions comes from the internal and external stakeholders of the organization. External stakeholders, such as customers, governments, and local communities, often exert pressure on strategic managers to increase CSR efforts. Managers then adopt or reject these pressures based on a cost-benefit analysis. If external stakeholders show little concern for CSR in the organization's supply chain, these programs will likely be disregarded unless altruistic motives are involved. Internal stakeholders, especially labor, may also push management to enhance levels of CSR within the organization that directly benefit to increase benefits and wages. In many manufacturing settings, low-skilled, high-turnover workers are generally detached from how their organizations operate, as observed in four out of the six case study participants. The remaining two had highly skilled labor forces and stronger connections to their local communities. Participants "Matthew" and "John" described the challenges of obtaining buy-in to increase their firm's CSR levels through effective leadership. While these measures strained already limited resources and required time and effort to adapt to new routines and productivity levels, they eventually fostered organizational pride and gained acceptance across the organizations (Liu et al., 2020; Nazir & Islam, 2020; Shen et al., 2020).

**The Conceptual Framework.** The study focused on three main themes. Firstly, CSR poses challenges for businesses by increasing costs and using scarce resources, which can affect profits, which is particularly relevant for SME manufacturers. The participants were less than optimistic about CSR, viewing it as more suitable for larger firms that can handle the higher costs, echoing the perspective of Dey et al. (2018). They emphasized careful cost-benefit analysis when evaluating CSR programs and ongoing assessment of their value (Mamun & Shaikh, 2018; Shen et al., 2020). All participants agreed on the importance of practicing stewardship as a core management principle and expressed objections to unethical conduct in their supply chain strategies. They also mentioned conducting a cost-benefit analysis to assess the value gained from implementing CSR, predominantly when driven by governmental regulations, customer demands, or requests from higher-tier supply chain partners. For those participants with no specific interest in CSR, the issue of exceeding basic stewardship principles in CSR implementation could have been given more attention.

***CSR is Important to Business and Society.*** Jain et al. (2021) discussed how governments worldwide have increasingly recognized and promoted CSR. This is intended to enhance the sustainability of natural resources, protect labor, and promote stewardship, ultimately leading to the welfare of their citizens. Such programs are gaining acceptance in the developing world, and the global business community is also increasingly embracing CSR programs through mandates and other altruistic means in order to strengthen company growth, increase sustainability, and provide value to all internal and external stakeholders through transparent and credible CSR reporting (Gatti et al., 2019; Timbate & Park, 2018). The business community is taking a stronger stand on protecting the social and environmental components of the 3BL, which includes the participants of this research study. While the participants understood the need for

some level of CSR in their supply chain strategies, the predominant viewpoint was that of interference when seeking to maximize their profits. The participants did not see any added value in going above the mandated government or required certifications for stakeholders. Rather, the perception was that CSR programs would have the most positive impact on the general welfare of the global business community and societies if they were left to larger corporations better equipped to focus their resources on creating a larger impact, specifically for stakeholders in developing nations.

***CSR is Becoming Critical for Long-Term Business Strategy.*** CSR is being propelled by globalization and the increasing reliance of multinational organizations on labor and resources from developing and third-world nations (Weidner et al., 2021). Due to the growing importance of CSR, strategic managers are incorporating programs into their business models to improve economic profitability, resource management, and global competitiveness (Mamun & Shaikh, 2018; Mitra, 2021). Current academic and business literature also suggests that there is a rise in awareness leading to the implementation of additional CSR programs that enhance the 3BL (Mamun & Shaikh, 2018). However, larger organizations seem more inclined to participate in CSR activities only when mandated or required to meet customer stakeholder demands. There are exceptions, such as participant "Matthew," who emphasized the benefits of adopting certifications to ensure the authenticity and chain of custody of products, making their company more responsible. Participant "John" also expressed a similar perspective, stating that he incorporates new customer-mandated certifications into his business and partners' supply chain strategies to avoid losing market share. However, many other participants seem to have little concern for the importance of CSR in long-term strategic planning, viewing it merely as a cost of doing business.

**Theories.** The findings did not align with two theories presented in this research study. The first theory, the stakeholder theory, proposed by R. Edward Freeman (Freeman et al., 2018), suggests that businesses should create value for all parties involved in the organization's success, benefiting the 3BL rather than just rewarding shareholders. The participants disagreed with the perceived overreach of governmental bodies regulating CSR in the business community. Those participants who embraced CSR in their supply chain strategies through governmental compliance had no control over their supply chain partners and accepted the increased compliance as a cost of doing business due to a lack of influence or limited alternatives available. However, those same participants valued the protective measures the higher standards yielded but expressed concern about imposing such requirements on SME manufacturing businesses. Compliance with certifications was seen as a cost of doing business to meet customer and supply chain partners' demands rather than adopting an altruistic approach incorporating CSR into the supply chain strategy. Additionally, the stakeholder theory was not openly embraced as it was viewed as delegitimizing meritocracy.

**Legitimacy Theory.** The participants largely supported the legitimacy theory due to their desire to maintain an ethical approach to running their businesses and managing their supply chain strategies. This perspective was examined through the lens of Milton Friedman's stockholder theory (Freeman et al., 2018), and although it was relevant for comparison purposes, it was not part of the framework of this study. Legitimacy theory is described as businesses operating within the expected standards, leading to community prosperity, while those operating outside expected standards will be considered illegitimate and may suffer sanctions imposed by communities, governments, or customers' actions resulting in decreased demand (Deegan, 2019). Deegan's (2019) perspective aligns with shareholder theory, and Velte (2021) extended this

definition by describing how organizations uphold legitimacy through open and honest disclosure of social responsibility and sustainability measures for the public to evaluate. Participants upheld Velte's description with active documentation regarding the chain of custody via certification standards and government compliance for their specific supply chain components. Other participants not subject to this level of scrutiny maintained their desire to provide the best products for stakeholders and to honor their supply chain partners through ethical stewardship.

***Servant Leadership Theory.*** Servant leadership theory refers to leaders who prioritize the well-being of their employees over profits (Hartnell et al., 2020). Servant leaders focus on the development and welfare of their subordinates within the organization. However, the participants in the study did not display this trait. They showed concern for the well-being of their internal stakeholders, customers, and partners, but not at the expense of their financial stability. Their primary commitment lies in ensuring their organizations' profitability through stewardship as the cornerstone of their strategic management philosophy. This aligns more closely with the stockholder theory, which promotes no social or moral obligations other than legally and ethically maximizing profits. By doing so, the firm can create quality products and services that benefit the business owners (i.e., shareholders), customers, and society. While the interviews revealed a sense of stewardship toward natural resources and individual stakeholders, it was not pursued at the cost of profits.

**Actors.** This category encompasses three groups. Starting with strategic managers are directly impacted by both internal and external influences on the organization. They are responsible for delivering positive outcomes and validating the needs of all stakeholders (Waldman et al., 2020). The participants in this study are C-suite level leaders, equivalent

general managers, or business owners. They are responsible for deciding on CSR programs within their organizations' business and supply chain strategies. One participant, "Matthew," assembled an advisory team of senior managers in his LLC-structured firm to assist, although the ultimate responsibility lay with him.

The second group includes internal stakeholders such as labor, boards of directors, and voting stock members. The participants represented a mix of LLCs and incorporated businesses without board directors. In participant "John's" organization, the employees owned the company but did not have voting stock and had a limited collective voice. Four participants mentioned that labor was not a significant factor in decision-making, as manufacturing often involves low-skilled, manual labor not concerned with CSR within the organization. External stakeholders comprise customers, supply chain partners, creditors and lenders, community members, and governmental agencies, indirectly influencing outcomes while remaining external to the organization. This is where the participants in the study experienced the greatest influence, particularly from the customer base (i.e., retail and supply chain partners). Customer demands for sustainable products drove the use of higher-quality resources. Compliance with standards set by governmental entities was crucial for maintaining market share and profitability. The interviews did not touch on any other external stakeholders.

**Constructs.** The study focused on two main concepts: leadership effectiveness and corporate structure. Effective leaders motivate, empower, demonstrate trust, build relationships, and enhance competence to improve organizations (Lumpkin & Achen, 2018). For example, "Matthew" and "John" demonstrated effective leadership by leading their organizations to adopt CSR in their supply chains. This involved making credible arguments supporting higher reporting standards, certification levels, and chain of custody paperwork despite the additional



costs and workload for employees. All participants in the study showed effective leadership through their high ethical standards.

**Corporate Structure.** Regarding corporate structure, the type of SME manufacturing structure (LLC or Incorporated) did not affect the level of CSR in business or supply chain strategies. Interestingly, the influence of stockholders, board of directors, or other stakeholders had no impact on the decision-making of these SME manufacturers.

**Anticipated Themes.** The author's first anticipated theme is that CSR uses new terminology, specifically sustainability, when familiar terms become outdated or have negative connotations (Carroll, 2021). However, the study's participants were largely unfamiliar with CSR beyond the basics and were not confident enough to explore how CSR would benefit their supply chain strategies. The second anticipated theme was the need to balance public perception of CSR initiatives against cost-benefit analysis, especially when public perception considerations outweigh stockholder gains (Su-Yol & Seo, 2017). However, this theme was not realized, as the participants primarily based their CSR on applying ethical stewardship to their decisions through a basic decision-making cost-benefit analysis model.

The third anticipated theme suggests that measuring CSR outcomes is challenging, as Barnett et al. (2020) stated. Although some participants believe that the impact of CSR on profitability is hard to quantify, others who adhere to higher CSR standards mandated by the government and customer-driven certifications see CSR as an influential factor driving change in their organizations. This helps them streamline their operations and refocus their attention on often overlooked procedures and processes.

The fourth anticipated theme predicts that CSR is beneficial for both the organization and society (Deegan, 2019; Velte, 2021). It supports the ideas of goodwill, stewardship, and

increased value for all stakeholders, which are becoming more essential in business strategic planning. This results in efforts to create 3BL profits and attain organizational excellence and competitive advantages (Fish & Wood, 2017; Mitra, 2021). The concept of stewardship emerged as a significant theme in the analysis and formed the basis of how all participants conducted their business and supply chain strategies, substituting stewardship for CSR. The unanticipated themes included disapproval and the perception of how SME manufacturers interpret political CSR. While some limited benefits are derived from CSR programs and initiatives, it was perceived that CSR is more suitable for larger corporations with greater visibility and resources. The limited CSR efforts adopted by SMEs were considered a cost of doing business and part of the overall culture required to operate and maximize profits.

**The Literature.** The literature review emphasizes the increasing significance and necessity of CSR programs in businesses (LaBaron et al., 2022). Globalization has facilitated expanded trade and commerce, provided access to once-restricted markets, and reduced product operating costs through outsourcing strategies. Supply chains involve multiple stakeholders, including business owners, shareholders, employees, customers, governments, and the societies hosting these supply chain operations (Basta et al., 2018). Furthermore, technology enables improved communication, offering increased visibility of supply chain operations, particularly regarding human rights, labor abuses, and potential ethical and environmental concerns often present in developing countries. Globalization has prompted businesses to become more responsible through adopting new strategies, resulting in lower-cost goods and services and access to new global markets, which have improved the living standards of many who were previously excluded from global commerce (Dabic et al., 2021). Participant "Noah" in this study acknowledged the same realization regarding his supply chain partners operating in China.

CSR programs could potentially conflict with the fiduciary responsibility to maximize profits. With the availability of global supply chain partners for many businesses, it might be assumed that large and SME manufacturers have the option to reduce supply chain costs and negotiate favorable terms. However, this is not the case for SME manufacturers in this study. Their limited business scope and the lack of substitute or competitive options often result in limited or no choices. Participants "Luke," "Mark," and "Noah" provided evidence of their inability to have any impact on supply chain partners beyond discovering obvious breaches of ethical behavior.

SME manufacturers with 500 or fewer employees face challenges when validating their CSR efforts in relation to profits and productivity. These organizations often must confront embracing CSR programs as crucial for survival in an increasingly competitive global marketplace. Larger organizations typically have the time, money, and resources to develop strong CSR programs (Lee et al., 2017; Valdez-Juárez et al., 2018). It is difficult for SMEs to validate CSR adoption, especially in their supply chain strategies. However, not everyone agrees that CSR is vital for the survival of these organizations. Some participants only engaged in mandated governmental actions or adopted higher certification standards to avoid losing market share. The literature on CSR programs in supply chains and the effectiveness of CSR throughout multi-tiered supply chains is limited as most existing literature focuses on larger firms, neglecting the impact of smaller organizations who make up 99.9% of all businesses, according to the U.S. Small Business Association (Mani et al., 2020).

**The Problem.** The study addresses the challenge faced by small and medium-sized manufacturers in the United States who have fewer than 500 employees, incorporating CSR programs into their supply chain strategies. The study explores how this challenge may result in

these companies not achieving organizational excellence or a competitive advantage. The study found that SME manufacturers often encounter challenges when attempting to incorporate CSR into their supply chain strategies due to limited partner influence and a lack of alternative suppliers or substitutes. Participants who adopted government-mandated CSR or met customer demands for higher levels of CSR in their business models and supply chain strategies did so at the risk of losing market share or being forced out of business. However, those who chose to adopt higher levels of CSR evaluated the costs versus the benefits and involved stakeholders in the decision-making process to create buy-in before implementation.

### ***Summary of the findings***

The research study revealed several key findings. Firstly, CSR is seen as a burden for many SMEs that are committed to ethical business practices. Stakeholder pressures can strain strategic managers as they seek approval for their causes, requiring significant time, effort, and costs that strain limited resources. While CSR programs have various benefits for the 3BL, there comes a point where the costs outweigh the benefits. The decision to implement CSR programs depends on governmental regulations, policies, and stakeholder pressures, which may negatively impact competitiveness. If there is no visible return on investment, SME strategic managers may choose to forego CSR in their business and supply chains, especially if there is no stakeholder interest. When assessing potential programs, utilizing a cost-benefit model poses a significant challenge for strategic management leaders, particularly when interpreting both intangible and identifiable outcomes.

For SMEs, supply chain partners are not always as accessible or easily influenced as those of larger organizations. The ability to change or affect partners' levels of CSR is not a given and is, therefore, mostly overlooked unless outright illegal or ethical infractions are made

known. CSR programs and initiatives are not viewed as the ultimate solution to societal issues for SMEs. Therefore, strategic managers of SME manufacturing firms will most likely not take an altruistic approach to this issue. The analysis of the case studies resulted in a lack of interest in CSR, strongly based on the negative impressions CSR had in the media and business community. Participants viewed their organizations' leadership as based on ethical stewardship rather than forced compliance in an attempt to address global societal issues. The negative perceptions brought forward by index scores, such as ESG and DEI, are ignored or, at best, viewed as virtue signaling to stakeholders with no regard for ethical standards or meritocracy. Study results indicated when faced with losing market share, SME manufacturing strategic managers consider adopting the level of programs required to maintain competitive advantages and other intangible organizational excellence. This study's analysis directly relates to the research questions by providing data that both directly and indirectly reflects the overall perceptions of CSR in both general business models and supply chain strategies. The data reveals the gap between standard supply chain strategies, how CSR programs and initiatives could be applied to supply chains, why the gaps exist, and how strategic managers perceive their roles in managing their supply chain strategies. Last, the perceptions of CSR held by decision-making leaders and those within their organizations' stakeholders were discovered, helping to shape corporate social responsibility management in their firms and within their supply chain strategies.

### **Application to Professional Practice**

The study's results revealed a significant lack of understanding of CSR and how sustainability can enhance productivity, benefit stakeholders, boost competitiveness, and lead to organizational excellence. The findings suggest ways this study could improve business practices

by assessing, adopting, and implementing CSR within an organization. The first step is to understand what CSR is, how sustainability has become influential globally, its benefits for businesses, and the future of CSR. After gaining a better understanding of CSR, strategic managers can apply potential CSR outcomes to the organization's long-term strategic planning, including product branding and marketing of programs and initiatives to stakeholders and the public.

### ***Improving General Business Practice***

**Understand what CSR is and its Origins.** The first step for strategic managers of SME manufacturers looking to improve their business and supply chain strategies is understanding what CSR means and how it can benefit their organization. By implementing select CSR practices, SMEs may enhance competitiveness and achieve organizational excellence.

Understanding what CSR cannot accomplish for their organization is equally important, as CSR requires scarce time, effort, and budget resources. The study results indicated that participants were largely unaware that they were incorporating CSR principles into their operations under the guise of ethical stewardship or were indifferent to CSR in their organizations unless compelled to take action. Only then did the value of adopted programs take hold in their businesses and with their stakeholders.

While subject to interpretation, strategic managers must be able to equate the involuntary CSR levels of protection provided by the government with established policies safeguarding against pollution, misuse of natural resources, and protection of labor, to name a few. Outside the United States and Western nations, governments are often the only source of protection provided for their respective societies. CSR is often mandated in developing countries to shore up lacking welfare systems or protect natural resources that may otherwise become depleted (Koleva &

Meadows, 2021). Voluntary CSR seeks the moral purpose of business and its proper relationship to society (Mitnick et al., 2023). Both CSR origins threaten to prohibit the maximization of profits and are often met with resistance. However, it is the strategic managers who hold the key to understanding and implementing CSR in their organizations. Recognizing how and why CSR has become an integral part of societies is the first step toward understanding its potential for U.S.-based SME manufacturers and its incorporation into their business strategies.

**Understand what CSR Can Do for Business.** The results of this study provide valuable insights into the decision-making processes involved in adopting and managing CSR programs within supply chain strategies. CSR has evolved beyond traditional philanthropy and now extends value to stakeholders beyond the scope of operations while pursuing profits (Aguinis & Glavas, 2019; Carroll, 2008; Kotek et al., 2018; Latapí Agudelo et al., 2019; Lee et al., 2017). By gaining a deeper understanding of CSR and its origins, strategic managers can better evaluate potential programs and initiatives to enhance their organization's performance. New technological advancements, such as increased communication and visibility in supply chain operations, have shed light on human rights and labor abuses and ethical and environmental concerns in developing countries. Notable emerging CSR programs include blockchain capabilities, wastewater recycling, and transforming landfill gases into renewable energy (Dennis, 2024). While not all CSR programs guarantee benefits, these advancements contribute to global commerce, lower costs of goods and services, raise living standards internationally, and open up access to new markets (Dabic et al., 2021).

**Understand the Future of CSR.** Strategic managers can benefit from understanding the four basic types of CSR: philanthropic activities, ethical business practices, environmental responsibility, and financial accountability (LaBaron et al., 2022). Each category intends to

deliver specific benefits to the organization and society. Understanding these concepts is crucial for evaluating and potentially incorporating them into a long-term strategic planning perspective. It's important to note that understanding is just the first step. Evaluating individual CSR programs and initiatives that provide 3BL impacts may lead to increased profitability and responsible use of resources necessary for remaining globally competitive (Mamun & Shaikh, 2018; Mitra, 2021). Ignoring CSR completely could limit SME manufacturers' business scope and supply chain strategies, given CSR's strong history and indications pointing to its positive acceptance in governments, societies, and business communities (Carroll, 2021).

### ***Potential Application Strategies***

Organizations can use this study's findings to gain insights and best practices for researching, adopting, and implementing CSR into their business and supply chain strategies. The study revealed that participants had limited knowledge of the history, reasons for, or types of CSR beyond philanthropic actions. They perceived CSR as government overreach by imposing standards on unwilling businesses, seeking certain outcomes at the expense of risk-taking entrepreneurs.

The findings of this study offer a detailed exploration of the history of CSR, beginning with the provision of social services by the Roman Empire in its early stages (Chaffee, 2017), to the philanthropic contributions of big businesses in the United States during the 1950s and 60s (Carroll, 2008; Kotek et al., 2018; Latapí Agudelo et al., 2019; Lee et al., 2017). The growing emphasis on CSR in the subsequent decades was supported by establishing regulatory agencies such as the Environmental Protection Agency and the Occupational Safety and Health Administration (Latapí Agudelo et al., 2019). In the 1980s, man-made disasters, such as the Union Carbide incident in India and the Chernobyl disaster in Ukraine, heightened global



awareness of the need for increased CSR to address social and environmental issues (Carroll, 2008). The quality movement, which sought continuous improvements, created a paradigm shift in global business expectations through ISO standards (Talib et al., 2021), and the collapse of Communism necessitated increased funding for welfare states (Koleva & Meadows, 2021). Understanding the emergence of CSR is the first step in properly embracing potential programs and initiatives related to one's industry and business.

**Long-Term Strategic Planning.** Once CSR is understood and potential programs for adoption are identified, a cost-benefit analysis is necessary before and after implementation. This analysis should be included in long-term strategic planning efforts. Continuous evaluation of programs for tangible and intangible benefits is crucial to maintaining stakeholder support (Barnett et al., 2020). Strategic managers must justify the need for CSR to stakeholders for implementation and ensure successful training, documentation, and visibility of programs throughout their lifecycles. Two of the study's participants encountered challenges when trying to convince internal stakeholders (employees and investors) of the value of adopting CSR programs driven by customer demands. Both participants initially faced resistance but overcame objections through strong leadership, resulting in increased competitiveness and stronger organizational excellence for both businesses.

**Branding.** Branding and marketing are two additional strategies for strategic managers who incorporate CSR into their business and supply chain strategies. Both participants noted that they added higher CSR certifications to their packaging and websites in response to customer demand, appealing to retail and wholesale customers. When faced with budgetary constraints, one of the participants considered removing certifications. However, stakeholders (i.e., employees) strongly objected to this idea, citing the sunk costs of achieving the higher standards

and the loss of organizational pride derived from meeting the higher levels of certification as reasons to maintain the certifications, a decision that maintained external stakeholder perceptions and product branding (Asmussen & Fosfuri, 2019).

### **Technological Advancements and Potential Improvements to the Organization.**

Strategic managers can use this new leadership approach to continuously research improvements that benefit the 3BL. As discussed earlier, technological advancements that enhance business strategies are evolving rapidly. Improvements in communication, recycling methods, and blockchain capabilities are just a few options for increasing visibility between businesses and their supply chain partners (Dennis, 2024). Exploring emerging opportunities is crucial for strategic managers aiming for excellence that would otherwise be missed. While not every CSR program will be suitable for every organization, the potential positive benefits are certainly achievable for those who are willing to explore the possibilities.

### ***Summary of Application to Professional Practice***

The strategies and business practices outlined in this section offer opportunities for SME manufacturers to improve their competitiveness and organizational excellence. Understanding the concept of CSR, including its origins and current trends, as well as the potential benefits of researching and adopting sustainable programs, can assist strategic managers in their decision-making processes. Implementing new programs or initiatives focused on emerging technologies that enhance product marketing and visibility throughout the entire value chain is presented as an option to improve business and supply chain strategies.

## **Recommendations for Further Study**

### ***CSR in Large Businesses' Supply Chain Strategy***

The study's author has suggested three areas for further research based on its findings. The first area is to investigate how and why large manufacturers with 500 or more employees choose to integrate CSR into their supply chain strategies. SMEs of 500 or fewer employees face limitations due to budget and stakeholder constraints, which are less significant for larger businesses. Furthermore, not all SMEs have boards of directors or voting stockholders like larger organizations who can influence C-suite decision-makers. According to the research study's participants, CSR is primarily seen as a responsibility of larger businesses aiming to gain public approval and improve their image as a marketing strategy. Exploring the decision-making processes, selection criteria, and outcomes would help compare SMEs to their larger competitors.

### ***The Impact of Index Scores on Supply Chain Strategies***

The increasing importance of index scores, such as ESG, DEI, and other various market index scores, concerns larger businesses and has led many to voluntarily report their nonfinancial performance to non-authoritative entities (Tahmid et al., 2022). An interesting study could investigate whether these index scores enhance competitiveness and organizational excellence and explore how and why they are adopted. This study's findings indicated that SME manufacturers negatively perceive index scores from a political standpoint yet were not significantly concerned as they viewed them as irrelevant and more suitable for larger businesses. These scores were not integrated into their business models or expected by their internal or external stakeholders. In contrast, larger businesses often disclose their index scores to showcase their commitment to CSR for marketing and branding purposes and to attract

investment capital from brokers (Fink, 2022; Hou, 2019). Understanding how these scores ultimately impact supply chain strategies would help SMEs evaluate their own supply chain strategies.

### ***How will Technology Integrate into the Supply Chain Strategy?***

As technology advances, businesses can benefit greatly from understanding how new digital capabilities can help supply chain managers incorporate CSR into their strategies. This could prove relevant for both large and SME-sized organizations. A recent study highlighted some new technologies, including blockchain, which enables the use of smart contracts and near-instant cross-border payments between two parties, offering security and speed of transaction (Raja-Santhi & Muthuswamy, 2022; Varriale et al., 2023). Evaluating how and why organizations select, implement, and manage increased technologies in their supply chains would benefit SME manufacturers who are hesitant to research or adopt such programs in their supply chains.

### **Reflections**

This research study allowed the author to reflect on personal, professional, and spiritual growth. This section will examine how each aspect was affected during the DBA dissertation process and how challenges were overcome to complete the necessary steps before the defense analysis. While no single area is more important than the others, they prompt deep introspective thoughts together, leading to personal rewards.

### ***Personal & Professional Growth***

**Personal Growth.** This study provided an opportunity for personal growth by successfully identifying a current business trend's shortfalls, creating a study framework, collecting and analyzing data, and presenting the findings to a greater audience. Creating the

study's framework, identifying the sample population, conducting fieldwork, and interpreting results required new levels of tenacity, determination, and belief in personal capabilities. Due to the author's limited connections and business outsider status, getting approval from qualified business leaders was the most challenging aspect while conducting the interviews was one of the most enjoyable experiences of this entire process. Persistence and faith were how the challenges were overcome. Turning raw data into developed themes based on identified codes, drafting findings, and answering the study's research questions were significant achievements for the author, proving that achieving lofty goals is indeed possible.

**Professional Growth.** The author experienced professional growth working through unknowns and countering reluctant prospective participants who were unwilling to entertain this study. Most business owners contacted were reluctant to engage or discuss the areas of CSR that they highly valued and promoted on their websites. While some prospects in the targeted sample set may not have participated due to time constraints or other issues, the rejections received allowed the author to deeply appreciate those participants who chose to contribute their knowledge and experience to the research project. Seeing this research project through to completion has increased confidence levels beyond expectations.

### ***Biblical Perspective***

The concept of CSR is rooted in the biblical principle of stewardship. Luke 12:48 (New King James Version, 1982) states, "For everyone to whom much is given, from him much will be required; and to whom much has been committed, of him they will ask the more." This verse emphasizes the responsibility of individuals leading organizations to use their resources wisely and contribute to society's greater good. Rhodes (2016) defined a steward as a manager who is responsible for the goods and property of another. Over time, the term stewardship has been

associated in the Christian community with the responsibility to manage wisely the goods and property in our possession, and as God owns the world and all things in it, humans are merely the caretakers (Rhodes, 2016). Psalm 24:1 (New King James Version, 1982) states, "The earth is the Lord's, and all its fullness, the world and those who dwell therein." If this is truly what Christians believe, then all we have, hold, and earn are only temporary possessions belonging to God regardless of our fruits; we are only caretakers of what belongs to Him. This conflicts with the world and those who are not Christ's followers.

The idea of CSR is not new. Traditionally, CSR involved large corporations making philanthropic donations to society (Siltaloppi et al., 2021); however, since the 1970s, the concept has expanded to encompass adding value to people and the planet and pursuing profits (forming the 3BL). Individuals and groups now expect the business community to support their social and environmental concerns. This pressures strategic managers to be responsible for legal, ethical, and fiduciary obligations to internal stakeholders. In addition, they are expected to be accountable for meeting the needs of both internal and external stakeholders, even those not directly associated with the organization.

The business community has been questioning whether they are obligated to take on stewardship responsibilities due to the absence of a Christian perspective and whether this obligation is being imposed by governments, social organizations, and financial institutions through CSR. A study indicated that most participants rejected the idea of CSR being mandated by any government or organization exerting influence. They perceived government, social, and financial interests in CSR as politically motivated and interpreted it as those entities were pressuring businesses to implement programs at their own expense as a way to justify not doing enough for the greater good beyond just creating and selling goods and services to the public

(Fink, 2022). The participants emphasized that their business models were based on their own interpretations of ethical stewardship and that they did not need mandated or customer-demanded CSR to demonstrate their commitment to respecting and caring for stakeholders and the environment.

Mitra (2021) described CSR as a versatile concept that can adapt to the needs of those seeking validation, taking on various forms in pursuing justice, equity, and diversity. The study's participants confessed to having a limited understanding of CSR programs and hesitated to explore potential opportunities that could benefit their organizations. To make well-informed decisions about CSR programs, it is important to understand the different possibilities and motivations behind them. According to the study's findings, CSR represents an effort to promote responsible management in society, particularly without a Christ-centered model. Tainted by its fallen state, human nature often seeks validation outside God's authority. While CSR has undeniably led to significant benefits for social and environmental causes, there is a peril in allowing it to dominate our lives. Relying on external entities to generate stewardship of resources can be insatiable, as illustrated in the scripture of Luke 12:48, "...of him, they will ask the more." The pursuit of more can be endless. Instead, fostering our relationship with God to guide our stewardship can lead to rewards, as scripture promises (Whelchel, 2015). Colossians 3:23-24 (New King James Version, 1982), states, "And whatever you do, do it heartily, as to the Lord and not to men, knowing that from the Lord you will receive the reward of the inheritance; for you serve the Lord Christ."

### ***Summary of Reflections***

The author of the study experienced significant personal growth during the dissertation process. Newly created knowledge provided insights and possible solutions to a specific

problem. This challenge was the author's most demanding academic and professional task undertaken. Creating the framework for the study and dealing with the difficulties of collecting, organizing, and analyzing data for presentation was highly fulfilling. Through this process, the author gained a deeper understanding of the leadership challenges faced by business owners and managers striving to balance financial responsibilities with social and environmental obligations. The author's determination and faith in God's promise helped to conclude this project. The perspectives gained from researching biblical scripture during the data collection and analysis phases closely aligned with what was outlined in the research proposal. Stewardship is integral to CSR, showing a commitment to creating value for society, helping those in need, and protecting the environment while producing goods and services that benefit society. Strategic managers must effectively balance all three components of the 3BL as responsible stewards of God's kingdom.

### **Summary of Section 3**

Section 3 of the research project presented an overview of the study, discovered themes, and their interpretation and application to the greater business community. The data collection and analysis methods were described in detail and resulted in the study's participants providing data revealing a mostly negative perception of CSR while focusing heavily on a model of ethical stewardship when guiding their business and supply chain strategies. Furthermore, CSR has been seen as a method for ensuring compliance through political channels by organizations that may not be the most capable leaders. Companies that adopt CSR initiatives in response to government regulations or customer pressure see it as an integral part of their long-term strategy that benefits the triple bottom line.



The author unequivocally emphasizes the need to fully grasp the concept of CSR, its benefits for business in terms of marketing and product branding, and its enduring relevance. Understanding CSR and actively considering implementing programs and initiatives into business and supply chain strategies is imperative to enhance competitiveness and organizational excellence. Additionally, the author strongly advocates for further exploration of three key areas: understanding why and how large organizations integrate CSR into their supply chain strategies, evaluating the impact of index scores like ESG and DEI on business strategies, and assessing the potential role of new technologies in supply chain strategies.

The study areas serve as a basis for SME manufacturers to compare and contrast their decision-making experiences with other businesses. Both personal and professional growth opportunities through creating a research project, collecting and analyzing data, and presenting the findings to the satisfaction of the university faculty were presented. The biblical perspective revealed by the study highlighted the importance of the reasoning behind the CSR movement, leading to the question, is CSR a mandated system of social welfare by governments and interested stakeholders seeking validation or an ethical stewardship model based on Judeo-Christian values? Regardless of the source, scripture states in Colossians 3:23-24 (New King James Version, 1982), “Whatever you do, do it heartily as unto the Lord...knowing He will reward your inheritance.”

### **Summary and Study Conclusions**

This research study focused on U.S.-based SME manufacturing companies and their decision-making strategies regarding CSR programs within their supply chain strategies, specifically those manufacturers of 500 or fewer employees. The foundation of the study’s framework was presented as a qualitative, flexible design multiple-case study, best suited for

delivering the how and why of the specific problem statement to achieve the project's intended goals. Section 1 of the study presented a literature review that meticulously outlined the history of CSR and explored the study's selected concepts, theories, actors, and constructs and their interrelatedness and potential influence on each other. Assumptions, limitations, and delimitations were presented based on anticipated results derived from the research and included descriptions of how each may impact the results of the study's outcome.

Section 2 of the study detailed the researcher's role in creating the foundation for data collection, analysis, and presentation to a greater audience. Data collection relied upon the non-probability, purposive method of sampling as a means to narrow the selection of samples that best match the research questions based on the study's predetermined criteria. Six participants were interviewed, providing thick, rich data leading to a point of saturation. The methods for organizing and analyzing the data were introduced, including the plan for data coding and the resulting themes evaluated against the study's framework. A total of four themes and three sub-themes emerged from the multiple-case study interviews, which, in turn, provided answers to the study's research questions. Data and theory triangulation, member checking of data, and bracketing methods were tools used to identify and mitigate researcher bias, increasing the study's validity and reliability. Section 2 of this paper presented both anticipated expectations and descriptions of the study's outcomes and the necessary changes to population sampling, data collection, organization, analysis, and interpretations that were not realized.

In Section 3 of the study, the focus was on visually representing the collected data. It became clear that ethical stewardship was an underlying theme for each case study participant's underlying business philosophy. CSR includes many options and areas of focus for all types of businesses. As there is no blueprint for CSR, one program may work well for someone while

failure occurs in others. With an overwhelming number of CSR options and stakeholders competing for validation of their specific causes, strategic managers of all sizes of organizations face challenges trying to select, implement, and manage programs in their business and supply chain strategies, expending scarce resources while gaining competitive advantages and achieving organizational excellence. The SME manufacturer is no different. The study's participants expressed frustration over the overwhelming array of options and often chose to ignore CSR until they were mandated or pressured into adopting some program level. The next paragraph presents the data analysis and interpretation of the themes that yielded conclusive results.

### **Study Conclusion**

The research study discovered that SME manufacturers with 500 or fewer employees in the United States generally had a negative outlook toward CSR programs incorporated into their business models, particularly in their supply chain strategies. The study indicated SMEs consider themselves unable to influence their supply chain partners' levels of CSR, lacking the ability to initiate change due to their limited business scope or a lack of alternative products or suppliers. Most viewed any CSR initiatives as an infringement upon their ability to lead their organizations, as they were already operating under a philosophy of ethical stewardship. It was also noted that the participants perceived government-mandated CSR as infringing upon meritocracy. However, supply chain partners operating abroad were mandated to adhere to local environmental and social standards in their host nations. The study participants unequivocally recognized the value of these CSR efforts, as they decisively boosted competitiveness and enhanced organizational excellence. The study revealed most participants generally lacked understanding regarding CSR and how it could be applied with positive outcomes in their supply chain strategies, often viewing CSR as personal choices based on altruistic desires. Notably, SMEs tended to believe

that CSR programs were better suited for larger organizations with more capital resources to expend. This study is relevant to the business community as the increasing level of CSR being implemented globally across all sectors including production, agriculture, government, and various industries, the scope of programs is likely to expand due to social pressures and increased governmental mandates. Larger organizations with significant capital resources have the flexibility to choose CSR programs that go beyond what is mandated, whereas SMEs typically do not have this flexibility. Whether in manufacturing or any other industry, the challenge of managing CSR is present. The decision-making process uncovered in this study will be beneficial to organizations of all sizes, regardless of industry.

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## **Appendix A: Interview Questions**

The following list of interview questions is designed for a semi-structured format. The first two questions are introductory to establish familiarity and build rapport between the interviewer and participants. Questions three through eleven are the core questions intended to gather data for analysis, answering the project's research questions. Each question is accompanied by likely follow-up question(s) to elicit detailed responses. Each core question is also linked to one of the project's research questions. The last two questions conclude the interview, allowing the participants to share final thoughts on the subject matter. Each question may be followed by additional probes for clarification or additional content at the author's discretion.

### **The Study's Research Questions**

The following is the list of research questions for this author's study.

RQ1. Why do some strategic managers fail to incorporate CSR programs into their current supply chain strategies successfully?

RQ1a. What actions by strategic managers seem to lead to failure when initiating CSR programs into their supply chain strategies?

RQ1b. What actions by strategic managers seem to lead to success when initiating CSR programs into their supply chain strategies?

RQ2. How are CSR programs different from other strategic supply chain programs initiated by strategic managers?

RQ2a. How do those identified differences influence strategic managers' ability to incorporate CSR programs into supply chain strategies?



RQ2b. How do those differences impact organizational excellence and competitive advantage?

RQ3. What are the perceived issues of implementing CSR programs into organizational supply chain strategies?

### **Semi-Structured Interview Introductory Questions**

Q1. Briefly describe your impressions of corporate social responsibility (CSR) within manufacturing.

Follow-up question: What are your thoughts on how CSR affects or is applied to supply chain management?

Q2: What are your thoughts regarding CSR within your organization?

Follow-up question: In a few words, how would you describe your organization's current level of CSR?

Follow-up question: Can you briefly describe the breadth and/or depth of your supply chain operations and the connection existing to CSR practices?

Follow-up questions: How would you describe your strengths, advantages, opportunities, and threats (SWOT) concerning those CSR programs and initiatives within your organization?

Probe: In your supply chain?

### **Core Interview Questions**

Q3: In your experience, what is the greatest challenge you've faced when choosing and implementing a CSR program or initiative in your organization and in your supply chain strategy? (RQ1).

Follow-up question: Why do you think that was/is the case?

Q4. In your estimation, how does CSR benefit your organization's supply chain? (RQ1a)

Follow-up question: Describe an experience where an enacted CSR program created value for your organization's supply chain strategy.

Follow-up question: Who was/were the beneficiaries of the program?

Probe: Internal, external, or both?

Q5. Can you describe an experience where an enacted CSR program did not benefit your supply chain strategy? (RQ1b).

Follow-up question: What are your thoughts on why this CSR strategy was not successful?

Follow-up question: What did it cost your organization in terms of finances and impressions on both internal and external stakeholders?

Q6. Supply chain strategy is a challenging facet of management that requires strong leadership. Where do CSR programs and initiatives fall in the grand scheme of efforts your organizations make to improve your supply chain strategy? How do CSR programs and initiatives compare to the other efforts your organization makes to improve your supply chain strategy? (RQ2)

Follow-up question: What types of programs are initiated in the supply chain? (RQ2a)

Follow-up question: How do those noted differences impact your decision-making processes, and who are the biggest influences affecting your choices? (RQ2a)

Q7. How do CSR programs and initiatives add value to your organization's competitiveness and improve organizational excellence? (RQ2b)

Follow-up question: How do you measure these results?

Follow-up question: Who would you say benefits the most?

Q8. How do you perceive the CSR you have in your supply chain and in your organization as impacting the corporate culture of your organization? With competitors? (RQ2b)

Q9. How have the CSR programs in your supply chain strategies impacted your organization's competitiveness and organizational excellence compared to other supply chain strategy initiatives? (RQ2b)

Follow-up question: How do you measure the change?

Q10. What are the perceived issues associated with implementing CSR into your organization's supply chain for internal/external interests? (RQ3).

Follow-on question: What is/are the interests of your internal stakeholders (employees, board of directors, investors/shareholders)?

Follow-on question: What is/are the interests of your external stakeholders (supply chain partners, customers, suppliers, business partners)?

Q11. To what extent are you willing to consider initiating CSR programs into your supply chain strategy? Is there a limit? (RQ3)

### **Concluding the Interview with Final Thoughts**

Q12. If you were to read a headline about your organization in a major newspaper regarding your supply chain's CSR contributions 5 years from now, what would you want it to say?

Q13. What final thoughts would you like to tell or share regarding today's topic?

## Appendix B: Interview Protocol

The following protocol sheet is a basic shell example of the narrative protocol used for interviews. It serves as a checklist to ensure all legal aspects of the interview have been met and allows for memoing and note-taking during the interview process. A new protocol sheet will be used for each contact with the participants.

INTERVIEWER: Craig A. Standridge, Doctoral Candidate

DATE: \_\_\_\_\_ TIME: \_\_\_\_\_ MEDIA: \_\_\_\_\_

ORGANIZATION CODE/NAME: \_\_\_\_\_

BUSINESS LEADER INTERVIEWED: \_\_\_\_\_

MISC NOTES: \_\_\_\_\_

### Interview Procedures

Introductions: Introduce yourself to participants, thank them for their time and participation, and cover the following items:

1. Purpose and applications: Review the study's purpose and uses of the findings, including how the findings will be reported and shared with Liberty University.
2. Consent forms and approvals: Informed consent forms distributed to participants NLT 3 working days prior to the interview session, signatures secured, reaffirm assurance of privacy, confidentiality, anonymity, and protection of the participant assurances reviewed. Any final questions regarding the process or intent of the study and of this author will be answered. Inform the participants the interview will only be video, and audio recorded for the purpose of recording transcripts and coding data collected.
3. Data treatment: Inform participants how data will be managed, secured, and disposed of after a specific time period.

4. Discuss the process of the interview and how the participant will have the option to address any final questions or concerns. Additionally, address the process for member checking and possible follow-up interviews to ensure the collected data represents exactly what was discussed. Other issues presented by participants are discussed prior to beginning the interview session.

5. Begin the interview:

Q1. Tell me briefly about your impressions of corporate social responsibility (CSR) within manufacturing. (Note any inflections of voice, tone, emphasis on words/phrases, body language noted, etc.)

Follow-up question: What are your thoughts on how CSR affects or is applied to supply chain management? \_\_\_\_\_

Probes: \_\_\_\_\_

Questions 2 through 13 will follow in the same manner.

6. Thank you and follow-up reminder regarding member checking and possible additional interviews to gain clarification via video conferencing, phone, text, or email; media source is dependent upon participants' choice.

7. Conclude interview session.

## Appendix C: Case Study Interview Transcripts

### Interview with Matthew

**Craig:** Okay, good afternoon. And I'd like to start by having you briefly talk about your impressions of corporate sponsor social responsibility within the manufacturing industries because you an agricultural manufacturer.

**Matthew:** Depending on what business you're in, oftentimes the manufacturing segment is driven by the eventual buyer of your product. I got into corporate social responsibility, or began participating, initially based on a direction that one of our buyers was going. So specifically, they were looking for sustainably certified product. And that came with it a certification protocol. We viewed ourselves as a good corporate citizen, but then once we got deeper into the actual requirements to criterion that are graded against for you to earn those certifications, it became a much bigger process.

**Craig:** Okay. In the same vein, what are your thoughts regarding corporate social responsibility programs and initiatives when it comes to supply chain management strategies?

**Matthew:** One of the things that affected us directly and it was actually part of our strategic planning process, we really have our are sticking a lot of our claim associated with the authenticity like authenticity, and traceability of our product. And as we got deeper into trying to understand that authenticity, and traceability, that also became very clear that that is what was driving would be a critical component of the sustainability certifications that we were seeking. And within the supply chain, we found very quickly that as soon as we began talking about what, what that meant, and not only for us producing our product, but also some of the inputs that come to our product. In on the production side, we began understanding the supply chain better. Who are our suppliers? And who do we supply? Where does that product go? And for us, it was

a little bit of a wakeup call, a bit of a gut check. You know, who are we? Why do we do what we do? Why do we pay what we pay? How do we treat our community is just in the form of payroll into the hands of our employees? Or is it? Is it broader than that? So, both from a supply chain point of view, but also from a branding point of view? That's the word effectiveness most.

**Craig:** I see. Okay. What are your thoughts regarding the CSR programs within your own organization? How would you describe your current level of CSR within your organization? Okay.

**Matthew:** Again, most of our CSR centers around the certification programs that were required to be required to have and again part of the requirement is coming from certain buyers that that need that certification based on their end use of the product. In an in a one on one that I had with the president of one of the certification bodies, he asked me a similar question, because how are you doing? How's it working for you as well? To be honest, it's a it's a royal pain and they'll call a painting or you got to transcribe but it's making us a better company. It's forcing us to do certain things within our company that we would not have done going back to the first part of it, we're still having to deal with all and most of the pain associated with it comes with documentation. You can do things but if you don't have it documented, it didn't happen. So, the most difficult part on in ours from a day-to-day basis is the documentation so documentation of training drug documentation of chemical use, documentation of meetings involving employee groups, documentation of our entire internal supply chain process, so product and product out has to be fully documented. There is no You don't lose anything, everything has to be documented in and documented out. So those are the things that are extremely difficult. But then again, that's making us a better company. It's helping us understand what, what we do and why. And even process documentation, not just product documentation, but process documentation

has gotten much better within our company based on the requirements for the certification protocols.

**Craig:** As far as your supply chain is concerned? You have you mentioned products coming in as well as product going out? What to what, what levels? Have you experienced an increase regarding your supply chain? And you mentioned that you have a lot of documentation, you have a lot of standards to meet a lot of accounting paperwork, has that increased or decreased? At all, regarding your supply chain, with your suppliers or the people who you sell to his?

**Matthew:** Well, because we are a call it a fundamental producer, we don't buy any of our product from anybody else. We have inputs along the way. fertilizers, chemicals, materials, cardboard, packaging, all of those types of things. We also have contractors. So, if a contractor does work for us, we have to guarantee that they are aware of our practices. I can't hire a labor contractor, for instance, that isn't following the same practices that I'm required to follow. So that's causing it. I don't think this was part of your question, there's there is the difference in the way we treat our supply chain, we recognize right off the bat that it was a gig, that these certifications were going to increase our cost of production. We were forced to do things that are less efficient because of the chemicals we could use. For instance, we were forced to look at our HR policies and begin working toward a living wage, which is very difficult to empirically identify. But we have to show that we're studying and we're working toward it. I also have a union workforce. So, I've got a labor contract for part of my team. And fortunately, with a labor contract in place, many of the questions associated with freedom of assembly and freedom to organize. Some of those types of things that are criterion were already in place. So, it was very easy for me to show them my labor contract, and say we're already doing all of the things that are



required. My hope, still, my hope, is to always treat my workers better than any union will treat them.

**Craig:** Okay, good. Well, in your experience, what is the greatest challenge you face when selecting and implementing one of these CSR programs into your organization?

**Matthew:** I think the greatest challenge was cost benefit analysis. What do we gain? What does it cost us? The costs were fairly easy to identify, Okay, we're gonna change some of our farming practices, we're gonna have to change some of our payroll practices, we're gonna have to change how we treat overtime work, for instance, we can't make workers work any longer than a certain amount of time. Overtime has to be voluntary. So that's one of the things. The most difficult part was quantifying the gains. What do we get out of this in terms of either increased sales or greater market penetration? Or am I able to raise the cost of my product based on the public perception of the corporate social responsibility that we're undertaking? We didn't know that going in. It was impossible for us to know going in and it's even impossible for us to absolutely say now, it has been accepted and the prices are being accepted throughout the market. But is that based on what we're doing? Or is that based on external environmental factors like other supplies of similar products in the marketplace? That for us was the toughest part was the cost-benefit analysis.

**Craig:** Do you rely on any other decision-making models? I know the SWOT situation...

**Matthew:** ...weaknesses.

**Craig:** We just see us as advantageous. Yeah.

**Matthew:** We do we do. We have an internal strategic planning process that we use to include quarterly review with not only internally, but then I report to another corporation and we have to be assessing how we within the broader organizational scheme. The strategic planning

process includes SWOT oftentimes there are initiatives within a company's broader strategic plan and the sustainability, Corporate Social Responsibility piece was an initiative, and we had to evaluate it as such. Other things regarding I'll call it backward looking, can we look backward and do a 5-year assessment? What have we gained? Or what has it cost us? We can certainly do that. Some cost production factors, again, are separate from the corporate social responsibility side of things. We've got a new pest that was introduced to the farm 2 years ago, that's really difficult to handle. And it's radically increasing our cost of production just because it's reducing our total yields. That has nothing to do with the CSR programs. Likewise, the labor market here and in Hawaii has been significantly impacted not only by COVID, but also by lack of available worker housing. So, competition within the marketplace, the rebound and tourism, all these things that are affecting our cost of production based on chasing the cost of labor.

**Craig:** Then, in your estimation, how to CSR benefit your organization supply chain? This may be a bit of a repetitive question, based on what the answer if you could just kind of encapsulate it.

**Matthew:** Again, as a fundamental producer, we're kind of the beginning of us, we're the we're the front end of the supply chain, we've got a few inputs that are involved, if I were a buyer of external coffees to put into my product, that would affect us directly. Now the cost of that coffee, so the cost of certified product is higher. But in my case, I'm the producer of that coffee. So the incoming supply chain doesn't is very, is not affected, hardly at all. It's more internal to my company where that that fits now, and then I am a supplier to other coffee buyers. And in that case, it's increasing their costs. And so, we're having to having to look at how that affects our marginality and our profitability down the line.

**Craig:** Okay. You've mentioned a few of these CSR initiatives and programs that you have. Can you describe an experience when there was a CSR program that did not benefit your organization? Or, and, and also, your supply chain strategy?

**Matthew:** I think in total, what we're seeing is that it has given us benefit. But again, I can't isolate that from the other things that are going on within the marketplace. If, hypothetically, if we had not pursued these programs, would we still be successful? Most likely, it would have meant losing one or two key accounts. But in our case, because again, we are a supplier, we're at a point now where the demand for our product is exceeding our supply. In fact, we even had a serious conversation about a month ago, what if we pull back? What if we decertify it would mean changing our packaging back it would mean basically pulling back the branding message and the marketing that we have been working so hard on for the last 5 years. The opinion within the team is that this has now become part of who we are. So, the biggest impact is the cost to production. Again, anytime you embark on a corporate social responsibility, you have to accept that there's going to be greater costs. We use some of the other corporate examples Whole Foods Patagonia cetera they made those corporates fans, and that's part of their brand. So is some of some of the implications for us anyway, so are centered around the use of certain chemicals and herbicides that are perfectly safe when used but when used in an improper fashion can be detrimental both environmentally and to, to your workforce. for society to use less effective means of crop control. But we found a way around it. And my team still believes that I'll give you a very specific example. Anybody who touches a herbicide is required to take a shower before they leave the premises, take shower, and yeah, to have a clean set of clothes. That requirement was built more specifically around parts of the world where they grow coffee that workers would go home and mix their clothes with their kids clothes and a washing machine

or may wear the same set of clothes day after day after day, both in the home and at work. In our case, no worker said, "What do you mean, I have to take a shower before I go home?" You know, I've got my own washing machine mine, I know how to use this stuff. It takes 30 minutes out of their day. So, I've got 30 minutes of non productive time that I had to build into the day. And some of them are gonna say, Well, you know, I'm gonna go home and do work in my yard. And I'm going to be the same thing again, with the same chemical that said, that's fine, if you choose to do that. And part of what we tell the team is, you know, where else are you gonna get paid to take a shower? Set the military?

**Craig:** Have? Have your employees embrace this? Do the, are they fully accepting of it?

**Matthew:** A lot of resistance at the beginning. A lot of the resistance centered around we've been doing it this way for 30 years. Why do we have to change now. And then that came most specifically on the orchard site. So basically, the field guys. Much of it centers around the fact that only some of the team members are required to take a shower at the end of the day. And they said, Well, you're just making our job harder. You're making this work different hours, and we're having to do things a little bit different. A little bit of resistance associated with the training and documentation requirements. Again, we've been doing this for 30 years, why do we have to get told how to do stuff and why don't have to sit down and sign in every time I do a morning safety training? Well, because it's not written down, it didn't happen. I need your signatures and you've been trained. So that's where some of the pushback was, and it forced more rigor on the production team. Don't just show up and do whatever you're doing something specifically and you're doing it for a set time. I think many of the field team who were relatively independent, really were resentful that we were actually tracking, you know, acres per hour and other types of things that are essential for us to have. So, at this point that we're now for, for reference, we're

now 5 years into the program. It's now what we do. So, it's it's less resistance, some of the resistance centers around the employee involvement that is required. So, for instance, I've got I have a committee that makes decisions on funds that are being reinvested back into the community. They love giving money back in the community, they just don't want to sit in the meetings and have to make a decision they're taking time away from their job in order to do this.

**Craig:** Touch I think yeah, that I mean, that's universal, just I think across the board. Yeah. Both you and I experienced that same thing with the equality movement. That swept through. Yeah. Now if you if you mentioned the discussion, which I think is absolutely necessary to have, when you want to look at do we in fact is certified? Do we step away from this? You have to in order to critically think about where it is you are in which direction you want to go. So if you were to go that direction, just what if What do you think your external customers with would formulate what would you say what would your but purchasers and so forth your product? What do you think they would do?

**Matthew:** Well, because We had this internal discussion less than a month ago. That was a that was a very specific point that that our team brought up. We have had based on cost production factors, some associated with certification and some just external factors like pests and inflation in our in our inputs. We had just passed a price increase into the market. Part of that justification was associated with this is now a certified product. We're the only certified product and this markets that are in this product that it is more expensive for us to grow with this way, but it makes our product more attractive. And yard sales big figures back that up. Again, is it is it? Is it the certification that drives the sales? Or is the brand or is it the competitive market set? No way to know for sure. But the main thing that the team gave me regarding the concept of decertification while two things, you're the one that suggested this, why are you looking at

pulling it back? Are you nuts? I give the exact same words that you said it's an important step of critical thinking to say, Are we on the right path? Should we be going a different direction? Do we need to change our tools, our chemical tools in this case in order to be more competitive. And we looked at the difference in cost associated with reinstating. Some of the orchard practices compared to some of the other things, we wouldn't pull all of the processes back I think those processes and make us better. But one of the biggest drawbacks is we didn't gain enough by changing back to the previous orchard practices. And we felt the loss on the perception side from our buyers would be too high. And we didn't we didn't ask them the question. We just from talking to the we've basically got four or five different sales channels, we felt that all five of those sales channels would be negatively affected if we pulled it back.

**Craig:** Okay. How do the CSR programs and initiatives that you've implemented into your organization specifically into your supply chain? How would you say we have affected your competitiveness in the market, and also your overall organization's excellence?

**Matthew:** I'll take the competitiveness first. Okay, we're in a very narrow and discreet competitive environment. So, we're basically a specialty coffee, specifically a Hawaiian specialty coffee. We don't compete with the rest of the coffee market, per se. So, the Folgers Maxwell House, etc. We're not part of that retail market set. Our volume of production compared to the world production is a fraction of a fraction. Truly 1/10 of excuse me, 1/10 1,000th of the world production comes from the state of boy. And what we're selling, although it is coffee is more associated with Hawaii, the memory of a vacation. So, we accept that we're not in the coffee market, we're actually in the gift market. So, within that market set, the significance of that gift or the story behind that gift is really where our where we have our value. The CSR aspects of it. Help us tell that story, why we're special, why we're different. And because of the size of our

company compared to many other coffee producers. It's cost prohibitive for a small producer to obtain the certifications. There's just too much cost associated with it. If you don't have enough volume of coffee. We were in a unique position, probably the only one that was able to do this in a cost competitive environment. In a way, this, the fact that we were able to announce an act to CSR program. You know, we're in a set of one, there might be two or three others that could potentially do it.

**Craig:** But it's not very cost effective in their case. answer your question that was I got a little bit off there.

**Matthew:** Yes, yes, she did. How do you actively measure results if you had to try. How do you how do you know you're doing well, this this area of competitiveness to different areas. And so, one is measuring success. One measure of success is, you know, can we pass our audit every single year? and correct any corrective actions that are associated with that audit? So that's basically an internal measure of how are we doing on this process? The second part is, how do we measure success in the marketplace? Again, very subjective and very difficult to measure, empirically. Just the reaction of my team, when I when we contemplate a decertification tells me that they believe, and this is coming from my sales team and others who are plugged into the market, that decertifying Whatever a significant negative effect. So, I guess I can infer that this is having a positive benefit in the marketplace, and it is becoming part of who we are. One of the features of the certification programs, is the reinvestment back into the community. So, this year, for the first time, we've been distributing those accumulated premiums back into the community. You know, the big fat check that you go on your hand to Salvation Army, or Habitat for Humanity, or Catholic Charities, or Boys and Girls Club, all of those types of things. Now we're starting to see in the past, it was us talking about this is what the program will do. Now we're

able to say this is what the program actually is doing. In fact, we're about where anything, double back into a needs assessment process that will reevaluate where are the greatest needs in the community? And where will these funds get distributed? So those all seem to be working. And that is something that although our workers don't like the rigor associated with the certification, they do like the afterglow that comes when they begin to see the funds going back out?

**Craig:** Well, you actually just answered the second part of that question that dealt with organizational excellence, and how these programs affect. Yeah, so that's really fantastic.

**Matthew:** And they weren't small checks are based on the size of our certified product. Basically, anything that is that's bears those certification badges. As a premium goes back into a collect collection account, my team, my employees, because it doesn't include my managers and supervisors is will become is now one of the biggest nonprofit givers in the community, and to the tune of about 250 grand a year that they're going to be putting back out, part of that comes back to the team. So, they'll get a, you know, a not a fat check. But each of the team members will be receiving some internal distribution, but 50% of all of our premiums has to be external to the to the company so a mixed bag, so they'd love it when that that check shows up in their paycheck. And we typically do it closer to the end of the year. Now an extra \$1,000 come Christmas time is a nice thing to have a paycheck.

**Craig:** Your supply chain strategies. Let's focus on that for just a moment. You mentioned CSR programs that you have, and your supply chain strategies. How do they compare with the other? More traditional supply chain strategies that you maybe embrace? Can you differentiate? Do the CSRS go above and beyond or?

**Matthew:** I need you to rephrase the question.



**Craig:** Yeah. Okay. So, most probably need to rewrite this question but supply chain strategies have more traditional ones that deal with maybe manufacturers at building a couple different countries they all have to have everything time perfectly transportation, warehousing, moving to manufacturing facilities and so forth. So, there are standard supply chain strategies. You know, of course, you want to source the lowest, best quality lowest product that whenever possible that will meet your standards.

**Matthew:** How it really hasn't affected us again, because our primary product we produce, we need to be and because our one of our greatest inputs to our product or our finished product is labor. Any contractor or subcontractor that works for us, we have to ensure that they are aware of the CSR requirements and can comply with those CSR requirements. It forces us to choose certain contractors that we can work with or we can't work with depending on that. The other inputs that we've got basically coming our way. We, we really don't rely on CSR criteria to select, because so far, very few of them have any sort of CSR plans themselves. In that case, its lowest cost, best delivery time. feasibility, I'll give you a specific example. We fertilize with liquid fertilizer, we don't use dry based broadcast fertilizer, we use a liquid fertilizer that's put into the irrigation system and goes directly to the plants. Our main supplier happens to be right next to one corner of our farm. So, my fertilizer program, about 70% of my fertilizer program relies on a single vendor. And the reason that we use them is they're so close the fertilizer truck drives two miles down the road, picks up a load of fertilizer drives back out into the field does the fertilizer distribution, and then drives back to the same plant and picks up. Now what are their CSR? Background? Do they even care whether we have certain CSR programs it has affected us from especially during COVID. When everything got really tight, certain herbicides were almost impossible to get. We were actually on a on a on an allocation, we've only got so

much coming into the state, we can only give you X amount. And that forced us to look at other things. Are there things that I can be doing mechanically that I'm not that I'm currently doing chemically? Do I need to look at a different implement that allows me to basically use my team to be weed control versus a chemical to be weed control? That's not necessarily CSR related. But those are the types of questions that we asked, Can I be less dependent on that? One fertilizer distributor? Along the way, if they implode what happens and we're actually looking at other options and beginning to balance our portfolio of suppliers based on that?

**Craig:** So, as you are, you do face external constraints, like for the state, especially when COVID just threw a monkey wrench into everybody's system. So okay, that's really good.

**Matthew:** Let me double back on. Sure. Kind of on the CSR decision itself, because you mentioned the state and other federal requirements. When we first looked at this it was coming from, from me primarily as the General Manager CEO, as my personal belief that we had to be more environmentally friendly. So, it's centered around soil, soil quality, erosion control, reducing the use of chemicals. And those types of reusing organic matter back into the, into the fields. One of the things that that was our initial resistance to any sort of CSR program is we don't need that. We've got EPA, we've got OSHA, we've got public schools, we've got running water, we've got proper sanitation, we've got labor laws, all of that. And from a from just a corporate governance point of view, sure. We're in compliance. And taking that extra step to say why would you throw another layer of compliance on top to have a very complicated system. But much of what is measured within the CSR certifications that we have is asking us, point blank. Here's something that's specific to child labor laws. How do you comply and what state and federal local regulations are also applicable to this? They're basically asking us how, how do you behave and why do you be gave that way. Child labor, convict, construct conscripted work,

antidiscrimination all the other things that we have within our, our state, local and federal systems. Why bother if we've got all that, and we could have been perfectly in compliance, but not had a CSR program. So, we went over and above. And that was a choice that we made, again, stemming from an from an environmental preference on my part, to a broader CSR overlay that we've gotten now.

**Craig:** And the decisions that you've made, how have they impacted your, your organization, but people have a pretty good understanding of where you are. But if you could just wrap it up with a good statement? Let me know. Because these problems, anytime you go above and beyond it's gonna cost. Yeah.

**Matthew:** And the cost has really been in the form of documentation. Okay, how and that comes down to labor hours, if you will. I may end up modifying one of my positions to include compliance as one of the pieces. In a traditional manufacturing environment, you often have an EHS environmental health and safety, manager, safety trained, certified, and their job is safety. But much of what goes on in the safety world is training, documentation, audits, inspections, compliance reporting to certain agencies, whether it's OSHA, or in our case, Department of Health or others, we will be adding a layer onto that person's job, it may involve even a second individual or it may mean hiring a higher paid individual to basically help manage that program. Because much of the program management has been distributed to my senior leadership team and to my supervisory team. And that comes at a cost. The 1 week, a year when the auditor show up just like an ORI. Back here come the inspectors here's, here's how you answer questions. Here's where you find the answers.

**Craig:** Somebody go get a dozen donuts. Coffee.

**Matthew:** I know from personal experience, having done now five, five recurring audits. Every time we go through that audit, we come away both from the auditors as well as internally as a team as Wow, we're really doing some good stuff. It's there. Now, we forget about all the pre inspection run up that we have done and all that comes at a cost.

**Craig:** Yeah. Well, that leads right into my next question. To what extent are you willing to consider these types of CSR programs in your organization and supply chain strategy? Is there a limit?

**Matthew:** What extent? Well, it's a bit binary, we're either certified or not. Okay. And in our case, we actually have three different certifications. You know, we're at we're adding basically three layers of extra compliance. The reason that we've got multiple is different. Buyers have different requirements. Many of the criteria and or our criteria are overlapping. Although the wording on the criteria may be different, I'll just use child labor as an example. The documentation requirements are identical, the compliance requirements are identical. Each has a slightly different emphasis. But when push comes to shove, the two different programs other than having two separate lists of criteria are dovetail tight enough that we're able to accept that those are the two main ones. The other one that we have is non-GMO Project verified, which is really more a verification of product. Purity and origin, which we can we can do that's an internal verification. It has zero to do with some of the more specific CSR requirements that we've just talked about. With other sustainability certifications, but still, that's one that you see this quite often. And we believe, you know, people, people believe our buyers, buyers everywhere believe that if it as a non-GMO Project verified that that company is doing something, they're doing something, right.

**Craig:** Okay. I'll conclude with a few questions here that are open ended. If you were to read a headline about your organization, in a major newspaper on the internet, or regarding your supply chain and your organization's CSR programs, 5 years from now, what would you want that headline to read?

**Matthew:** Well, we're actually seeing some of those headlines now. So that every time something comes out about our company, the public is getting a taste of who we are. I think if I were to look 5 years in the future, the headline would be, you know, here's a company that went above and beyond. And here's how it's affecting them. I would love to see the announcement of one of our employees, children graduated from college who was supported through a scholarship, I would want to see product recognition or even quality recognition based on the farming practices changes that we've done, I would want to see, most specifically the recognition to the employees that are basically living this on a day-to-day basis. They're having to do things differently. I would like to be, and there's a very tough labor environment we're living in, I would like to be the company that people want to come work for based on what we stand for. And we believe that's a competitive advantage. That's part of the reason that we did the I've done the programs in the first place. And we're beginning to see it, I'll get applications from individuals, somewhere else on the mainland, that, you know, I see that you're doing these types of practices, I want to come work for you. Not that easy, just come work in Hawaii, but. But we're already beginning to see that we're getting that from my input that I get in the community as well as job leads that are coming our way. Five years from now, I hope somebody does a really good article that says this was her path. And here's what they did.

**Craig:** Okay, fantastic. What final thoughts? Would you like to share with me regarding today's topic?

**Matthew:** I think CSR programs aren't a panacea. It's not a one size fits all. Not all companies can participate based on perhaps economies of scale, market set that they work within, or a steel producer, for instance, might be a little bit different. Because of the uniqueness of our product within the market set, we have to differentiate. And as things are, we're one of the few companies that has the privilege to differentiate this way based on impact and scale. There are very few agricultural producers, especially agricultural producers in the state of Hawaii, that have that privilege. We're in a very unique set, we would not be able to do this at a very small scale. Is it possible for us to see that overlap into other arenas. There are other designations that exist out there. There's there are made in Hawaii, stickers, for instance, or CO I made is another one that has nothing to do social responsibility. That's just a geographic fact. Okay, this is from here. But for us, the biggest thing is traceability and authenticity. You know, the enemy that we're helping people fight is mystery coffee. People can know that our coffee is our coffee. And credit actually came from when I was serving coffee in the military that came from my parents farm. Like that came from your farm. Yep, that's my coffee. Wow. I want some of that. It's a product that you can know. And then when we began doing our trace availability traceability aspects of our product. So, this is product chain traceability through the process. We realized that we're one of the few coffees in the market that could do that to do 100%. Yeah, this is what it is. And I can tell you what field it came from what day it was planted, what day it was harvested all of the inputs that that field got throughout the year, what day it went to the factory, what day it came out of the factory, all the quality control steps, what roll of film that was done, built with who did the final way out on the way out the door, state certification along the way, all of that is now in place. And now it's in place digitally used to be the first audit. It was a stack of papers as

tall that told the story. Now I can just hand them a report that says here's the story of this coffee, all of that from the UPC on the bag. Yeah.

**Craig:** Well, they're their blockchain companies out there now that have that ability to scan and trace.

**Matthew:** Internal blockchain tracing it outside the company, but I have all my production records. And that leaves a competitive advantage for us.

**Craig:** Oh, yes. Well, I know that, you know, I've gone into some of your competitors over the years and seen fair trade. And the first thought in my mind is, how do you know? Yeah, you have yours. You're taking somebody's I give you \$1 More for whatever it is, I'm buying. And, yeah, I just have walk away with a warm feeling. I don't know whether that's legitimate or no.

**Matthew:** Yeah. Well, the and we're talking about certification bodies within the CSR world, fair trade USA, Rainforest Alliance, those were the two that we chose based on the recognition of those badges. Those were the most reputable and the most recognized that are out there. The other badge that you see is USDA certified organic is another one that's out there. But there are others that will say sustainably grown, organically grown, but not certifying. And other types of buzzwords that don't necessarily have a stamp of approval are a legitimate stamp of approval, to go through all that effort and just make a claim we didn't feel was worth the effort. It was more important for us to have something that was the consumer could understand and believe in that authenticity.

**Craig:** Great. I'm going to stop recording now. Thank you. I do appreciate your candid answers.

### Interview with Noah

**Craig:** Well, thank you, Noah, for your time and for contributing to this study. I'd like to begin by asking you to tell me your impressions of corporate social responsibility within the manufacturing industries.

**Noah:** I'm sorry, I was you had a screen up, so I had to get rid of it. Could you repeat the question?

**Craig:** Yes. If you could tell me briefly about your impressions of corporate social responsibility within manufacturing?

**Noah:** I think it's a loaded question, because my thought are that anything government comes up with is probably not the right answer. So, they overdo it. And, they put a lot of burden on companies. My hope would be that every company treats their employees, great. I mean, I see my I go down and talk to every one of my guys in the shop say, Hello, I'm in a little bit of a limited role right now, I'm the owner, but I'm also I've gotten out of the day to day, but it gives me an opportunity to go say hello. And that's really all I should be doing. Because if I interfere with work, but I say something like what we should do this, and you know, things get crazy, because they just like, oh, the boss said, We should do this. So that's not the way to run it, you know, the managers that would direct them, but I feel there is a responsibility. And, you know, it goes back to the A-type philosophy that I have, if we didn't have robbers and crooks and murderers, we wouldn't need laws. Same thing in business. If you have people that abuse people in business, that's one of the reasons this (CSR) was coming up. I think it's just one of the reasons I also think it's control. I mean, bureaucracy loves control. So, in my business, which is a weird, it's very hard to find labor in California. Nobody wants to work. And that was also a social thing that is getting worse and worse. And it was accelerated, I think, during COVID, where the



government said, Hey, I'm going to pay workers to stay home. We haven't recovered from that. So I think my responsibility is more personal than it is to any government or any buddy, it's just my responsibility. I feel it's a personal responsibility. If you're a responsible person, and you care for people, you're going to treat your business that way. So as a privately held company, I run my business like a privately held like, personally. So, I would I, I think we do our best. I like cleanliness. I like safety. And I really like my people, and I respect what they do. A lot of our workers in our plant are unbelievable. I mean, they will work. They'll work nine hours and ask for another six or eight. You know, it's just the way they're built. But there's a particularly weird way to call that dynamic here in California. I don't think I need to get into it. We can only guess. But it there's a very strange dynamic here in California. In other parts of the country, I bought a company out of Indiana, let's say. And the workforce was so bad. Generally Caucasian, fighting for a for a nickel, they would leave the turnover was I think he said it was in the 30 percentiles on a monthly basis, because someone would offer five or 10 cents more an hour and the guy would just leave and you know, the morale or the ethical thing, as far as employees was tough. So I think I mean, I hope I'm answering your question. I think there is a responsibility. But government never use it gets it right. They overplay it. So yeah, there's a burden. And some of those things that they're overplaying are not just how you run your company, there's some of them are moral issues. And they're getting they're stepping into moral issues that they shouldn't be involved with. And that's from the standpoint of most conservative business owners. That's a problem. And it's just like anything else that the government wants to get their hands into. So, I don't know that that's the way to handle it. There should be some, you know, there are controls for people who abuse the system. Obviously, back in the industrial revolution, that was a problem. Big problem. So, you know, the correction of course, we over corrected in California,

we're still over correcting In California, the government burden is it's absurd. Which leads me to want to leave the state as soon as available time. So, I don't know, the answer your question. Yes, yeah.

**Craig:** Speaking of the State of California, for companies that have, I don't recall the exact amount of annual sales, but if they have over 1000 or 2000 employees, and they are in the manufacturing or retailing industry, there is what's known as California supply chain act, where they have all kinds of different documentation they have to show regarding ownership, in-transit visibility, and accountability at every step of the supply chain process. This research project centers around manufacturers' supply chains. Forbes and some other pubs that I've read, have published articles about supply chain issues with companies pretty much ignoring what goes on in much of their supply chains the further away they get from the core operation. You know, touting what you're doing back in the US, is one thing, but where are you getting your raw goods and materials from? Are they coming abroad from abroad? And if so, how are those suppliers sourcing their requirements or treating their people? Are they taking advantage of environmental issues? And so forth? So, along the same lines with your impressions on the CSR, and if it's okay, I'll just refer to it as CSR, rather than corporate social responsibility. How would you, or what are your impressions of CSR when it comes to manufacturing supply chains?

**Noah:** I think there is. There are two answers. One is, I don't like it. That's why I started I invested millions in a U.S. manufacturing company, because of the just the, it's just the way I feel about it. And there's, I've been overseas, I've seen my factories, I don't like necessarily their culture. But I didn't see any abuse. In fact, like, say, in China, for instance, it's getting better as far as for the worker than not. So, China, over the last 20 years has actually created a middle class where they've never had a middle class before. And so, things have gotten better. I don't

think they're great. And I don't like the idea of frankly, buying from countries like that, or who would abuse labor, etc. The problem is, there aren't any options. You can't find a casting company in the U.S. you cannot find porcelain companies in the U.S. you can't find you there's a list of probably hundreds of different companies you can't find in the U.S. I'm a little guy, so I don't make any excuses. But I also knew who my suppliers are. So yeah, are some Chinese, we do have an India, indirectly in India supplier for graspers. We have most of our overseas, most of them are Chinese. They used to be Taiwanese. But they're running into the same problems as us as they, they're moving all their stuff to China, because of the expense, etc. And this isn't the I always I think every everybody along that CSR chain, when you say corporate, it should also be consumer. You, me, everybody in this country. Ninety percent [90%] of everything we own came from China, or India, or whatever. So, let's start there. If people would buy American made goods, then we would make American made goods, I will tell you, quite frankly, I can't build a barbecue. I you know, Home Depot, for instance, or some of the cheaper barbecues, sell by the millions. Then the next tranche is the same high medium and barbecue, which goes up to about 20 to \$2,300 that's made in China. You can't build a nice stainless steel \$2,200 barbecue in the U.S. It's it would be it wouldn't compete with what you can get in the marketplace. So, in everything in even our American made grill so I can't find a casting so I have to buy my knobs, you know, reasonably I mean, they're literally five times more in the U.S. to find a casting than it is to buy knobs, let's say same thing to three times the expense, if you can find them. But you never sell your product. Let's put it that way. Because people you hear the rhetoric about it. Oh, we love American made, really nice. You love it. So, my sales, let's say I might do \$20 million a year in import apart maybe 30 imported barbecues I do for with American made barbecues. Because there are twice as much money. Yeah. So, it's all this social responsibility just like

everything else in life in our, you know, if you want to just make it in a base way, is about money. You know, you go you walk into our showroom, for instance, we have beautifully made American made product, which we really want to promote. Well there for two, literally \$14,000 for barbecue, you know, we got these big 54 inch American made grills we call the Muscle Grill, and we sell them, but we sell two or three a month. We sell hundreds of the other barbecues a month. So, you find this 1% Who can afford it. And if I want to be in business, I do what I do now, if I knew my factories, because I have a different relationship that people I deal with. They're Americans. They're Taiwanese people, but they're very wealthy, they own the biggest food company in Taiwan. And they also are the sole distributor for Toyota Motor Products in Southeast Asia. So, they have two companies that are both publicly traded. Do I agree with everything? They do? No, but they don't abuse their people. I've been to the factories, everybody works. They house them. It's just the way the Chinese life, you know, kids, you know, I've been to factories literally where there's people Pouring Molten Aluminum in their flip flops. And they're about 12 years old. And I say, Well, you know, we're not going to know that goes on, so that we do our best. But again, I think what, what the government ought to do is also put CCSR consumer and corporate social responsibility. If there wasn't a market, there wouldn't be a corporate Apple phone, for instance. Sony, I mean, you name it. I mean, it just everything is made in China. So, it's just I think the corporate looks bigger, so you can pick on bottom line? Yeah, that's what see it. I've been around a long time. And I've had American I was, I was a government contractor, one of my businesses and add a guard service for the U.S. government knows all American had to buy American. And as soon as Toyota came to Tennessee, guess what I was buying for my squad cars. I had 40-50 cars at a time. I bought a Toyota. The maintenance was one third of that of American car at the time back in the 80s and 90s. So, I

could run a Ford and pay \$40,000 a year in maintenance, and Toyota would be one third of that. Yeah. But anyway, that's, that's how I see.

**Craig:** Okay. What about CSR within your own organizations? What? What are your thoughts and impressions in that regard?

**Noah:** We do we do, because we're a Christian organization. And, you know, my I've had my three sons working as executives. As my executive vice president, I do have a president that runs a company who also has Christian values. So, we do it just because we do it. And it would never have anything to do with the government. And I think like I said, I think the government oversteps. And they don't get it right, ever. And that's just my opinion. Because this reading at First Peter today that we should be in submission to our government or to our King, right. So, I have to weigh that with the way I feel about life in general, but I think we're very weary but responsible. We keep a clean, healthy, safe environment, we try to hire when you say social, that's another oxymoron in a way, what they mean is hire a bunch of, you know, people of color, that's what they mean. I mean, that's, that's been that way for years. And I've always felt even in high school that you cannot dictate, and you cannot make a person feel a certain way. Either you do, or you don't, if you're a prejudice guy, you might be reeducated. But like my mother, I tried to re-educate her. She's never going to not be prejudiced. She had an experience that she'll never get over. She worked in Pomona, and she saw things that she'll never get over. So, she has a very biased and being good personality. I don't, I have always looked at it as cultural. I don't want to be part of different cultures. I don't like certain cultures. I don't like hip hop culture. I don't like what I see in some of a lot of other cultures. I don't like my own culture, whatever that is. But to have it dictated, and someone tell you how you ought to feel about something is again, it when you talk about CSR. It's either something you want to do, or it's something you're going to try to

get around. So, it's almost like some of the stuff the new administration is doing. They just do it because of the color of someone's skin or their sex. That is probably the worst. That, in my opinion, is racist. So, that's how I look at it. And we have most of our business minority run or minority operated. All of our managers in the shop are minorities. We have minority management we have, but we don't do it because of CSR, we do because you're qualified, and they just happen to live in the area. So, we don't discriminate; again, if they're good, I don't care what color you are, or what sex you are. We just hired a woman for and she's a Mexican woman as our national sales manager. And when you talk about corporate social responsibility, they're talking about doing that, for other reasons. I did it because she's qualified. Yeah. She's worked for us for a while. And she's just, you know, she's a pistol, you know, she goes out and gets it done. If I had and, you know, so we, I look at it differently. I know, there's the government's trying to overcome something that's been in the past. And I'm a pretty educated well-read person. And I read constantly, I've got a whole library at my house of past sins and history. I'm a history buff. I'll tell you about that later. But you know, part of the country was a very tough place to live. The other part was made up of Puritans, and a half million people gave their life to correct that sin. And that's never talked about. So, in the way all that happened, we're still trying to fight that battle about, you know, what we, what we're trying to make, right. But unless someone's hearts changed, they're not going to make it right. Anyway. I don't care what your story is. So, I feel like CSR is just another government overreach. And I think the whole concept is because of the other things that come with it. It's not just race, it's all the other types of peoples were supposed to just embrace and love and, and I do love them. I don't love their lifestyle, and I don't want them around my business necessarily. So yeah.

**Craig:** You may have touched on this, just briefly, but when you said that your manufacturing was here in the continental United States. What type of CSR involvement is in your total supply chain operation?

**Noah:** If you're talking about a formal CSR program, because we're talking about, we don't have anything specifically designated as "CSR," but our ethics are dictate we don't deal with people who are not ethical. One of the times that we have by accident or otherwise, we paid a price, literally. So, our company is a little different in our industry is a little different. It's made up of a lot of family, second and third generation companies that we sell to we're involved with it so even our suppliers, let's say are pretty darn good people so we get along with great. The whole network of people in my industry is very special, and they might be able to even tell you about this. It's different than selling cell phones or electronics, computers, or cars as this is a very cottage industry. And it's made up of a lot of good people that have a lot of family history, mostly conservative, and you can use the word conservative any way you like, but right very conservative and quite frankly, Judo Christian ethics, and that's what makes it run and prosper, I think. So, when we look as a company into what and how we deal with our own people and our people outside and our customer base, if we look had a customer that has a tainted relationship or know stuff about them, and their ethics aren't up to our standards, we wouldn't do business with. I don't care how big they are. And we've had times when we've, we've had opportunities to do business with very, very large companies, one out there in your area, big distributor, but I just know too much about him. And that's not who we are. And I'd rather just pass because then it'll drive you crazy.

**Craig:** For these types of initiatives that you have in your supply chain, what do you think you're talking about? What do you think has been the biggest challenge in supply chains?

Because you just mentioned that you, you work with organizations that are ethical and upstanding? What kind of challenges would you say that you may have run into?

**Noah:** Well, the biggest challenge is sometimes you don't know. You know, like, right now I deal with a Chinese company, it's a new company. But I know some of the guys that have been around that company for a long time. You don't know what's going on? Like, if I buy a barbecue that's finished in a company in China? Who supplies the casting? Or who supplies them? What's their modus operandi running a business? I mean, what are they doing? Who are they? And I don't consider that a challenge necessarily, because it at some point. It's like I'm not responsible for everything in life, and I'm not responsible for everything in my supply chain, I don't know. I do my best where I see it. And right now I've been to all of our factories, or most of my factories, and my sons have been to the factories, and it's run like a business. I mean, there's no perceived ethical issue, or, you know, child endangerment or anything like that. We've never the ones that we've seen, we don't even address, but are the ones that we do, we just make sure that what we see. And we can have some kind of control over. That we make, we try to make the right decision. And again, it's not, it's still not the best decision. But I can go to work for someone who would be doing something that I can't control. So, either I have my own business, and I do my best. And in this world, China supplies 85% of everything is sold or made or used in United States. And so, what industry would I get into the you know, my going to be a farmer and grow eggs, you know, it is getting down to very, very few options. So, the best we can do is the best we can do. I know it's some things must be going on in China or in India that I don't like, but I can't control it. And quite frankly, I don't lose sleep over these things. Some of the reasons are, as time goes on, things get better. And better and better. Like you mentioned, I mean, my prices in China have gone up over the last 25 years tremendously with ease to pay 35 cents an hour,



they're not getting \$2 an hour, or whatever it is, you know, their wages are going up. I can't help politics, I can't help communist versus the free market, etc. It's way above my paygrade. And so, I've had to work within, you know, certain restrictions, but we do our best to do our best in what we see and what we're able to control and what we can control. If we see something that is just not the type of people or there's something going on in their business that is just wrong, ethically, or morally, we won't do this. And that's about the best we can do. It's kind of like a voting for a politician, the only thing you can do is not vote for him.

**Craig:** In your estimation, how do you think additional CSR programs or initiatives could benefit your organization and your organization's supply chain?

**Noah:** I don't pay attention to anything formal, you know, because I have a very strong value system in our company. And me, personally. So again, some of the CSR, I think, is actually opposite of having values if I'm going to go out and hire someone of color because they're of color or a certain sex. To me, that's another form of bigotry. 15 guys in line or girls in line, I'm going to hire that one, because they have to meet a quota or act responsibly. I don't think that's responsible. I think that's bigoted. And I think that would be discrimination against the other people who are more qualified. So, I just don't I don't buy into CSR now by the Yes. Is it ESG?

**Craig:** ESG: environmental, social, and governance?

**Noah:** Yeah, I don't buy into it, because maybe some of these big corporations need it because they have no soul in the company. And that's usually probably the case, there is no soul in the company. But to put someone in charge, or to put someone in a position that's not qualified because of race, or gender, including white, I don't care who it is, I mean, maybe the company on the other side of the spectrum. And that's what this whole thing is about is basically, you know,

over the years, there's been a lot of prejudice stuff mostly in the south, I have to say, because I've been doing this a long time. And I've traveled in the south, I even hitchhiked to the south. And let me tell you, in back in the 70s, it was real. I mean, it was strikingly real. And I even cut my hair to hitchhike just because I wanted to play cool. I was a long hair guy, and me and my buddy went across the United States together, and we're gone for 3 months. Big differences between North and South. But so, it's complicated. But again, the government wants to throw it in one big ball and say everybody's responsible, but everybody isn't. So, you know, that's the way it looks like it's going to go through the future, too. But I, quite frankly, I'm glad I'm at towards the end of my career, because we've run our, our businesses with soul. And I think these programs are because companies are out there to run your business with any kind of soul.

**Craig:** Okay, again, some of these questions may seem to overlap a little bit, but I sort of tried to write a question that would, yeah, everybody for consistency. You've talked, you've mentioned you don't have any specifically labeled CSR programs. But you do have types of initiatives where, like you said, you're based on meritocracy, regardless of who or what the individual, so is, and so forth. How do you think that adds value to your organization?

**Noah:** Because it's true, it's, in my opinion, it's just a reliable way to run a business. I mean, the other is fake. Quite frankly, it's just a fake government imposed or, you know, social indoctrination that we're all going through. I'm not going to bring a drug dealing losing guy in off the street. But I still not going to hire him in the management, because he's an underdog. He's not going to help my organization or himself, he'll hurt my organization. So, I feel that it's an honest way to run a business, through merit, and through that type of system rather than being dishonest and just doing it for the sake of, you know, some social indoctrination that we're like I say, that I

think is prominent right now. And if you don't buy in, your canceled, what is this? You know, I know what it is. I guess I'll wait for another question.

**Craig:** Well, along those same lines, how have the initiatives that you've taken in running your business resulted in positive outcomes? They may not match up with a lot of your competitors, but how do you think it has hurt or helped your own company in regards to your competitiveness in the marketplace?

**Noah:** I think there's some of the guys I know have been very successful and tough. Now when I say tough, I'm thinking of one guy in particular. He was very tough but shrewd not a moral man. Ethical maybe, but not a moral man. Very, very tough but loved and took care of his employees at same time. So, my successes or failures are because of my personality. You know this upfront; I could have been a lot more successful had I left my family behind and gone out on the road more. I mean, because I didn't like that. I didn't like to be away. So, I didn't go out and get everything I could have. And there's a lot of guys, even my president, I'll tell you right now who have a lot of regrets. The guy works 18 hours a day, six days a week. And when his wife's in town, maybe he takes off Sunday. And I've known him a long time. He's a great guy. But he's had a problem. He's a workaholic. And he's making a lot of things happen for our business, but I tell him to be in ease, he looks at me, he goes, I know. I mean, I've, I had to endure a lashing from my daughter and some problems, raising children, etc. Because he was tough. I mean, in business, he made it his priority. But I think my competitiveness, stems from me not having a father at home, I was poor, my mother tried to raise us, there was no advantage except maybe my skin color. And I probably would admit to that. Because there's people out there that look at skin color. But other than that, I had no advantages, zero. I mean, I didn't even finish college, and in my senior year had to quit. Because of circumstances, I couldn't get a job and my social situation

dried up, my mom couldn't help my dad was gone. So, I look at how I got here. And it was just persistence. And, you know, treating people correctly. I mean, I do have a good reputation in the industry, for a reason. And that's why I get the opportunity. Because we don't lie, we don't cheat. And we did shut down Stroble stone. And when we did, we paid our vendors, and we paid people when I didn't have any real cash anywhere. Because of my friends in the business agreed, we paid them off and barbecues. So, we did what was right. And a lot of guys will shut down a business. So, they'll, they'll plan a bankruptcy, they'll take everything they can from their vendors, and then announce Oh, we've gone bankrupt. Yeah. And that's happened to us twice. But we did, we did it upfront, we said, hey, we're going to be shutting down, I'm going to be paying you out over the next 3 months, everything we owe, you just know that it's coming. We did it correctly which that one act sealed probably our success. Because when I went back in the marketplace in 2000, we were welcomed with open arms, every single one of those people. And the word gets around, you know, the good word gets around when you do something stupid, and word gets around you do the right things. And I just had an open. I literally, like I said, I got 22 customers, and it wasn't tough. And these, you know, we were doing probably \$25 million our second year. And it was just that I didn't have to do a lot of work. After I got him set up. I just I brought him to the Factory and factory was supplying the goods and I just was the guy on the telephone going, okay, everything's fine, you get your product, and it worked out. But those open doors came because there was no bad blood out there in the industry. So, we kind of know, we're every question you ask, I know has little tentacles.

**Craig:** That's perfect. That's what I'm looking for. Okay, we've covered a lot of ground here, you've actually answered a lot of questions that I have. Can you talk about perceptions of these types of programs and initiatives? you have many initiatives that fall under that umbrella.

But as far as your internal and external stakeholders to the company, how do you think you perceive how you run your business? And how you apply your principles to your supply chains? How do you think your internal employees, investors in the company, and those external to your company view your organization? Consider those people that you are in partnership with as far as receiving goods in your supply chain. Are you also part of other companies' supply chains? Are you do you just go retail with your product?

**Noah:** I'm a I'm a manufacturer for I sell mostly to distributors, then to dealers and a little bit to the consumer. So, my supply chain consists of who's supplying me, where I get all my stuff. I then resell under brands to distribute to distributors who sell to dealers, who in turn sell to consumers. Sometimes I go direct to online guys who sell direct to consumers. And I do have a website, we sell some stuff directly to consumers and through my store as well. So we're kind of across the board on who we sell to. But the supply chain. I think your question was, how are we perceived by these people? I think, yes. We're a very honest, open company. And like I said before, that's what gets us a business When I give references to someone, it's, it's never like, Yeah, I'm going to call that guy and say, hey, you know, Tom's going to call you and go, you know, I never do that we've never done it ever. And the president that I've hired has the same kind of reputation in the industry. It's, you know, he may or may not have things in his closet, I don't know about everybody, But I've fired some distributors. One of them just because I couldn't figure them out and dig in along with them. And they did something they told him they couldn't do, in our agreement, go to a market, I told him it couldn't go to. It may or may not have been, it was a bad financial move. But it was a critical move in that it was the right thing to do. They, they started messing with some of my other customers, territories, etcetera. And to this day, they don't really understand why they got fired, I tell them straight up. Well, you did the one

thing you weren't supposed to do. I mean, you're supposed to stay in your channel of business. And this was a different channel. And now my other distributors are going What the heck, because they've got commitments from me as well. I said, you have to commit to me, and I've got to do what I've committed to. And they just were like, oh, what? And that's one of the reasons I didn't really, like do business when they couldn't understand that. Like, if you don't understand, then why am I in business with you? You know, if you're just going to tell me something, and just to get the me, you know, as a supplier for you, as a brand supporting your business, and you're just telling me hogwash to get the business and I really don't want to be in business. And, and I'm not, I'm not trying to be like, we're not the most righteous people out there. I mean, we're all we all got our problems. But we try to do what we say we're going to do. We try to keep our commitments. And therefore, I can respect my supply chain people, you know, we're not perfect. I mean, during the slow time, I have to call my supply chain, say, Hey, you gotta give me extra terms. Because we're in the barbecue business. That's summertime. We're going to be hurting, but they're used to it. So, I call him up, we say, okay, we got up, we make terms, and we do the deal. But we don't run from it, we just do it every year. So, and everybody gets paid. And so, with the same vendors today. So that's the way we run it, we just run our business with soul, and you got to run it honestly and openly. And a lot of guys don't, you know, certainly run their business openly as we do more power to me, that's why they do it. But for us, it's when we go into a meeting, like, we just picked up this very large customer, the first thing we said was, ask us any question you want to ask, and we will answer it. And they proceeded to ask questions, someone we're petty. I wouldn't say they're sticky, because we don't feel like we have a lot to hide, or anything to hide. I mean, if they're going to ask me, what my financial statements look like, that's different. It's none of their business. If they're going to look

in sometimes it is because as they say, Hey, how healthy are you? We have to provide that we will. But you know, there's certain questions that are appropriate, but they don't ask those type of questions, because those are the type of people they are. That's why we're in business. But if they say, "Hey, do you do this this way?" This way? What about your employees? What about bah, bah, bah, we just honest answers. And then we're not hiding or looking over our shoulder. And, again, I feel very strongly about every kind of law, if people just follow the law, or we wouldn't need a law. It's kind of goes back to the Judeo law of Moses. The reason we needed is because people were going left and right. It's usually for the law breakers that you need laws. And that's, I think, if you notice, I'm kind of passionate about that particular issue. It bothers me just in life, that we have to go through all this stuff, to make sure bad people turn and get our work under a good rule. But that makes the good people suffer in every circumstance under the sun. I carry a gun for instance. It's our constitutional right but you can't but you know, criminal is going to carry it now. Does that make any sense? Good people, you know, and I guess the new laws right now are changing. The Supreme Court has basically said, "Do you have the right to carry a weapon?" But a good person is not talking about killing people. He's going to maybe protect his family or protect himself from getting killed. But he's not going to go out shooting people. Right? It's the bad people. And it's always a bad people laws are written for, it's not for the good people. So, you know, I look at myself again, and you know what I mean, because you're probably that person to, you're not going to go out and kill people, you're a good person, you would follow your moral code, you don't particularly need nine million laws you don't even know about to, you know, address the way you behave in society, whether it be corporate or the be personal. And I think the biggest issue I have in life, and this isn't even probably legitimate, it's just the way because I'm, I'm growing up as a white guy pushing against the norm going, I

didn't get here because I sat on my butt. I didn't get here because I was white or black. I didn't get here, blah, blah, blah, I got here, because I just worked and stayed working, and consistently over the years. And if all these other guys would do the same, they might find the same results.

Maybe, I mean, anyway, I can't help but come back to Biblical principles. It's just, you know, in progress on the Proverbs guy with the Proverbs, and you're probably pretty successful if you try to live your life that way. And, you know, it's not something you can tell the government though. So, are drug addicts or whatever? Yeah.

**Craig:** Okay, could we talk about limits when it comes to corporate social responsibility programs and initiatives in your own organization, or just hypothetically in in an industry similar to yours in the manufacturing industry? What are your thoughts on limits? How far would you be willing to go? How far do you think CSR should go? Especially when it's applied to supply chains that maybe have a lot of tentacles?

**Noah:** I think you start at the top, because there are a lot of little guys, small manufacturers out there. We don't have any control over a lot of that. But LeBron James and the NBA does. That's a problem. I think that's a glaring problem that our government doesn't really care about. So, where's the CSR there? I mean, obviously, I mean, there, that's not only is it well known what's going on with Nike and some of these brands that these guys support and the NBA and their involvement with the Marxists in China, and the way they talk about the USA, but then they, you know, it's a weird dichotomy, I think, and I don't understand it, I do understand it. But again, it goes back to a more of a, you know, more of a spiritual issue. I mean, that's who I am. I'm a spiritual person. So, I look at all this as it goes, I think, and I don't mean a higher level, I just think on a different level, I look at this, and I see what's going on in the world, there's a reason for it. So, I look at it and go, just another push towards that. And, but I think they must



start at the top. And they really ought to go after those companies that are abusing and have the power to abuse in big ways. And that would be Apple, Nike. You name it, all these big corporations who are given a pass, the NBA in particular, with what had gone on in the last year. And then the attitude of a spokesman for the NBA, which is what La Bron James and his normal silvered hatred for the U.S., but his love for China, I mean, that that to me was, again, not unexpected, because of the times we live in spiritually. But as if you're going to go after companies start with the big ones, and the social responsibility because they make the difference. If they came in, the big ones came in and said, We have to change and I think they are actually I think, you know, they're making some strides. That's where it begins, and then everything else follows. But I'm not going to make a difference because I buy 200 grand of product from a company who bought it from another company that I know, I know nothing about that other company using child labor, I don't know that and there's no way for me to know that at 200 grand, you know, whatever. A very small fish. But, you know, as if you add it all together, it's a lot of products coming from a country. You know, they're trying to gain world dominance economically. So, their government is supporting subsidizing metal, for instance, and labor, real estate and machinery to gain that world dominance. And what their attitude? I think we all know, China's problems, I mean, with some of their full-blown religious thing that they are persecuting the weaker. You know? Yeah. But I can't I can't stop that. I mean, I do what I can I subscribe to The Epoch Times. And I read it and I, and these are Chinese guys are saying, hey, look out because it's coming here. And so I'm very aware of and I'm sensitive to it. But I think it starts with the big guys. And I think I think CSR and some of these things are very important for the large, large corporations. And then it'll all trickle down.

**Craig:** I think you mentioned Apple, Apple has the Foxconn company over in China that makes their phones and they have documented issues with labor and labor abuse, housing for their employees. They're just the reports that I've read is that they do not run an operation that would most would approve of here in the United States. I lived in worked in Saudi Arabia saw the same type of things. A strong work ethic is lacking in most of Saudi Arabia as most Saudi businessmen have wealth and prestige enabling so many to bring in labor from the poor corners of the world. It is not uncommon to see abuses of labor. It's not uncommon to have somebody on a contract for 6 months and not pay him. And then when the employees rise up to get paid, they risk getting their visas yanked, and they're sent home without pay. I saw that firsthand with Saudis that owned contracts with the U.S. Department of Defense to supply dining facility employees to the U.S. troops. So, I understand what you're saying. You also said that you're small enough of a company that purchasing a small amounts from one source, you may not have substitutes or competitors that you can buy from whereas a large manufacturer that has extensive reach or extensive operations in their supply chain over in India, Southeast Asia, China, and so forth, may have a lot of options. (Speaker 2 nods in agreement). So, okay, I'm just kind of working through what you wish he had talked about. If you move on to just the final concluding thoughts here to questions, if you were to read a headline in the epic times, or New York Times or any paper like that, 5 years from now about your company's corporate social responsibility, specifically, in your supply chain operations, what would you want that headline to say, what would you want people to read about your company?

**Noah:** Well, we've done what we can do. We did what we could do. We have gone to our factories, they run smoothly, they do provide housing housings, nice. I mean, they're huge buildings. They do live differently. I mean, Chinese guy will live in his own apartment. They'll

have a mattress on the bed, concrete floor, little table. And that's about a 10 times upgrade from where he came from. Because I've been in the countryside too. And you walk into a mud shack, with dirt floors, with blah, blah, blah, mean it's, it's, it's pretty bad out in the countryside. And I remember going down a road in a Volkswagen van, there we're a bunch of us, we're visiting different factories, we almost hit a lady who's out in the middle of the road out in the middle of nowhere. farmlands, rice, paddies, everything, and she sweeping the highway because as a communist, everybody has a duty to the state and her duty was to keep that road clean. That on top of all the work she does, she's always out there a little hay broom, sweeping the highway. And, you know, it is kind of what it is. I employ two young ladies who both have master's degrees from USC who run the American side of my supply chain. For one of my one of my suppliers are very wealthy girls, their dad passed away. So, they're, they're taken over. And I don't like the way their attitude is towards their employees. Let's put it that way. They're Taiwanese are very, well if you've ever seen Crazy Rich Asians, it's a movie. Yes. If you've seen that movie, you have seen that family and waw their family dynamic. There's two, they're a little bit out of touch. Because they are so wealthy, I mean are billionaires. I mean, they are, I think between Toyota and then are the 15 billion a year annual sales. So, they are out of touch. I don't like it. And when I go to the factory, it's run very, very nicely. I mean, no one seems to have a problem. I've seen the apartments etcetera. Like I said, so. There's not necessarily abused, but there's definitely a different attitude. I'd like to and I have addressed it with them. You know, and they don't like it when I do that. But I do it anyway. So, I guess I would just say that I've done what I can to ensure that my suppliers are not abusive. And they run clean shops, because that's what I've seen. I've literally seen the shops. So, they're just big factories that people working in, they supply nice housing, and they all get fed. But I've also seen where they came from. So, it's

kind of like Mexicans come across our border. In California, they're paid extremely well, by the way, they're not abused. paid better than people in Indiana. But they've come from crap. I mean, really crap. I've been down to some of these cities in Mexico, even with the church and stuff. And they're, you know, they got holes in the grounds for toilets. They got again, shacks, I don't know how they survived or they're in shanties, you know, it's just, it's horrible. So, when they come up here, and you offer them a job, they're not being abused by any means. But they see the opportunity, which I appreciate, because they're seeing an opportunity, and they're taking advantage of it. And most, if not, not all, but a lot of their money goes back to Mexico. So, they're taking care of their family. So it's a very weird little market here in Southern California in general, we're a sanctuary state. What do you do? Yet, in the 20 years I've been in business, there are few that can keep up with a 50-year-old Mexican guy, nor do they even want to. And that's a problem for our country. That's probably one of our biggest problems is we've learned how not to be manufacturers and workers. Like when I grew up, I was doing ones I was getting paid to do other people's lawns. I mean, I was 11 years old, running around doing lawns. That's gone. I mean, for the most part, it's gone. So right now our kids sit in school all day, they get lazy, they get bored, they you know, it's just it's a different society. I just, and nothing I can do about that either. I don't think I've seen my sixth grandchild on the way but we have grandchildren. And we're trying, we're trying our best to instill in our kids how to, you know, things that we've, we see, and they see it, a lot of them. You know, it's in here in California. I've had a couple kids working, and they couldn't cut it. I mean, they just couldn't cut it. You know, complaining, they are late for work all the time. And they're just like, you know, so I would say All in all, I would welcome I'd be an open book about how I worked my supply chain. It's just, it's clean as I can

possibly do it under any circumstances and no excuses if there's abuse down that chain. I haven't seen it could be there. But no, no, no.

**Craig:** Okay, Noah, do you have any final thoughts to share about this topic today that we discussed?

**Noah:** My only my biggest thought on both CSR. CSR not so much but the first one ESG one a bunch of bull. I mean, I think it's inevitable. I just do. I don't have a..., you're going to be you're looking at a doctorate, so I'm not sure how you feel about it. But as a responsible business owner. Again, it's like another law of Moses, if you're not doing wrong. I don't need someone telling me I need to hire five other types of people, because the numbers aren't matching. And I mean Government is the worst. I mean, they will hire. And I was a government contractor. So, in my, in my life as a government contractor, I saw stuff I got out of it because I couldn't stand it the bureaucracies even back in the 80s, and 90s was absolutely horrific. I mean, I you know, I'd hire ex-military because we were guarding military bases. That was what we did. We guard everything but Marine bases. The Army, Air Force Navy, we had all contracts. And we go in most of our people were retired, or, you know, retired military. And what I saw in the, just the nastiness, like in Philadelphia, for instance, we had a guard that was written up as a black gentleman, but he was written up for sleeping on post 17 times. And we couldn't fire him as we knew the repercussions as we're going to get sued, because he's Black. Okay? Because that was that's, that was one out of 30. I mean, it was, it became almost a joke. So, I go back to and I have to defend this, and I go before a judge, the judge is black. So I'm going, oh, boy, it's gonna be fun. So, the judge looks at the man and he says, so you're suing the plaintiff? Because you got you felt you're, you know, fired, you know, skip to the punch line. And he goes, Yes sir. He says, So, did you get it written up for sleeping on post 17 times? And the man says, Yes sir. And he

said, you know, my judge for the defendant, get out of here. And don't sleep on post. I mean, that was like, you know, but I had to do this. So, my entire life was doing that I had to fly around the country every month to defend against crap like that. Got to the point where I just, you know, I'm done. I mean, and you know, in it again, it's personal. One of my partners, I sold one of those businesses, I started another one of my best friends in life, Danny is Indian. And he's very dark. He's a little guy. And we've been best friends ever since high school. So, he wanted to get in business. I said, "Well, you know, maybe we can use the minority advantage and get some of the minority contracts and blah, blah." So, we built a quick business. I mean, we went from zero to 80 million a year, in probably 2 years, we had all kinds of government contracts. And I remember bringing him again to another job in Philadelphia. And this is Philadelphia. I walked in with this guy. And he's doing his thing. I'm doing mine. We're talking to guards, and we have to qualify the guards. And so finally a group of the guards walked up all white guys and said, This is dark fellow you got work in here. Are we talking about? He's part owner, the business fact he's the majority or the business? He's a president. I mean, the looks on this guy's face. He's right, guys. Yeah. So, and this was in Philadelphia. So yeah. Does it exist? Yeah. Both sides. But you know, that's, that's a matter of the heart, man. And it's like, how do you? How do you legislate the way you feel about something? Yeah. You know, so until our hearts are changed, I guess all this stuff is needed. I just don't think ESG is needed in smaller companies, unless there's absolutely proved abuse. Yeah, numerous cases of abuse. But in large companies? I don't know.

**Craig:** You've heard the term the Walmart effect where Walmart comes into a city and drives all the mom and pops out of business based on price point, and all that kind of the current construct that accepted around this, and most of the writings that I've read, academic writings is large companies can't afford to deal with having all kinds of ESG, DEI, CSR programs because

they can afford it. Walmart can afford to pay their employees more than, you know, a mom and pop coffee shop. So, part of the intent of this study was is that really factor into the decision-making process? are smaller manufacturers restrained more of facing financial restraints more than large companies? What I found is so far is that that is not necessarily true. But there may be a different mentality as associated with larger companies than there are with smaller manufacturers. So really, that's about all that I had. They do appreciate your time. It means a tremendous amount to me that you are able to share this.

**Noah:** I will comment on your last portion. The reason big companies? No, no, can they pay it? They volunteer to pay it because they're connected with the government obviously, I mean, you know what I mean? It's a nice, it's big thing up here. And all the entrepreneurs are down here, thousands, millions of entrepreneurs, we don't have the resources. We don't want to be told that we are cowboys, or we wouldn't be entrepreneurs, right? So, there's two dichotomies going on, or you know, there's, there's them versus us and you've seen all this stuff with the some of the stuff between government and big corporations right now. It's getting pretty scary, I guess. It's not right, but it's happening. So, the mentality of the small business owner is much different than a large boardroom of shareholders. So, they want to do it their way, Great. In my opinion, you should leave some of these smaller guys alone because even ADA requirements are these things that I got to do. You know, it's like we'll work it out. I mean, even my employees you know, there's been times where I've come down with cash bonuses, I just come down with money and hand it out. And I've been whipped on the hand don't do that man we got trouble. You know, who's going to control me for anything because they're not paying taxes on his cash bonus, but I love what they're doing. I'm happy I wanted to see these guys prosper. Right? I just it's a gift to me it's just a gift well, they're not going to conceive it that way. It's going to be part

of their right wherever and you know when you start losing touch with that kind of stuff then it's, you know, an honestly, thank God I'm 67 years old and I'm about at my because we've lost that and I'm not interested in all the all this stuff coming down the pike because it's really the reason it says because man's heart are wicked and weak they the government sees only one part of that and in the way they're handling I think is also wicked, so that's why I'm glad I'm just not it potentially into my road where I don't have to deal with what's coming down. It's just I think it's just brutal. And but anyway, but anyway, my pleasure is good meet you.

**Craig:** Have good to meet you too. Noah. At this time, I will end the recording.



### Interview with Luke

**Craig:** Please tell me briefly about your impressions of corporate social responsibility (CSR) within manufacturing. CSR is defined as when a business extends value to stakeholders, either internal or external to the company, that exceed the normal scope of operations while in the pursuit of making a profit. That is when they are considered engaging in CSR. So, what are your impressions of CSR within your manufacturing?

**Luke:** Yeah, I think there's a level of CSR that makes sense. Both from a selfish standpoint as well as for the overall good, I think it's gone way too far. Now, where companies are more concerned about their scores than they are about their responsibility to their stakeholders and, and partners. With respect to our company, you know, you mentioned DSL, BK that's a that's an Indonesian governmental policy or program that's in place. And it's not only for the responsible harvesting of timber products, but also to provide jobs and labor within the country of Indonesia. So, it's, you know, it's a really my understanding of it, and I don't really run across it that, that frequently, it just kind of is there, and there are standards that have to be met. And so, you know, we obviously comply with that the other two FSC. And what was the other that you mentioned? PEFC? Okay, those are not really official. I mean, their organization, they don't have any, any sort of strengths? In other words, they're kind of voluntary. It's kind of yeah, if you do this, it looks good. And, but they don't really have any responsibility those organizations have. But, you know, to comply as much as possible with the things that they are interested in is a good idea, you know, I'm not saying they're espousing anything bad, but some of their guidance is a little over restrictive in certain cases for certain people.

**Craig:** Continuing with this question, your impressions about CSR in supply chain management? How would you look at the CSR initiatives and programs in your supply chain or in supply chains overall?

**Luke:** Well, you know, my supply chains are largely almost entirely Indonesian. So, you know, they comply with the programs I mentioned, and it's really done at the factory level. So, really, with respect to all that I don't have much dealing with it. It's their certifications that are maintained at the factory, by management there.

**Craig:** Okay, how many employees do you have in your company?

**Luke:** Here in the States? Small management and sales team.

**Craig:** What about overseas?

**Luke:** There are two factories, so I would say the first one, the larger one has about 300 employees. Okay, the second one, probably more like 50.

**Craig:** Okay, all right. You know, I understand these certifications, especially what you're up against, I do a lot of guitar repair, and also some building here in my, my home shop. So, I'm quite familiar with the Lacey Act, and some of the other issues that surround importing woods. And you know what they're what they're set up to protect. And the nations where they come from Gibson guitar, and what just over almost 10 or 12 years ago, was subject to a raid for violations of the Lacey Act, you're importing wood from Madagascar or somewhere like that. And the, the Forestry Service, or whoever the regulating body went into the factory here in Nashville and had everybody spread eagle on the ground, confiscated a bunch of pallets of wood, and then that was kind of the end of it, it was actually the second time that it happened. So, I am kind of familiar with, you know, the challenges that you're up against, especially with having

that production in, in sourcing of your material so far away from where you are, here in the West Coast.

**Luke:** Well, luckily, I have good partners there who are under enough of a microscope that really they couldn't pull that sort of thing off. And, you know, just complying with the, the domestic restrictions and guide guidelines, you know, that they must comply with would kind of automatically keep them in line, you know, unless they were paying somebody off or something like that. But SVLK is, is such a prominent program in Indonesia that, you know, illegally logging like you mentioned, maybe in Madagascar, Burma, and places like that just doesn't happen there. It is just, they got out in front of this thing early and in a big way to prevent, you know, the kinds of problems that they're having in places like Burma, I mean, teak has effectively been eradicated out of Burma because of largely illegal logging and unrestricted logging, you know, and it's a shame because Burmese teak is the best in the world. But it's effectively gone. And, you know, not even really a market anymore.

**Luke:** I mean, I, you know, I think I agree is illegal for, you know, other reasons. But this was just uncontrolled, kind of wild west mentality, you saw a teak tree, you cut it down, and you sold it to some guy, you know, it was really, you know, kinda like that. And there was no teeth to any kind of any kind of policing of the situation as opposed to Indonesia, which today generates most of the teak product in the world. And at least, you know, the commercially produced in regard to products that are used, that are made out of teak. But I think a lot of it is due to that, that you know, the SVLK program and policies that were put in place.

**Craig:** Well, the other tree that comes to my mind is Koa exclusively grown only in the state of Hawaii. That is a very regulated tree. You can't go in and cut down a Koa tree, it has to naturally fell before you can harvest the wood from it. And I just saw something over the past

month or 2 months of a person illegally harvesting Koa wood got prison time for it. Yeah, it happens.

**Luke:** Well in Indonesia, you know, teak is grown on private and government run plantations. I mean, it's a crop that they produce. It's not just, oh, there's a few over there in a forest somewhere and if one falls down, you get to take it. I mean, it's an it's an active and aggressive program. You know, like I say there are, you know, quite a number of plantations throughout the country that are, you know, just keeping that that market sustainable.

**Craig:** In your estimation, how does CSR benefit your organization's supply chain?

**Luke:** Including the SVLK program? All of that? Yes. You know, I don't know that I guess it to the extent that for the foreseeable future, we see a supply that will be there for our products. Other than that, I don't see, you know, much more benefit to it. Not that I'm downplaying that program, again, I think it's very important. And it does certainly benefit us in that way. I mean, if we were, if we were in Burma, we'd be out of business.

**Craig:** Who do you think are the beneficiaries? Who do you think benefits most from these different types of CSR programs? You mentioned you only have a few people there at your location in California, but who ultimately do you think benefits from these programs?

**Luke:** Well, I think primarily, it's the Indonesians. The workforce there in Indonesia, whether they're working on the plantations are involved in the harvesting processes, or they're actually making finished goods. I mean, that's it, you know, that provides a lot of jobs there.

**Craig:** Focusing again, on your supply chain. Are there any other types of programs are initiatives that you apply to your supply chain strategy outside of the corporate social responsibility type of program?

**Luke:** No, no.

**Craig:** What is your philosophy on it?

**Luke:** In what way?

**Craig:** Just when you look at those that you get your resources from, even those entities or companies or sources your factory over in Indonesia gets their supplies from? What are your thoughts on limits? Or what you would consider acceptable or not acceptable when it comes to any type of business that goes on in your supply chain?

**Luke:** Well, I don't know that the policies are particularly onerous. If that's kind of what you're asking. You know, in the 13-14 years since I've been involved in in doing business over there. It really it really, I mean, at one time, it was an issue where we had a batch product that was rejected, and it for lack of it didn't comply with SVLK it was actually wood siding, teak siding for a house, but that didn't meet the minimum standards for value added. And so it got, you know, it got turned back. But you know, that was really the only occasion where it and you know, what we saw we had to go back and appeal it and change some things and ultimately actually got it resolved, but it just it really doesn't come up. Correct. To be honest, it just is something you comply with. And it's, it's like I don't know, it's sort of like having to pay your taxes. I mean, it's just part of doing business. And it but it doesn't require a lot of, I mean, it requires record keeping and chain of custody documentation and, you know, your occasional inspection, but it isn't a big deal as far as I know.

**Craig:** As far as adding value to your company and in increasing competitiveness, how do these CSR programs help you in those areas of competitiveness and building a better business?

**Luke:** I mean, you, you meet the occasional person who is really into sustainability and with them if they're looking at a stainless steel product versus a wood product, and they see our

certification and, you know, know a little bit about sustainable wood policy, and particularly if they know anything about how it's done in Indonesia, you know, that may make a difference with a certain client, customer, but by and large, it's not really a factor.

**Craig:** How many people or how many of your customers, what percentage, in your estimation, are really up on sustainability?

**Luke:** I would say 1% at most.

**Craig:** To what extent are you willing to consider initiating these types of CSR programs into your organization and into your supply chain? Are there any limits? I mean, CSR covers a broad umbrella of programs initiatives that deal with ethical approach to environment social. You mentioned the governance aspect before [as in Environmental Social Governance]. Indonesia has different forms. And there are a lot of paperwork that requires filling out. Showing visibility authenticating where the product is produced, shipped, and received, that type of thing which touches on ethical issues, as well. Is there any limit to any type of CSR program that you would say, No, I just can't do this. It's just not worth it? Or maybe, yeah, we really need to look at doing this in our in our organization?

**Luke:** It's kind of a kind of a broad question. I mean, I would really have to see what the impact is on the company. I mean, what you're kind of what it sounds like you're asking me, Is there a point where I'll just shut the doors and walk away? And, I guess, if it got to the point where I was losing money, that would be the point. You know, I'm not a big believer in some of the, the current things like climate change and whatnot. I mean, I'm not saying that doesn't exist, but I mean, the policies that we're taking in the United States now, I think, are overboard. I think, you know, I don't see the justification for the sacrifices we're making, in a global sense, when we're kind of the only ones that are doing it, but to bring it back, you know, we're not a public

company so we don't have a lot of liability to project an image of what we're doing to virtue signal ourselves as being something that maybe we're not or maybe that our focus is in a direction that it isn't. So, you know, with me you kind of do what you must do in business. You know, to a certain extent, some of these things are self-serving, I mean, there are some people who appreciate the fact that I can show you that our product guy can show you the chain of custody documentation that shows that everything has been done above-board. And, that the plantations where we source our material are responsibly run, doing everything that they need to do. But to go to the point where it starts to actually hurt the company to try to project this image. I mean, I don't see us being in the position where we really have to do that, I think, just by the nature of our product, we're, we're lightyears ahead of the responsibility of a of a factory that's pumping out stainless steel, you know, products that are that we're competing with.

**Craig:** Well, that question an important one for me. And I think you answered it with a lot of detail, and I understand what you're saying. Larger manufacturers who can afford, in many cases, to send liaisons over to their offshore companies to make sure that there's all the documentation has been correctly done, that there's no abuses of labor, you know, whatever it may be. The focus of my research is on small to medium sized manufacturers that probably, or maybe in most cases, don't have the resources nor the manpower to do that. Same as the Walmart effect who eliminates a lot of small mom-and-pop businesses out of operation. Same thing with small to medium sized manufacturers, there is a construct, or a generally agreed upon consensus, that SMEs face the same challenges as smaller mom-and-pop businesses competing against the larger firms. SMEs have to make harder choices, because of limited resources. You don't have the funds available to make sure everything is, you know, completely protected and so forth. So, there is that amount of trust, I understand that you're talking about with your suppliers. Couple of

concluding questions here. This is a hypothetical here. But if you were to read a headline about your company, in a major newspaper, or on a website regarding your supply chain and your corporate social responsibility 5 years from now in the future, what would you want that headline to read?

**Luke:** Good question. I don't really I don't really know. I mean, I guess you know, something to the effect that that our company is focused on producing a product that is a much better alternative from us from a social response socially responsible position than other than the other companies in our industry, I guess. I mean, that's one that's you know, that's actually one of the one of the drivers in starting this whole thing to be honest was hey, you know, this is a much better idea just for all of these reasons, but it hasn't had that much of an impact out in the market. I don't think a lot of people when it comes to, because there's, a lot of people are really into this until it cost them more money. And then there's a limit to their belief or their conviction to some of these things. So, you know, it's not just sort of a byproduct of what we do it was it, you know, it really was something that we considered as a as a big benefit of getting into this business. So, you know, it just hasn't really played that much of an effect on it. But I would like to think that maybe, at some point, you know, maybe it will, maybe it may be, you know, will become a little bit more of a focus the, the, you know, our products are all recyclable, and reusable. So. Yeah, I would like to think that someday, that that's something that the, that the public is, is a little more concerned about.

**Craig:** Do you have any final thoughts on what we've talked about today regarding CSR, supply chains, or any final concluding thoughts?

**Luke:** Um, you know, supply chains. You know, the outsource, you know, it's a little bit hypocritical, when, if I talk about the negativity of outsourcing, in a way, other than the fact that



I couldn't, there's no way I could do what I do domestically. I mean, there's just no such thing as a, you know, it's not like dug for product, you know, material, I can't just make my product out of any wood. And the wood that I need to use doesn't exist here. So, but, you know, I sure, I sure wish that that the government would focus a little bit more on domestic production, getting back some of what's been lost over the past, specifically to China over the past, you know, 30-40 years they basically handed them in my opinion, our manufacturing base, and middle class. And it's, I mean, it's not quite as simple as all that. But in this in this country, we've sacrificed quite a bit to add our, at our own detriment and to the benefit of other countries who, you know, don't particularly like us a whole lot, and you're starting to see some focus on this, but I don't think it's as strong as it as it ought to be. And I would also regarding CSR, right. Yes. I wish there was a little more honesty in in that in the, in the, in the policies and the real practices that are going on out there. I mean, small example, everybody feels good about buying an electric car, but they don't care that, you know, it's that China's building coal plants every other week, they're to produce these things and in that they're, they're raping the entire world, you know, digging up lithium and, and other materials to make these batteries without even thinking what's going to happen to them in 20-30 years, you know, things like that. I mean, you know, and things like the windmills off the Atlantic and the effect that they're having on marine wildlife. I'm concerned about a lot of the I think misrepresentation of climate, the climate and green push, without a lot of without a lot of forethought without a lot of planning about what the what the effects are going to be, you know, it just I think we're turning our back on a lot of things that are going to wind up, come back coming back to bite us later.

**Craig:** Well, that's a good point; the environmental, social governance, or ESG, is a voluntary scoring that a company applies to themselves. With the environment being the big

push between alternative fuels, electric vehicles, wind turbines, etc. I was certified to work on turbines, wind turbines. Great opportunity, really interesting. I didn't do anything with it after I hired into a company that is a wholly owned subsidiary of GE, as I thought it would be a good way to get into a senior leadership position in that industry, maybe do a couple years climbing towers and working at that level. But as it turned out, they just want a beast of burden. They didn't care about anything I'd accomplished in my career or in my pedigree or anything like that. So, I decided that was not the way to go. But it is a huge part of this CSR. Well, I think you give a very honest answer.

**Luke:** Yeah, I think it can go too far without it seems to get a green light, you know, I mean, anything done in that name seems to automatically just happen without what appears what would appear to me to be some reasonable, you know, research into the long-term effects.

**Craig:** Some indexes are being rolled into the financial services with money managers that are pushing investors dollars towards companies that are have a high ESG score in different market places, or have a high DEI score, whatever that index may be. And what can happen is that they are setting expectations for other businesses to follow suit, as in a social-political way of doing business. Because the either one investors money or the want that perception within the business community, and customers want to see it and it's a slow changing shift to our culture, which brings a lot of pressure on people like yourself, what do we do with this stuff? You know, are we doing enough? So, it is becoming more and more prevalent in long term strategic planning.

**Luke:** Yeah, and my look at it may be a little naive because of our size and industry and whatnot, kind of able to fly under the radar a little bit. I don't have anything really to prove, again, anybody can mount a negative campaign against anybody else. I don't think anybody's

exempt from that. But again, if you're comparing an all-wood product, I mean, we don't even have any chemical binders, or, we don't use even we don't even use any plywood or MDF types of products. It's an all-solid wood product. And, complying with all of our requirements and we don't have a lot of restrictions, but just the nature of what we do again compared to a steel manufacturing industry. Not just the mining versus the logging and all, but the chemicals in the solvents and in all of the related materials used, I would think that we're a long way down that road of being canceled because of our negative impact that what we do imposes on the environment or on workers or anything like that, I think we're in pretty good shape.

**Craig:** Do you have to fall under the California supply chain act? There are thresholds regarding the amount of gross revenues generated annually along with the number of employees if I recall, is 1000 or more in a manufacturing, anybody that does business in the state where you are right now. I don't know what your annual revenue is. Doesn't matter to me. But point is, is that California is the first state in the country that has a set supply chain act that requires these certain companies of threat that meet the thresholds to do additional reporting on what is occurring in their supply chains. EU has the same type of thing, a lot of countries around the world are really starting to adopt CSR as means to shore up welfare programs. India requires most large companies that operate in in their nation to give 2% of their profits to these types of programs, because you don't have much of a welfare safety net provided by the Indian government. The former Soviet and communist nations are similar. All of a sudden, these governments are not able to fund these types of business and social programs their societies were expecting to receive. So now, there's more reliance on businesses that are starting up to give back to the community to again to make up for the fact that the government doesn't provide for that

safety net. So, it's a shifting culture, in our own country, and in so many of the other countries around the world that are adopting these measures.

**Luke:** Yeah, I'm not familiar with it. I'm sure we don't fall within the minimums. I think if you did, you probably would know. Yeah, I would have to meet those requirements.

**Craig:** Thank you very much for your honesty and your candid opinions about this topic. Every everything that we've discussed, makes a difference in this study. Thank you for your critical approach, looking at every aspect of why decisions are made, why they're not and what benefits and what doesn't benefit. And, again, I really appreciate your contributions.

**Luke:** Oh, you're very welcome. Thanks for Thank you for having me.

### Interview with John

**Craig:** Thank you for dedicating your time to this, and I greatly appreciate what you have to contribute. So let me begin by asking you, what are your impressions about corporate social responsibility within the manufacturing industries?

**John:** Well, I think that, that any, any business like ours, that is part of a small community. I don't consider it formally as a responsibility other than we're all part of the tight-knit community. We employ 85 people in a community that has 1000 people, and we all grew up with each other and our families know each other. Like, it's, it's a responsibility, it's, it's part of being, you know, a family community. There are things that you do monetarily to help out. Support, I think community support is very important. I think that with that support, the community also, you know, gives that back to you. And it really turns into a partnership when the community and the organization are working together. A little example was that during the Great Recession, you know, we struggled and no one was building houses, it was the housing bubble, really, that created the great recession. The support and outreach was more than just people looking out for their families, it was a lot of people showing support that, hey, we're all in this together. We're all fighting through this together. Monetarily, we tried to set aside for community to give back we do a percentage of what our net profit is, every year. I guess there is a little formality to it monetarily in a small community like this. And, I've got a lot of friends that have businesses, small businesses in this community. Sometimes we talk amongst each other; Hey, there's this initiative going on, you know, are you supported? Or, Hey buddy, you know, your kids got something going on? That's where it gets a little bit informal monetarily. But when you have a small town, and the community works together, it really makes it a lot easier to when I have policy than that I have to work out with local government. If you go out and you're always

a jerk the local politicians aren't going to really support your initiative that you're looking for. Small example that I have is that we're able to bring in large log trucks right to our mill. I had to get it permitted to come off of the state highway onto a county highway where our business is located. I think a part of that approval came from what we do for the community monetarily, but also just a lot of a lot of people that, you know, support everybody else in the community. So, permits get renewed every year allowing trucks that are twice the size of what are allowed on our roads. So yeah, 164,000-pound log truck that comes rolling down County Highway G is pretty fun to watch. But yeah, there's a lot of work that goes in the community working together.

**Craig:** Following along with the same question, your impressions of if, if I'm just going to call it CSR? Corporate social responsibility, CSR is a lot easier to say. What about your impressions of CSR within a company's supply chain?

**John:** So, when, as it's related to supply chain, I think that it really goes through what your, your business philosophy is in working in that supply chain. The price of hardwood lumber went up? Yes, it did exponentially. And our philosophy has always been that we want to work with partners and customers that'll be there through good times and through bad. But we have to prove that to them, before you run into the supply chain issues. We must provide our customers with what they need. On time. You know, we stayed on that on time, we might even say on the website on time, every time but it's really on time, damn near close to every time. But we. So, you know, I think that I think that, that's all set up beforehand in a supply chain. And it comes with longevity in the business to having solid supply partners. And you can make this thing happen, then when you run into the issue of, of supply shortages. So, we had people call here saying they would pay any amount of money for any stick of lumber that they could get their hands on. And our salesmen have been in our business forever. And they'd say I don't care what

you offer me, I've got a customer that needs this lumber who have been with us when lumber prices were low. And you know, that's who we're that's who we're servicing at this point. But yeah, my philosophy is that relationships are built before you run into crisis. And we do the same thing to when we put bring logs and lumber in here too, we've got longtime suppliers. As a result, we didn't have to go out and just pay any price for a raw material. Because of that, that partnership and treating people right when there wasn't a crisis. We've had people that rarely bring in someone that just bids out cut logs. We don't need to when we've got this network of landowners and haulers and loggers that we just we've worked with, I've been in this business for 37 years. And at the start of my career, we look at each other now and say how do we all get old suddenly, but you know, we reflect sometimes and say, you know that it's been a really good relationship over that time. So yeah, on the supply side and on the on the on a supply chain, in the outbound. It's all set up ahead of time and that corporate social responsibility.

**Craig:** What type of standards do you insist upon for those third-party people that you get your product from? Products or services, whatever it is in your supply chain?

**John:** Yeah, it's really not a formal but we can we'll get into the formality of it Craig, but standards we can talk about on the logging and hauling side first. Those standards are basically you know, you don't go into the woods, I'll just use this industry term, and tear the woods up. You respect the landowners that own that property. There are Master Logger certifications in in our business. We don't require our loggers to have that Master Logger certification, but we do require them to adhere to the principles of matter, the Master Logger certification. If we're buying lumber from a supplier, we tend to not interfere with our businesses. I did have a supplier, though that ended up with a fatality in their mill, and it was someone that was under the age of 18. And went to with the Department of Labor with them. And, you know, just opened it

up said, you know, look, I didn't know the fatality was a minor. I told Margaret know that you had underage labor, but I'm going to work with you. And if you're dedicated to working through this issue, I'm with you on this. It's relationships in this business, it's a small tightening business in these small communities. Just being authentic it was horrible for the family, it's horrible for their community, it's horrible for the business. So yeah, there's a lot of there's a lot of authenticity in this business, which really makes corporate social responsibility easy.

**Craig:** If you consider yourself as the core tier zero entity, tier one would be the next level that you draw from with tiers two, three, four all contributing sources which your supply chain partners draw from. So, the farther away you get from core zero, the less likely you are to have influence or control over different issues such as with safety or child labor, elder labor, poor work conditions, and so forth. I lived over in Turkey many years ago while in the military and witnessed many abuses regarding labor and working conditions. Elderly women and young children on the looms making the rugs and little kids sweeping up the floors when you'd expect them to be in school. At least at that time children only had to go through school through the third grade. They go to work if their parents can't afford to pay for their education past grammar school, or if they don't want to send their children to a madrassa paid for by religious interests.

**John:** And we don't, and we don't have that anymore. You know, this case, and I think the Department of Labor was, was fair with them. Because I think when I was on the phone with the attorneys, for the government they came right out and said, Look, this law is over 100 years old when there were real issues and child labor. We understand that. And so, yeah, I thought that they were given a pretty fair shake. So, I can hear you, Craig, it is getting tough to find labor as our labor force is aging. And, you know, I believe that we've got to protect children that aren't experienced. And, and when I say children, I'm talking about these teenagers. I farmed on my



buddy's farm, I was 16 years old, I could have gotten in harm's way very easy as it is our responsibility to keep out of out of harm's way. But I do think that there are things that we could do to help with that.

**Craig:** Not uncommon to see a 10–12-year-old kid sweeping up in a business or getting tea for customers on a weekday when you would assume they'd be in school? And the farther you get out from the urban areas, the more prevalent it becomes. Well, in your experience, what would you consider the greatest challenge to your company that you face when implementing one of these CSR programs or initiatives into your, into your business and not only to your business model, but perhaps how that would apply to your supply chain?

**John:** Yeah, I think in and, and there's some great examples there. There's one great example too. So, I think the first of all, you have to, you have to get your people in a small manufacturer to understand why you have to implement some of that change. And so, an example that I'm going to use is that the European Union's deforestation regulations that are going to start to be implemented at the end of 2024. It's called EUDR. At the end of December 2020, for large importers into Europe, not just timber, it's egg products, too. They all have to provide documentation on the source within a quarter mile. And that's going to have to be done with geo locations. The hardwood lumber business, being small like we are, is trying to basically fight this initiative, keep doing business as we are keeping their business cultures, operating in their mills as always. This industry is very slow and stubborn. We're throughout rural America, the hardwood lumber industry. And I'm taking a little bit different approach to that. And I'm saying, Okay, if we can figure out this technology and invest in it, it can possibly make our processes streamlined being able to identify that you're talking about taking a log from anywhere from 45, or from 10 miles to, to 110 miles away. Being able to put that into your process, I still

identify that log, put it into your sawmill and you get all these boards out of the out of your sawmill. Now if I could I, if we could improve our process to identify each piece of lumber within a quarter of a mile? I'm starting to think where is the competitive advantage to that? Because our competitors are still trying are still saying this is a bunch of BS? Yeah, we're not going there. We're not okay, we're just not going to export over to Europe. Well, the European economy is pretty important to the hardwood lumber business. So, on my end, I always think of how we can take these rules and initiatives...I don't think so much anymore, though, about corporate social responsibility. I'm trying to take the rules and benefit economically and then secondary, I got to admit, because I'm looking at CSR. And so with that, though, there are a lot of things that we do in the United States, in the forests that we talk about that we say, if we keep doing what we're doing the great cutover period is done. And we've been managing forests. We've been practicing forestry now for better than 120 years, the way that it's being managed now, and we're growing, I think it's a football field of forest every second in the United States according to scientific measurements and data. The science exists out there to prove that. So, on top of it, we're improving the quality of these forests as we go. And now, we'd be provided with some documentation that we're doing that too. It could end up being a good thing if we don't get too stubborn about this. But I think like I said, I'm thinking economically to that I might be able to get a competitive advantage by figuring this out. So, getting back to the challenge. Now I've got to convince 85 people that we're going to invest in, it's going to change the way that they do their work. And I'm planting that seed already. I have townhall meetings, myself and our vice president address these issues on the horizon. Okay, y'all, this an EU initiative.. It's real. We weren't invited to the table. How do we how do we take advantage of this economically?

**Craig:** Well, that that really is at the core of the study. This is happening it whether you can go kicking and screaming against it, or, you know, as you mentioned, you can look at it and say this is the new elephant in the room I got to deal with how can I spend this? Ultimately, how do CSR programs benefit your organization? As far as organizational excellence? And competitive advantages?

**John:** I think, you know, and there have been programs in the hard hardwood industry for probably 20 or more than 25 years. And I think everyone is a little culture or shell shocked over the forest stewardship. Ship Forest Stewardship Council FSC. And it was touted that, okay, so it wasn't really geo locations, but it was standards that were set for forestry. And people out in the northeast part of the country, were set that they were going to become certified FSC. And they were going to make more money than everybody else. And it ended up that customers didn't accept, or did not pay premiums for being certified under FSC. But I see the EU directive a little bit differently because it's a little more challenging than what FSC was, is and was. And I do think that initially, there will be there will be economic premiums paid by anyone who can provide this geolocation. I was at a conference when Time Warner flew someone out from Atlanta. They were trying to get state lands, state owned lands in Wisconsin, to certify under FSC. And the whole room was against this guy, and someone stood up and said, "Are you going to pay a premium for this wood?" And he said, "No. But if we don't get the paper with enough FSC wood, we're not going to run a mill anymore." I think that left a bitter taste and a lot of people's mouths.

**Craig:** Manufacturing companies come from different perspectives regarding CSR. Everybody has different requirements put on their organization and what's expected of them with from internal and external interests. Shareholders or investors, customers' expectations, societal

and governmental expectations, and so forth. As you describe, your supply chain is not as deep and doesn't have as long of a tail as maybe another type of manufacturing that sources components, services, or raw materials globally, but you are definitely part of other companies supply chains, what do they expect of you in terms of CSR?

**John:** You know, Craig, I really I really don't know what our upline supply chain partners expect of us. You know, I think that most us in this industry have larger customers. And when I say larger customers, I'll just give you their name. There's one particular master brand that actually makes me fill out a sustainability worksheet. They don't pay a premium for that would. And I've got my suspicions that that worksheet goes in a file and because they're a publicly traded company. They've got it if anyone anyone questions them on their sustainable footprint. There's no there isn't really any background check on anything that we do after I fill that out. We work with a lot of smaller manufacturers that don't have any CSR requirements from us. When we sell lumber over to Europe, we do get inquiries for documentation they refer to as certified wood. I mentioned that FSC or the sustainable forest initiative and SFI, those are the two identified sustainable working bodies in our in our industry. Because we were not certified, there are customers then that won't buy from us because we're not currently certified. We were certified at one time with Forest Stewardship FSC but there wasn't enough FSC land in our area to separate all this resulting in small batches of wood product all over the place. And then, you know, customers not offering premiums, we were paying the fee to be FSC certified which added handling costs to keep it separate. It was not justifiable to be certified anymore.

**Craig:** Yeah, sure. Some of the some of these questions, you know, there that I have may seem to overlap a little bit. Please bear with me.

**John:** I hope I give the same answer twice.

**Craig:** You have described your different certifications, such as the FSC. And I saw you had a few other different organizations listed at the bottom of your website as well as your commitment to sustainability in your operations. One of the things that the coffee farm interview shed a light on was the traceability via documentation and certifications (from governing and interested third parties) from farm to consumer. Some of their certifications verify quality and consistency documented from the farm basically all the way to consumer. This documentable evidence not only for people who buy their branded coffee, but for other companies who buy their bulk coffee beans for their own products. New challenges in the form of an emerging pest has infiltrated the coffee plantation requiring eradication with different chemicals and so forth and pesticides, causing a rise in price of production and product. Strategic managers much consider what is the first program, initiative, or factor to go to meet the rising costs given scarce resources? One of the things that they have looked at is to keep the certifications versus decertification to meet the rising costs? Your company is in a similar vein since your harvest a naturally grown product. What are thoughts on your associations along those lines? Would it benefit you to consider that you mentioned that a lot of customers are not really willing to pay that premium? How does how does all that fit into your thinking?

**John:** I can't really think of an example, but I do have an example that doesn't have anything to do with certification. These practices with forest management are a little different than all our competitors up here. We've got seven degreed foresters on staff very, very highly educated in forestry, and we've got one university that I can really rely on. I am very proud of what they do in sustainable forest management. There have been academics and other professionals that have tried to challenge our practices only to fail, and the reputation has gotten around that our forestry staff is what you want if you want the right team for Forestry and

woodland management. And, I keep going back to the Great Recession, because there were just decisions that we had to make. And, and one of those decisions was that should we certify because it costs a lot of money to do what we do, I'm sure, you know, the Coffee Company is saying that too. And so, I asked the question to our staff, and I asked do we discontinue our sustainable forest management and just you guys go out and you buy cut logs, it's just called cut logs on the landing where we do, we don't do any marking, we don't do any forest management, just anyone has gone out there and cut those logs. And there were a couple of foresters that teared up and said, Look, I work here because of what we do. I've got customer or I've got supplier surveys, landowner surveys, that we get so much business because of word of mouth because of what we do in forestry decertifying is not the way to go. So, it doesn't have certification behind it, it doesn't have anything behind it, other than just a reputation, that sustainable forestry is being practiced. Forestry is a little different to foresters as each can look at a different woodlot and see different opportunities. Sometimes our foresters will look at woodlot and get another one of our foresters to say, Hey, I'm thinking about this, what do you think about that? But then there's principles they adhere to, but a little bit different spin on that, but a little bit of support that we've had to make those decisions, too, but not in terms of real certifications.

**Craig:** In your case you've got a smaller market. Yeah, versus a coffee company that is trying to market to millions of consumers. So you know, and I think a lot of that first came to light when I went to a coffee company, Starbucks or wherever it was, and pay \$1 more per cup and get this Fairtrade coffee. Okay, well, you know, there's a lot of trust that you have to have as a consumer to believe that that extra dollar per cup is actually going to go all the way through the supply chain back to that farmer.

**John:** Craig, I'm going to just maybe expand on that a little bit when I talked about the FSC in that marking is stamped on lumber. The real American hardwood coalition is a marketing initiative. Thousands of consumers surveyed and I believe it was 99% of the consumers that recognize that FSC logo, thought it had to do with quality and had absolutely no idea that it had to do with Sustainable Forest Practices. Yeah. I think that takes the air out of the balloon. I think for some manufacturers that go through the expense of being certified. It's not marketed as sustainable products. It's marketed as a quality standard, a quality standard of the product, not of the quality of the corporate social guy. Yes. ESG. I'm trying to take my biases of ESG out because there's a lot of things around that right now.

**Craig:** There. I could see that. Yeah, there's room for a lot of discussion there is, you know, what, it's not only in the US and in Europe, too, but it's also like in in Turkey, for instance, they have an index score for their stock market. How do companies rate, you know, then you get into the whole political CSR, which questions how do you direct money that I'm in charge of where I want it to go versus the fiduciary responsibility that I have to the investors, and so forth? So yeah, it's, it's a mess right now. A lot of a lot of it is pushed forward on the wave of people wanting to feel like they're, you know, part of it and that companies are just doing the best. And anyway, so I know.

**John:** We got it. I'd love to expand on that. But we do have here. Yeah.

**Craig:** But just you know, it is and on the opposite end, you have what's called greenwashing, where companies go, Oh, look at us, we're wonderful. In reality, they are not. So there's a whole bunch of different players out there. How would you say that CSR programs add value to your organization in terms of competitiveness, and with the employees that you have?

**John:** Yeah, and I don't, I've never put dollar value to it, as far as value goes. I think it goes back to what I said about relationships that are developed over time. And, like I mentioned, in our relationships with our partners with private landownership we work with, I don't know that you could ever put dollar value on it. I could probably put dollar value on it too, if I had to go out and compete just on the cut logs from that standpoint, just talking about our supply or in supply chain on our raw material. I do think that going back to the Great Recession, I think having support from a community may have may have influenced some bankers and what the importance of our company is providing you can put dollar value on it. I think that helping the community out may bring quality employees through the door. I do know that once we have them hired, our employees recognize the turnovers are damaging. So, there's, there's value across the board, subjective, there's, there's a huge value to just doing things the right way. And, and there was the adage that if you can't go on the TV show 60 minutes and defend yourself, don't do it. I taught an ethics course once a University and that was that was a humbling experience teaching ethics and relating it to defending yourself on 60-minutes.

**Craig:** You mentioned that you have seen positive intangible benefits from this. How do you think your people in your organization perceive the CSR programs?

**John:** You know, I think, Craig, I think it is inherent and actually just becomes, in a way, it just becomes a part of your culture in a way of doing business. And so, like I said, if we have somebody longer than 5 years here, they know, the way we do business. Over the last 25 years, it's continued to evolve. No doubt about that. But yeah, I think considering our employees are pretty happy, actually, we do have, employee stock ownership program (ESOP) surveys about how we run the company and all that stuff.



**Craig:** To what extent are you willing to consider CSR programs in in your business model and in your supply chain? Is, is there a limit?

**John:** I guess the only one that that, like I said it, if I'm running this business the right way. And in adding in value to our employee stock ownership program (ESOP) participants, because we're employee owned, I think I mentioned that to you, and I need to make good investments. And, if CSR ends up like the EU directive ends up being a good investment, then I'm a good manager. Otherwise, in terms of CSR, doing what we do every day, that's part of our culture. You know, too, we're not big rah, rah, people. We're not big on titles here. You know, to do something just to say that we're doing it, I think that's for all the wrong reasons. And, you know, having the track record that we have, I don't need I don't think that we really need to formally adopt any CSR program under the title "CSR." Like I said, it's become a part of our culture. I'm gonna go off on a little bit of a tangent all this ESG bull crap that BlackRock, Vanguard, State Street, Vanguards, all of them, you know, I'm glad that now the media is starting to call them out on in carbon credits as they are a huge thing in our industry, and these carbon exchanges. And I think that they are starting to get wind, that just not cutting trees, and paying somebody not to cut trees without cutting their emissions, has kind of settled some of this down a little bit, because all their promotional programs on ESG is starting to be known and people are digging into it a little bit more. And, for some of these companies, you know, that is monetary, they're we're getting a bigger promotion, you know, a bigger, a bigger return. Now that it's starting to change here a little bit because you can do all the flowery stuff, right? You got to practice what you preach.

**Craig:** At some point, I think it was just over the last year, a year and a half. The World Economic Forum touted the nation of Sri Lanka as being the role model of ESG with a score of

98 out of 100, which is completely up to the individual entity to rate themselves. It's kind of like a self-licking ice cream cone. Touting success when, in reality, everything is crumbling at the foundation. The nation of Sri Lanka was touted as the model on how you want to run your government and how to run business in their country. And within a short period of time, the presidential palace was overrun with looters chasing out the president and frolicking in the palace, swimming in the pool for the world to see on live television. Right away the World Economic Forum removed their statement from their website that Sri Lanka is the model ESG nation.

**John:** Yeah. If anybody if anybody ever said that [we are] the model, I'd say y'all look around now. There's something wrong.

**Craig:** My approach to this study is to remain as unbiased as possible approach throughout the entire process.

**John:** It's hard, isn't it? I remember writing papers and, and I'm getting feedback that okay, you need, you need reference here, you need documentation. And I'm thinking to myself, I know what you're saying, but like you, Craig, you know, 37 years of experience.

**Craig:** It's hard. Experience versus changing times and changing culture. There has been a large paradigm shift with how to strategically handle people and employees. How do you incorporate them into your business decisions, or make them feel like they're valued, to keep them employed, keep them going to build that organizational excellence and increase your competitiveness. If you could read a newspaper 5 years down the road about your company in regards to corporate social responsibility, what would you want that headline in that article to read like?

**John:** I would say the right words, you know, just the headline isn't totally common to me, which isn't abnormal, when I actually write articles for our Great Lakes timber professionals' magazine, but I think that I'd like them to write about authenticity, you know, how authentic they are. You know, we're not big on titles, official certifications, we just, we live by doing things the right way. Just authentic in everything that we do. You know, like I said, we can defend anything we do when you're in when you're in forestry, in timber business. There's a lot of eyes that are on you. And so, I would say that, you know, we're an authentic small town, timber business that does things the right way. Sorry, I can't get any more. You know, I can't get real academic on you. They're crazy. You know, I mean, like I said, we just, we just live it, you know, it's become so much a part of our culture. Our former owner that sold the company to the employees, he was a trained forester up at Michigan Tech, at the time that Michigan Tech really had a solid forestry program. This was back in the late 60s. He fought for 30 some years of his career to build this culture that really practices sound forestry initiatives. And, and he had to fight. His dad grew up at the tail end of the great cutover. At that time it was pretty lawless and there were reputations that he had to prove and protect every day. Over time it's become part of our culture. In doing the right things and making sure that the forests are left in better health when we leave than when we started. That's really a stigma on forestry is that when you when you cut a forest, and there are tops laying in the woods the first couple of years aesthetically unappealing. But, when do you go back 2 to 5 years later and people look at that forest and they can't believe how the health is improved. That is really rewarding. But you really have to take a long-term view in this business. And you have to convince others to take a long-term view. And that's really hard in this society, isn't it? Very hard.

**Craig:** When you do go in and you cut down, you say the first 2 years are pretty ugly, and I've cut out trees in my yard to do you replant? Or are you relying on the root system to set up new life?

**John:** We do very little replanting. If we go in do a harvest, we want to make sure that there are stems established in with a root system that can sustain itself. Then let nature take care of itself. There are Woods though, that will go in and scarify though too. And before the harvest, particularly we got one that we're doing and we're going to do a shelter wood, shelter wood is leaving trees sporadically untouched, but you take everything else out. And the reason that we're doing that is that there's such a heavy deer population in that area that we can't get any regeneration underneath the forest canopy. So, we're going through we're scarifying that woods so that the acorns take and then we're still going to leave trees that'll drop acorns creating a natural regeneration on that oak stand. Initially, it's going to look bad. But like I said, we can't get any regeneration. So, we got timber that needs to be cut there. And eventually we could just keep cutting this timberland little by little it's property that creates zones, little by little, but let's get enough regeneration that we can have these stems coming up that we the deer won't eat. There's a lot of things that go on around this. When I say almost all of it is natural regeneration in hardwood, there have been some areas where we've done demonstrations. One of our foresters, I can't remember how many butter-knife trees he planted in this open field. And he brought a lot of I'm going to use a lumber term firm feelers to do actually do a forestry presentation to while he had them out there and show him you know what that's about to when you replant. And he also did a demonstration on natural regeneration and hardwoods so but yeah, 99.999% is natural.

**Craig:** Once you describe sounds like a very fine sustainability type of project or method that I had no idea about.

**John:** Yeah. Yeah, it's a really fun business scientifically. Yeah, I would out into the woods. I learned something every day. So, I'm an accounting finance guy. But my very first job here was an accounting clerk and I paid all our loggers and haulers and so I learned a lot through just osmosis and keep my ears open. And I've cut one tree down in my life but then my trainer said John don't do this for a living so I sent him a couple of switchboards last week though to keep as a thank you for keeping me alive so.

**Craig:** Well, what kind of final thoughts do you have on this subject or anything at all that you'd like to share?

**John:** You know, I just final thoughts I understand where some larger public organizations you know, really do need to document in today's world. I think that some of the smaller businesses like ours, if we just keep it in mind that we build a sustainable foundation of sustainable business practices I think society is going to be a lot better for it. And, and I think that, that our company can even help some of these larger organizations, some of our larger customers, by doing demonstrations, taking them out, taking them out into the forest showing them what this natural what this how wonderful this natural process is, you know, I'm really intrigued with the coffee company. And just your description, a little bit of it, and, you know, some of the things that they some of the CSR things that they have to go through, sure, think about in their business. Because in the end, in the end, I think that people are really in it, for all the right reasons. They just demonstrated differently and particularly when we talk about small businesses, we know that we have to sustain this, you know, we know we need a sustainable forest. You know, I was put in the CEO role to make sure that I pass this business to the next generation. And if we just if we just keep thinking about what we need to do sustainably and socially, you know, we're going to be alright.

**Craig**

Well, John, thank you. I really appreciate this.

### Interview with Thomas

**Craig:** Thank you for participating in my research project. I'll begin by asking about your organization. Where are your inputs and materials coming from that you transpose into a product that you send out the door?

**Thomas:** It's a pretty simple product, we are using concrete. Now we use a specialized concrete that comes basically from the Slavic countries all the way from Europe. It is centered and Clinkard, and refined here in the United States, in Virginia, and then it comes to us by the bag, basically a 94-pound bag. To that, we add water and we add a lightweight aggregate that's mined in Kentucky. And it's called Kentucky so light is the name of the company. It's trucked in here by the 25 tons at a time, the cement comes about the same about 50,000 pounds at a time. We buy those things only by the truckload, as a way to mitigate our costs. And you know, then that product is, is packaged in cardboard boxes. We paint it with a proprietary paint that we make out of inert chemical that's similar to water glass that you can buy at the hardware store. And we add pigments and we make our own paints. And it's put into a box, we do use a foam in place packaging system, where we make the industry calls them buttons that are shaped to the logs that are pre molded. And we put those into the box to cradle the it's hard to ship concrete. Especially we you know, we make gas-log If you haven't mentioned that, so some of them can be pretty thin. So, they have to they have to be encapsulated in something. And we've looked at things like paper and expanding paper and foam peanuts and all kinds of stuff. But this making our own foam packaging is probably for us the best method in terms of space and in terms of its effect on the product. We have very little breakage because of it. Okay, and then it goes out the door a truckload at a time essentially. Once in a while, less than a truckload and LTL but very seldom.

**Craig:** Let me ask if you could briefly give me some your impressions on corporate social responsibility within the manufacturing industries?

**Thomas:** Well, you know, you can tell by looking at me that I'm older. And so I grew up in a different era where I presented shows at Heinz Hall in Pittsburgh, absolutely beautiful gift to the city by the Heinz ketchup people. I worked at the Unocal 76 Theater in Brea California, beautiful gift to that city by the by the oil company. I think that 50 years ago, 40 years ago, a lot of companies gave a lot of large s to the cities that they operated in the areas of the operated and that has shifted in my life so that you don't see it at least as visibly as you once did. I think that, you know, most CEOs these days would say they just have they Oh, the entire businesses job is to produce for the stockholders not to give back to the community. They're already giving community jobs and whatnot. That's, that's my feeling on how most of them operate. Now, I have been told in no uncertain terms several times from customers of ours, hey, it's just business as they operate in a fairly cutthroat manner. I've been in meetings where they gleefully talked about how they were putting some small guy out of business at his woodworking mantel shop, and now that you know, and they're talking about it briefly. Yeah, we got him. He's not going to get us anymore. That kind of attitude is what I see. But my perspective is, you know, it's only this wide. I don't have a large window into the whole corporate world. I But I think that we've lost that sense of community that big business used to bring to the places they operated. And it's been replaced by we just have to give it back give back to the stockholders. Can you I can't think of a modern version of somebody's building, you know, a 5 million, \$5 billion theater complex downtown somewhere right now, a corporation just doesn't happen anymore.

**Craig:** I think maybe it's more prevalent that you see people paying to put their names on a football stadium.



**Thomas:** Advertising with their name? Sure.

**Craig:** We'll keep it along the same theme of your impressions of will this caught CSR for short? How, what are your impressions on CSR as it would apply to your supply chain or a manufacture's supply chain?

**Thomas:** Any corporate social responsibility? Yeah. Well, it would be, I think we have a responsibility where we can to try to move our products in the least impactful way we can. I mean, I'm guilty at home of having the Amazon truck pull up once a week. And I wonder often is that really a better way to shop than me getting in my car and going and buying things, and maybe it is, but maybe it is, and I'm not 100% certain, but I am certain that if I get my cement four pallets at a time, and that LTL truck is running from, you know, the northeastern United States in getting the four pallets with nine stops in between. And it's going on truck after truck after truck. But it's much better for me to buy a whole truckload and get one shot here. And, it benefits me. The same with cardboard, we only buy a cardboard from companies that will deliver a truckload at a time. It's the same idea. We don't need to have them making short runs for us and coming by in their Bobtail and somebody spinning over in their van. And it just doesn't make any sense, cost more money. But you know, that is the impact, we have very little waste here. We don't really throw much away. We have some broken concrete rubble, but makes great fill for our back yard. And for other construction projects, people love to get broken concrete, for they're filled, filled dirt. And so, some of it goes there, if you know somebody's putting it in. Yeah, but we don't have much waste. Unless we miss by a box or something. Yeah, that's the other thing. Our hardware suppliers must be able to take back their mistakes and recycle. And most of them can they can chop up and send it back to their board manufacturers. Now. The what we don't have control over is our cardboard comes from the sheet, the large sheet goes that they

fold the boxes and cut the boxes auto that comes from warehouse. And we don't have any way to dictate to our suppliers, whom they buy cardboard from where they get their sheet goods, or how those plants operate. Or if they're clear cutting or not clear cutting or you know, we don't have any way to be in the know or to influence that really, we're such a small player. If I was Amazon, and bought, you know, 100 million boxes a year, I could probably influence that. But I'm like 60,000 boxes a year. So, sure I'm a small player.

**Craig:** Larger companies are able to, if you consider them tier zero, they're the ground zero where they're everything happens. Tier one would be their first line of supplier. Tier two would be that supplier's supplier, and so forth. A lot of companies are able to even embed liaisons in factories overseas to ensure that HR mandates are being upheld and all that kind of stuff. So, you know, the focus of my study was, that's great, we all understand the Walmart effect. What about small to medium sized manufacturers, mom and pop stores, they get put out of business by the big dogs, how are they? How are they making their decisions on what they want to incorporate CSR into their own business plans and specifically within their supply chains.

**Thomas:** We are, in fact, I would liken us to a pretty successful local restaurant. You know, we have about 20 to 25 employees kind of grows and shrinks a little through the year and, and we probably do a similar amount of business. And the most dangerous thing here other than driving a forklift around is we have a rubber kettle that gets about as hot as a pizza oven. I mean, that's, you know, I always think we're a lot like a pizza place, really blowing and going pizza place, but we're a lot like a pizza place. So we don't really swing a very big stick in the world of Congress. But we are supporting 25 people and David and I, and that's, you know, that's good. And have for a long...

**Craig:** In your estimation, how could an additional or multiple additional CSR programs benefit your organization?

**Thomas:** If they were implemented by somebody from the outside? Is that the question?

**Craig:** Or if you if you and your partner, were to look at, hey, we want to implement this program? Is there any program that you think you can think of, or any initiative you can think of that would benefit your organization?

**Thomas:** I really don't, I really can't think of what it is, like I said, we're already buying in as large a bulk as we can. We bring in so few products, we bring in basically paint base pigments, concrete, gravelling, cardboard, that's kind of that covers 99% of the dollars we spend. And we have looked at ways to mitigate some of that trucking, we've talked about. One of the unique problems here in Tennessee, as we have coal fired power plants that are that are turning out tons of clinker every day. And we've tried putting that into the gas logs instead of a standard aggregate. And it gives us some problems because it traps moisture, and that's not good for a gas log. Then they go pop when they get hot. But yeah, yeah, we've tried that with the idea that we could locally source all the aggregate we needed, and that would be free. And it would resolve their problem of dumping heavy metals on the ground, we would then encapsulate it in concrete. So it can't hurt anybody and et cetera, et cetera. So, we have thought along those lines, we have not been able to enact anything like that. But it does occur to us to try both for selfish reasons, and because it would be good. But it didn't work, unfortunately.

**Craig:** This study intends to look at how and why the programs are selected with the outcomes of increasing competitiveness and organizational excellence. So, I pretty sure I heard what you've been saying. Anyway, so yes. Some of the questions I have are geared more towards

people that have specific programs that they've initiated. So, I'm skipping doing an abridged version of this.

**Thomas:** Sorry, I don't know that I'll be the perfect choice for your survey here. But hopefully, you know, the answers from people that aren't part of that actively are also important.

**Craig:** Absolutely, that's why I'm not eliminating responses from companies that have some level of CSR. So every everybody's opinion and the experiences that they share, leads me to the conclusions that I need to make. So, just a couple more questions. If you were to read a headline about your company, in the next 5 years online in a major newspaper, or a source like that, discussing your, your contributions when it comes to corporate social responsibility, what would you want that headline to read?

**Thomas:** I would think that we would, I would hope that they would. Write about us in light of being a long-term employer here in town. Paying and going above an average wage, taking working people that really are doing just manual labor, but paying them well enough so that they're they and their families are going to Disney World. And that's what we're doing. That is our biggest contribution in in our terms of social responsibility. Most of the jobs here we could teach you to do in a matter of minutes and maybe hours. And they're mostly wheelbarrows and mixing mud. And you know, it's very much all done by hand, the painting is by hand belongs or nothing is automated. The closest we come to that as, as things go down the line, there are roller bearings underneath it. So, you don't have to pick it up and move it, you can slide it. But yeah, we try to pay these people well enough so that they can enjoy the things that I would think of as normal middle class, like a vacation, like they most of them own their own home. Now, that was not the case when we started here. They made enough money, most of our employees have been

with us for 10 to 15 years plus, you take good care of them. And that would be the headline, I would want to see them. If you could we help these people into a better life and their children.

**Craig:** If you could apply that same question to the supply chains that you have the companies, how you are doing business with those that supply you, is there anything you could add to that? What would you want people to know about?

**Thomas:** I would just say that, I would hope that they're not cutthroat we a recent example is the company we buy pallets from, is they operated pretty large, like 200,000 square foot plant in Kentucky. And they make pallets for a lot of people. And they just lost their biggest customer over like something like 12 cents of pallet. And it suddenly they've lost half their workforce in 3 weeks. Yeah, that's tough. And I feel sorry for him. I just do. Because we get like I said, we've been threatened before about pricing. And we've been threatened. This how a lot of people operate, wish they'd stop. And understand that beyond the nickels and dimes, they're real people and lives and there's more involved. But it's hard. Yeah.

**Craig:** If I could ask you, when you have decisions to make regarding your business plan, anything in the course of your operations or regarding labor or anything like that? What kind of decision-making models are you relying on to help you work through those processes?

**Thomas:** You know, neither my partner nor I are trained in any from any have any training from any business school. So, we don't have much to go on other than our own feelings about our people in the systems. I mean, we're pretty good about you know, our customer last year wanted us to build a new building to increase our productivity for them. And we went back through and looked at everything that we'd sold them for 20 plus years, and came back and said, you're due for a fall to ourselves. They're not going to do as well next year. That's their history. They always peak they always ask and they always fall away off. And sure enough, we would

have built the building it would be sitting empty right now. Because they have fallen off like 65% in terms of what they need, and it happens every time they have a huge year. Their customers over by their warehouses are full and then they think they've got their new normal, but it's not normal. It's not normal. Yeah. So, that's about the best thing we can do is just look back at our own history at this point. God knows we didn't always, we flew by the seat of our pants for a long time until we had some history, but yeah. But so no, I don't have any. You know, my dad would hate to hear this. He was the Dean of the Business Division at a small college. He would have liked me to have gone to some business classes. But I never did. Yeah.

**Craig:** Do you have any final thoughts on this subject that you'd like to add?

**Thomas:** Well, I don't know how you could force a company to behave better within the environment, financially and, and physically that they operate in. I'm not there. I'm a fairly liberal person, but I'm not there. I don't want to see laws written or I would think, though, that communities could put some pressure on big companies to act in a certain way. You know, Nissan is in Nashville here. I don't know why Nissan hasn't built a giant playground for kids or just done something. They make enough money for crying out loud. That'd be my point. But, and nobody's pressuring them because they're all afraid to leave. And so many corporations now use that as a threat. Remember, when Amazon was going to open up their new second headquarters? Every place they went, they wanted to know how they were not going to pay taxes and not they were not coming to your town to help it. Right. Yeah. And that's kind of the new normal.

**Craig:** I appreciate your candid answers, which are very beneficial to my research. Thank you for your candid perspectives on this subject.

### Interview with Mark

**Craig:** Thank you for your participation today. Tell me briefly about your impressions of CSR within the manufacturing industries.

**Mark:** I'm a firm believer that businesses should be based on the merit of the company and of the individual. As described, I see CSR programs and initiatives which go above and beyond what is required by law are not beneficial to my company or to business. I don't think they are a necessary part of creating a profitable company; in fact, I think these environmental and other programs embraced by businesses that cost more than what it takes to earn a profit are not necessary. In many cases, I see them as a waste of time, money, and effort.

**Craig:** What are your thoughts concerning CSR programs within an organization's supply chain?

**Mark:** Same with supply chains as I don't see any value added to my bottom line or to my employees. Nor to any stakeholders inside or outside of the company. There's no reason to be concerned as far as it goes for my company.

**Craig:** Can you describe the level of CSR involvement in your supply chain operations?

**Mark:** I'd have to say that we try to be socially responsible in the way we do business and treat our employees. Likewise, we are intent on recycling those products and materials at every opportunity and work all that into the way we conduct business. While we don't outright identify these measures as CSR, they do add to our operating costs. Again, there is no reason to put a lot of effort into what's beyond getting our components on time, undamaged, and so forth. I've never been asked or been concerned regarding the inputs to our manufacturing processes in any of our locations. So, as far as I'm concerned in my organization, I really don't have any

interest as I don't see CSR practiced or implemented with those that are supply chain partners making my bottom line better, nor making better products to sell.

**Craig:** If you were to look at any type of CSR program, regardless of whether it be philanthropy or a type of any type of initiative applied to your organization itself or to your supply chains, what kind of value benefit does it, or that you think might, benefit your organization?

**Mark:** I mean, from a philanthropy standpoint, it would be community involvement, you know, local community involvement, where the facilities are located. And just be a good corporate citizen blend in with the community and give something back to the community. Okay.

**Craig:** What kind of work force do you have in Alabama? How about your other locations where you have operations?

**Mark:** We used to have a union facility. Originally, we had facilities in the state of Washington, California, Tennessee, Alabama, and Quebec, Canada. And we did have a union facility in Tennessee, and we expanded our Alabama facility and closed the union facility up north. The unions gave additional pay and benefits to the employees at that time, but I don't consider that CSR as it was part of the requirement to maintain the labor force we had.

**Craig:** Can you describe an experience where a CSR program would not benefit your organization or your supply chain strategy? And does this help shape your perception of CSR?

**Mark:** I just don't see any value in either forcing a business to take additional resources to create programs which add no real value to my bottom line, especially when there are no reasons to do so. Maybe they are beneficial and help other types of businesses, but as for my industry and my company, I just don't see it as much more than a creation of red tape or throwing money at people or problems that really have no impact upon me.



**Craig:** Supply chain strategy requires managers with strong leadership capabilities.

Where does CSR fall in the grand scheme of efforts your organizations make to improve your supply chain strategy?

**Mark:** Well, it really doesn't. Those companies and businesses that make up my supply chain have little to do with the way I run my business as I do with theirs. It's just not something I'm particularly focused on.

**Craig:** What types of programs are initiated in the supply chain? What is your overall management strategy when it comes to managing your supply chain?

**Mark:** I don't have the luxury of being able to choose between a lot of companies when it comes to getting the supplies I need to make my own products. Quality of product, timeliness, and so forth are of the utmost concern to me. Are they on time with acceptable product so I don't run into delays on my end. That kind of thing is the most important to me since it keeps my production moving forward and I don't have to have interruptions and upset employees and customers to deal with.

**Craig:** Let's consider a what-if scenario. What types of programs applied to supply chains do you think would benefit those stakeholders inside and outside a company? Who would benefit the most?

**Mark:** I suppose many inside and outside the company could benefit depending upon how much money was dedicated. But as mentioned earlier, I don't see any benefit as this type of CSR is mostly outside my purview, and I don't think it would do much for my company other than to take away from my bottom line.

**Craig:** What are the perceived issues associated with implementing CSR into your organization's supply chain for internal/external interests?

**Mark:** Again, based on the type of products we manufacture, our supply chain's contributions are basically unknown to me. I only see additional interference in their operations as a hindrance to our own.

**Craig:** What interests do your internal and external stakeholders demand when it comes to sustainability or other CSR initiatives?

**Mark:** Internally? Our employees are not typically skilled and are quite temperamental when it comes to what is best for them individually. They liked the union-type of benefits offered to keep them working but have no interest in donations made to the local charities or community projects. They are often transient. Externally speaking, none of our clients or customers have made any issue of how sustainable our business operation is, so it's not of a concern to me.

**Craig:** To what extent are you willing to consider initiating CSR programs into your organization, specifically your supply chain strategy? What are your limits?

**Mark:** That's mostly a no as these programs are mostly an infringement on how we do business and how we earn a profit. Again, I see no real benefit in applying extra measures, that cost money, to our supply chain partners. If there were some egregious issue with one of our partners then we would take a close look at the situation and make an appropriate change, if possible.

**Craig:** Okay, if you were, if you were to read a headline, say 5 years from now, regarding the company that you're leading regarding this type of corporate social responsibility in your organization and in your supply chains, what would you want that headline to read?

**Mark:** For our company, probably choose not to participate in most of the trends.

**Craig:** Okay. Do you have any final thoughts on this topic that you'd like to present?

**Mark:** Again, it's a pretty broad subject. I've heard a lot of different takes on it. And to tell you the truth, I just don't get it. I really don't get it. I don't get why companies are mandated to have a certain ESG score. I don't understand. This thing seemed to pop up over the last few years. And again, it seems to me that it's this woke ideology just somehow popped up. And, you know, they're trying to mandate certain things on companies. They use the word equity a lot. It's not equality, but equity. And again, there are laws that prohibit companies from being prejudiced against certain groups. And so again, if you are following the rules, you should be fine. In my opinion, if you're just a complete a-hole, running a business, and you don't really give a damn about your employees, or anything else, all you're interested in is the bottom line, you're probably going to struggle with keeping good people, having good morale, and everything else it takes to have a successful company. But, if you're a good employer, you treat your people fairly, pay them fairly, you make money, and you're a good corporate citizen, a lot of the stuff they are trying to mandate just kind of goes away things take care of themselves. My sister asked me about our workforce. If I look at our workforce in this facility, and from a leadership perspective. I would say we have more women here in leadership roles than men, and they really excel. And I walked my sister through the plant, and she kind of saw that and she said, you know, do you pay the women the same as you pay men? I said, absolutely. We don't pay based on what sex you are, or on race-based criteria, we pay on the value you provide to the company. Right? So, again, you know, this whole topic that you're researching, again, I just don't really get it.

**Craig:** Meritocracy versus as you describe a woke ideology of and that has many different masters. So many different competing, elements want validity, when it comes to this corporate social responsibility.

**Mark:** Again, you want to get my perspective, you want everything merit based, I mean, when I get on an airplane, I want to have a comfort level that the pilot is really good and got the job because he's good, not because he was a certain sex or a certain race. You know, when I go under the knife, I want my surgeon to be the best surgeon there is, not because that person got the job based on race or what sex they are. So, to me, everything should be merit-based, and that's why it's against the law to discriminate. Years ago, back in the 70s when we had affirmative action, that was wrong as well. You simply don't discriminate.

**Craig:** Thank you for your candid responses.

## Appendix D: Institutional Review Board Approval Letter

# LIBERTY UNIVERSITY

## INSTITUTIONAL REVIEW BOARD

May 25, 2023

Craig Standridge  
Phillip Shields

Re: IRB Exemption - IRB-FY22-23-1474 Corporate Social Responsibility Impacts upon the Organization

Dear Craig Standridge, Phillip Shields,

The Liberty University Institutional Review Board (IRB) has reviewed your application in accordance with the Office for Human Research Protections (OHRP) and Food and Drug Administration (FDA) regulations and finds your study to be exempt from further IRB review. This means you may begin your research with the data safeguarding methods mentioned in your approved application, and no further IRB oversight is required.

Your study falls under the following exemption category, which identifies specific situations in which human participants research is exempt from the policy set forth in 45 CFR 46:104(d):

Category 2.(iii). Research that only includes interactions involving educational tests (cognitive, diagnostic, aptitude, achievement), survey procedures, interview procedures, or observation of public behavior (including visual or auditory recording) if at least one of the following criteria is met:

The information obtained is recorded by the investigator in such a manner that the identity of the human subjects can readily be ascertained, directly or through identifiers linked to the subjects, and an IRB conducts a limited IRB review to make the determination required by §46.111(a)(7).

**Your stamped consent form(s) and final versions of your study documents can be found under the Attachments tab within the Submission Details section of your study on Cayuse IRB.** Your stamped consent form(s) should be copied and used to gain the consent of your research participants. If you plan to provide your consent information electronically, the contents of the attached consent document(s) should be made available without alteration.

Please note that this exemption only applies to your current research application, and any modifications to your protocol must be reported to the Liberty University IRB for verification of continued exemption status. You may report these changes by completing a modification submission through your Cayuse IRB account.

If you have any questions about this exemption or need assistance in determining whether possible modifications to your protocol would change your exemption status, please email us at [irb@liberty.edu](mailto:irb@liberty.edu).

Sincerely,

**G. Michele Baker, PhD, CIP**  
*Administrative Chair*  
**Research Ethics Office**

