

2016

# Balancing Business Owners' Corporate Social Responsibility and Stakeholder Profitability

Andrew O. Arumemi  
*Walden University*

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# Walden University

College of Management and Technology

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Andrew Arumemi

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Walden University  
2016

Abstract

Balancing Business Owners' Corporate Social Responsibility and Stakeholder

Profitability

by

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MBA, New Jersey Institute of Technology, 2002

MS, New Jersey Institute of Technology, 1995

BS, New Jersey Institute of Technology, 1987

Doctoral Study Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Business Administration

Walden University

November 2016

## Abstract

Some business owners lack experience balancing corporate social responsibility (CSR) and shareholder profitability. Grounded in stakeholder theory, the purpose of this phenomenological study was to explore business owners' experiences regarding balancing corporate social responsibility of hiring ex-inmates and shareholder profitability. The target population included 20 business owners in Newark, New Jersey who integrated CSR as part of their firms' formal business plans, were committed to hiring ex-inmates, and feared the consequential loss of profit such engagement might incur. Data were collected using in-depth semistructured interviews and analyzed using the modified van Kaam method. Three prominent themes included social perceptions of ex-inmate integrity, impact of business sector on the feasibility of hiring ex-inmates, and responsibility to shareholders and customers as stakeholders. Employers, ex-inmates, and communities benefit from business leaders who implement programs that educate communities about the benefits of welcoming ex-inmates into the workforce. Members of communities can be informed by seminars, advertisements, and distribution of literature that ex-inmates who find employment are less likely to recidivate or become (along with their families) burdens on public resources. Employment is a means of reintegrating ex-inmates into society such that an assumed destructive enemy of the community is converted into a productive member of the society. Social implications include the potential to assist ex-inmates to search for employment, reduce the likelihood of ex-inmate recidivism and become resourceful to the community, assist employers to perform CSR, and take advantage of tax incentives.

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## Dedication

This doctoral study is dedicated to the memory of my loving parents, Chief Benjamin Osamede Arumemi (the Odi'rupa of Ivbiorere clan of Eme-Ora, in Edo state of the federal republic of Nigeria) and Madam Mary Olohaigbe "Onobaivie" Adoga-Arumemi. Without their unconditional foresight regarding the gift of the western education that they did not have the opportunity to acquire and their wisdom, love, blessings, and guidance, it would never have been possible for me to dream let alone, be able to reach this level of academic achievement. Despite the fact that they were not affluent or rich, they toiled and moiled, sometimes, borrowed for us to go to school, making sure that we had usable books, writing materials, school fees, shoes, uniforms, and three square meals a day, even if it meant the same staple, every day. Sleep well in the Lord dear parents, my heroes.

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## Section 1: Foundation of the Study

A firm owner's economic motivations are the extent to which the owner dedicates maximization of the firm's own economic or material use (Nielsen & Parker, 2012). These motivations indicate an understanding that business firms are economic entities whose owners' main focus and priorities are to expand the business, make and sell more products and services, and earn more money and a higher return (ROI) on the investment profit margin (Nielsen & Parker, 2012). Nielsen and Parker (2012) as well as Putrevu (2014) contended that economic motivations could be the consequences of compliance or noncompliance with laws or regulations, which might not be purely business considerations per se but otherwise physical and material motivators (e.g., fear of incarceration of an individual or closing down of the plant).

### **Background of the Problem**

A report published by the U.S. Census Bureau (as cited in Berete, 2011) stated that the U.S. poverty rate climbed from 12.5% in 2007 to 13.2% in 2008. Faced with this economic problem, some business owners have been involved with corporate social responsibility (CSR) and sustainable business practices (Berete, 2011). CSR proponents believe that leaders of companies, governments, and other stakeholders can unify to create a better world (Berete, 2011). These advocates want business owners to go past concentrating on their profit-making strategies in their decision-making practices and address their effect on the local communities (Berete, 2011; Eisler & Silverman, 2014).

Corporate expenditures, including economic and environmental activities, could be beneficial to both business and the community when the company operates with the help of cooperation through CSR (Eckwert & Zilcha, 2012; Eisler & Silverman, 2014; Giuliani, 2016; Hur, Kim, & Woo, 2014; Rashid & Radiah, 2012; Whittle & Parker, 2014; Wooditch, Tang, & Taxman, 2014). In this type of CSR, business owners might, for example, engage people with low skill levels, retrain previously incarcerated individuals, and provide employment opportunities for these individuals, within the community. This form of social responsibility could improve the economic performance of the business owners by increasing revenue generation through low-cost labor.

As the supporters of CSR continue to grow in influence, and the demand for social responsibility implementation has increased, more company proprietors are becoming socially and environmentally responsible (Berete, 2011). As reported by the consulting firm Klynveld Peat Marwick Goerdeler in 2005 (as cited in Berete, 2011), of the 250 enterprises in the International Survey on Corporate Social Responsibility Reporting, 52% went beyond publishing just their annual report. CSR is no longer an ideology; CSR has become a reality and an essential part of business strategy for many organizations' leaders (Fassin et al., 2014; Goel & Ramanathan, 2013; Herbst, Hannah, & Allan, 2013; Stevens, 2013).

In addition to the pressure of CSR supporters, company owners are increasingly facing the pressure from other groups of stakeholders, such as (a) shareholders, (b) employees, (c) vendors, (d) suppliers, (e) civic community, and (f) competitors, to

become socially and environmentally responsible. Shareholders, for example, are demanding that companies become more socially responsible (Dufays & Huybrechts, 2015; MacLean & Webber, 2015). Consequently, corporate leaders may find themselves obligated to adopt CSR to satisfy their various CSR friendly stakeholders.

The term CSR has multiple interpretations with different meanings to different people (Baumann-Pauly & Scherer, 2012; Daly, 2012; Fassin et al., 2014). Berete (2011) and Salmi (2012) indicated that the World Business Council for Sustainable Development characterized CSR as the continuing commitment by business owners to behave ethically and contribute to economic development of the community and society, while improving the quality of life of the workforce and their families. In that light, business owners have explored CSR as it applies to hiring ex-inmates (Arnold & Valentin, 2013; Berete, 2011; Salmi, 2012; Sen, Du, & Bhattacharya, 2016).

Business owners were reluctant to hire ex-inmates in the 1950s and early 1960s, partly because of the comparatively high unemployment rate and the dilemma of masking the acquisition of ex-inmates within their CSR engagement and profitability justification. Employers considered hiring ex-inmates to be problematic (Henry & Odiorne, 1989; Schmitt & Warner, 2010). Employers sought low-wage, semiskilled, and skilled applicants because of the difficulty of finding people who have valuable skills and the aspiration to work (Henry & Odiorne, 1989).

Skills inmates can learn in prison go well beyond such traditional prison jobs as making license plates or doing roadwork (Henry & Odiorne, 1989; Prior, 2005). More

than 90% of top managers in American firms believe that business owners should hire ex-offenders (Eckwert & Zilcha, 2012; Henry & Odiorne, 1989; Rashid & Radiah, 2012; Whittle & Parker, 2014; Wooditch et al., 2014). However, the actual number of business owners employing ex-inmates is considerably short of that level (Block & Ruffolo, 2015; Duwe & Clarke, 2014; Schmitt & Warner, 2010). Bahr, Masters, and Taylor (2012) noted that a number of states have created prison industries to achieve fixed business and social objectives, as the prisoners (a) worked at less than minimum wage, (b) are required to reimburse their victims, and (c) as an added incentive often got occupational training.

Hutcherson (2012) argued that society considers ex-inmates as misfits and stigmatizes them with suspicion, derision, and disdain; therefore, they are sometimes denied full reintegration into the community and the labor market (Galardi, Settersten, Vuchinich, & Richards, 2015; Morenoff & Harding, 2014). According to Henry and Odiorne (1989), some employers have negative beliefs or myths about hiring ex-inmates' skills and competency. Although some long-term inmates make license plates or work in the prison laundry, modern prison industry inmates make and sell a broad variety of products in aggressive markets.

There are strong economic reasons such as low-cost labor, government tax incentives, and inexpensive labor logistics for an employer in need of unskilled and semiskilled employees to consider ex-inmates as a sound and acceptable source of useful labor (Gabbidon, Jordan, Penn, & Higgins, 2013; Henry & Odiorne, 1989; Schmitt & Warner, 2010). According to data from Henry and Odiorne (1989), most inmates had

gainful employment before their incarceration and most have above-average employment records. Cost advantages under such federal laws as the Targeted Jobs Employment Program, which includes tax compensation of \$2,500 per year per inmate hired, offer a tangible benefit to many employers who face tighter labor markets and rising costs (Arnold & Valentin, 2013; Maruna, 2012, 2014; Maruna, Dabney, & Topalli, 2012; Schmitt & Warner, 2010; Sen et al., 2016).

### **Problem Statement**

Employers who do not hire ex-inmates lose overall profitability (Glaze & Herberman, 2012). Employers who hire ex-inmates earn up to \$1 billion in tax credits annually (Work Opportunity Tax Credit [WOTC], 2015). The general business problem is that business owners are reluctant to hire ex-inmates for fear of losing customers and financial resources, which culminates in an imbalance between CSR and shareholder expectations. The specific business problem is that some business owners do not have experience balancing CSR and shareholder profitability, a critical business success factor

### **Purpose Statement**

The purpose of this qualitative phenomenological study was to explore business owners' experiences balancing CSR and shareholder profitability, a critical business success factor. The targeted population comprised 20 business owners in Newark, New Jersey, who integrated CSR as part of their firms' formal business plans, were committed to hiring ex-inmates, and feared the consequential loss of profit that such CSR engagement might cause. The implications for positive social change include the

potential for hiring managers to have invaluable insights to aid in balancing CSR and stakeholder interests. Ex-inmates may benefit from increased acceptance back into the workforce. Society as a whole stands to benefit, as ex-inmates are successfully transitioned into the local community, become productive members of society, and positively impact the overall economy.

### **Nature of the Study**

Researchers use the qualitative methodology to analyze and explore lived experiences of the members through observations, interviews, questionnaires, or collaboration in a nonlaboratory environment (Denzin & Lincoln, 2011). Therefore, the qualitative method was appropriate for this study because the purpose was to explore business owners' lived experiences balancing CSR and stakeholder interests.

Quantitative researchers seek to confirm or establish a theory by relational tests (Davidson, 2013). Therefore, the quantitative method was not appropriate, as the purpose of this study was not to test theory. Finally, researchers use mixed method research to gain a holistic view of a phenomenon that is, combining both qualitative and quantitative methods (Mertens, 2012; Powell, Mihalas, Onwuegbuzie, Suldo, & Daley, 2008).

Therefore, the mixed method was not appropriate, as a quantitative analysis was not used in this study.

Specifically, a phenomenological design was the choice employed for this study. Phenomenology is a strategy of inquiry in which the researcher identifies the essence of human experiences of a phenomenon as narrated by the participants (Davidson, 2013).

The nature of this study was to explore the perceptions of business owners' experiences balance their CSR with that of balancing corporate profitability. Therefore, the phenomenological design was appropriate for this study.

Researchers using ethnography designs engage in widespread observation of members in their natural location and documenting all contacts and communications as they occur. Case study research design, according to Rasheed, Khan, Rasheed, and Munir (2015), is exploratory in character; this form of research engages analysis of a one-sided case. Ethnography and case study research designs were inappropriate for the study, as this study involves understanding and documenting a phenomenon.

I also considered a grounded theory design, which requires researchers to develop and establish a theory based on the collected data and use multiple levels of data collection (Garnero, Kampelmann, & Rycx, 2014; Kuznetsova, 2015; Moustakas, 1994). Narrative design would have focused on of individuals' accounts and experiences as a story line (Larsson, Lilja, Von Braun, & Sjöblom, 2013). These approaches would have been inappropriate because of time constraints involved in gaining access to the business owners at a defined time or for an extended period. These approaches would not provide a path to answering the research questions.

### **Research Question**

I explored the experiences and perceptions of owners to obtain a deeper understanding of how they hire ex-inmates in the interest of CSR and corporate profitability. The following overarching research question was used to guide the study:

What are the lived experiences of business owners engaged in balancing CSR and shareholder profitability? I asked business owners the following interview questions to address the research question:

1. What level of CSR should employers have toward stakeholders?
2. What are your perceptions of ex-inmates as stakeholders? (This is the part of the foundation of my research; your answer is optional but very important.)
3. What specific financial contribution or profit does the hiring of ex-inmates add to the profit margin for business owners viewed from a CSR morality lens?
4. Based on your professional experiences and shareholder expectations, what moral or fiduciary obligations do you think justify your hiring or not hiring of ex-inmates? (This is part of the foundation of my research; your answer is optional but very important.)
5. What challenges have you experienced when trying to hire ex-inmates and balancing the firm's sustainability?

### **Conceptual Framework**

Stakeholder theory is a theory of organizational management and business ethics that addresses morals and values in managing an organization (R. E. Freeman, 1994). R. E. Freeman (1994) viewed corporations as socially ingrained institutions, and advocated managers stabilize the interests of all stakeholders. According to R. E. Freeman (2009), the primary theoretical proposition of stakeholder theory is that a business maintains its sustainability if it can balance the interests of its stakeholders around its business

purposes. Stakeholders, as defined by R. E. Freeman (2009), are individuals who can be affected by the outcome of the organization's operation, or those groups of individuals without whose support the organization would cease to exist. According to Mishra and Mishra (2013), business owners no longer focus merely on profit returns on investment but on shareholder activism and the promotion of social justice.

R. E. Freeman (1994) referenced his argument to stakeholders on corporate systems planning theory, CSR, organization theory, and strategic management to help managers improve their firm's strategic position. Mishra and Mishra (2013) suggested that stakeholder theory has its origins in management literature through the Great Depression in the United States. A stakeholder model is structured to illustrate the bond among different groups of participants within and around a firm (R. E. Freeman, 1994). R. E. Freeman's notional view of the organization showed the stakeholder model as a map in which the firm was the hub or center, and stakeholders were at the ends of umbilical lines from and around it.

An important distinction can be deduced between the tenets of stakeholder theory and the predictable input-output model of the organization, which views organizations as converting investor, supplier, and employee inputs into customer outputs (Dufays & Huybrechts, 2015; T. L. MacLean & Webber, 2015). Contradicting this argument, stakeholder theory proponents have suggested that every rightful person or group participate in the activities of an organization to obtain benefits, and the priority of the interests of all qualified stakeholders was not self-evident. T. L. MacLean and Webber

(2015) advanced the following four propositions about the business and managerial pertinence of stakeholder theory:

1. Stakeholder theory is descriptive because it gave a description of the firm as a collection of cooperative and competitive interests possessing intrinsic values (Mishra & Mishra, 2013).
2. Stakeholder theory is instrumental because it denotes the establishment of a framework for examining the connections between the practice of stakeholder engagement by managers and the achievement of diverse corporate performance goals (Mishra & Mishra, 2013).
3. Stakeholder theory is descriptive, instrumental, and more fundamentally normative. Their interests identify stakeholders and all stakeholder interests are considered to be intrinsically valuable (Dufays & Huybrechts, 2015; T. L. MacLean & Webber, 2015).
4. Stakeholder theory is encompassing because it recommends attitudes, structures, and practices, and requires that simultaneous attention be given to the interests of all rightful stakeholders.

Stakeholder theorists have supported the idea that firm proprietors can create a long-term competitive advantage by improving their social and corporate responsibility (Abdul-Rashid, Abdul-Rahman, & Khalid, 2014; Falk, 2013; Freeman, 1994; Haigh & Hoffman, 2012; Kabongo & Okpara, 2013; Rexhepi, Kurtishi, & Bexheti, 2013; Salmi, 2012; Wang & Juslin, 2009). Business owners generate social values by cooperating

with their stakeholders (Baumann-Pauly & Scherer, 2013; Fernández-Gago, Cabeza-García, & Nieto, 2016; Haigh & Hoffman, 2012). Supporters of stakeholder theory have suggested that the method by which corporations meet the needs of their stakeholders and communicate their corporate citizenship behavior can affect their business performance (Bai & Chang, 2015; Bayoud, Kavanagh, & Slaughter, 2012; Graf & Wirl, 2014; Okoye, 2009). As applied to this study, stakeholder theory suggests marginalized populations, such as ex-inmates, are important external stakeholders that fall within the community component of the model, and corporations have a social responsibility to incorporate this population into their workforce (Derry, 2012; Dodge & Mandel, 2012). The experiences of hiring ex-inmates constituted the business phenomenon under investigation.

### **Definitions of Terms**

*Amoral managers:* Managers who are neither morally wrong nor ethically right but lack the awareness that their work habits may have harmful effects on others (De Roeck & Maon, 2016).

*Business owners:* Those who own and run the business institution (De Roeck & Maon, 2016).

*Corporate social responsibility (CSR):* The strategy that addresses the pressures from stakeholders who may be negatively affected by the company's operations or the voluntary action taken by the company to mitigate these pressures and increase its value and reputation (Jackson & Apostolakou, 2010).

*Harmony approach:* Another name used to derive meaning for CSR as a resolution to mitigate the conflict (Wang & Juslin, 2009).

*Immoral management:* Management typified by judgments, acts, and performance that suggest a dynamic opposition to what is considered right or moral (De Roeck & Maon, 2016).

*Moral managers:* Managers who hold on to recognized and higher levels of specialized actions. Moral managers also exhibit control on morality and strive for profitability but do so without straying from sound lawful and moral guidelines, such as equality, impartiality, and appropriate design (De Roeck & Maon, 2016; Van Cranenburgh & Arenas, 2014).

*Normative stakeholder:* Any business or person that can affect or be affected by the achievement of the company's objectives (Goel & Ramanathan, 2013).

*Stakeholder:* Any person who accepts the benefits of a mutually beneficial scheme of cooperation requiring sacrifice or contribution on the parts of the members (Hasnas, 2013).

*Stakeholder theory:* A theory of organizational management and business ethics that addresses morals and values in managing an organization (Freeman, 1994).

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

#### **Assumptions**

Assumptions are statements accepted as factual or unambiguous occurrence without proof (Denzin & Lincoln, 2011). The following list of assumptions pertains to

this study: (a) Business owners were the most appropriate group to address the purpose of the study, (b) all participants answered honestly to the interview questions, (c) participants were willing to share their feelings and beliefs and were honest and open in their responses, (d) the interview questions were sufficient to obtain the information necessary to answer the research question, (e) participants accurately reflected the feelings and views of the population, and (f) the interview questions were part of a valid and reliable interview protocol designed to obtain rich textural data from members regarding the phenomenon.

### **Limitations**

Limitations in a research study expose the conditions that may weaken the study (Marshall & Rossman, 2011). The limitations that might affect this phenomenological study are (a) lack of participants with adequate information on my topic, (b) ease of access to participants, (c) location of the study, (d) lack of honesty and openness of members, (e) knowledge of the business owners who agree to participate in the study, and (f) willingness of members to share their feelings and beliefs. An additional limitation of this study is that I was at risk of being biased. Finally, the results cannot be generalized to business owners in other parts of the state or other urban locations within the region.

### **Delimitations**

Delimitation in research is a collective set of parameters that the subjects or participants exude that qualify them to participate in the research (Denzin & Lincoln, 2011). These parameters include (a) business owners in Newark, New Jersey, who have

successfully run a business for 5 years or more, (b) business owners who have integrated CSR as part of their firms' formal business plans, (c) business owners who have committed to hiring ex-inmates and feared the consequential loss of profit such engagement might incur, and (d) business owners who have participated in hiring activities within the past 5 years from when the research is conducted.

### **Significance of the Study**

Schmitt and Warner (2011) reported that approximately one in 17 adult men of working age is an ex-prisoner, and, citing the Bureau of Justice Statistics, wrote that ex-inmates account for the loss of some 1.5 to 1.7 million workers from the U.S. economy. This loss of personnel has occurred because a prison record or felony convictions significantly lowered ex-inmates' prospects in the labor market (Schmitt & Warner, 2011). Business owners need to consider the available personnel they could acquire by hiring ex-inmates. Business owners also might consider the importance of the government tax credit incentive for hiring ex-inmates (WOTC) if they engage in hiring ex-inmates as part of their CSR. Business owners and hired ex-inmates may benefit from an improved employee-employer relationship, increasing the return on investment and expendable income from a well-defined and implemented CSR commitment (LeBel, 2012a, 2012b).

### **Reduction of Gaps in the Research**

Knowledge obtained through this research study might explain why business owners are reluctant to engage in some CSR activities. Stakeholders may have fewer

misconceptions about how hiring ex-inmates can be an important aspect of SCR.

Business owners might take advantage of the tax credit incentives provided by the federal government for hiring ex-inmates. The available ex-inmate workforce pool could be a personnel resource for business owners.

### **Implications for Social Change**

The results of this study could help employers find capable employees and increase profits. The consumer base and customer loyalty may increase in the face of CSR engagement by a company (LeBel, 2012a, 2012b; Leonidou, Kvasova, Leonidou, & Chari, 2013). Communities might stabilize and expand industrially as support comes from hiring local residents to provide manpower resources and the utilization of local raw materials as resources for infrastructure provisioning (Hasnas, 2013).

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

The purpose of this qualitative phenomenological study was to explore business owners' perceptions and experiences regarding the balance of CSR and shareholder profitability, taking into account the effect of hiring ex-inmates. The central research addressed perceptions and experiences of business owners' CSR toward the use of ex-inmates and business profitability to achieve this purpose. In 2010, the ex-inmates working age population was estimated at between 12 and 14 million (Rego, Leal, & Pina e Cunha, 2011; Schmitt & Warner, 2010).

I searched the ABI/INFORM, EBSCOhost, and ProQuest databases for relevant articles within the subject areas of business management, human services and social

services, management and business, seminal works, and dissertations dating back to within the past 5 years. I focused on peer-reviewed publications addressing stakeholder theory and business topics related to hiring unemployed ex-inmates and their rehabilitation in the workforce and the community. Internet searches included Google Scholar.com and SAGE, and Ulrich's directory generated a list of peer-reviewed articles and journals. Keywords used included *rehabilitation*, *unemployment*, *stakeholder*, *corporate citizenship*, and *corporate social responsibility (CSR)*.

This literature review addresses the concept of corporate citizenship and its relationship to corporate fiscal action (Ferauge, 2012). This evaluation depicts the outlook and progress of stakeholder theory; it also covers literature that addressed the reasons underlying business owners' support or reluctance to take part in CSR engagements (Ferauge, 2012). Finally, 245 articles are included in this document; 232 are peer reviewed (95%), and of these, 213 are within the past 5 years (86%).

### **Stakeholder Theory**

R. E. Freeman (1994) developed the stakeholder theory and suggested that corporations are socially ingrained institutions where managers are encouraged to stabilize the interests of all their stakeholders. According to stakeholder theory, a business can maintain its sustainability if it can balance the interests of its stakeholders around its business purposes (R. E. Freeman, 2009). R. E. Freeman defined stakeholders as any individual or group of individuals who are affected or can be affected by the outcome of the company's operations.

Stakeholder theory, corporate responsibility, and business ethics are interconnected (Mishra & Mishra, 2013; Valor, 2005). The stakeholder approach folds a company's reserve base, business setting, and its community into a single form of analytical infrastructure (Mishra & Mishra, 2013; Susniene & Sargunas, 2009). Stakeholders are individuals, groups, or organizations without whose sustenance an organization would cease to continue to function as a competitive entity (R. E. Freeman, 1994).

Stakeholders form an inseparable bond with the company's management approach, helping the employees and the firm to agree on joint goals (strategy), support, boundaries (management style), and benefits. Mishra and Mishra (2013) stated that stakeholders can be grouped into two segments: (a) internal groups, comprising customers, employees, suppliers, and owners; and (b) foreign groups, consisting of government, competitors, and special interest groups. Mishra and Mishra claimed that the external group was more important and should not be relegated to a subsidiary position, although the internal group assumes an essential or primary character in certain situations.

There is another division between principal and derived stakeholders: Principal stakeholders are those individuals without whose ongoing contribution the firm cannot maintain its competitive advantage as a sustained concern (R.E. Freeman, 1994). The firm's sustainability or continued performance, as well as its competitive edge, could suffer if the principal stakeholders were to withdraw their participation (R. E. Freeman,

1994). Derived stakeholders are persons or teams who have the capability to mobilize the public opinion in favor of, or in opposition to, the firm's performance (Mishra & Mishra, 2013). Stakeholders are not inert ecological constituents but act according to the dictates of their interests and use their power to influence the firm's decision-making in whatever direction they believe is beneficial to their cause (Mishra & Mishra, 2013). Mishra and Mishra (2013) argued that the more dynamic the relationship between stakeholders and the organization, the more resourceful their basis is for growth and economic performance in the industry.

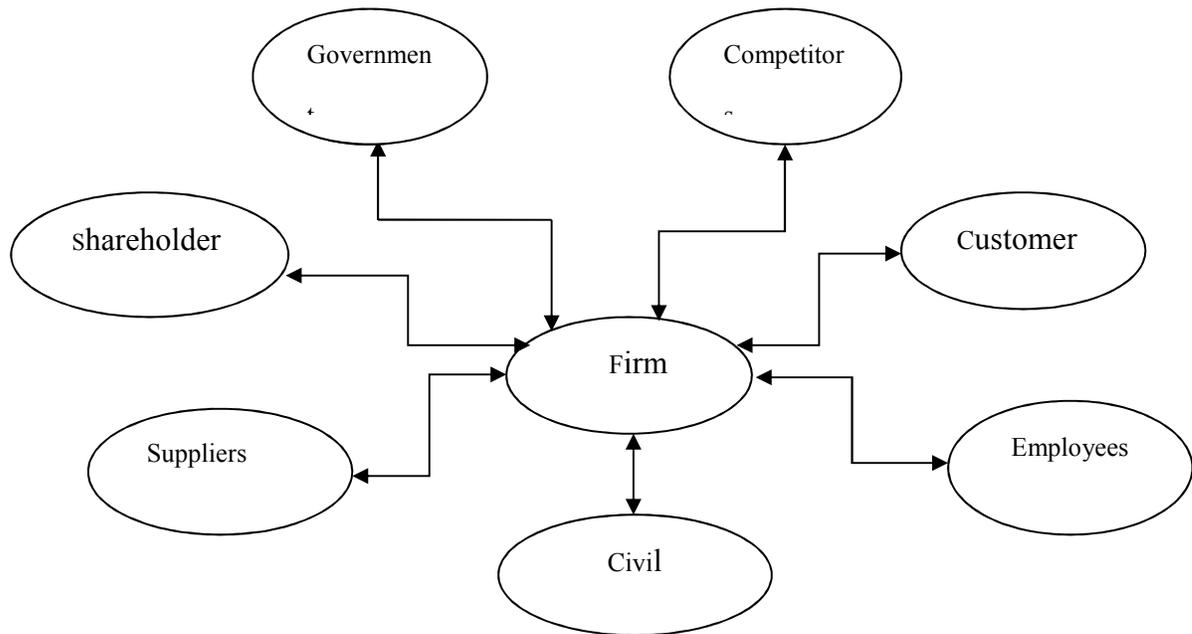
This section is a review of the stakeholder theory and its various applications in the business world—herein, the ex-inmates' unemployment effect on the business's well-being. Ex-inmates represent an available resource pool from which entrepreneurs could draw to fill employment gaps in certain areas of the economy rather than outsourcing or importing migrant workers (Schmitt & Warner, 2011). Despite this availability, Schmitt and Warner (2011) suggested that business owners are face a dilemma put on them by their stakeholders.

### **Origin of Stakeholder Theory**

Stakeholder theory had its origins in management from the business time of the Great Depression (1929-1941) in the United States (Mishra & Mishra, 2013), a time when General Electric identified four stakeholder groups: shareholders, employees, customers, and the public. Corporate management recognizes four key stakeholders: (a) the firm-owners, (b) customers, (c) employees, and (d) suppliers (R. E. Freeman, 1994).

Stakeholders are those organizations, groups, and individuals without whose help the company could lose its competitive edge and shut down (Clacher & Hagendorff, 2012).

In the later part of the 20th century, owners of firms no longer focused on just their returns on investment but were also involved in shareholder activism and promoting social justice (Du, Bhattacharya, & Sankar, 2010; R. E. Freeman, 1994; Mishra & Mishra, 2013; Peloza, Loock, Cerruti, & Muyot, 2012). Mishra and Mishra (2013) posited that the stakeholder structure illustrates the relationships that exist within the different groups of participants inside and outside of the firm. The authors' concept is reminiscent of the atomic structure whereby the nucleus of an atom consists of a proton (the firm), surrounded by electron particles (the stakeholders, connected to the proton by force of attraction depicted by double-headed arrow lines). Figure 1 depicts the stakeholder model.



*Figure 1.* Model depicting examples of a company's stakeholders.

Stakeholder theory provides a framework for exploring corporate social performance (CSP) and corporate financial performance (Ruf, Muralidhar, Brown, Janney, & Paul, 2001). Ruf et al. (2001) examined the relationship between CSP and business bookkeeping measures. Enhanced CSP was positively related to growth in sales performance for the current and next year. Ruf et al. suggested CSR enhancement provides some support for a tenet in stakeholder theory. Ruf et al. asserted that the dominant stakeholder group—shareholders—benefit financially when management meets the demands of multiple stakeholders.

Researchers have investigated the relationship between change in CSP and concurrent and subsequent changes in business performance (Bai & Chang, 2015; Brower & Mahajan, 2013; Ruf et al., 2001). Ruf et al. (2001) noted that research on the relationship between CSP and corporate financial performance has produced conflicting results, attributable to theoretical and methodological matters: (a) the lack of a theoretical foundation, (b) the lack of a comprehensive systematic measure of CSP, (c) the lack of methodological rigor, (d) sample size and composition limitations, and (e) a mismatch between social and financial variables.

According to Brower and Mahajan (2013), Driver (2012), Miller, Wesley, and Wilhams (2012), Pagliaro, Brambilla, Sacchi, D'Angelo, and Ellemers (2013), and Tracey (2012), CSR and CSP are very important to the market-related outcomes of a firm. Specifically, the firm's CSP led to higher levels of customer identification with the

company and improves business evaluations, which led to improved product attitude and assessments (Brower & Mahajan, 2013).

Analysis of change in CSP was an important issue for managers whose main focus was seeing if and when investment in CSP provided financial benefits to the firm (Brower & Mahajan, 2013; Dodge & Mandel, 2012; Ruf et al., 2001). Stakeholder theory, according to Hasnas (2013), is a theory of organizational values, which differs from moral and political theory by its focus on voluntary associations rather than the basic structure of society. Stakeholder theory remains within the universe of organizations, which come across as voluntary associations (Hasnas, 2013).

### **Development of Corporate Social Responsibility**

To comprehend the connection between CSR and corporate fiscal expansion, one must understand the concepts and development of CSR. The literature lacked a standard agreement on a definition of CSR (Falk, 2013; Kabongo & Okpara, 2013). The following overview concerns pertinent studies that address the use and development of CSR from its origins in the 1930s (Okoye, 2009; Salmi, 2012). CSR goes by the name social responsibility (SR) or corporate citizenship (CC). Blanco, Guillamón-Saorín, and Guiral (2013) and Mangen and Brivot (2014) declared that businesses, as well as accounting firms, should recognize CSR.

Rahim et al. (2011) asserted that CSR is the corporate decisions and activities that conform to the societal norms. Walker and Dyck (2014) suggested that disagreements have existed on a positive and negative image of social responsibility by many

researchers. Votaw (1972) contended that CSR has different meanings to people from different backgrounds; based on its use, CSR could mean moral responsibility or legal responsibility, communal accountable work in ethics, benevolent role, legitimacy, or institution of higher ethical standards on employers rather than on the populace at large.

In the 1960s and 1970s, significant developments took place in efforts to defining and establishing CSR (Carroll, 1999). In those early years, CSR was defined as activities performed by business owners for reasons that were beyond their shareholders' expectations or operational mandates (Scandeliuss & Cohen, 2016). Social responsibility was separate from moral, fiscal, industrial, and legal obligations (Harrison & Wicks, 2013; Türkel, Uzunoğlu, Kaplan, & Vural, 2015). In support of Harrison and Wicks's (2013) study of social responsibility, Walker and Dyck (2014) defined CSR as the corporate citizenship matters beyond business owners' moral, financial, operational, and legal commitments. Walker and Dyck removed fiduciary aspects of CSR from its meaning, but De Roeck and Maon (2016) and Van Cranenburgh and Arenas (2014) reinstated the fiduciary section by adding it to their interpretation of CSR, and defined it as a moral, fiscal, industrial, and lawful anticipation that society supports of corporations at a specified instance.

Other definitions of CSR emerged in the decades between 1980 and 1990 (Rego et al., 2011). In the 1990s, CSR was merged with other conceptual naming conventions such as corporate citizenship and corporate social performance (Mishra & Mishra, 2013). Carroll (1999) and Arato, Speelman, and Van Huylenbroeck (2016) suggested that

research ought to be based on theory development and evaluation initiatives of CSR, after tracing its real theme. Considering the vast amount of free research that addresses CSR, Blanco et al. (2013), Okoye (2009), and Salmi (2012) noted in their arguments that it looked almost unattainable to return to a consensus on an acceptable definition. CSR management remains an enigma to business owners and an apparent problem with nearly all business decisions (Blanco et al., 2013). Blanco et al. redefined CSR after researching numerous factors from other texts used by other authors before them by developing a more business-oriented definition.

The world peace strategy was used by L. Wang and Juslin (2009) to derive meaning for CSR as a resolution to mitigate conflict. L. Wang and Juslin posited that, in its most basic form, the harmony approach to CSR means reverence for the world and care for its inhabitants. L. Wang and Juslin further stated that theoretically, the idea of bringing Confucian and Taoist doctrines into the descriptive definition of CSR would be of immense significance to the global market place. L. Wang and Juslin asserted that, in business practice, adoption of Chinese culture with CSR might help business owners to adopt CSR into their business activities. Projected virtues of traditional Chinese philosophy could lead firms to a new way of implementing CSR performance (L. Wang & Juslin, 2009).

### **Dynamics of CSR**

Industrial organizations engage in external activities to align with their social and environmental responsibilities (Gilson, Elloker, Olckers, & Lehmann, 2014). This

alignment started with the argument that profit generation was not the exclusive aspect of business social responsibility. Researchers have tried to establish reasons firms engage in corporate responsibility activities (Dufays & Huybrechts, 2015; Haigh & Hoffman, 2012; Herbst et al., 2013). Regulation pressure, personal enthusiasm, and reactions to public relations disasters are the three reasons firms act in socially and environmentally responsible ways (Haigh & Hoffman, 2012). Haigh and Hoffman (2012) and Orlitzky, Louche, Gond, and Chapple (2015) also detected pressure and compelling business worthiness as the two emerging drivers of competitive edge sustainability.

### **Moral Responsibilities**

Moral duties exemplify those standards and customs that reflect what consumers, employees, shareholders, and the community regard as reasonable, or to keep the admiration or shielding of stakeholders' moral rights (Misangyi & Acharya, 2014; Szmigin & Rutherford, 2013). Altering standards or values comes first before establishing laws because standards or values turn out to be the dynamic strength behind the very conception of laws or regulations (Purnell & Freeman, 2012; Szmigin & Rutherford, 2013). In addition, moral tasks may be seen as acceptance of up-and-coming values and standards society anticipates commerce to meet, although, such quality and standards may reflect a higher level of performance than that required by law (Misangyi & Acharya, 2014; Purnell & Freeman, 2012; Szmigin & Rutherford, 2013).

## **Value Creation**

The stakeholder theory provides a mechanism for connecting business ethics with policies. Firms that work meticulously to provide the success of its stakeholders are predisposed to producing additional benefit over a period (Harrison & Wicks, 2013; Orlitzky et al., 2015). R. E. Freeman (2009) contended that little attention was given to the significance of value creation for stakeholders. That profit margin growth is the only meaningful business value may create fierce competition among stakeholders because they all fight for the same economic value (Harrison & Wicks, 2013). Harrison and Wicks (2013) suggested that this fundamental assumption is in opposition to the basic viewpoint that has typified stakeholder views as one that emphasizes unification of the stakeholder interests and long-term benefits instead of temporary advantage through cooperation (Harrison & Wicks, 2013).

Harrison and Bosse (2013), Pollack and Bosse (2014), and Harrison and Wicks (2013) argued that although trading earnings are essential to a company's stakeholders cluster, the majority have wider expectations too. Addressing these other interests may be significant in appreciating why firms triumph over time, why some firms attracted stakeholders, and which firm did the most for its stakeholders. Harrison and Bosse and Pollack and Bosse suggested the two areas (corporate earnings and stakeholder value) in the stakeholder body of work reveal the necessity for a better comprehensive study of value awareness.

### **Economic Foundation for Understanding Value**

Harrison and Wicks (2013) argued that the impetus to emphasize individual freedom and reject sovereignty from other people or agents is precisely the force that drove the individual disparities to define inherent values. Harrison and Wicks based their argument on the following parameters (a) the decision of how to survive, (b) what employment to embark on, (c) in what market to join, and (d) under what conditions are demonstrations of moral liberty. Harrison and Wicks also stipulated that a sound marketplace gives consumers a chance to be selective about what to buy, from what merchant or supplier to make a purchase, and under what business conditions. Such a marketplace, Harrison and Wicks contended, functions for other stakeholder roles, as well as for employment.

### **A Stakeholder-Based Perspective on Value**

Harrison and Wicks (2013) based their idea of a stakeholder-based view on the value of firm's running through its activities. The general impression was that the stakeholders owned reflective consumer leverage with which to attach or remove themselves from the business. Harrison and Wicks suggested that a business's value for one stakeholder depended on how another stakeholder performed. Harrison and Wicks focused on four assumptions (a) stakeholder effectiveness is linked with material property and resources, (b) stakeholder value is connected amid managerial fairness, (c) stakeholder usefulness is derived from association, and (d) stakeholder value is associated with visible opportunity costs.

Sołoducho-Pelc (2014) posited that the marketing arena has developed analytic theories concerning how consumers chose the level of value they were willing to part with in trade-off for that which they want. Including time and effort, the company's fair intent with respect to its clientele was to develop products and services perceived as providing a solid balance between the service afforded and the help rendered (Sołoducho-Pelc, 2014).

After providing their commodities such as services, conditions, and other resources, suppliers face contractual uncertainties in exchange for payment. Financial sponsors provided assets but also contend with changes resulting from proceeds from the company they funded; employers, on the other hand, give their unqualified support in exchange for remuneration and other corporate incentives (Sołoducho-Pelc, 2014). The company acquires sites and infrastructure as well as a large part of the personnel from the communities. The communities gain from such benefits as use of its citizens, tax revenues, and economic development through local purchases of raw materials and resale of the company's product, where applicable (Harrison & Wicks, 2013; Sołoducho-Pelc, 2014).

### **Organizational Justice**

Managerial justice examines different types of fairness. For example, *distributive justice* shows that actors believe that objective outcomes received because of transactions with another party are a reflection of fair play to compare with the material outcomes received by other parties. *Procedural justice* relates to the transparency of the process

used to assist someone make decisions that affects another party (Harrison & Wicks, 2013). *International justice* is reflective of the way people treat each other in regular interactions across national or international borders (King, 2013; Manasakis, Mitrokostas, & Petrakis, 2013). Harrison and Wicks (2013) concluded that company leaders who take care of their stakeholders in a respectful manner are rewarded with stakeholder loyalty.

### **Organizational Affiliation**

Stakeholders receive service by affiliating with those associations that show features consistent with objects that stakeholders value (Harrison & Wicks, 2013). Using its employees as an example, leaders can produce feelings of connectedness, esteem, and empowerment if the leaders themselves consider such matters as valuable (Ashforth, Rogers, Pratt, & Pradies, 2014; Mair, Marti, & Ventresca, 2012). Viewed from a stakeholder lens, Mair et al. (2012) contended stakeholders could be motivated to care about one another's interests and the success of the firm through group association. Mair et al. and Yongtae and Meir (2012) also suggested that stakeholder party affiliation could be favorable to collective action that profits all stakeholders involved and provides the bigger value they look for through their cooperation. Stakeholders' desire for connection encourages stakeholders to create more value and discourages them from doing damaging behaviors (Mair et al., 2012; Yongtae & Meir, 2012).

### **Opportunity Costs and the Interconnectedness of Factors**

Stakeholders anticipate they were receiving a high-quality deal from the company compared with what they might expect to receive through dealings with other firms that

perform similar functions (Harrison & Wicks, 2013; Sołoducho-Pelc, 2014). For example, value comparison between the amount of profit business owners received regarding tax revenues and employment opportunities by members of the corporation may occur; this occurrence may be familiar to all groups of stakeholders (Harrison & Wicks, 2013; Sołoducho-Pelc, 2014).

The range of fair treatment stakeholders received from a firm sways their knowledge about the blamelessness imposed on the business owners. Communities and other stakeholders depicted a company they did business with as the nucleus of a network of stakeholders whose life was influenced in part, by the guidance it provided to other stakeholders (Pagliaro et al., 2013). In this system's perspective of stakeholder theory, a company's power is cyclical and steady (Harrison & Wicks, 2013; Pava & Krausz, 2012).

Stakeholder theory is an additional purposeful method to investigate corporate social responsibility (Park, Song, Choe, & Baik, 2015; Rotter, Airike, & Mark-Herbert, 2013; Sen & Cowley, 2013). Stakeholder theory directs business owners toward implementing corporate citizenship (Ferauge, 2012). R. E. Freeman (1994) viewed corporations as socially entrenched establishments and persuaded business owners to allay the concerns of all their stakeholders. Today's businesses comprise three sectors: business, government, and the civil society (Ferauge, 2012).

Corporate social responsibility (or corporate citizenship) usually took place when firms participated in activities that developed a general program away from that mandated by law (Lin et al., 2010; Rego et al., 2011). Examples include sponsoring

employees' education, endorsing morality training programs, taking on family and surroundings' helpful guidelines and performance (Pagliaro et al., 2013), creating charity organizations within companies, backing up or paying for community events, and caring for community well-being (Rego et al., 2011). The rationale was that companies that engaged in CSR grew economically through increased customer loyalty, increased profit margin, a better corporate image, and increased investment possibilities (Rego et al., 2011).

The guiding principles of CSR functioned as an internal, self-controlling mechanism whereby a company observed and made sure it abides with the law, ethical standards, and international norms (Lin et al., 2010; Rego et al., 2011). Corporate social responsibility embraced liability for the company's dealings and encouraged helpful exposure through its actions on its stakeholders. Because of increased awareness and the scrutiny on firms, corporate social responsibility has grown within the last 30 years. The focus of this aspect of the literature review was to provide a summary of issues binding CSR and the companies' economic success.

### **Intrinsic and Extrinsic Shareholder Pressure**

A significant aspect of corporate social responsibility depends on effective communication and engagement with a variety of stakeholders (Dufays & Huybrechts, 2015; MacLean & Webber, 2015). To develop and provide further details about corporate social responsibility, stakeholders strive for legitimacy, esteem, and authority from companies (MacLean & Webber, 2015). Business owners wanted to build their

stakeholders as well as learn to what extent they could participate in the social responsibility activities of the stakeholders (Derry, 2012).

Business corporations have an effect on employees, employment seekers, customers, vendors, suppliers, government agencies, and talented scientists (Sen et al., 2015). Laws were enacted to manage companies' activities but satisfying regulations does not offset merchandizing firm's responsibility to retain all its stakeholders (Van de Pol & de Bakker, 2010). Rahim et al. (2010) examined the CSR statements of several firms indicated that most merchandising firms spread their corporate social responsibility messages to both inside and outside stakeholders.

The reputation that some merchandising firms have acquired for over 10 years may become tarnished, and the stakeholders' trust may decline to an all-time low (Bundy et al., 2013; Oh, Bae, & Kim, 2016). Scandeliuss and Cohen (2016) argued that the deprived reputation stemmed from the industry's focus on only the shareholders, without regard for other stakeholders. Bundy et al. (2013) and Scandeliuss and Cohen proposed that merchandizing companies could build back their reputation by understanding the scheduled requirements of their material stakeholders, and focus on these expectations. Oh et al. (2016) contended that the needs of the industry's many stakeholders became clearer and identified the primary areas in which the merchandising and service provisioning business needed to restore its authority. These include modernization, R&D, employment incentives, genuinely meaningful dialog, and networking.

### **Fiscal Well-Being**

The merchandizing industry was extremely profitable (Oh et al., 2016) and an important source of economic power (Tang, Hull, & Rothenberg, 2012). Merchandising companies faced a number of challenges, such as legal action, negative public relations, copyright infringement for several major consumer product innovations, and extensive efforts to curb counterfeiting (Oh et al., 2016; Tang et al., 2012), including market dynamics, and the growing cost of acquisition of infrastructure and raw materials (Abaidoo, 2012). Despite these uncertainties, companies still posted twofold gains in 2011 (Abaidoo, 2012). Corporate profits grew by \$61.2 billion in the second quarter of 2011, compared to \$19.0 billion in the first quarter; production cash flow also increased by \$86.2 billion in the second quarter, compared to \$21.1 billion in the first (Abaidoo, 2012). In developing markets, there is a bright prospect for growth. These successes were made possible by the competence of corporate companies to capitalize on their CSR activities and mandates (Abaidoo, 2012).

### **Government and Industrial Regulations**

The two groups of markets with the most regulated enterprises are the U.S. merchandising and service provisioning industries (Darus, Mad, & Yusoff, 2014). For example, the Food and Drug Administration in the United States examines the consumer products for safety, effectiveness, and quality, as well as price regulations (Darus et al., 2014; Dhalla, 2013; Rahim et al., 2011). Public policy experts have debated on the effectiveness of such regulations on social and economic benefit (Darus et al., 2014;

Rahim et al., 2011). Darus et al. (2014) and Gilad (2014) contended that despite the fact that these laws and regulations can control spending and advance interests; they could also reduce needed rapidity of growth in the field of research and development (R&D).

### **Business Uncertainties or Threats to Firms**

A major risk faced by large merchandising firms is stakeholder dissatisfaction, either intrinsically or extrinsically. For example, inherently, employee dissatisfaction may result in a reduction of outputs in productivity or sales (in the case of Wal-Mart and Target), which might negatively affect earnings and shareholders' expectations (Janggu, Darus, Zain, & Sawani, 2014; Rahim et al., 2011). Extrinsically, consumer dissatisfaction with product quality may affect the level of customer loyalty; CSR decisions such as employment or environmental use or neglect may be viewed unfavorably by stakeholders (Dhalla, 2013; Janggu et al., 2014; Leonidou et al., 2013). Reduced inspection and admission of non-standard general merchandise and services may save consumers some money in costs and purchase of goods and services. At the same time, sub-standard products and improper inspections could reduce profitability for the top brand-name producers, which could in turn, reduce motivations for spending on research and development of new and improved products (Dhalla, 2013; Gilad, 2014).

### **Execution of CSR**

The emergence of a multitude of questions and a lack of uniformity in trend caused different companies take a variety of pathways in the process of CSR implementation (Preus, 2010). Preus (2010) suggested that an efficient management of

CSR remains a challenge for every business; implementation of CSR and its relevant activities has become important for companies that want to stay competitive and keep their customer base (Preus, 2010). Implementing CSR is difficult because companies must comply with applicable legislation and regulations from the start (Farooq, Payaud, Merunka, & Valette-Florence, 2013; Nielsen & Parker, 2012). Business owners can promote their CSR activities by requesting the inputs of external stakeholders and verifying the incorporation of CSR practices into all levels of business operations (Farooq et al., 2013).

By contrast, some companies included CSR into their codes of conduct (Farooq et al., 2013; Nielsen & Parker, 2012; Preus, 2010). Nasrullah and Rahim (2014) suggested that in-house bylaws such as declarations of business ethical importance, mission statements, and corporate behavioral laws are more prominent on CSR practices than small bylaws or standards such as implementing ISO 9001 and ISO 14001 or TL1000 standards. Employers should reflect on the positive and negative possibilities of codes of conducts before applying them as an instrument with which to implement corporate social responsibility (Arieli, Grant, & Sagiv, 2014; Elster & Sagiv, 2015). The company size as delineated by the scope of its revenues and number of its workers has a powerful connection to its CSR activities (Arieli et al., 2014; Elster & Sagiv, 2015; Preus, 2010). Arieli et al. (2014) concluded that CSR responsibilities should be allocated to stakeholders who are acquainted with the company's interior and external relations in the public as well as are able to influence the decisions of the business.

## **Disclosure of CSR**

Public and media attention on social and environmental issues over the past years has resulted in increased attention on corporate social responsibility (Chaudhri, 2014). The adoption and reporting of corporate social responsibility reporting in a discretionary manner by large companies have become a global phenomenon (Chaudhri, 2014). Firms use CSR reporting as a means of communication and disseminating their CSR activities to their shareholders (Gould, 2012). According to Chaudhri (2014), Gould (2012), Calace (2014), and Schmeltz (2014), the demands put on companies considering their social, environmental, and ethical concerns have made the issue of CSR more evident than ever, as investors choice of socially responsible investments require companies to disclose their CSR activities (Holder-Webb, Cohen, Nath, & Wood, 2009; McClure, 2013; Robertson, Blevins, & Duffy, 2013; Van Meter, Grisaffe, Chonko, & Roberts, 2013).

According to Holder-Webb et al. (2009), the Social Investment Forum (SIF) submitted a report that showing communally accountable estate activity rose from \$639 billion to \$2.29 trillion between 1995 and 2005. This disclosure meant that companies that participate in CSR activities might reveal their CSR activities and their fiduciary statements to maintain their good relationship with their different stakeholders (Calace, 2014). Stakeholders might examine a company's CSR activities to determine if such activities are in their best interest (Calace, 2014). Gould (2012) and Rego et al. (2011)

agreed that reporting CSR engagement could encourage more commitment with various stakeholders and guarantee a higher level of operational lucidity.

Firms adopt different techniques to make known their CSR information, including through the Internet (Chaudhri, 2014; Schmeltz, 2014). Some companies use online modification of the enterprise's network address, portions of its yearly financial report, and a corporate statement (Calace, 2014; Graf & Wirl, 2014; Vigneau, Humphreys, & Moon, 2015). Calace (2014) contended that investors and other stakeholders' assessments of a firm based on CSR information provided in annual reports might not provide sufficient information.

Sherman and DiGuilio (2010) suggested that there have been criticisms of annual reports over the nondisclosure of a company's environmental and social functioning. A number of factors affect a firm's CSR activity (Holder-Webb et al., 2009; McClure, 2013; Robertson et al., 2013). Holder-Webb et al. (2009) stated that not all companies report CSR in the same manner, globally; the CSR subjects they publish and the extent of promotion of CSR are different from country to country. Holder-Webb et al. contended that variances exist because of differences in each country's legal and ethnocentric forms.

Researchers have applied data from annual reports of a number of firms in Asia by examining the results of strict prerequisites in encouraging the release of CSR information (Calace, 2014; Holder-Webb et al., 2009). According to (Calace, 2014; Holder-Webb et al., 2009), results from these reports portrayed a favorable conclusion on proximity of rigid necessities on endorsing corporate transparency and CSR disclosure.

Dawkins and Fraas (2013) determined from research they conducted that two possibilities can result from corporate social performance (CSP) and annual report disclosure practices (a) breakthrough activities of companies with effective CSP originate from a sense of morality, and (b) planned motives create the necessity of linking CSP with information methods. According to Dawkins and Fraas, low CSP dissemination activities entail CSP powers to establish or rehabilitate status, while elevated CSP dissemination actions are reasons for CSP flaws to preserve favorable CSP brand.

### **Measurement of CSR**

Despite its increasing popularity, measuring CSR poses a dilemma (Falk, 2013; Kabongo & Okpara, 2013; Öberseder, Schlegelmilch, Murphy, & Gruber, 2013; Wood, 2010). Wood (2010) and Jin, Drozdenko, and DeLoughy (2013) noted the importance of measuring the correlation between CSR and fiscal expansion. Hoque, Uddin, Ibrahim, and Mamun (2014) suggested there is a dearth of assessment instruments to measure CSR successfully. Öberseder et al. (2013) developed new approaches by proposing different, substance scrutiny of corporate publications, and scales that measure CSR at the employee and the managerial levels as possible advances to quantify CSR. The authors affirmed the use of the status indicators or catalogs in these circumstances.

According to Öberseder et al. (2013), the reputation indices or databases, single- and multiple-issue indicators, corporate publications content analysis, personal level, and organizational level scales that measure CSR, are viable approaches to measuring CSR. Öberseder et al. suggested that reputation indices or databases are the most widely used

among these methods and Fortune Reputation, Canadian 31 Social Investment Database (CSID), Kinder, Lydenberg, and Domini (KLD), and Access to Medicine Index (ATM index) are examples of reputation indices and databases. Kinder, Lydenberg, and Domini is used to assess and rate companies across multiple dimensions, such as community relations, diversity, employee relations, products, and the environment (Öberseder et al., 2013).

Hoque et al. (2014) indicated that many studies of corporate social performance contain the community and the environment component scores of the Fortune Reputation Indices as a proxy measurement. Canadian 31 CSID Social Investment Database assesses firms' corporate social performance on seven levels: employee relations, community, diversity, environment, manufactured goods and business practices, international operations, and corporate governance (Glavas & Godwin, 2013).

### **CSR and Financial Performance**

Different methods have been applied to derive a company's economic activity (Crutzen & Göritz, 2011), which can help establish the relationship between CSR and economic activity (Besharov, 2013; Smith, Gonin, & Besharov, 2013). Researchers have conducted more than 100 studies over the past 40 years to examine the relationship between CSR and fiscal activity (Crutzen & Göritz, 2011). Besharov (2013) asserted that some companies search for other ways to improve personal and environmental safety through their products, processes, and services. The Cambridge Energy Alliance supplies goods and services to boost energy effectiveness (Kamani et al., 2011). Trade

organizations move power and supply to increase business conditions for those producing goods in developing countries (Chaudhri, 2014; Schmeltz, 2014; Smith et al., 2013).

Some companies offer opportunities to a weakened market segment, providing goods and services to previously unchartered customers. For example, microfinance associations began by making business tools and access to capital available to people with borderline capital (Williams et al., 2010). New groups are reevaluating their development and plan to provide products to people at the bottom of the hierarchy who live on less than one dollar per day. Essilor, a global optical lens industry, transferred the status and allocation of its lenses to make them available and acceptable to people in rural India with otherwise inadequate access (Besharov, 2013). Despite the variety of styles, a unifying trait of these associations is the various and often disagreeing demands that surface through their obligations to both social assignments and business ventures (Ramus & Vaccaro, 2014).

Primarily, the subject of this study was the corporate purpose as it applies to CSR. Corporate justification refers to the fundamental disputes behind why the business owners should engage in CSR activities. The corporate premise focused on the primary question: What short-term profit or long-term business benefits were projected for the business community and companies in the future? The corporate understanding refers to the financial performance or growth potential and other reasons such as customer or customer loyalty or increase, for businesses pursuing CSR strategies and policies.

Ramus and Vaccaro (2014) suggested corporate rationale for CSR exists on firms whose owners participate in CSR performance because they were rewarded by the marketplace in improved economic performance on their return on investment (ROI). This vision stems from a primarily corporate fiduciary perspective (Carroll & Shabana, 2010; Meiseberg & Ehrmann, 2012; Ramus & Vaccaro, 2014). When CSR activities trigger an immediate and recognizable approach to the company's economic success, a limited view of its business logic is justified more so, because the focus is on the apparent cost savings (Agarwal, Osiyevskyy, & Feldman, 2014; Carroll & Shabana, 2010).

By contrast, when CSR actions develop defined or blurred paths to a company's economic success, there is cause for indulgent business case. Its advantage over the conservative concept is that it creates profitable prospects from related CSR participation (Carroll & Shabana, 2010; Manasakis et al., 2014; Tang et al., 2012). Standard CSR benefits and effective CSR initiatives are not common. Designing effective CSR depends on growing the correct strategy where CSR activities are those aimed at improving shareholder relations and at the same time promoting societal expectations (Carroll & Shabana, 2010; Dam & Scholtens, 2012; Tang et al., 2012).

A successful CSR strategy depends on mediating variables; business owners must understand that the benefits of CSR thrive on situational contingencies (De Souza Cunha & Samanez, 2013; Stanwick & Stanwick, 2013; Swimberghe & Wooldridge, 2014). Stanwick and Stanwick (2013) established the range of stakeholder effect on capacity, which illustrates how circumstantial contingencies may affect CSR activities on

company's business proposal. Swimberghe and Wooldridge (2014) posited that the role of mediating inconsistencies as proposed by Agarwal et al. (2014), Bian, Li, and Guo (2016), and Carroll and Shabana (2010) in exploring the relationship between CSR and firm's fiscal interest should be upheld. Disparate stakeholders' viewpoints after an unforeseen event might in some circumstances justify the lack of an optimistic relationship between CSR and business's fiduciary interest (Manasakis et al., 2014; Meiseberg & Ehrmann, 2012; Ntim & Soobaroyen, 2013; Wang & Bansal, 2012).

### **CSR and Stakeholders**

There is an increasing abundance of text that shows the practical effect of CSR on the actions of customers (Madar, Huang, & Tseng, 2013; Rahim et al., 2011). Firms are unsure about taking advantage of the most value by ignoring the interests of their stakeholders. Janggu et al. (2014) investigated the relationship between corporate social responsibility activities and adherents' appraisals of status and support. Glavas and Godwin (2013) developed an illustration of sway of CSR on loyalty that was based on shared characteristics theory. A result depicting a positive effect of CSR on consumer reliability was derived based on a real model of consumer behavior study on the prototype.

In the same year that Rettab, Brik, and Mellahi (2009) demonstrated the existence of a constructive relationship between CSR and employee loyalty, Bayoud et al. (2012), Lorenzo-Molo and Udani (2013), Winterich, Aquino, Mittal, and Swartz (2013) contended that the social responsibility or lack thereof of companies had dire

consequences on their employees. Mittal and Swartz (2013) concluded in their discourse that CSR in the real world is less enveloping and many-sided than previously thought. Fischer and Sawczyn (2013) demonstrated the extent to which CSR can affect the decision-making capabilities of managerial shareholders on investment and pointed to objective discrepancies that affect the projected value of the organization. This affectation results in a decision to invest, as well as decision to hold or sell shares. These comparable units have a significant effect on the assessment of capital markets (Fischer & Sawczyn, 2013). The literature review demonstrated the necessities of sufficient measurements of CSR, decisive arguments about the relationship between CSR and business offering, and of course, a standardized definition of CSR.

### **Research on Stakeholder Theory**

Given the pressures put on companies regarding their social, environmental, and ethical issues, the case for CSR has become more evident than ever (Calace, 2014). Holder-Webb et al. (2009) stated investors' choice of socially responsible investment requires companies to disclose their CSR activities. In 2006, the Social Investment Forum (SIF) reported that the socially responsible investment grew from \$639 billion to \$2.29 trillion between 1995 and 2005. Given these trends, companies practicing CSR may want to disclose their CSR activities as they do with their business information to maintain their relationship with their various stakeholders (Calace, 2014; Holder-Webb et al., 2009).

Based on a study conducted on 100 large UK and Australian firms, Samy, Odemilin, and Bampton (2010) argued that larger firms report some of their social and environmental information decision-making stance relating to CSR. One hundred firms concurred that the risk decrement was a critical conclusion or consideration. Nevertheless, the height of awareness to risk decrement was linked with CSR equilibrium. The derived results were used to identify a positive association linking wider degree of knowledge to stakeholders and privileged opportunity or chance (Brown & Forster, 2012; Samy et al., 2010; Stephanus, Waworuntu, Dewi, & Toto, 2014). Contrarily, firms with thinner or smaller spans optimistically connect with risk decrement. The potency of this study lay in the comparison design that managed for overriding extrinsic methods such as firm dimension, business, and stakeholder uniqueness. Researchers used this study to scrutinize companies in Western Europe and Australia.

While Calace (2014), Holder-Webb et al. (2009), and Cheng, Lin, and Wong (2015) scrutinized CSR from a decision-making perspective, Battilana and Lee (2014), Brower and Mahajan (2013), and Dees (2012) examined stakeholder influence on CSR and found stakeholder inspection swayed the level of CSR span in reaction to the stakeholder setting. The veracity of this study lay in the enormous sample size (100 European and Australian firms) and geographical setting, extending from 1995 and 2005. According to Battilana and Lee, Brower and Mahajan, Blevins and Duffy (2013), Calace, Robertson et al. (2013), and Holder-Webb et al., the range of business CSR activity is

dependent upon an assortment of controls and factors mutually intrinsic and extrinsic. At the same time, as applied to this study, an accurate stakeholder reference such as ex-inmates, will present a relevant input to the academic discussion on stakeholder theory.

Arguably, according to Stieb (2009), some advocates have moved a bit too quickly and without proper definition of the stakeholder theory, ignoring the more libertarian and free-market intentions initially recommended by R. E. Freeman in 1994. Stieb argued that R. E. Freeman's appeal to legal, economic, and moral constraints produced invalid arguments. Stieb claimed that one could thoroughly support legislation constraining corporations or seeking to prevent age discrimination, market monopolies, and externalities. Stieb suggested that the stakeholder theory neither defined nor battled any overt opposition. According to Stieb, stakeholder theory changes too much about business or nothing at all, depending on one's interpretation.

The only social responsibility of company owners Friedman (1970) argued, is to make a profit because (a) company owners are employees of stockholders who provided the money, (b) social responsibility is applied to make an end-run around the democratic process, (c) decisions that affect a majority should be decided by a majority; (d) executives do not have much ability to effect change (Elster & Sagiv, 2015; Sagiv, Roccas, & Oppenheim-Weller, 2015) such as inflation or hard-core unemployment, (e) business owners had little training, and may be fired if they did so, and (f) efforts at social responsibility were self-contradictory (Friedman, 1970). Friedman seemed to typify stockholder theory or the preeminence of the stockholder as beneficiary and

decision-maker in a business (Gangone & Gănescu, 2014; Harrison & Bosse, 2013; Pollack & Bosse, 2014; Stieb, 2009). The preceding arguments defeat the stakeholder concept and are in total opposition to total quality management (TQM). If the view were to uphold the shareholder theory as wholesome, the other vestiges of the stakeholders, such as employees, vendors, government agencies, suppliers, community, would be found wanton.

Friedman (1970) emphasized that corporate expenditure on social causes are a violation of management's responsibility to shareholders to the extent that the expenditures do not lead to higher shareholder wealth. Brower and Mahajan (2013) argued that management's responsibility extends beyond shareholders to include causes that benefit society. R. E. Freeman (1994) contended that Introducing stakeholder theory allows for combining the opposing views of management's responsibility and stakeholder theory. These views can be used to identify shareholders as one different stakeholder group that managers must consider in their decision making process (Brower & Mahajan, 2013). These stakeholder groups, as indicated by Brower and Mahajan, include internal, external, and environmental constituents. Thus, management's responsibility does not end with the shareholders but extends to other stakeholders (Brower & Mahajan, 2013; Freeman, 1994; Ruf et al., 2001). This contention has merit, as the firm's survival (and its competitive advantage) depends on the contributions from both extrinsic and intrinsic stakeholders.

As shareholders, the other stakeholders may place demands on the firm, bestowing societal legitimacy (Brower & Mahajan, 2013; Freeman, 1994). Company owners must attend to these needs or else face negative confrontations with non-shareholder groups, which can lead to diminished shareholder value, through boycotts, lawsuits, and protests (Brower & Mahajan, 2013). From a stakeholder theory perspective, corporate social performance can be assessed; a business meeting the demands of different stakeholders and company owners must at some level satisfy stakeholder needs as an unavoidable cost of doing business (Brower & Mahajan, 2013). From a transaction cost economics perspective, company owners who satisfy stakeholder demands or accurately signal their willingness to cooperate can often avoid higher costs that result from more formalized contractual compliance mechanisms (e.g., government regulation, union contracts) (Ruf et al., 2001).

From a resource-based view perspective, firms view meeting stakeholder demands as a strategic investment, requiring commitments beyond the minimum required necessary to satisfy stakeholders (for example, performing CSR activity in the community through the hiring of ex-inmates). Ruf et al. (2001) stated that by strategically investing in stakeholders' demand, firms gain a competitive advantage by developing additional, complementary skills that competitors find nearly impossible to imitate. Ruf et al. further upheld that from either perspective, improving CSP should lead to higher business performance, whether CSP is because of reduced costs or increased revenues.

Stakeholder theory posits that firms contain both explicit and implicit contracts with different constituents, and are responsible for honoring all contracts (Freeman, 1994; Ruf et al., 2001). As a result of accepting contracts, company owners developed a reputation that helped determine the terms of trade they negotiated with various stakeholders. Explicit contracts legally defined the relationship between a firm and its stakeholders; implicit contracts (like hiring of ex-inmates), on the other hand, had no legal standing and were deemed in economic literature as self-enforcing relational contracts (Ruf et al., 2001).

Nullification of Implicit contracts can occur at any time. Ruf et al. (2001) argued that implicit contracts become self-enforcing when the present value of the firm's gains from maintaining its reputation (and future terms of trade) is higher than the loss if the company reneges on its implied contracts. To understand the relationship between an enterprise and its stakeholders, Ruf et al. presented two perspectives of the business: the transaction cost economic view and the resource-based view.

Ruf et al. (2001) upheld that, depending on the stakeholders' outline and demands, contracts can prove costly to write, monitor, and enforce. As contractual costs increased, owners of firms possessed more incentives to engage in opportunistic behavior. Stakeholders who recognized this dilemma actively monitored compliance, or possibly lobby for legislation/regulation, which required mandatory compliance (Ruf et al., 2001).

Attention to stakeholders is a strategic issue for the corporation. Strategic issues are a stream of events or trends that potentially affect the attainment of organizational

objectives (Crilly & Sloan, 2012). Strategic issues involve problems, opportunities, and threats sometimes ill structured and ambiguous, requiring study. Stakeholders are strategically important actors (Crilly & Sloan, 2012) who can present both an opportunity and threat to a firm.

According to Ruf et al. (2001), firms have a choice between cooperating with stakeholders or undertaking opportunistic action. When a company engages in opportunistic acts, stakeholders tend to respond by confronting the firm either directly (e.g., strikes, boycotts) or via a more powerful group or organization (e.g., government, unions). Because of stakeholder confrontations, firms may be forced to undo their opportunism, but also to develop a reputation among stakeholders of carefully monitoring performance to guard against future opportunism (Dufays & Huybrechts, 2015; MacLean & Webber, 2015; Ruf et al., 2001; Williams et al., 2010).

In a recurring contract, firms realized that they lost follow-on business if they engaged in opportunistic behavior, in the current contract. Similarly, companies who wanted to avoid government intervention or other forms of expensive supervision could do so by voluntarily preventing opportunistic behavior and making this known to stakeholders. For example, Ruf et al. (2001) stated, Celgene Pharmaceuticals acquired the right to market Thalidomide perhaps the prescription drug with the most negative reputation ever.

While seeking FDA approval, Celgene met with a Thalidomide victims support group and asked the group for recommendations on the circumstance under which the

drug if approved, should be marketed. Celgene agreed to and in some cases exceeded each recommendation made by the support group. By being proactive, Celgene converted one important stakeholder group from opposing the firm to cautiously supporting its work (Ruf et al., 2001). The FDA may have easily delayed its approval or possibly imposed more stringent requirements had Celgene chosen to ignore the victim support group. Worse, the company could have faced protests and boycotts for thalidomide, but also for the other drugs they market (Ruf et al., 2001; Williams et al., 2010).

The vast majority of both academic and non-academic articles on stakeholder theory as suggested by Hasnas (2013) addressed the use of for-profit methods in corporations. As noted by the stakeholder theorists, the stakeholder theory acts as a counterweight to Friedman's stockholder theory, which explicitly addresses the ethical responsibilities of for-profit companies (Hasnas, 2013). The vast majority of articles about Constitutional review address the Equal Protection and Due Process Clauses. This outlook, according to Hasnas, did not imply that the theories of Constitutional study apply only to those clauses. The focus on for-profit corporations in the former case and the Equal Protection and Due Process Clauses in the latter is a reflection of what most authors find to be of interest, not the conceptual limits of the theories (Hasnas, 2013).

The language and logic of stakeholder theory provides no reason to believe that its range of use should limit it to for-profit corporations. According to its leading advocates, the design of stakeholder theory was to address (a) the problem of value

creation and trade, (b) the problem of the values of capitalism, and (c) the problem of the managerial mindset (Minojas, 2012). Hasnas (2013) contended that none of these problems concern for-profit corporations restrictively.

Hasnas (2013) stated the prevalence of value creation and trade adoption by more than for-profit companies; according to Hasnas, the conditions of capitalism will apply to all market actors, not just for-profit corporations, and the managerial mindset is relevant to any managed business. Stakeholder theorists have indicated that the use of their theory applied to more than merely for-profit corporations. Statements such as stakeholder theory, when applied to for-profit business organizations, are reliable with value maximization and denote that stakeholder theory can feature in other contexts as well, just as with the CSR activity of hiring ex-inmates by for-profit and nonprofit organizations (Hasnas, 2013).

Furthermore, stakeholder theorists apply stakeholder theory to the management of health care organizations, the majority of which are nonprofits (Minojas, 2012). Without a doubt, stakeholder theorists explicitly state that restricting stakeholder theory solely to publicly traded corporations is a mistake that misses some of the possible richness of stakeholder theory. Stakeholder theory is potentially applicable to small or family owned businesses, privately owned interests of any size, partnerships, nonprofit, and governmental organizations (Hasnas, 2013). Hasnas's (2013) argument favored the ex-inmate exemplar as a test of CSR and stakeholder theory with a mix of this diversification of business institutions and members. Researchers using stakeholder

theory support a robust discussion forum for the hiring of ex-inmates by the aforementioned firms and business owners.

Questions and answers abound on the magnitude and exactitude of the nature of the companies to which stakeholder theory applies: the stakeholder theory is a theory of organizational standards; companies differ from individuals and states in important ways; the moral theory constructed to guide each ought to differ in significant ways (Hasnas, 2013). Hasnas (2013) contended that the difference between for-profit and nonprofit organizations is that the production of profits for the firm's shareholders—owner financiers—is among the aims and purposes of the previous, but not the last (a revolving door event). Accordingly, Hasnas continued, both forms of business permit members to exit freely in the sense that, employees may quit; shareholders sell their stock, donors may refrain from donating, and spontaneously eject other members.

Employees may be fired or shareholders bought out, and donations rejected or returned. Both forms of business attract and retain (recruit and evaluate) employees and financiers on the basis of their interest in advancing the firm's objectives, which in the case of for-profit companies includes the generation of profits for the financiers (Hasnas, 2013). Agreeably stakeholder theory, Hasnas (2013) argued, appeared to apply to all forms of business organization, whether for-profit or not.

In support of his argument, Hasnas (2013) asked if stakeholder theory also applied to other organizations such as charities, cause-oriented non-governmental organizations (NGOs), and labor unions. These are not business organizations and do not

affect an apparent difference; but these companies look to satisfy all three requirements for the application of the stakeholder theory. Members of charities, NGOs, and unions are free to resign from the business; such organizations have the power to expel members. Members join and remain with foundations, NGOs, and unions entirely based upon their interest in the company's objectives. Such companies appeared to reflect the stakeholder model, succinctly (Hasnas, 2013).

Stakeholder theorists asserted that the question of what managers should do, and who should matter in their decision-making, was a central question of stakeholder theory (Hasnas, 2013). Hasnas (2013) found that analyzing the normative implications of stakeholder theory yielded the twin propositions that managers of an organization need to ensure (a) normative stakeholders benefit from the distribution of the value created by the company, and (b) that all normative stakeholders have input into the managerial decisions that determine how the company attempts to create that value. Hasnas contended that the reader would want to know the labor union's normative stakeholder. Hasnas revealed a consensus upheld among stakeholder theorists that the normative stakeholders of for-profit organizations consist of the firm's financiers, employees, customers, suppliers, and local communities.

According to Hasnas (2013), no such consensus is available regarding the parties that constitute a labor union's normative stakeholders. The primary definition of a normative stakeholder could qualify as any of the following:

1. Any group or individual that is affected or can be affected by the achievement of the company's objectives (Hasnas, 2013).
  2. A normative stakeholder is any person or group who voluntarily accepts the benefits of a mutually beneficial scheme of cooperation requiring sacrifice or contribution on the part of the participants (Hasnas, 2013; Wall & Greiling, 2011).
  3. Those groups without whose support the firm would fail to exist and attempt to apply it to labor unions directly. A labor union's membership, corporate employees, customers (members of the community), suppliers, and corporate employers qualify as part of this definition (Hasnas, 2013). Considering the arguments by Hasnas (2013), ex-inmates fall within the category of the community or customer base from which the firms operate. Ex-inmates represent a group of the stakeholder diadem. The case of ex-inmates as stakeholders plays a significant relevance as ex-inmates represent any or the whole of the definitions.
- Stakeholder theory presents insight into performing tensions that emerge from addressing the demands of various stakeholders (Smith et al., 2013). In disparity to organizational approaches that prioritize shareholder needs and emphasize profit capitalization, a stakeholder perspective distinguishes that companies operate within and are accountable to a broad bionetwork, a shift of viewpoint that portrays ethical and societal issues (Besharov & Smith, 2014; Haigh & Hoffman, 2014). Tackling many

stakeholders raise questions about who and what counts; i.e., whom to include as stakeholders and what claims to address (Freeman, 1994).

There exist many growing phenomena of social enterprises; for example, companies that use commercial undertakings to achieve a communal mission (Smith et al., 2013). W. K. Smith et al. (2013) suggested that Digital Divide Data is an example of an organization that demonstrates social venture but whose focus is on advancing communal wellbeing, through employment. According to W. K. Smith et al., Digital Divide Data sought to cut the cycle of poverty by providing financial and physically impoverished people economic prospects through training and employment in a rigorous information technology firm. These associations look for communal (for example, the community as a stakeholder) enhancement by offering skill development, training, and salaries that help peripherally employable citizens to achieve prolonged employment (Dufays & Huybrechts, 2015; Pache & Santos, 2013; Tracey, Phillips, & Jarvis, 2011).

Performing pressures, W. K. Smith, Besharov, Wessels, and Chertok (2012) stated, emerge as companies seek varied and conflicting goals or attempt to deal with contradictory stress across numerous stakeholders. The objectives related to a social mission center on making a difference. Bode, Hübner, and Wagner (2014), Haigh and Hoffman (2012), Van Gils, Dibrell, Neubaum, and Craig (2014) suggested that an extensive array of stakeholders as well as but not bounded to employees, beneficiaries, communities, families, and funding partners are set to benefit from the success of a social mission.

According to Hsu and Cheng (2012), assessing advancement toward these goals is qualitative, ambiguous, and non-standardized. Consequently, these divergent goals, metrics, and stakeholders create several conflicting demands and tensions in social endeavors (Besharov & Smith, 2014; Haigh & Hoffman, 2014; Smith et al., 2013). One significant test entails how to classify achievement across opposing objectives. W. K. Smith et al. (2013) suggested that this inquiry becomes meticulously multifaceted when success in one domain depicts a failure in another. For example, investigation of the Cambridge Energy Alliance (Jay, 2013) demonstrates how outcomes that denote accomplishments for the association's social mission concurrently mirror failures for their business objectives, and vice versa. Pache and Santos (2013) and Tracey et al. (2011) showed how attempts to enlarge social effectiveness at Aspire, a work-integration group, eventually led to fiscal failure, but in the course launched a successful movement of other business integration associations that could sustain Aspire's expansive social objectives.

Based on W. K. Smith et al. (2012), organizing strains emerge through commitments to disagreeing organizational structures, cultures, practices, and processes. Social missions and business ventures frequently involve dissimilar, and conflicting, cultures and human resource practices; they often necessitate different employee profiles, for example, raising tensions about whom to hire and how to socialize employees (as in hiring of ex-inmates). Dufays and Huybrechts (2015) demonstrated such systematizing tensions in their research on microfinance. As the authors showed, successfully selling financial products to previously disenfranchised people necessitates interpersonal abilities

to help clients address emotional, social, and psychological barriers. These abilities often are associated with people trained in social work and psychology backgrounds. In contrast, developing and managing the business nature of these products depends on quantitative analysis skills traditionally developed in business schools.

As a result, microfinance association owners struggle with whom to hire. Work-integration social enterprises also face organizing tensions in hiring. These companies create businesses that provide training and work experience to disadvantaged people, enabling them to gain or improve employment opportunities (Dufays & Huybrechts, 2015) and Kramer (2011) noted that successful system-wide schemes often depend on a broad range of stakeholders. For instance, the Elizabeth River Project in Virginia connected more than 100 stakeholders to tackle the contamination issues. Similarly, the Grameen Company has been able to expand its offerings and develop products such as yogurt with high nutritional value, mosquito nets, and mobile telephone services in collaboration with various, multiple partners including Danone, BASF, and Telenor (Smith et al., 2012).

The relationship between marketing and sustainability was examined by Borland and Lindgreen (2013) through the dual lenses of anthropocentric and ecocentric epistemology. Borland and Lindgreen applied anthropocentric epistemology and its connected overriding social paradigm and upheld that corporate ecological sustainability in commercial practice, research, and teaching is difficult to achieve. Borland and Lindgreen postulated that by adopting an ecocentric epistemology enables the growth of

an optional commercial and marketing approach that places equivalent significance on nature, the planet, and ecological sustainability as the source of human and other species' welfare as well as the source of all products and services.

Understanding the basic normative allusions of stakeholder theory is helpful, but inadequate (Brower & Mahajan, 2013; Hasnas, 2013). Stakeholder theorists have made it clear that stakeholder theory is not a comprehensive moral doctrine, that is, one that can address the full array of ethical questions that arise without reference to any other theory (Daly, 2012; Hasnas, 2013; Wicks, 2014). Rather, stakeholder theory is a theory of organizational ethics, which distinguishes it from moral and political theory by its focus on voluntary associations rather than the basic structure of society (Crilly & Sloan, 2012; Crilly, Zollo, & Hansen, 2012; Hasnas, 2013; Ruf et al., 2001). Stakeholder theory focuses on the universe of organizations viewed as voluntary associations. To which organizations' do stakeholders theories apply must be explored by more future research (Hasnas, 2013; Ruf et al., 2001).

By reviewing worldwide studies developed within the past 30 years, Rotter et al. (2013) were able to organize the drivers of CSR. Rotter et al. found nearly 100 drivers to the CSR of diversified sizes of franchises. The most cited among these drivers were owners' or managers' moral values, customers (image, reputation), and consumer loyalty, operational logistics networking, and environmental predisposition (Park et al., 2015; Rotter et al., 2013). Vázquez-Carrasco and López-Pérez (2013) examined the conditions of emergence of supplier diversity forms in the United States and United Kingdom based

on organizational involvement in social responsibility purchasing activities. Their findings determined that state laws and statutes, financial necessities, stakeholder demands, and ethical persuasions were proponents of CSR.

### **Transition and Summary**

In Section 1, I discussed the difficulties company owners face over the employment of ex-inmates as a corporate social responsibility and why this phenomenon constitutes a business problem. I summarized why some business owners are reluctant to hire ex-inmates as part of their CSR engagement because of their expected fulfillment of their shareholder profit performance. The literature also denotes how the business owners' reluctance or willingness might affect their business and government incentives that could be a boost to their ROI and the necessity for an overview of the issue of CSR and corporate financial performance.

Section 2 of this proposal includes details of the (a) current research method, (b) research design and approach, (c) location and model, (d) information collection and examination, and (e) instrumentation and resources. The presentation of the findings was sequential and rational as they address the research question. Section 3 will include the results of the study as well as the results potential application to professional practice and implications for change. Section 3 will conclude with a summary, conclusions, and recommendations.

## Section 2: The Project

The foundational principle of qualitative research is the existence of the interrelationship between the participants and the researcher (Marshall & Rossman, 2011). The specific business problem of particular concern addressed in the study is the need for business owners to understand how to integrate the hiring of ex-inmates into their CSR activities and still maintain stakeholder profit-oriented values, such as business charters and goals (Garland, 2014; Megan, Kurlychek, Bushway, & Brame, 2012; Nakamura & Bucklen, 2014). I applied a phenomenological design to explore the lived experiences of business owners concerning the advantages or disadvantages of hiring ex-inmates.

### **Purpose Statement**

The purpose of this qualitative phenomenological study was to explore business owners' experiences regarding balancing CSR and shareholder profitability, a critical business success factor. The targeted population comprised business owners in Newark, New Jersey who have integrated CSR as part of their firms' formal business plans, were committed to hiring ex-inmates, and feared the consequential loss of profit such engagement might incur. This population was relevant because Newark is the most populous city in New Jersey and has the largest number of inmates and ex-inmates in the region (U.S. Census Bureau, 2011). The study has implications for positive social change, given its goal of providing invaluable insights that could reduce the hiring difficulties encountered by employers.

### **Role of the Researcher**

The most important role of the research in a qualitative inquiry is to establish rapport with the participants (C. Marshall & Rossman, 2011). According to C. Marshall and Rossman (2011), researchers must (a) clearly articulate the method and design to the readers, (b) explicitly state assumptions that affect the study, (c) identify any a priori biases and engage in personal reflection to aid in uncovering any unknown biases, (d) ensure data collection and analyses are made public, and (e) ensure participants are made aware that the researchers are research instruments and have the skills and knowledge to remove biases and use the findings in an ethical manner.

For these reasons, I learned through the Belmont Report ethical standards about ethics in research, as portrayed by attending a certificate-training program held and provided by the National Institutes of Health (NIH) Office of Extramural Research (see Appendix G). I was responsible for collection of data through face-to-face interviews with open-ended questions, as well as data analysis of responses in an unbiased way (Frost & Holt, 2014; Schoorman, 2014; Watkins, 2012).

The qualitative researcher is the inquirer and unambiguously and instinctively identifies biases, principles, and personal backgrounds such as gender, participants' relevant history, customs, and socioeconomic status that may shape interpretations formed during the study (Frost & Holt, 2014). I encouraged the participants to give a full description of their experience, including their judgment, feelings, images, sensations,

and recollections, their stream of awareness, along with a description of the situation in which the experience occurred.

### **The Epoché**

Evidence from phenomenological research derives from first-person reports of life experiences (Moustakas, 1994). Moustakas (1994) wrote that in accordance with phenomenological principles, scientific investigation is valid when the determination of the knowledge sought is through descriptions that make possible an understanding of the meanings and essences of experience. The researcher must exclude all experiential interpretations and existential affirmations and take what was internally experienced or otherwise inwardly perceived as pure experiences as the researcher's exemplary basis for acts of ideation. Imminence in pure phenomenology, whose definition and description as real constituents are in every way ideal and free from presumptions of real existence, is achieved (Moustakas, 1994).

Moustakas (1994) called the freedom from suppositions the *epoché*, a Greek word meaning to stay away from or abstain. According to Moustakas, upholding the epoché, the researcher sets aside his or her prejudgments, biases, and preconceived ideas; a researcher invalidates, inhibits, and disqualifies all commitments with reference to previous knowledge, and the world is placed out of action, while remaining grouped. The researcher is presented with the world in a set form that has been devoid of ordinary thought as a observable fact to be stared at, to be regarded immaturely and brightly through unadulterated cognizance.

Critically, scientific determination as well as living itself should have the opportunity for a fresh start, a new beginning, and not be hampered by voices of the past that told the researchers the past or views of the present that direct the researchers' thinking (Moustakas, 1994). Moustakas (1994) asserted that researchers who reached a state of epoché experience an original vantage point, a defrayal of intellect, gap, and instance. An asset in abeyance of whatever shadowed the experience or swayed the mind, anything that has been put into mindset by science or society, or government, or other people, especially one's parents, teachers, and authorities, but also one's friends and enemies. From the epoché, the researcher is challenged to create new ideas, new feelings, new awareness, and understandings.

Moustakas (1994) stated that the researchers are challenged to come to know objects with receptiveness and presence that let them exist and to let situations and objects remain so that they can come to know them just as they appeared. According to Moustakas, in the epoché, no position whatsoever is taken; every quality has equal value. Only information that penetrates our consciousness has any legality in approaching truth and reality. The epoché necessitates that everything in the normal, everyday undertaking of knowledge be charted and decommissioned, and I, the experiencing person (the researcher), remain present as a conscious person, not set aside.

The epoché creates a unique type of philosophical solitude, which is the fundamental methodical requirement for a truly radical philosophical practice of the epoché, as an interrogatory phenomenon. Everything referring to others, their

perceptions, preferences, judgments, and feelings, must be set aside in achieving the epoché. Only my perception, my acts of consciousness, must remain as pointers to knowledge, meaning, and truth. I must decide whether the claims to reality of the objects of experience are valid claims (Moustakas, 1994). Moustakas (1994) suggested that the world prior to the epoché and the world following it do not differ in content but only in the way in which the observer relates to each of them. The being of an existent was clearly what it appeared to be, in its absolute form, and the phenomenon can be studied and described as such, because of its self-indication.

The process of epoché requires unusual, sustained attention, concentration, and presence; however effective I am at attaining the radical change of outlook, what I see should be objective and existent. The object before me must be delimited in distinction from every other object (Moustakas, 1994). According to Moustakas (1994), the object must have a definite identity, a presence that marks the object's existence as an entity. Practicing the epoché, I must focus on some particular situation, person, or issue, find a quiet place in which I can review my current thoughts and feelings regarding phenomenon under consideration. Each time in my review, I must set aside biases and prejudgments and return ready to look again with hope and intention of seeing this person, situation, or problem with new and receptive eyes. This process may take several sessions of clearing my mind until I am ready for an authentic encounter.

The epoché process inclines me toward receptiveness--I am readily able to meet something or someone, to listen and hear whatever is presented, without coloring the

other person's communication with my own habits of thinking, feeling, and seeing, removing the usual ways of labeling or judging or comparing (Moustakas, 1994).

According to Moustakas (1994), the epoche is not attained in full, at all times; but the time and efforts spent in reconsidering and having introspective thoughts, the planning that that is built into the course, the behavior and the cardinal start point drastically bring down the forbearance of preconsideration, conclusions, and prejudices

### **Participants**

The targeted population comprised business owners in Newark, New Jersey, who have integrated CSR as part of their firms' formal business plans, were committed to hiring ex-inmates, and have been unsuccessful in justifying CSR practice through their ROI analysis to their shareholders. This population was relevant because Newark is the most populous city in New Jersey and has the highest number of inmates and ex-inmates in the region (U.S. Census Bureau, 2011).

### **Strategies for Gaining Access to Participants**

Access to business owners and affecting a working relationship with qualified individuals who will participate in the interview study entailed purposive nonrandom sampling (Marshall, Cardon, Poddar, & Fontenot, 2013). I accessed the selected participants through sourcing of the business directories and the Better Business Bureau association directories of companies or firms of business owners in Newark through phone calls or, where available, email messages (Campopiano & De Massis, 2014; Hasnas, 2013). Upon agreeing to participate in the interview, I introduced myself and

described the study (see Appendix A). After the vetting process as outlined in Appendix B, potential participants were informed of the privacy of their responses before agreeing to participate in the study.

### **Establish Working Relationship With Participants**

I established a working relationship with the participants by sourcing representatives from the list of companies that have existed during the past 5 years of when the interviews would take place. This list was drawn after reviewing the business directory for the Newark area. The primary focus of the study is companies located within the Newark, a municipality within Essex County, New Jersey. Damianakis and Woodford (2012) and Velu (2015) discussed that several factors as necessary to find participants (a) a declaration of the study plan, (b) a statement explaining the longevity of the study, (c) collection and gathering of data, (d) any charitable involvement, (e) level of possible risks, (f) the process of confidentiality and data privacy, (g) a description of compensation or lack thereof, and (h) the requirement that any participant may withdraw at any time without penalty. These criteria appear in the informed consent form that the participants receive.

I notified consenting participants of the interview protocol and instructions to follow if they formally agreed to participate in the study. I contacted participants by email or telephone, depending on which medium was readily available to them. Upon receipt of the consent form from participants by email or postal mail, on the day of the interview and hand delivery on a prearranged collection date, I set up the interviews

based on the participant's schedule and convenience. The participants for this study were business owners; thus, a face-to-face interview was selected as the option.

### **Population Selected**

Business owners in the Newark area were from a mix of diverse cultural backgrounds, diverse product and service provisioning, and demography. Using business owners from diverse backgrounds gave the study a robust and more meaningful validity as it covered people from different ethnic groups with different cultural heritages and perspectives of life. Types of businesses are family owned, partnerships, single proprietorships, and franchises (Hasnas, 2013).

### **Research Method and Design**

The objective of this phenomenological study was to explore the experiences of business owners about the employment of ex-inmates as an act of CSR engagement in view of their stakeholder expectations in Newark, New Jersey. A qualitative research method is appropriate to address the research problem. Participants, under my guidance, shared their experiences (Chenail, 2012; Groenewald, 2004). A minimum of 20 business owners participated in semistructured interviews. I applied a phenomenological design to explore the lived experiences of a section of business owners to discover and explore the perceived advantages and disadvantages of hiring employees from this ex-inmate group.

### **Method**

Qualitative research is positioned in a constructivist worldview (Rich, 2013). That is, while a narrative study accounts for the life of a solitary individual, a

phenomenological study illustrates the implication for a group of people concerning their lived familiarity of a concept or a phenomenon (Moustakas, 1994). Qualitative research is appropriate when targeting a concept or phenomenon that needs comprehension because little or no research exists about the idea (Applebaum, 2012; Krivokapic-Skoko & O'Neill, 2011; Rich, 2013; Thornberg, 2012; Yang, 2013).

Qualitative researchers do not rely on statistics or numbers; these form the domain of quantitative research. Researchers use a qualitative approach to gain insight into (a) people's attitudes; (b) behaviors; (c) value systems, concerns; (d) motivations, (e) aspirations, (f) culture, or lifestyles to support; (g) business decisions, (h) policy formation, (i) communication, and (j) research. Lived experiences and perceptions of a minimum sample of 20 business owners in Newark, New Jersey, were explored through incept interviews (Krivokapic-Skoko & O'neill, 2011; Rich, 2013; Yang, 2013). The data were analyzed via modified Van Kaam data analysis method advanced by Moustakas (1994).

The data analysis ended when data saturation was evident. I sought the views of qualified participants with respect to their perception of hiring ex-inmates as an activity that fulfills their CSR engagement in the stakeholder community. The qualitative research design employs an extensive collection of sources to collect information; for example, structured, semistructured, or unstructured interviews; field observations, as well as audio-visual objects (Petty, Thomson, & Stew, 2012). A qualitative method using

the modified Van Kaam method of analysis by Moustakas (1994) was the most appropriate and efficient means for analyzing the data from this study.

Quantitative research has its foundation in a postpositivist worldview (Johnson, Dunlap, & Benoit, 2010). In its broadest sense, a positivist worldview is a position that holds that the goal of knowledge is simply to describe the phenomena that one experiences. The rationale of knowledge is simply to keep what is observable and measurable (Trochim, 2006).

Knowledge of anything beyond that, a positivist would hold, is impossible. Positivists are individuals who believe that psychology can only study what can be directly observed and measured. Positivists, according to Trochim (2006), uphold that such occurrences are illegitimate topics for further research. Postpositivist advocates argued that psychology needs to focus only on the positive and negative aspects of behavior to predict how people behaved; everything else in between (such as an individual's thought process) is immaterial because it does not have a measurement. Quantitative research falls within this advocacy as it predicts the relationship between variables and poses these relationships as research questions or hypotheses (Schweitzer, 2009).

A quantitative research method was not appropriate, as the goal of quantitative research is not to explore but to examine through mathematical analysis (Mengshoel, 2012; Petty et al., 2012). Mixed methods design provides both quantitative and qualitative analysis (Powell et al., 2008; Venkatesh, Brown, & Bala, 2013). The

application of mixed method would have taken too long and cost more in time and money; a mixed methods analysis was not appropriate for this study.

### **Research Design**

Phenomenology is a strategy of inquiry in which the qualitative researcher identifies the essence of human experiences of a phenomenon as narrated by the participants (Groenewald, 2004). For example, triangulation which is defined by Carter, Bryant-Lukosius, DiCenso, Blythe, and Neville (2014) is the use of multiple methods or data sources in qualitative research to develop a complete understanding of phenomena and a strategy to test validity through the convergence of information from different sources. Carter et al. identified four types of triangulation: (a) method triangulation, (b) investigator triangulation, (c) theory triangulation, and (d) data source triangulation. However, triangulation was not used for this study as member checking was applied to test validity and credibility.

Gaining an understanding of lived experiences delineates phenomenology as a philosophy as well as a process (Thornberg, 2012). The phenomenological design involves studying a small number of participants through extensive and prolonged engagement to engage in patterns, themes, and meaningful relationships in the textual data (Rich, 2013). In phenomenology, researchers set aside their personal experiences and focus on understanding the experiences of the participants (Groenewald, 2004). Based on the foregoing statements, the phenomenological design paradigm is appropriate for this study as it seeks to understand the lived experiences of the participants.

Grounded theory involves constant comparative analysis. The researcher moves in and out of the data collection and analysis process. The back-and-forth movement between data collection and analysis is sometimes called an *iteration*. Grounded theory research involves multiple iterations. The process starts with the researcher asking a question or series of issues intended to lead to the growth of a theory concerning some facet of social life (Martin, 2012). Iterative comparative analysis was beyond the scope of the current study. Grounded theory was not appropriate for this study, as it (a) is comparative, (b) does not give meaning to lived experiences of participants, and (c) is iterative.

Ethnography as described by L. Freeman and Spanjaard (2012) is the act of directly observing the behavior of a social group and producing a description thereof. L. Freeman and Spanjaard stated that ethnography is an umbrella term that covers a range or family of techniques and methods that have the potential to capture data occurring within natural environments from multiple viewpoints. L. Freeman and Spanjaard suggested that ethnography provides the medium through which social scientists can build their idea of reality from the perspective of the participants involved.

The qualitative researcher can gain a deep understanding of the phenomenon under discussion by participating in the conversations and interpreting the data (Freeman & Spanjaard, 2012). Ethnography was not appropriate to this research study as I as a researcher, acted as a moderator and made every attempt to be unbiased in my data

collection. In conclusion, a phenomenological approach is most appropriate to address the research question.

The design stage constituted the step where the methodological procedure was planned and prepared by the researcher. For example, when the chosen technique is interviews, designing a research project will be to determine which kind of interviews to use-personal, collective (focus group), expert, and how many interviews to perform (Fink, 2000).

### **Population and Sampling**

The location of this research study was the city of Newark, New Jersey, a state with a population of 8,821,155 (U.S. Census Bureau, 2011). To be qualified for participation in this study, each participant must be a business owner in an enterprise setting. The number of participants was limited to no fewer than 20 individuals for a more generalized sampling population before data saturation occurs because there might be a cause to go back to the same individuals for an extended or leadoff question from the original one or an in-depth clarification of a statement or experience.

The small sample size also allowed me as a researcher to direct follow-up and expanded questioning of particular participants (Bowen, 2008). Interviews took place in the offices of the business owners in selected areas, where the participants are relaxed and free to express themselves. Bowen posited that many academic advocates concur that to investigate methodically and show ideas in participants' answers to interview questions, a small sample size is adequate, but they disagree on the actual sample sizes.

In contrast, Trotter (2012) contended that other researchers proposed a sample size range from 6 to 12 participants as acceptable. Trotter further suggested that the sample size could vary while the interviews were conducted. Trotter further denoted that if, during the interview, there arises a prototype or redundancy and deadlock after interviewing six participants, the researcher may consider ending the data collection process and cease interviewing additional participants.

For the purpose of this particular study, I interviewed a minimum of 20 participants. The interviews took place in the offices of the business owners in selected areas, where the participants were relaxed and free to express themselves (Bowen, 2008). I sought to conduct the interviews during business hours but could not predict participants' availability or willingness during business hours. Ultimately, interviews were conducted based upon the participant's availability.

### **Population Selected**

Business owners in the Newark New Jersey area comprised the principal participants for this study. These business owners were a mix of diverse cultural backgrounds, diverse product and service provisioning, and demography. The businesses were family owned, partnerships, single proprietorships, and franchises.

### **Sampling**

I used a snowball interviewing strategy, which is a non-probability sampling method. Snowball sampling is one in which the researchers collect data on some members of the intended population they can find, then ask those participants to give

information required to identify other members of that population for inclusion in the study. The nonprobability sampling method was used to select and choose participants because they meet pre-established criteria (Saumure & Given, 2008). According to Saumure and Given (2008), some of the more common types of non-probability sampling techniques are convenience sampling, snowball sampling (sometimes referred to as snowball interviewing), and purposive sampling. In convenience sampling, participants' selection is based on accessibility and relatively easy for the researcher to recruit.

With probability sampling (not used), each participant has the same chance to be part of the selection non-probability sampling is a general method in qualitative research where researchers use their judgment to select a sample (Saumure & Given, 2008). Dragan and Isaic-Maniu (2013) suggested that a snowball sampling is a research process through survey and data registration which is usually used in sociology, psychology, or management studies, and is advocated when the people in question cannot be strictly delimited or detailed (e.g. homeless people). The authors opined that snowball sampling is not used to determine the characteristics of the general population but to estimate the characteristics of a network of hidden populations that are rare, and difficult to identify.

### **Sample Size**

The sample size consisted of a minimum of 20 purposefully selected business owners within the Newark New Jersey area because, at a minimum of 20 participants, there can be data saturation. In order to address the research question, all interviewees must participate fully. In some instances, and as indicated in the informed consent form,

participants were allowed to opt out at any time if they are not comfortable with the interview. I appreciated participants who participated fully because I may have reason to return to some individuals for a follow-up question or an in-depth clarification of a statement or experience (Trotter, 2012). As indicated by Trotter (2012), a small sample size helps the qualitative researcher to choose the best questions to ask each particular participant and leaves room for directed follow-up and expanded questioning of target participants.

### **Data Saturation**

A minimum of 20 business owners will be included in this study. A sample of 20 participants for the study is adequate to gather in-depth information from the participants with respect to the phenomenon and to attain saturation (Moustakas, 1994; Saumure & Given, 2008; Tracy, 2010). I continued the snowball sampling process until a minimum of 20 participants was obtained.

Many researchers are in accord with the use of smaller sample size for a phenomenological study; but differences of opinion remain in the actual number that will promote data saturation (Mengshoel, 2012; Tracy, 2010; Trotter, 2012). Trotter (2012) and Mengshoel (2012) proposed the idea of redundancy interviewing for achieving qualitative sample size (i.e., interviewing until I reach data saturation). Mason (2010) suggested that sample sizes for qualitative studies are commonly smaller than sample sizes in quantitative studies

Mason (2010) contended that there exists, a point of reductive return to a qualitative sample because, as the study goes on, more data does not necessarily lead to more information. This condition of reductive return is because one occurrence of a piece of data or code is all that is necessary to ensure that it becomes part of the analysis framework. Accordingly, frequencies are uncommonly important in qualitative research, as one occurrence of the data is potentially as useful as many to understand the process behind a topic. Reductive return and frequencies occurrence are because qualitative research is concerned with meaning and not making generalized hypothesis statements.

Mason (2010) described qualitative research as labor intensive, and analysis of a large sample can be time-consuming, and sometimes impractical. Mason stated that within any study area, different participants could have diverse opinions. Qualitative samples must be big enough to guarantee that almost the insights that might be significant are obtained, but at the same time if the sample is too large data becomes repetitive and, eventually, superfluous. If a researcher remained faithful to the standards of qualitative research, sample size in the preponderance of qualitative studies should universally follow the concept of saturation—when the collection of new data does not introduce a new condition on the issue under investigation. While other factors that affect sample size exist in qualitative studies, researchers used saturation as a guiding principle for their data collection (Mason, 2010).

Saumure and Given (2008) suggested that saturation is the point in data collection when no new or pertinent information appears with reference to the newly created theory.

A researcher views this criterion as the point at which no more impactful data are obtainable. As soon as the theory emerges to be strong, with no breach or unclarified phenomena, saturation has been achieved, and the resultant derivation of the theory. If a researcher does not attain data saturation, any resulting theory may be unbalanced or incomplete (Saumure & Given, 2008). I continued to interview participants up to a point in data collection at which no new or pertinent information appeared with relevance to the research study. At this stage, no more data need to be gathered as the theory under study emerged to be strong, with no breach or unclarified phenomena.

### **Ethical Concerns**

I took the initiative to acquire applicable knowledge and expertise on ethical standards, by attending a certification-training program held and provided by the National Institutes of Health (NIH) Office of Extramural Research (see Appendix G). Upon obtaining agreement to participate in the interview from potential participants, and prior to receiving the member qualifying questions (as listed in Appendix B), potential participants received a letter introducing me as a researcher and describing the research study (see Appendix A). After the vetting process as outlined in Appendix B, potential participants were informed of the privacy of their responses before agreeing to participate in the study.

All potential participants received notifications of the privacy of their responses. Resnik (2011) discussed various factors necessary for the participants' permission (a) a declaration of the research purpose (see Appendix B), (b) the expected longevity of the

study, (c) the measures used, (d) any charitable involvement, (e) the level of possible risks to participants, (f) the process of confidentiality and data privacy, (g) a description of compensation or lack thereof, and (h) the stipulation that participant may withdraw at any time without penalty. Prior to inclusion in the study, participants signed a consent and confidentiality agreement and requested a summary of the findings at the conclusion of the study (Wester, 2011).

**Confidentiality.** To ensure participant privacy and data confidentiality, I assigned each participant a pseudonym as that participant's identification throughout the study. For the current study, I collected data by holding discussions with participants in an interview environment with coded site names to mask the site identities and identified participants by code names such as G1 to G20 and S1 to S20 for location codes (where the letter *G* and *S* are arbitrary and could be any letter) (Resnik, 2011). Participants received no financial or other reimbursements for support. The sanctity of moral norms and acceptable code of conduct was upheld to meet university IRB requirements (Resnik, 2011; Wester, 2011).

Each session followed the discussion technique (see Appendix C), which helped to maintain regularity within the data collection process (Wester, 2011). I recorded all personal discussions with the participants' consent and implemented appropriate safeguards (see Appendix D) to be in conformance with the privacy and private guiding principles. Revelation of the participants' information will be by written permission. After data coding, I may conduct follow-up visits with participants to help interpret what

they told me (Resnik, 2011; Wester, 2011). Only I have access to the documents and audio recordings, which are kept in a safe bank box for a period of 5 years. Participants' were assured that all records of the current study are confidential and destroyed immediately after the minimum retention period has passed. Data destruction by incineration will occur at the end of 5 years (Wester, 2011).

**Informed consent.** Participants who agreed to take part in the study received an informed consent form and confidentiality agreement in the mail. Until the attainment of selected representatives from a minimum of 20 different firms, I continued to repeat this process. The informed consent form, also, includes the reason for the study and the criteria for participation about the voluntary disposition of the study (Giraudeau, Caille, Le Gouge, & Ravaud, 2012; VanderWalde & Kurzban, 2011). In addition, information on safeguard of participant privacy and charitable participation or withdrawal from the study without penalties to the participants is included in the informed consent form (Damianakis & Woodford, 2012; Reed & Curzon, 2015). For convenience, I presented both face-to-face and telephonic interview options to the hiring business owners who agreed to participate, as an incentive and time management tool. When the consent forms arrived from participants, the meetings were scheduled and recorded, based on expediency to participants.

**Data retention.** I recorded all personal discussions with the participants' consent and implemented appropriate safeguards (see Appendix D) to be in conformance with the privacy and private guiding principles. Revelation of the participants' information will be

by written permission. Coded data analysis will take place after collection and transcription of raw data. Report files will remain limited to access to me, and all documents and recordings kept in a safe bank box for a period of 5 years.

Data destruction by incineration will occur at the end of 5 years (Wester, 2011). The data will remain in a password-protected electronic folder, and all documents and recordings will stay in a safe bank box for the period of 5 years. Information that all records of the study will continue to be confidential and destroyed immediately after the minimum retention period of 5 years was made available to participants (Lambert & Loiselle, 2008).

**Adverse events.** Adverse events are sometimes unexpected occurrences (Parrella, Braunack-Mayer, Gold, Marshall, & Baghurst, 2013). As with this research study, such incidents will be dealt with on a zero-tolerance level as no bias (intended or otherwise) will be accepted. For example, on a hypothetical basis:

If I encountered a participant who has an ex-inmate as an employee and felt uncomfortable to participate in the study, that participant was allowed to withdraw.

1. If a business owner has a relative who is an inmate or ex-inmate and feels uncomfortable to discuss their hiring practise, that participant would be allowed to withdraw.
2. If a participant falls ill while participating in the interview process, that session is stopped and discontinued.

Any break in the first session deemed as a permanent termination of that contact, and the next pertinent step was to move on to another participant.

### **Data Collection**

The goal of data collection was to obtain information from archival data or knowledge sharing (Marshall & Rossman, 2011). In-depth, semistructured interviews were the data collection method used in this inquiry. Rubin and Rubin (2012) postulated that interviewing is a meaning-making process; the authors contended that when people tell stories, they select details of their experience from their stream of consciousness. Every whole story, Rubin and Rubin claimed had a beginning, middle, and end; thereby, making sense of those who make telling stories a meaning-making process and makes interviewing a pertinent process for this study.

Discussion questions, as denoted by Lambert and Loiselle (2008), involve unstructured and open-ended questions with the intention of eliciting views and opinions from the participants. These forms of questioning allow the researcher to be in control of the participants and to moderate the flow of discussion. Interview sessions are limited to information gathering in a designated setting rather than a natural field setting. Lambert and Loiselle stated that interviews are information gathered after the fact rather than in situ or real time of such phenomenon occurring.

### **Instruments**

The researcher is a prime instrument in qualitative data collection (Colville, Brown, & Pye, 2012; Cunliffe & Coupland, 2012). Assortments of data collection

methods are available for qualitative interviews to collect information from participants relative to the study (Maclean, Harvey & Chia, 2012). According to this paradigm by Fink (2000), social certainty is viewed as an objective body and the job of the scientist to uncover this entity sequentially, by going out to search and find the truth. In this way, data are seen as existing independently and indifferently. Data about some phenomena are unconnected to the researcher, who is collecting them.

According to Fink (2000) and Weick (2012), data had been there before the researcher came, and they will be there to be collected by some other investigators, afterwards. Fink divided the research process involving qualitative method into seven stages: thematizing, designing, interviewing, transcribing, analyzing, verifying, and reporting. Fink noted that this split does not imply that researchers ought to work in an orderly method, as that could be probably impossible.

### **Data Collection Technique**

Phenomenological research designs exemplify data collection approaches aimed to elicit the rich, thick, and detailed first-person account of the identified phenomenon (Smith, Flowers, & Larkin, 2009). J. A. Smith et al. (2009) further explicated that in-depth-interviews are perhaps most conducive to achieving this aim. More so, in-depth semistructured interviews have been advocated as the most appropriate interview technique for phenomenological inquiry (Marshall & Rossman, 2011). In-depth, semistructured interviews were the primary data collection method used in this study.

The interviews involved unrestricted (open-ended) questions intended to elicit views and opinions from the participants (Lambert & Loiselle, 2008). In addition, probing questions comprised an integral component of the semistructured, in-depth interviews. According to J. A. Smith et al. (2009), an essential element of the semistructured, in-depth interview comprises the use of probing questions. I used probing questions appropriately during the interview process. Examples of probing questions follow:

1. How did that make you feel?
2. Can you please elaborate a bit more on your last comment?
3. How do your experiences prepare you for future decision-making?

By probing, the researcher can find out more about an area of interest, importance, or ambiguity regarding statements made by the interviewee (Smith et al., 2009). Table 1 depicts the core questions (identified in research question area above) and potential associated probing questions.

### **Interviewing**

Interviews are structured according to an interview guide I created that addressed themes that will take place during the interview. Open-ended questions encouraged the respondents to give long elaborated answers (Fink, 2000). As with any data collection technique, strengths and weaknesses exist, as follows:

**Strengths.** Several advantages are associated with interview techniques as data collection sources. According to C. Marshall and Rossman (2011), the following list identifies but is not limited to, a few primary advantages:

1. Permits face-to-face interaction with study participants,
2. Useful for uncovering participants' perspectives; critical for phenomenology,
3. Permits data collection in a natural setting,
4. Permits immediate ability to clarify participant responses,
5. Amenable to identifying critical non-verbal communications, and
6. Facilitates data triangulation and used for describing and understanding complex relationships.

Table 1

*Core and Potential Questions*

Core questions	Potential questions
What level of corporate social responsibility should employers have toward their stakeholders?	How did that affect your belief?
What are your perceptions of ex-inmates as stakeholders?	Can you elaborate a bit more on your last comment?
What specific financial contribution or profit does the hiring of ex-inmates add to the profit margin for business owners viewed from a CSR morality lens?	How do your experiences prepare you for future decision-making?
Based on your professional experiences and shareholder expectations, what moral or fiduciary obligations do you think justify your hiring or not hiring of ex-inmates?	How were you able to defuse conflicts between ex-inmate employees and regular employees?
What challenges have you experienced when trying to hire ex-inmates and balancing your firm's sustainability?	Please how were you able to handle the social interaction between both groups of employees?

**Weaknesses.** Research quality is heavily dependent on the individual skills of the researcher and more easily influenced by the researcher's personal biases and idiosyncrasies.

1. The volume of data makes analysis and interpretation time-consuming.

2. Rigor is harder to maintain, assess, and demonstrate.
3. The researcher's presence during data gathering, which is often unavoidable in qualitative research, can affect the subjects' responses.
4. Issues of anonymity and confidentiality can present problems when presenting findings.
5. Findings can be more difficult and time-consuming to characterize in a visual way.

### **Interview Process**

The interview questions included an icebreaker question (such as, *Do you like ping-pong, golf, or lawn tennis?*) at the beginning of the session. J. A. Smith et al. (2009) indicated that a schedule that consists of six to 10 core questions, with inducing possible prompts tend to range between 45 and 90 minutes. I scheduled the interviews to last on the higher limit of this range, ensuring the rich, thick, and detailed outcome required of phenomenological inquiry.

In addition, I told the participants what to expect, especially regarding their time commitment. The semistructured, in-depth interview sessions were audiotaped and later transcribed with the use of Life Scribe™. Hand-written notes also played a role during the interviews to record body language and other nonverbal cues to obtain information to that addressed the research question (Lambert & Loiselle, 2008).

Participants responded to open-ended interview questions during semistructured interviews to reveal their lived experiences (Moustakas, 1994). Participants who signed a

consent form of agreement and who have been qualified by meeting the criteria of age, willingness, and business owners, met with me for personal interviews. Participants gave permission to record the interview sessions as part of the interview protocol before the commencement of the interview.

Participants who did not agree to the recording of the interview did not participate in the study; I cancelled the interview immediately, and another eligible participant, who agreed to the recording of the interview, was sought. Note-taking alone was not sufficient because details may be missed or forgotten, and these omissions may create bias, inconsistency, or misinformation. My study is such that going back to some of the participants may be difficult as they may be schedule-minded and pressed for time; note-taking alone proved to be insufficient.

Once participants were made comfortable by providing them with snacks and light refreshments, the interview commenced with the use of an open-ended question (Moustakas, 1994): How do you overcome manpower needs to fill the employee gap of your organization? The question was used to give the participant an opportunity to discuss challenges, with no interruptions. Participants were asked a direct question to give their experiences based on a set time interval for each question asked. I moderated this process until participants addressed all interview questions.

As the discussions progressed, it became necessary to individualize questions, to gain a fuller description of certain participants' lived experiences (Lambert & Loiselle, 2008; Moustakas, 1994). Data collection continued for no more than 30 days after

approval from IRB and on a scheduled period granted by the location authorities. There was no pilot study; pilot study is a small study conducted in advance of a planned project, specifically to test aspects of the research design and to allow necessary adjustment before final commitment to the plan if necessary. The sampled participant population was purposeful – clearly visualized, selected, and there was no preliminary test or study (pilot) to try out procedures. Other options exist for collecting data for a qualitative study, such as the focus group and field observation methods (Petty et al., 2012); the use of face-to-face or telephonic interviews was more appropriate for this study.

### **Data Organization Techniques**

The focus of the current research was about learning the meaning held by the participants about the research question and not the point that the researcher expresses. The initial plan for research cannot be tightly prearranged because all aspects of the method may change or shift after data collection begins. In qualitative analysis, researchers do not bring individuals to the laboratory or send instruments for individuals to complete and return (Lambert & Loiselle, 2008). For the current study, data collection was live, by holding discussions with participants in an interview environment and identifying participants by code names such as G1 to G20.

Code names keep participants anonymous while retaining all relevant data. This research study was not reliant on instruments or questionnaire instruments developed by other researchers (Lambert & Loiselle, 2008). I followed the interview protocol (see Appendix C) to maintain consistency within the data collection process (Lambert &

Loiselle, 2008). After data collection, participants' responses were reviewed, organized, and coded into categories or themes (Moustakas, 1994). Within 7 days of the completion of the data collection process, I sent out thank-you mails and emails to participants (see Appendix E).

To comply with privacy and confidential guidelines, appropriate safeguards were placed (see Appendix D). A field register contained a log of the data collection routine and occurrences in the field. The record included a scheduled plan for how I intend to spend time each day on site and in the transcription phase. The data will remain in a password-protected electronic folder, and all documents and recordings will stay in a safe bank box for the period of 5 years. Participants were made to understand that all records of the study will be held in confidence and be destroyed immediately after the minimum retention period of 5 years (Lambert & Loiselle, 2008; Sousa, 2014).

### **Data Analysis Technique**

The process of data analysis involves gaining knowledge from text and image data; the process involves preparing the data for studies, conducting different analyses, possessing an in-depth understanding, representing the data and making a larger interpretational summary of the data collected (Gervais, Holland, & Dodd, 2013). The Van Kaam method was used to conduct thematic analyses.

### **Thematizing**

Thematizing is to answer the question of what the study is about, the reason for such study and the sequence of the study, and discovering a topic and issue rooted in

autobiographical meanings and values as well as involving social meanings and significance. The answers to these interview questions, according to Fink (2000) and Moustakas (1994), became the background for carrying on with fieldwork. According to Moustakas, the question must be stated in definite and concrete terms and clarified so that the intent and purpose of the investigation are evident. The position of each keyword or focus of the question determines what is primary in pursuing the topic and data collection. Furthermore, Moustakas continued, in deriving scientific evidence in phenomenological investigations, the researcher establishes and carries out a series of methods and procedures that satisfy the requirements of an organized, disciplined, and systematic study.

According to Moustakas (1994), the modified Van Kaam approach is a thematic data analysis technique that involves the following seven steps.

1. Listing and preliminary grouping: List every expression relevant to the experience (horizontalizing).
2. Reduction and elimination: Test performance for two requirements to determine the Invariant constituents are carried out: Does it contain a moment of the experience that is a necessary and a sufficient part for understanding it? Is it possible to abstract and label it? If yes, the horizon of the experience is attained. Overlapping, repetitive, and vague expressions are also eliminated or presented in more exact descriptive terms. The horizons that remain form the invariant constituents of the experience.

3. Clustering and thematizing the invariant constituents: The clustered and labeled parts become the core themes of the experience.
4. Final identification of the invariant parts and issues by application: (a) the invariant constituents and their accompanying issue checked against the complete record of the research participant, (b) are they expressed explicitly in the full transcription, (c) verification for compatibility if not explicitly expressed, and (d) if they are not explicit or compatible, they are denoted as irrelevant to the co-researcher's experience and should be deleted.
5. Construct for each co-researcher an individual textual description: (a) Using the relevant validated invariant constituents, and themes, (b) construct for each co-researcher, an Individual Textural Description of the experience; include verbatim examples from the transcribed interview.
6. Construct for each co-researcher an individual structural description (where necessary): Construct for each co-researcher an Individual Structural Description of the experience based on the Individual Textural Description and Imaginative Variation.
7. Construct for each research participant a textural-structural description of the meaning and essences of the experience, incorporating the invariant constituents and themes. From these individual textural-structural descriptions, I intend to develop a composite description of the meanings and realities of the experience, to represent the group.

I used QSR NVivo (version 10.0) software to aid in data analysis. NVivo is multifunctional qualitative data analysis software, which permits users to collect, convey, cipher, and examine data in one place (Berete, 2011).

### **Transcribing**

Team members help with transcription of recordings under the supervision of the researcher. Norms for transcription are theorized as a range of transcription to include partially each sound or stillness recorded to transcribe sentences of relevance to particular research questions (Fink, 2000). I used the research log in the Livescribe notebook SmartPen for keeping track of data. The SmartPen was used primarily for audio recording during interviews, and a traditional tape recorder was used as a form of back-up.

The SmartPen was used with the notebook, to allow me to take notes without interruptions to the audio recording of participants' responses to interview questions. The Livescribe product was used to systematize and classify responses from participants because the SmartPen and notebook concurrently link audio to written form. Information obtained with the software will be moved to the QSR Nvivo software for transcription, safekeeping, and analysis.

### **Analyzing**

The word *coding* is often used to refer to the first part of the analysis that concerns the naming and categorizing of phenomena through close examination of data (Fink, 2000). Coding of data according to Fink (2000), might be done using one

computer-based analysis program packages (e.g., NUD\*IST, NVIVO 10, or Atlas.ti) for this study, Nvivo was the choice to be used. Information captured with the SmartPen and livescribe software was transferred to the Nvivo software for consistency, safekeeping, and analyzing because this software is better for these acts. Whether one chooses to use a computer program or not, the researcher is the one who classifies and names the categories of data.

### **Verifying**

Verification of the data analysis concerns the generalizability, the reliability, and the validity of findings. Generalizability means that findings could be generalized. Reliability refers to the consistency of findings and results, whereas validity questions if the study investigates the intended objective (Fink, 2000). The following subheadings are reflective of data verification process.

### **Reporting**

Reporting covers the part of the research process in which the researcher writes a report to present his or her findings. As Fink (2000) indicated, this report is not to be viewed only as a representation of data seasoned with the researcher's comments and interpretations: The interview report is itself a social construction in which the author's choice of writing style and literary devices provide an accurate view on the participants' lived world. According to Schoorman (2014) and Watkins (2012), the researcher is responsible for collecting data by face-to-face interviews with open-ended questions, as well as data analysis of responses in an unprejudiced manner. In my role as the researcher, these responsibilities were mine.

For this study, I concentrated on the application of semistructured and open-ended interview questions to avoid limiting participants' responses (Colville et al., 2012; Cunliffe & Coupland, 2012; Marshall & Rossman, 2011). I applied the use of a Livescribe audio recorder as well as a conventional tape recorder to capture participants' responses. The SmartPen was utilized in conjunction with the notebook, to allow the researcher to take notes without any interruption to audio recording of participants' responses to interview questions.

The Livescribe product was also used to organize and categorize responses from participants because the SmartPen™ and notebook concurrently link audio to handwriting, so that there is no loss of reflection or information during the interview progression. I also asked for open consent from participants to use the sound recording devices. NVivo 10 software was used to gather and analyze participants' responses.

### **Interview Questions for Business Owners**

1. What level of corporate social responsibility should employers have toward stakeholders?
2. What are your perceptions of ex-inmates as stakeholders? (This is the part of the foundation of my research; your answer is optional but very important).
3. What specific financial contribution or profit does the hiring of ex-inmates add to the profit margin for business owners viewed from a CSR morality lens?
4. Based on your professional experiences and shareholder expectations, what moral or fiduciary obligations do you think justify your hiring or not hiring of ex-

inmates? (This also, is part of the foundation of my research; your answer is optional but very important).

5. What challenges have you experienced when trying to hire ex-inmates and balancing the firm's sustainability?

### **Reliability and Validity**

Qualitative research is no longer put aside as a pilot study to arrive at an alternative form of research, but the qualitative researcher needs to be mindful of strong countervailing conservative forces (Marshall & Rossman, 2011). When debating challenges about the soundness, validity, utility, and generalizability of qualitative methods, the researcher can use arguments from deep conversations in the literature about the appropriate criteria for judging the soundness and rigor of qualitative research (Marshall & Rossman, 2011). C. Marshall and Rossman (2011) noted that credibility of a qualitative report depends on the use of rigorous methods of fieldwork, on the credibility of the researcher, and on the fundamental appreciation of naturalistic inquiry – qualitative methods, inductive analysis, purposeful sampling, and holistic thinking.

According to C. Marshall and Rossman (2011), developing a logic that will solidly defend a proposal entails three large domains such as (a) responding to criteria for the soundness of the project, (b) demonstrating the usefulness of the research for the particular conceptual framework and research questions, (c) showing the sensitivities and sensibilities to be the research instrument. Trustworthiness is the term associated with reliability and validity as expressed in quantitative studies. C. Marshall and Rossman

referred to this concept as criteria of soundness, which are assessed via four criteria (a) dependability, (b) credibility, (c) transferability, and (d) confirmability. These four criteria of soundness are addressed below as they apply to this phenomenological inquiry.

### **Criteria of Soundness**

All research must respond to canons of quality – criteria against which the trustworthiness of the project competes; these canonic questions are standards to which all social research must respond (Marshall & Rossman, 2011). As listed by C. Marshall and Rossman (2011), these canons of quality are as follows: First, the credibility and criteria of the particular findings of the study must be ascertained. Second, the transferability and applicability of these findings to another setting or group of people must be verified. Third, reasonable assurance that the results are replicable with the same participants in the same context must be ascertained.

Fourth, assurance that the results reflect the participants and the inquiry itself rather than a fabrication from the researcher's biases or prejudices must be ascertained. These doubts are issues that were answered by my techniques in data collection, analysis, and presentation of findings, based on my study's truth value (applicability, consistency, and neutrality), an extension of its validity and reliability. C. Marshall and Rossman (2011) proposed four constructs that have provided qualitative researchers new terms with different connotations that accurately reflect the assumptions of the qualitative paradigm. These constructs are as follows:

**Dependability.** Dependability, which focuses on the researcher's attempts to give accounts of changing conditions and design created by an increasingly refined understanding of the setting in the phenomenon that applies to the study. This kind of thought is different from those that shape the concept of reliability, as positivist impressions of reliability assume an unchanging universe where logical replication of inquiry prevails (Marshall & Rossman, 2011).

This form of assumption is in contradiction to the qualitative/interpretive assumptions that the social world is always constructed and that the concept of replication is itself problematic (Marshall & Rossman, 2011). Dependability as depicted by C. Marshall and Rossman (2011), is the researcher's attempt to account for changing conditions in the phenomenon and changes in the design created by an increasingly refined understanding of the setting.

Whereas traditional quantitative view of reliability depends on the assumption of replicability or repeatability, dependability emphasizes the need for the researcher to account for the ever-changing context within which research occurs. The researcher is responsible for describing the changes that occur in the setting and how these changes affect the way the researcher approaches the study (Trochim, 2006, p.23)

I achieved dependability by adhering to this ongoing trend.

**Credibility.** The goal is to demonstrate that inquiry was conducted to ensure that the subject was correctly identified and described (Marshall & Rossman, 2011). The

credibility or believability of a qualitative study is focused on exploring a problem or describe the setting, process, social group, or pattern of interaction, as portrayed by C. Marshall and Rossman (2011), will rest on its validity. C. Marshall and Rossman stated that a qualitative researcher should by way of an in-depth description of the complexities of the parameters, place boundaries and limitations around the study.

Credibility criteria, as suggested by Trochim (2006), involve establishing that the results of qualitative studies are credible or believable from the perspective of a participant in the research. From Trochim's point of view, the purpose of qualitative research is to describe or understand the phenomena of interest from the participant's perspective; the participants are the only individuals or people who can legitimately judge the credibility of the results. I presented the results of my data analysis to the participants for review and comments.

**Transferability.** The focus of the researcher is to argue that his or her findings will be useful to others in a similar situation and similar research questions. The burden of proof that the research could be applicable to another study lies with the latter researcher who does the transfer, rather than the former. C. Marshall and Rossman (2011) denoted that transferability occurs when another researcher wants to apply the findings of a population of interest to a second population believed or presumed to be similar to the first, to warrant such application C. Marshall and Rossman noted that a qualitative study's transferability or generalizability could be difficult because its external validity is regarded by traditional canons as its weakness; but the researcher can counter

the challenge by referring to the original theoretical framework to portray how data was collected and analyzed as well as application of concepts and models.

Transferability refers to the level by which the results of qualitative researches could be generalized or transferred to other contexts or settings (Trochim, 2006). From a qualitative perspective, transferability is primarily the responsibility of the one doing the generalizing. Trochim suggested that the qualitative researcher can enhance transferability by doing a thorough job of describing the research context and the assumptions that were central to the research. As a person who wished to transfer the results to a different context, I was responsible for making the judgment of how sensible the transfer was.

**Confirmability.** The confirmability of this study materializes by asking if the logical inferences and interpretations of the researcher make sense to the reader. Qualitative research is subjective and may reflect the biases of the researcher. The role of the researcher is to develop in-depth understanding of subject under study and empathy for the research participants in order to understand their words better (Marshall & Rossman, 2011).

Qualitative research tends to assume that each researcher brings a unique perspective to the study (Trochim, 2006). Confirmability according to Trochim (2006) referred to the level by which the results could be confirmed or corroborated by others. A number of strategies exist for enhancing confirmability. Trochim noted that the researcher could document the procedures for checking and rechecking the data

throughout the study. Another researcher can assume the devil's advocate role with respect to the results and documents this process.

The researcher can actively search for and describe any negative instances that contradict prior observations. Trochim (2006) further suggested that after the study, the researcher could conduct a data audit that examines the data collection and analysis procedures and makes judgments about the potential for bias or distortion. I conducted a data audit that examined the data collection and analysis procedures and made judgments about the potential for bias or distortion. If any of these issues surface, they will be removed, and the data reexamined.

### **Reliability**

Qualitative reliability indicates that the researcher's approach is consistent across various research and different projects (Stevens, 2013; Vaara, Sarala, Stahl, & Björkman, 2012; Walsh, 2012). The same interview protocol applies for all the qualified participants to maintain an assured consistency of the interview process which denotes reliability of the study (See Appendix C). A qualitatively reliable study should portray components of broad research and make sure rigor prevails through credibility, dependability, confirmability, and transferability (Aguinis, 2012; Engelen, Neumann, & Schmidt, 2016; Marques, Presas, & Simon, 2014).

My insights increased the possibility that I will describe the complex social system under study by building the proposal strategies for limiting bias in interpretation by the following:

1. Planning to use a research partner or a person who plays the role of critical friend who thoughtfully and gently questions my analysis
2. Built in time for cross-checking, peer debriefing, and time sampling to search for negative instances.
3. Describing how analysis applies to current and previous literature, it will include checking and rechecking the data as well as a purposeful examination of possible alternative explanation.
4. By providing examples of nonevaluative and explicitly descriptive note-taking; I also took two sets of notes; one with a description and another with tentative categories and personal reactions.
5. Cite previous researchers who have written about bias, subjectivity, and data quality.
6. Planned to conduct an audit trail of the data collection and analytic strategies (Marshall & Rossman, 2011).

Replicability, according to C. Marshall and Rossman (2011) is not a requirement of qualitative research; I purposefully avoided controlling the research conditions and concentrate on recording the complexity of the situational contexts and interrelations as they occur. As a qualitative researcher, I responded to the traditional social science concerns for replicability by first, asserting that qualitative studies by their nature, cannot be replicated because the real world changes. Second, by keeping thorough notes and a journal or log that records each design decision and rationale behind such decision,

giving allowance to others to inspect my procedures, protocols, and decisions. On the final note, I kept all collected data in well-organized, retrievable form to make them available if the findings become court issues or if another researcher wants to analyze the data.

Qualitative analysis permits a revisit of a site for follow-up questioning of participants, but participants may not be available after the first visit or, if available, may be uncooperative or provide a false account of a scenario that may not be verifiable. In attempting to substantiate the data and maintain reliability standards, I asked participants to verify the data to ensure there is no drift in the definition of codes or a shift in the meaning of the codes during the process of coding by always comparing data with the codes and by writing memos about the codes and their definition.

### **Validity**

Validity refers to the levels by which a study accurately reflects or assesses the specific concept that the researcher attempts to measure (Khan et al., 2012; Roe & Just, 2009). Rolandsson (2015) posited that validity denotes the issues of credibility, transferability, and trustworthiness. Rolandsson illustrated this same distinctiveness as quality criteria for research.

Member validation and check were the primary validity methods for this research. Member validation and checking are procedures mainly associated with qualitative research whereby a researcher submits materials relevant to the exploration for checking, by the people who were the source of those materials (Lewis-Beck, Bryman, & Liao,

2004; Marshall & Rossman, 2011). These authors suggested that member validation and checking are tools for validation and ensure the interpretation and analysis of the interview by the participants. They further contended that the most probable common form of member validation occurs when the researcher submits an account of his or her findings such as a short report or interview transcript for checking. Turner and Webb (2012) contended that consistent inferences about traceable or material experiences verified from participants throughout the interviews would ensure internal validity and dependability.

The validity of the research gained strength, through the use of original questions, the development of the foundation of the study, the explanations of the expectations, and member checking. Member checking is defined as a quality control practice by which a researcher seeks to improve the accuracy, trustworthiness and validity of what has been recorded during a research interview (Harper & Cole, 2012). Furthermore, Harper and Cole (2012) stated that member checking is also identified as participant verification of the participant feedback, respondent validation, applicability, external validity, and fittingness.

The researcher may restate or summarize information provided by the participant and then question the participant to determine the accuracy of the information. The participants' reviewed the presented information and either agreed or disagreed with the reviews, as reflective of their observations, emotions, and experiences. If suitability and

totality are established, then the study was viewed to have credibility (Harper & Cole, 2012).

After coding and analysis, the results and responses were presented to the participants for review with an exploratory question: Did I correctly interpret these responses (Marshall & Rossman, 2011; Roe & Just, 2009)? The participants were allotted 7 days to review responses to ensure the accuracy that further strengthened the validity of the study to implement confirmability. Confirmability refers to the degree to which the results could be confirmed or corroborated by others (Denzin & Lincoln, 2011; Polit & Beck, 2010), and procurement of external auditing of the results of the interview will be by way of the faculty chair and committee members.

### **Transition and Summary**

In Section 2, the goal was to illustrate the development of the study and the characteristics of the research project method. This section included the purpose statement, the role of the researcher, participants, research method, design, population sampling, data collection, data analysis, reliability and validity, and transition and summary. In Section 3, I include a discussion of conclusions, recommendations for future research, relevance to business and professional practice, and implications for social change.

### Section 3: Application for Professional Practice and Implications for Social Change

#### **Introduction**

The purpose of this qualitative phenomenological study was to explore business owners' perceptions and experiences regarding the balancing of CSR and shareholder profitability, taking into account the effect of hiring ex-inmates. Seven prominent themes emerged: (a) social perceptions of ex-inmate integrity, (b) feasibility of using ex-inmate labor, (c) responsibility to shareholders and customers as stakeholders, (d) community stakeholders and CSR, (e) ex-inmates as employee stakeholders, (f) direct experiences with ex-inmate employees, and (g) existing and proposed community supports for ex-inmates.

#### **Presentation of Findings**

The following overarching research question was used to guide the study: What are the lived experiences of business owners engaged in balancing CSR and shareholder profitability?

#### **Social Perceptions of Ex-Inmate Integrity**

The theme of social perceptions of ex-inmate integrity was one of the most prominent themes participants discussed. Participants drew from their own experiences to either implicitly or explicitly (sometimes both) express common perceptions and misconceptions about ex-inmates reintegrating into society. Participants drew from their own direct experiences and observations of social norms.

All of the participants indicated both an awareness of and sympathy for ex-inmates as human beings and community stakeholders; however, negative social perceptions were seen as outweighing positive perceptions even when participants had successfully employed ex-inmates. One participant was explicit about this: “When [ex-inmates] come back [from prison] there is definitely a stigma against them” (Participant 7). Participant 5 referred to the difficulties with which he associated this stigma for ex-inmates who were attempting to reform:

Our society as a whole has a stigma that goes around with every ex-inmate that prevents them from easily integrating into society. . . part of the difficult task for inmates is that they are being punished over and over for the crime they committed: a single crime might change their lives entirely. (Participant 5)

Participants who were less supportive of reintegrating ex-inmates back into society viewed the employees as potentially dangerous or untrustworthy. These participants sometimes described this stigma in terms of the possibility of recidivism; Participant 16 stated, “Maybe they want to try and use drugs again,” while Participant 3 said, “Some [criminals] go [to prison and] they don’t change; they resort to bringing bad enterprises that affect society in the community they live in.” Participant 10 stated his reservations in detail:

When you hire [ex-inmates], I don’t think you have any incentive. All the risk you are taking you are taking alone. You do not know if he is having a mental problem or what crime made him to be incarcerated previously . . . *when* this

hired ex-inmate hurts somebody, you are responsible because he is in your property and works for you. He might use some of your tools to hurt someone; when it comes to lawsuit, the business owner or the corporation gets hurt the more. (emphasis added, Participant 10)

Participant 2 was more concerned about the perceptions customers might have of the ex-inmate:

If the word goes round [that the business has hired an ex-inmate] nobody will appreciate your service whatever you do . . . . Personally, I do not have problem hiring ex-inmates but the effect of it on my business will not be favorable.

(Participant 2)

Participant 7 expressed his sensitivity to the ways in which stigma can become a self-fulfilling prophecy: “If they feel rejected too much they will be thinking more of crime than thinking to contributing anything good to the society.” The same participant still felt, however, that stigmatizing ex-inmates was such a pervasive tendency that informing customers of an employee’s criminal record might hurt business: “People may not feel comfortable coming to the business place because of the presence of ex-inmates.”

Participant 13 was more optimistic:

Well I have met some ex-inmates; a lot of them want to learn and grow and become better people and if they done time, they want to change at some point I am sure . . . . When they come outside to the real world, to the work place, they could be a more probably a better asset than someone who is not an ex-inmate.

They are more motivated, they want to prove something to the world and themselves. They probably would be better employees than someone that never went to jail, doing whatever they want, however they want, in my opinion, an ex-inmate is a better prospect . . . I don't think it is gonna change any perception on your business just by having [an ex-inmate as an employee] . . . Because if they are looking for jobs, they are on the right path. (Participant 13)

That an ex-inmate who is seeking gainful employment has already shown a measure of good faith may be an important insight for business owners who have concerns about these workers. Participant 3 expressed this feeling more explicitly and also pointed out the effect that an ex-inmate's reemployment might have on stigmatization: "The stigma associated with incarceration is predominant so if they become available to be hired in working areas then of course it removes some of the stigma and people's perception of them becomes positive and they become normal." The participants generally agreed in recommending that employers who were open to hiring ex-inmates should brace themselves for a difficult undertaking; as Participant 3 stated, "It is a daunting task to get them back into society."

The respondents suggested an application to stakeholder theory, through which R. E. Freeman (2009) indicated that a business's sustainability as an economic concern is dependent on the balancing of the interests of all stakeholders. In the cases described by these participants, the interests of the derived stakeholders in the community were (potentially) opposed to the interests of principal stakeholders such as shareholders and

customers; that is, the community's interest in seeing an ex-inmate gainfully employed was possibly in opposition to customer interests in safety and, consequently, to shareholder interests in profitability. The potential for a conflict to arise between these interests must, then, be addressed by business owners, given that even derived stakeholders may be able to mobilize public opinion for or against a business (Mishra & Mishra, 2013).

Participants' sensitivity to this issue was in substantial agreement with researchers' (Dufays & Huybrechts, 2015; MacLean & Webber, 2015; Ruf et al., 2001; Williams et al., 2010) claims that implicit contracts exist between businesses and stakeholders and that stakeholders might perceive the hiring of ex-inmates as a violation of such a contract. Business owners indicated their awareness of this potential conflict in reference to several themes, suggesting the urgency of finding a way to balance these interests, for the sake of all parties involved. Table 2 depicts the frequencies and percentages for social perceptions of ex-inmate integrity subthemes.

Table 2

*Frequencies and Percentages for Social Perceptions of Ex-Inmate Integrity Subthemes*

Subtheme	<i>n</i>	%
Positive perceptions	8	26.0
Negative perceptions	15	48.0
Gravity of crime influences perceptions	8	26.0
Total	31	100.0

**Feasibility of Using Ex-Inmate Labor**

Often, participants had to tailor the way they undertook the hiring of ex-inmates according to the nature of their businesses. All participants expressed a general awareness of and desire to incorporate social responsibility into their business practices. The relationship between *business sector* and use of ex-inmate labor arose as a theme in interviews as the participants attempted to explain the feasibility of employing ex-inmates as an expression of CSR. Although it might be an easy factor to overlook, the position of an employer within a given business sector was seen by participants as a primary determinant of feasibility. The business sectors represented in this study included union advocacy, car repair/body shops, manufacturing, computer technology/IT, architectural engineering, logistics services, and alcohol retail.

As managers or business owners, some participants expressed a sense of obligation only to hire employees who were able to do the work required with minimal or no training. At least three participants (Participant 10, Participant 17, Participant 20) explicitly stated the need for certified, pretrained employees. Participant 10 said,

[M]y work is a specialty job and you have to be a certified professional unlike supermarket jobs. If they come out and can do the job, if they can paint or do body work and with little supervision based on their training while incarcerated [and] with the government insurance, I don't mind hiring them. (Participant 10)

Participant 17 seconded this sentiment,

Because of the uniqueness of the [car repair] business, it is not a labor business, it is a technical business so you literally need a person who works in this type of business, has to be technical has to have experience working with a vehicle; you cannot ask a layman to just put this car on the lift and that is taking a risk. Even someone fresh from a technical school we cannot hire them because putting a car on the lift. . . is a liability risk. I need experienced mechanics and not people that I have to train as the job does not have room for just two months training.

(Participant 17)

Participant 20 followed with,

Honestly, I have never encountered an ex-inmate that is looking for a job. . . . My business is such that they have to be specialized in computer technology and they may not have ready training in that field; so, it is difficult for me to hire them.

(Participant 20)

Even with their expressed awareness of CSR and sympathy for ex-inmates who faced obstacles in gaining employment, participants stated that they could not ignore

responsible business practices (e.g., the hiring of appropriately skilled employees) in pursuance of a public good.

Many of the business owners interviewed for this study felt that they had to limit according to the nature of their businesses their use of workers who had been convicted of crimes. As Participant 11 stated, “I would say if it involves money, we are in a cash handling business as you can see; if it comes into handling money or that kind of thing, that might come into question.” Particularly in a business that involves the handling of cash or other valuables, a job candidate’s criminal history may be perceived as a strong reason to suspect that the worker will not uphold the trust invested in him. Some business owners who would otherwise have been amenable to hiring ex-inmates found that their responsibility to protect revenue and merchandise outweighed the desire to assist a disadvantaged job applicant; the participant quoted above described himself as seeing no other fiscal disadvantages in hiring an ex-inmate.

Participant 2 felt that the ease with which an ex-inmate could be integrated into a business might depend on the tasks assigned to the worker: “As I said there is a good chance of hiring ex-inmates if they do not deal directly with customers; let say in a packing business they go pack things and nobody sees what they do and go home.” This response may be taken to indicate that some business owners may, in addition to the concern regarding trust discussed above, feel some reservation about allowing an ex-inmate to represent their businesses in transactions with customers.

Two additional factors, the size of the business and its hierarchical structure, were reported by participants as affecting their ability to employ ex-inmates. Of the participants who reported the number of employees under their supervision, none reported having more than 45 employees, and one participant was a sole proprietor and worker. Participant 5 reported that his 15 employees differed in specialization and that his hiring options were limited both by the number of employees he could afford to pay and by the availability of openings. Some participants' business sectors limited, or curtailed entirely, their ability to hire ex-inmates. For example, Participant 9 stated,

[W]e use a third party agency to check their background for criminal history and so far we have not come across anyone with this kind of a background because one of the jobs is school construction authority and our people go into NYC to work in schools with children and as such, it is mandatory they do not have criminal background. (Participant 9)

In this case, a criminal record was an automatic bar to employment. In contrast, Participants 13 and 18 reported much greater latitude in hiring decisions, suggesting that business owners who have some flexibility in the hiring or assignment of duties may be more receptive to hiring workers with criminal records. Participant 8 reported that this role flexibility allowed him to integrate an ex-inmate into his staff effectively: "I had no problems with him and started [him] as a sweeper, and gravitated to changing oil and brakes in cars so it was great." Role flexibility within a business may be used by managers to develop familiarity and trust with an ex-inmate gradually, without the

necessity of relying on the worker to fulfill significant responsibilities before his abilities or personality can be directly evaluated.

For the participants in this study, the presence of and interaction between these factors defined a continuum of feasibility for hiring ex-inmates. The range of the continuum, as expressed by participants, went from no feasibility whatsoever, through varying degrees of potential for hiring ex-inmates, to entirely feasible (if not already in practice). Only one participant (Participant 9) described the hiring of ex-inmates as completely unfeasible, and another (Participant 20) described it as feasible but highly unlikely due to the proficiency in computer technology required for the position. As mentioned previously, several participants (Participants 10, 12, and 17) felt that hiring ex-inmates was feasible if the potential employees had the requisite skills or certifications.

For hiring ex-inmates to be feasible, other participants (Participants 6 and 10) required that the ex-inmate be referred through a halfway house or other agency to ensure their stability and drug-free status; Participants 6 and 10 also indicated a need for certain skill sets. Three other participants (Participants 1, 11, and 19) based feasibility on the gravity of the crime committed by the ex-inmate, requiring the potential employee to be upfront about his record during their interview. For these employers, conviction for crimes like rape, child abuse, or assault would be a bar to employment. A different set of participants (Participants 5, 7, and 15) viewed the hiring of ex-inmates as entirely feasible, and attributed their current, inadvertent exclusion of ex-inmate employees to a lack of information or opportunity rather than to unwillingness. Finally, as present or

past employers of ex-inmates, Participants 4, 8, 13, 16, and 18 expressed willingness to employ ex-inmates in the future.

The application to stakeholder theory of these responses rests in the implication that certain interests are irreconcilable: the community's interest in seeing ex-inmates gainfully employed cannot, in some circumstances, be reconciled with the interests of other stakeholders in seeing the business continue to function. While cases in which the reconciliation was simply impossible were rare (Participants 9 and 20 only), the existence of such impasses indicated that, in some instances, certain kinds of corporate social responsibility would be fatal to the voluntary associations (described as such in Hasnas, 2013) among stakeholders, thus presenting an insurmountable obstacle to business practices that would otherwise be desirable (as described by Blanco et al., 2013; Mangen & Brivot, 2014). Table 3 depicts the frequencies and percentages for feasibility of using ex-inmate labor subthemes.

Table 3

*Frequencies and Percentages for Feasibility of Using Ex-Inmate Labor Subthemes*

Subtheme	<i>n</i>	%
For profit/non-profit	12	32.4
Unknown profit/nonprofit status	8	21.6
Size (incl. # employed)	5	13.5
Business sector type (type of goods/services)	12	32.4
Total	37	100.0

### **Responsibilities to Shareholders and Customers as Stakeholders**

Before hiring ex-inmates, business owners must weigh the possible gains and risks to their firms. The theme of responsibility to customers and shareholders as

stakeholders was prominent in participant accounts of balancing CSR with a return on investment(s). Participants tended to divide their sense of responsibility into three general areas: (a) safety, (b) quality, and (c) profitability. Of these areas, profitability emerged as the most pressing concern with respect to the impact of hiring ex-inmates. The impact of hiring ex-inmates could be positive, negative, or neutral.

Additionally, profitability was seen as the area that had the greatest impact on shareholder interests. Participants who spoke of the financially positive benefits of hiring ex-inmates made statements like the following: “The ex-inmate has a job and for as long as he does his job well and interacts with the other employees and the customers in a friendly and professional way, the business will thrive both morally and profitably” (Participant 8). Participant 1 gave a similar opinion: “You can even look at it from another perspective in the sense that every hour that is being worked by the individual is a profit to the owners, shareholder, and the company in general.” Participant 12 considered the connection between profit and ex-inmate labor to be contingent on the employee’s familiarity with his business sector: “In my case if they are knowledgeable in the wine and alcohol industry then (that is the business that we do), then they might drive up my sales and enhance my profit margin.”

Although the hiring of ex-inmates was perceived by some business owners as both morally and financially profitable, at least two participants in this study (Participants 14 and 18) expressed doubts, saying that the hiring of ex-inmates would have little to no impact on their profitability. As Participant 18 stated,

I think it will be more of a moral profit than financial profitability because you want to be able to contribute to the community where you operate and such the profit might not be immediate but then when you have a better community, it turns around to be a better environment to operate as a business naturally. [But] I do not think it [hiring ex-inmates] really made any dent. (Participant 18)

Participant 14 also expressed doubts about the value to businesses of using ex-inmate labor:

Society I think will give a premium if you are helping children, women, or sick people, etc.; you know those kind of things are more endearing to society. But I don't get the impression that providing that form of social service to ex-inmates gets that kind of positive feedback from society. I do not say it gets negative feedback but it does not get as much as the groups mentioned earlier. So, I do not think [employing ex-inmates] adds any additional financial benefit. (Participant 14)

Participants tended to disagree with the claim of Brower and Mahajan (2013), Driver (2012), Miller et al. (2012), and others, that corporate social responsibility is associated with the market-related outcomes of a firm. However, participants seemed to confirm Mishra and Mishra's (2013) claim that derived stakeholders (e.g., members of the community in which the business operates) have the capacity to mobilize public opinion in favor of or in opposition to a firm's interests.

Although all participants in this study acknowledged the moral good of hiring ex-inmates, this acknowledgement was often overshadowed by the perception that this practice might have a negative impact on profits. This perspective was expressed by participants in several ways, and was in conflict with the findings of a number of researchers, who had indicated that corporate social responsibility was associated with a reconciliation of stakeholder interests and increased profitability (Calace, 2014; Holder-Webb et al., 2009). Participant 10 expressed the concern that the employment of ex-inmates would create a significant financial burden for his business:

[Y]ou face a lot [of risk], you put the ex-inmate's driver's license on your insurance as to be qualified to drive the cars; you put this information in the system only to find out that he has committed all sorts of crime. In a body shop, you have to pay for workmen's compensation, medical, and life insurances. The next day, your insurance policy for your business will shoot through the roof.

(Participant 10)

Participant 2 expressed the perception that more financial benefits might accrue to business owners who used ex-inmate labor in such a way that the ex-inmate did not have direct contact with the client or customer:

Well. . . financial contribution could be applicable to business owners who do not have direct contact with the stakeholders. But the kind of business that I have. . . I don't think it will be profitable to my business since this is a high crime area,

maybe a customer comes and might know them, word goes around, there will be no profitability that I foresee in hiring an ex-inmate. (Participant 2)

The issue raised in responses like this was that of customers' (as stakeholders) perceptions of safety; if customers felt endangered by the presence of an ex-inmate, they would take their business elsewhere.

Additional ways in which profit could be lost through the hiring of ex-inmates included the (perceived) poor work ethic of these employees, which might result in the manufacture of inferior articles. Participant 16 expressed his concerns about this as follows:

[B]y having about fifteen or sixteen people on the line, one mistake means we have to paint twenty-five pieces for free in order to fix that one piece; our margins are very low and it's not just my margins, my customers rely on me to put out a good product and if they [employees] put out a bad product. . . . If they are not on time, we are not gonna get the next order. (Participant 16)

Participant 16 went on to say that ex-inmates faced many pressures, including the loss of structure when they left their halfway houses and the temptation to abandon education and training provided by employers to return to "doing drugs, stealing and alcoholism all for easy money." Given that employee training is an investment, the possibility of recidivism and employee turnover among ex-inmates was perceived as a financial risk to employers.

Many of the considerations the participants mentioned were associated with participants' sensitivity to stakeholder interests. Business owners who were concerned about letting ex-inmates represent their businesses in transactions with customers were indicating their cognizance of the importance of customer perceptions. Customers are principal stakeholders, whose contribution is necessary to a firm's survival (Freeman, 1994); the participants who addressed the issue of ex-inmates as business representatives implicitly believed that customers' possible reluctance to deal with a convicted offender would outweigh any appreciation of the corporate social responsibility inherent in hiring persons from a disadvantaged group, such that a net depreciation of the business's public image would result, with consequences for shareholder interests. Several participants indicated that the nature of their businesses could cause the employment of ex-inmates to affect shareholder interests more directly, if the worker took the handling of valuable assets as an opportunity for theft.

Participant responses also indicated an awareness that stakeholder interests in the hiring of ex-inmates may be conflicting; this was in partial conflict with Brower and Mahajan's (2013) claim that corporate social performance led to higher levels of customer identification with the firm, and that this led, in turn, to improved business evaluations. Conflicting stakeholder interests may cause certain stakeholders to dis-identify with the firm when the firm engages in the hiring of ex-inmates. The stakeholder conflict of interests suggested by some of the responses may be described as follows: on one side, it is disadvantageous to allow a potential worker and his family to become a

burden on the community, either passively (as welfare recipients) or actively (as recidivated criminals); on the other side, customers may be so averse to transacting business with ex-inmates that employers who hire workers with criminal histories may suffer a loss of goodwill and revenue (contrary to the findings of Brower & Mahajan, 2013). Thus, the same persons may, in their role as derived stakeholders (members of the community), benefit from the employment of ex-inmates, while at the same time, in their role as principal stakeholders (customers), find this form of corporate social responsibility detrimental to their confidence in the firms concerned.

Given that, as Hasnas (2013) pointed out, stakeholder relationships are entirely voluntary, these relationships may be severed at will, as (for example) when customers cease to patronize a business even though, as members of the community, they are benefiting indirectly from the employment of ex-inmates. The participants were conscious of this conflict, but all felt a sense of obligation to the communities in which their businesses operated, and--as will become apparent in the discussion of the next theme--all felt that hiring ex-inmates was one way to meet this obligation. Table 4 depicts the frequencies and percentages for responsibilities to shareholders and customers as stakeholders' subthemes.

Table 4

*Frequencies and Percentages for Responsibilities to Shareholders and Customers as Stakeholders Subthemes*

Subtheme	<i>n</i>	%
Ex-inmate impact on clients/customers	58	95.1
Ex-inmate impact on quality	3	4.9
Total	61	100.0

### **Community Stakeholders and Corporate Social Responsibility**

Many of the participants suggested that the potential benefits to the community of hiring ex-inmates were thought to exert humanitarian pressure on their consciences, and all participants were in agreement with researchers who claimed that businesses should recognize corporate social responsibility (Blanco et al., 2013; Mangen & Brivot, 2014). The participants also implicitly agreed with claims that corporate social responsibility consists of activities that are beneficial to the community (Pagliaro et al., 2013) and not mandated by law (Rego et al., 2011) or by the owner's legal or financial obligations (Walker & Dyck, 2014). The stated or implied difficulties of integrating a worker with a criminal history into many kinds of businesses may be particularly unfortunate, given that the community has an investment in formerly incarcerated individuals, whether its members would collectively choose to make this investment or not.

Many of the participants were cognizant of this investment and regarded it as an important consideration. As Participant 14 noted, "[Ex-inmates] are still members of the society so nevertheless, we have to respond to that reality otherwise. . . we need to help them to become better members of the society." Participant 14 was pointing out not only

that the welfare of the community depends to some extent on the contributions of ex-inmates, but that engagement in productive work can be rehabilitative: employers can help ex-inmates to become better members of society than they have been in the past, simply by employing them.

Participant 5 proposed that the hiring of ex-inmates initiated a positive social domino effect. To paraphrase, an employed ex-inmate who pays taxes has a greater stake in the system and therefore a greater sense of responsibility; the worker is then more likely to reinvest those wages by spending within the community; these wages also enable ex-inmates to raise a family in a more financially stable home, thus befitting the children in that home. The result is a situation in which a person who once took from the system begins to give back. From this progression, Participant 5 concluded that “[It] is very. . . profitable for the business and the community at large. . . if an ex-inmate has a job--there is less tendency for him to go back to the criminal system.” This is a particularly salient point because, as Participant 5 pointed out, “a typical inmate costs the system about \$48,000 annually.”

Participant 15 expressed a similar awareness that the employment of ex-inmates reduced the need for public assistance:

[I]f I hire an ex-inmate I am giving him an opportunity to make a living instead being dependent on the government to give him welfare. By him getting employment he will start paying taxes; through the taxes he pays he will have contributed to the wellbeing of the society. (Participant 15)

Participant 7 eloquently summarized the general sentiment of other participants as follows:

I look at any community as a human body. We have the head in the community; we have the arm, we have the leg. . . but not one of these can exist by itself. They will not survive; they depend on each other so if the hand has been injured and cannot function at this particular moment my whole body will know. . . . So somebody coming out of prison is like an injured human being, part of our community that is being handicapped at that time. (Participant 7)

Participants therefore viewed the hiring of ex-inmates as a potential win-win-win situation--businesses benefitted from the labor, the ex-inmate obtained gainful employment, and the community benefitted from decreased crime, a reduction in the strain on welfare systems, and increased circulation of money through the local economy. As discussed above and in the next theme, however, the risks were assumed by the employer. Table 5 depicts the frequencies and percentages for community shareholders and corporate social responsibility subthemes.

Table 5

*Frequencies and Percentages for Community Stakeholders and Corporate Social Responsibility Subthemes*

Subtheme	<i>n</i>	%
Broader (but local) community	16	84.2
Government entities	3	15.8
Total	19	100.0

### **Ex-Inmates as Employee-Stakeholders**

When the importance of the potential benefits to the community and to the ex-inmate were granted, business owners often had to weigh public goods against perceived risks to their businesses. As discussed previously, many participants regarded an employee's criminal record as a liability, in some cases because they saw it as an indication that the employee might be dangerous or untrustworthy. However, several participants felt a moral obligation to treat ex-inmates fairly, due to their sense that ex-inmates, simply by being members of the community in which the businesses operated, already had some status as stakeholders in their companies: "My perception of [ex-inmates] is that they are members of the community and the community adds value to the organization then that is a standpoint. You know they are definitely stakeholders" (Participant 14). This awareness translated for some of the participants into a desire to deal fairly with ex-inmates who presented themselves as job candidates.

Some participants expressed a kind of idealism in their stated wish to give ex-inmates "a second chance," (Participants 1 and 11) their reservations about an employee with a criminal history notwithstanding. As Participant 11 stated, "A second chance . . . will be employment; everybody deserves a second chance and there won't be a problem interviewing people for employment within the company. So my perception about ex-inmates as stakeholders is one of open-mindedness." Participant 1 expressed similar feelings: "What I really think about ex-inmates I always believe in a second chance or an opportunity for everyone." For some participants, the desire to assist ex-inmates was

expressed as a willingness to evaluate job candidates solely according to present merit, rather than to past faults. Participant 1 said, “The key thing is that whoever is going to be an employee of this company what we ask for is honesty.” Another explicitly attributed his open-mindedness to an awareness that ex-inmates were stakeholders in the community:

If I have two people walk through my business door looking for work with one being an ex-inmate and the other clean, I will give both of them equal attention on an equal playing ground and will consider them based on their qualification for the job. Thus, they both are considered bona fide stakeholders by definition, within the community. (Participant 12)

The response of Participant 13, however, suggested that the distinction between a job candidate with a criminal record and a job candidate without such a history could persist in a business owner’s mind, in spite of a well-meaning desire to show equal consideration to both. Participant 13, a business owner, referred to a hypothetical “clean” candidate as an “ordinary individual” when he stated,

Well I don’t judge stakeholders based on their backgrounds, I am a service provider; so it doesn’t matter where or what their history of someone is, I am still gonna help him to the best of my ability; so I don’t see the relevance of someone been an ex-inmate. So long as they are doing the right thing, when they come in, they will get the same kind of response as any ordinary individual as far as I am concerned; if they are nice, then I am gonna be nice. (Participant 13)

Other participants indicated that their willingness to accept ex-inmates as employee-stakeholders depended on the crime for which the job candidate had been incarcerated:

If the ex-inmate is involved in some kind of shooting and things like that, then perhaps I consider that to be become problematic because he is angered and not controlling his temper. Any other inmate beside that area, I have no problem considering them working for us as employee stakeholders. (Participant 17)

Setting aside the socially responsible desire expressed by several business owners to assist a disadvantaged job candidate, several participants tied their willingness to hire ex-inmates directly to the quality of work the applicant could be expected to perform. One business owner expressed an awareness that this performance affected the interests of customers and vendors, who were also stakeholders in the company:

If the individual is a good worker, comes in all the time, this is positive for the company and positive for the person. There are certain rules he must follow, showing up every day, doing a job that is considered good for my customers, and for my vendors because if I do a bad job I won't be able to pay these vendors. (Participant 16)

Participant 16 also implied an awareness that the interests of shareholders and employee-stakeholders were often the same: "I try to give everybody an equal opportunity to better themselves because if they do better, the company should do better." Ex-inmates are not the only employee-stakeholders, however; one respondent expressed an uneasy awareness that employees without criminal records might be leery of working

with ex-inmates, but Participant 16 went on to propose an outlet for their discomfort: “If somebody is hired let’s say the rest of the employees find out that he is an ex-inmate . . . if they have any concern they have to bring it to our attention.” In making this response, the participant was in accordance with research citing the importance of organizational justice, particularly in procedural manifestations such as fairness and transparency (Harrison & Wicks, 2013).

Participant 16, who had employed ex-inmates, expressed an awareness that his implementation of corporate social responsibility brought additional regulatory obligations with it:

As far as the government agencies are concerned, we follow the rules and regulations by not giving cash under the table payment, helping the ex-inmate workers to fill out their tax forms, child support deduction, and other necessary paperwork to aid them to stay out of default or infringement. There is strict adherence to company policy, entrance into the company premises and no deviates. Strict lunch breaks, they cannot leave early, and fill out court papers.  
(Participant 16)

Participant 16 went on to note, though, that these additional obligations might be worthwhile, given that employment could be rehabilitative for ex-inmates, particularly when younger ex-inmates were mentored by successful older workers:

Some kids in their early twenties, never had a job, never finished school, all they had was gang life; and to try to explain it: here is a guy he is your manager.

Twenty years ago he was in your spot and he is responsible for the success of this company, he has moved up in the company and tries to set an example that you come in every day. (Participant 16)

The idea that gainful employment might be rehabilitative for ex-inmates came up in several interviews, suggesting participants' sympathy with claims that stakeholder interests and expectations extend beyond a firm's profitability (Harrison & Bosse, 2013; Harrison & Wicks, 2013; Pollack & Bosse, 2014). In these responses, it was noticeable that the participants seemed unconsciously to credit ex-inmates with the intention to reform. As Participant 6 stated,

[T]o my point of view they do qualify as stakeholders they served time in jail for whatever they did and when they come out their lives are different and they want to better their lives and try to do something better. When they come to work for me they will follow instruction and follow the rule to better their lives and become better persons. (Participant 6)

Participants may have justified the assumption of rehabilitative intent with perceptions that incarceration was in some ways redemptive. One participant who subscribed to this view stated,

I am always grateful to have [ex-inmates] as employees because you know most of them would have paid their debt to the community and moved on to be better people as such I don't think any employer should have problems. So I have a very positive perception about ex-inmates as stakeholders because the only way

they can go is be better people. After the experience you know, of being incarcerated for some time usually I believe is better change in life. (Participant 18)

None of the participants elaborated on the contrast between their willingness to help former inmates and the serious reservations about this form of corporate social responsibility that some of them had expressed in other portions of the interview. In some cases, the contrast may have been due to a very human tendency to go further in statement than in practice, particularly where ideals are concerned. Some employers who cited reservations had employed ex-inmates, however, and seemed to have retained their optimism about this form of corporate social responsibility, even while recognizing that the results often fell short of their hopes. As Participant 16 stated, "I have seen very good individuals that have moved on to better things, and I have seen individuals who have gone back to what they used to do and have been reincarcerated." Another participant detailed the supervisory behaviors that he believed were necessary for the successful integration of a former inmate into his staff:

I will be thorough; because I believe that in the prison confines, there is discipline and in my organization, I will continue with that . . . You are expected to follow laid down rules and regulations to the letter. I believe that while he is working for me, I am his custodian and responsible for his professional behavior in the community because I really want to help him to reintegrate into the community

and I have to continue with the discipline that was taught to him while in incarceration. (Participant 7)

While this participant may have seemed to endorse a somewhat authoritarian approach to the management of ex-inmates, the participant's enthusiasm and strong sense of responsibility were noteworthy. The assumption that he would be taking the ex-inmate under his wing might be seen as giving a paternal slant to the implied perception that ex-inmates needed a level of attention amounting to a continuation of penal discipline in order to reintegrate into the community. The participant seemed to regard supervisory vigilance as a means of compensating for the stigma attached to ex-inmates, and as a means of addressing the pervasive suspicion that these workers were unreliable, while still attending to the worker's needs.

As discussed above, participants were skeptical of the claim that this form of corporate social responsibility would increase the community's goodwill toward the business, yet almost all of the participants remained willing (when it was consistent with the requirements of their businesses) to hire these disadvantaged applicants, simply for sake of the benefits that would accrue to the ex-inmate and to the community.

Participants indicated, then, that this form of corporate social responsibility was most often motivated by a sincere concern for the public good. This was in agreement with Haigh and Hoffman (2012), who indicated that corporate social responsibility could be motivated by personal enthusiasm on the part of business leaders. Participants also indicated a strong awareness that the interests of employee-stakeholders were closely

intertwined with the interests of the derived stakeholders in the surrounding community, in agreement with Mishra and Mishra (2013). Table 6 depicts the frequency and percentage for the ex-inmates as employee stakeholders theme.

Table 6

*Frequencies and Percentages for Ex-Inmates as Employee Stakeholders Theme*

Theme	<i>n</i>	%
Ex-inmates as stakeholders and CSR	8	26.0

### **Direct Experiences With Ex-Inmates as Employees**

Given that only five of the participants had actually employed ex-inmates, this theme is distinct, and is therefore separated from the more general perceptions and expectations of ex-inmates as stakeholders. Before expanding on this theme, it would be prudent to note that while only five of the participants had employed ex-inmates at the time of the interviews, all but one participant in twenty, expressed willingness to consider doing so under certain conditions in the future. Rather than being an indication of failing to engage in corporate social responsibility, inexperience with the employment of ex-inmates involved a different kind of lived experience with respect to the balancing of CSR and shareholder profitability.

All five of the participants (Participants 4, 8, 13, 16, and 18) who reported experience with ex-inmates as employees gave positive accounts, including the single employer (Participant 4) who related the following experience: “The [ex-inmate’s] problem was drinking and when I talked to him and set out the rules, no smoking or drinking during work hours, he has responded.” Notable in this response were the respect

shown to the employee (the employer “talked to” the ex-inmate and “set out rules” instead of threatening, complaining, demanding, etc.), and the efficacy of this mode of interaction in producing the desirable result.

Participant 16, in addition to agreeing with the recommendation of setting down rules, suggested a strategy for gradually integrating ex-inmates into a business:

What you find is that these individuals have the ability, they have the interest, then you try to flourish that and get them to follow simple rules and go to them to do one and they do a good job, then two things and it is good, and in due time you give an opportunity to grow in the company with different responsibilities.

(Participant 16)

These recommendations correspond to those discussed above, in that ex-inmates and employers may both benefit from the prudent and gradual addition of duties.

Participant 18 reported that the ex-inmates he had hired had assisted in the growth of his business:

Well in the past you know we had. . . employed ex-inmates as employees and we did not have any problems as a matter of fact, many of them contributed to the development of our business to the point where we are today. (Participant 18)

This participant’s extensive experience in working with ex-inmates, and the fact that the majority of his experiences have been positive, may be seen by other employers as grounds for optimism. Another employer (Participant 4) likewise reported a solidly positive experience:

I have in fact one with me now, he is an ex-inmate he has been with me for six years but I prefer getting them through the agency; he is an exceptional worker because he does everything I ask him. In fact, he stays late when I ask him he has no problem with the other workers and it might be due to age but he has not gotten into any trouble or issues. (Participant 4)

These experiences suggested that ex-inmates may, perhaps because they have to compensate for the disadvantage of a criminal record, be willing to go beyond job requirements.

Participant 13 felt, based on his experiences with one ex-inmate, that ex-inmates might have a stronger work ethic than employees who have never been incarcerated:

What I have learned from ex-inmates actually I have experience with one such ex-inmate; they are probably the most disciplined people you could ever meet; I guess it is the fact they have been locked up for a long period of time and they have to be disciplined at some level; wake up early, be on time; they don't have a choice – they have to wake up early, they have to go to bed at a certain time. . . so, it could be the opposite compared to what the perception is of an ex-inmate; because ex-inmates are really respectful because they have to live a different life in jail of respect for each other, otherwise they would not survive. (Participant 13)

Participant 8 described his experience with an ex-inmate who was so disciplined that he went on to advance considerably in his career:

I have hired ex-inmates in the past; they worked with me for several years and moved on to better jobs. He came to me about a job and told me he could not find a job due to his prior incarceration; they would not give him a second chance; I said to him, no problem. We put him on the payroll and he stayed with me for four years he moved on and started working for a cable company and does electronics installation for over fifteen years now and it's been fantastic.

(Participant 8)

This interviewee also agreed with Participant 16, that respect and consideration were the best means of promoting a positive outcome with employees who had criminal histories:

I treated him like a regular guy, I did not see him as an ex-inmate. I treated him as somebody who needed a job, and he came in at the right time when I needed to fill a spot. A nice guy, I trusted him with everything; I would give him keys to the shop and he would open up, close up shop if I needed him. (Participant 8)

In offering this response and some of those above, participants suggested a shared perception that ex-inmates responded to respectful treatment, and that treating them “like a regular guy” (Participant 8) or talking to them and setting down rules (as opposed to berating or punishing) might be the best way to produce the desired result. Participants who made these responses substantially agreed with claims that leaders can produce feelings of connectedness, esteem, and empowerment among employees, and that these outcomes are desirable (Ashforth et al., 2014; Mair et al., 2012). The participants also suggested that tending to an employee-stakeholder’s noneconomic interests—

specifically, to his need for respect and empowerment—might in many cases be the best way to promote the economic interests of other stakeholders, such that managers can meet their obligation to ensure that corporate social responsibility is financially beneficial to their firms (Dodge & Mandel, 2012). Table 7 depicts the frequencies and percentages for direct experiences with ex-inmates as employees' subthemes.

Table 7

*Frequencies and Percentages for Direct Experiences With Ex-Inmates as Employees Subthemes*

Subtheme	<i>n</i>	%
Positive	5	25.0
Negative	1	5.0
None	14	70.0
Total	20	100.0

### **Existing and Proposed Community Supports for Ex-Inmates**

Based on the themes of ex-inmates as employee stakeholders and responsibilities to shareholders and customers as stakeholders, it is clear that participants felt some apprehension about hiring ex-inmates; these apprehensions often took the form of a mixture of appreciation for the potential injustice of stigmatizing ex-inmates, and sensitivity to widespread perceptions that workers who had been convicted of crimes were dangerous or untrustworthy. The participants' awareness of a perceived, pervasive distrust of workers with criminal histories was expressed in terms of anxiety about the interests of other stakeholders, such as customers and shareholders. Overall, however,

participants felt sympathetic toward ex-inmates and believed that these workers should be assisted in the process of reintegrating into the community.

Participant 19 stated, “they have changed and we should welcome them back into the society.” Participant 8 seconded this with, “Hopefully, the ex-inmates should be given a second chance even if they have to be supervised in whatever business they decide to open up.” Participants either stated or implied that ex-inmates should be given the benefit of the doubt, and should even be given some support from the community as they entered the workforce. These responses gave rise to the theme of existing and proposed community support for ex-inmates. This theme contains participant contributions concerning their awareness of and experiences with existing supports for ex-inmates, as well as their opinions concerning changes or additional supports that may be needed for ex-inmates, for employers hiring them, and for the community at large.

Most participants did not believe that social support of ex-inmates should come in the form of welfare, but they also felt that when ex-inmates became a public burden the fault lay more with the community, which had failed to provide them with the means to support themselves, rather than with the ex-inmates. Participant 19 expressed this view as follows:

We do not expect the government to be responsible for [ex-inmates]; so they have to work and support their family. [If] they do not have a job, they fall back to the government and we do not want that to happen, so we have to welcome them back and support them in their employment. (Participant 19)

Participants had more positive perceptions of interventional programs like halfway houses, which provided structure and enforced accountability for inmates and shared with the employer some of the responsibility for monitoring the ex-inmate's behavior. For example, Participant 16 stated, "Hiring an ex-inmate in certain cases using a halfway house, shows them how they should perform." Participant 16 cited residence in a halfway house as a partial guarantee of an ex-inmate's reliability: "When these [ex-inmates] come in [from a halfway house] they are clean and they are tested for drugs; if they are not [clean], they are back in the halfway house instead of working." Participant 4 agreed that the structure imposed by halfway houses and government agencies could alleviate some of an employer's concerns, stating, "I would rather get them from the agencies or halfway houses because it lowers the risk factor of hiring them." Participant 10 gave a more detailed response related to the utility of government assisted halfway houses:

I used to have one guy here . . . he got mad and pulled a gun and tried to kill somebody so I fired him . . . That is an example of the risk you face if you hire an ex-inmate just from the street. Hiring from a government agency will reduce the risk since there might be an insurance or guarantee that such ex-inmate is stable and clean. (Participant 10)

Other existing community supports for ex-inmates who are seeking employment are the incentives, such as tax breaks, that are made available to the employers who hire them. Only one of the employers (Participant 5) interviewed for this study mentioned

these incentives; however, “there is a lot of benefit earmarked . . . that gives an incentive for hiring ex-inmates by the federal government.”

Overall, though, the participants tended to feel that the existing social supports for ex-inmates were inadequate, both in terms of informal community support for ex-inmates as employees and for the businesses that hired them, and in terms of social programs dedicated to the facilitation of employment for workers with criminal records.

Participants voiced dissatisfaction with the present level of direct support for CSR that involved the hiring of ex-inmates as well as of informal support through community education and awareness efforts. Participant 7 was particularly vehement about a perceived lack of support for ex-inmates on the part of business owners:

Every employer aims to operate in an environment that is secured, that is built for business, that is environmentally okay for their customers to come in and go in peace. But if they overlook that, if they do not involve themselves in improving employment rate in the community and try to employ as much as they can, then the crime rate in the area will rise up. (Participant 7)

Participant 7 went on to say that,

In every society all companies must really focus in relating to the larger population. Apart from the business community, like the consumers or the immediate environment, they should try as much in reducing unemployment.

Their level of responsibility as stakeholder in the community is to make sure that

the level of unemployment in the community is always low in order to reduce crime such as robbery, such as juvenile delinquency in the society. (Participant 7)

Participant 7 also criticized the general social stigma around and avoidance of ex-inmates:

Because people may not feel comfortable coming to the business place because of the presence of ex-inmates. [Range of reasons for incarceration – anybody can go to jail.] These are the things society needs to learn more about. . . society needs to be talked, preached to, and enlightened as how to allow them to adapt very well into the society. (Participant 7)

Dissatisfaction with existing formal supports tended to be expressed in the form of recommendations for improving those supports. Participant 10 offered the following suggestions:

The money they use to take care of them in prison some of it can be used to raise these people and make them better citizens than just put them in jail. . . . They can even give some employees incentives like for example, there were some students from some vocational school and they come here and show interest in certain process within the shop activities, when they come they come with their insurance; anything that happens here will then be covered under their insurance and not mine. (Participant 10)

The suggestion that the government insure ex-inmates who are seeking employment, such that any financial risk associated with the employment would be

assumed by the public, and the suggestion that inmates should receive more vocational training, was echoed several times. Participant 7 suggested that this vocational training should be tailored to the employment opportunities available in the community in which the inmate would be released:

While that person is in incarceration, he must be trained to reflect what is going on in his or her community. So, when that person is coming out of jail, he or she will find it easy to blend back into the community, will have a skill to use, will not become useless in a way that will make him commit crime again. (Participant 7)

Participant 7 and several others made explicit reference to the perceived, potential consequences to the community of failing to assist ex-inmates: the burdening of public resources, and recidivism. Participants also felt that resources that were used to incarcerate offenders and to support them and their families after they were released would be better spent on vocational training for the inmates themselves, on agencies that assisted ex-inmates in searching for jobs, and on incentives for employers who were willing to hire ex-inmates, such as tax breaks and insurance. All interviewees expressed their perception that ex-inmates were members of the community, and that whether these workers became burdens or benefits depended in great part on the supports that were offered to them.

In making these responses, participants further suggested that responsibility for the balancing of stakeholder interests did not lie entirely with management, and that

exertions on the part of other stakeholders (such as those of the community in providing supports to ex-inmates) could contribute to the reconciliation of stakeholders' various needs. In making these statements, participants expressed in accordance with claims that stakeholders in the company and in the community may be seen as constituting a single analytical infrastructure (Mishra & Mishra, 2013; Susniene & Sargunas, 2009), such that the active contributions of all of them are necessary in sustaining a firm's competitiveness (Freeman, 1994). Table 8 depicts the frequencies and percentages for existing and proposed community supports for ex-inmates' subthemes.

Table 8

*Frequencies and Percentages for Social Perceptions of Ex-Inmate Integrity Subthemes*

Subtheme	<i>n</i>	%
Comments on structures/programs in place	7	20.0
Comments on structures/programs needed	10	28.6
Business support of ex-inmates and ROI for community	18	51.4
Total	35	100.0

### **Application to Business Practice**

Business owners can apply the findings from this study to business practice by prudently assigning duties to ex-inmates, hiring ex-inmates through government agencies, being transparent and accountable with other employees, and treating ex-inmates with the same respect and consideration shown to other employees. Participants in this study who were leery of allowing ex-inmates to represent their businesses in transactions with customers safeguarded the interests of shareholders and customers by finding work for ex-inmates in roles that did not involve customer contact. One

interviewee, for example, recommended employing ex-inmates in a business's stockroom or warehouse, where these workers would only deal with other employees and would not be called upon to serve as the "face" of the business in customer service roles.

Similarly, employers who were reluctant to trust ex-inmates with responsibilities that involved significant risk to their businesses, such as the handling of cash or valuables, assigned the ex-inmates (at least initially) to duties that did not demand much trust. One interviewee reported that when he first hired an ex-inmate he gave the worker custodial duties, but that, as his familiarity with the worker grew, he felt comfortable entrusting the ex-inmate with the keys to his business. The assignment of low-risk duties to an ex-inmate gave the employer time to evaluate the worker's character directly, such that trust either developed naturally or was found by direct observation to be imprudent.

Hiring ex-inmates through government agencies was another business practice used by participants. Government agencies that assisted ex-inmates in finding employment assumed some of the risk associated with admitting offenders to the work force, and enforced a high standard of accountability for workers. Although dealing with these agencies involved business owners in additional paperwork, and made business owners partially responsible for the worker's adherence to regulations that did not apply to other employees (for example, an ex-inmate who was being assisted by a government agency could not leave work early), the sharing of responsibility made these agencies valuable partners. Likewise, ex-inmates who resided in halfway houses were regularly screened for drugs and were monitored to ensure compliance with parole requirements.

Halfway houses and government agencies therefore imposed a level of structure and supervision on ex-inmates' employment that reduced the risks to other stakeholders.

Several interviewees had found that the most effective business practice in dealing with the ex-inmates themselves was to treat these workers with the same respect and consideration shown to other employees. Business owners who had employed ex-inmates found that they were able to address their concerns most effectively by "treating him like a regular guy" (Participant 8) or "talking to him" (Participant 4), rather than by threatening the worker or imposing restrictions (aside from those already required by government agencies) that were not applied to other workers. Respectful treatment allowed rapport and trust to develop when appropriate, and made the ex-inmate a partner in protecting the interests of other stakeholders.

### **Implications for Social Change**

The implications for positive social change include the potential for government agencies and business owners to assist ex-inmates in finding gainful employment, reduce the likelihood that ex-inmates will recidivate or become drains on community resources, and assist in performing corporate social responsibility and taking advantage of tax incentives. Employers, ex-inmates, and community leaders may therefore benefit from the creation of programs that educate communities about the benefits of welcoming ex-inmates into the workforce, such that any aversion to dealing with offenders is offset among members of the community by an informed awareness of the public goods to be gained from extending a measure of trust to them. Members of communities can be

informed by seminars, advertisements, and distribution of literature that ex-inmates who find employment are less likely to recidivate and far less likely to become (along with their families) burdens on public resources.

It might also be pointed out that, employment is a means of reintegrating ex-inmates into society, such that a destructive enemy of the community is converted into a productive member. Increasing awareness of these facts through government-sponsored educational programs may reduce customers' aversion to dealing with ex-inmates in a business setting, and consequently reduce business owners' reluctance to place ex-inmates in customer service roles.

Stakeholders such as employers, ex-inmates, and the community might also benefit from programs designed to educate business owners about the benefits of hiring ex-inmates. One interviewee stated that he would have hired ex-inmates, except that he had not been made aware of the government agencies and tax incentives that have been created to assist these workers in gaining employment. Agencies which are mandated to promote the employment of ex-inmates might better assist employers, ex-inmates, and communities by educating business owners about their existence, about the services they offer, about the community benefits to be derived from the hiring of ex-inmates, and about the incentives that are offered to businesses that hire them.

Ex-inmates, communities, and business owners might also benefit from the augmentation of vocational training programs for inmates. Several interviewees pointed out that they were unable to hire ex-inmates because these workers did not have the

necessary skills and experience. Participant 1 proposed that some of the funds that are presently spent on the incarceration of offenders might be redirected into programs that help inmates to become more productive members of society. This interviewee specifically recommended vocational training and government-funded insurance programs for employers who take on ex-inmates, so that offenders can leave jail or prison with the skills and experience necessary to obtain employment, and so that the financial burden of the perceived risks associated with hiring these workers is assumed by the public. Vocational training programs already exist, but the lack of marketable skills in many ex-inmates indicates that these programs might be beneficially expanded.

### **Recommendations for Action**

Recommendations for action include proposals for educating business owners and members of the community about the benefits of finding employment for ex-inmates and the recommendation that job applicants no longer be required to admit on job applications to having a criminal record. Some of the business owners interviewed for this study were unaware of the incentives that are available to businesses that hire ex-inmates. The interviewees found these incentives sufficient; the incentives had only failed because they were not effectively advertised in the business community.

Agencies which assist ex-inmates in finding employment might therefore promote the success of their mission by educating business owners about the availability of ex-inmates as employees and the available incentives for hiring them. Promoting success would require additional community outreach, but the education of business owners

could be accomplished at little cost by distributing informational e-mails through electronic mailing lists that include local business owners, or by posting flyers at businesses (such as restaurants, coffee shops, and filling stations) that are frequented by the owners and employees of surrounding businesses. Results from the present study could be included in the informational e-mails. Advertising the benefits of hiring ex-inmates in simple and cost-effective ways might help to create a market for these disadvantaged job applicants.

Educating members of the community may be an additional way to facilitate communication and reduce discrimination. Community members might be informed of the benefits communities derive from accepting ex-inmates into the workforce if government agencies that assist ex-inmates in finding employment use the businesses they partner with as distribution points for informative literature, which might include results from the present study (e.g., leaflets or flyers left in reception areas). Business owners who have a stake in seeing the community educated in this way would benefit from participation in such a program, and might therefore be particularly willing to accommodate it; in addition, this distribution strategy would furnish information to the consumers to whom it is immediately pertinent.

A final recommendation for helping businesses and ex-inmates to work together came from a participant who advocated the removal of job application sections in which a criminal record must be disclosed. As a business owner in the Newark, New Jersey area (which has adopted a “ban the box” ordinance), Participant 17 was able and willing to

omit this section on his application paperwork. However, 26 states still require job applicants to check a box to indicate a criminal conviction history (National Employment Law Project, 2016). In businesses which are not required to carry out background checks on prospective employees, information about an applicant's criminal history is arguably nothing more than a pretext for inequitable hiring practices.

It may be argued that the privacy of ex-inmates who are not required to undergo public registration should be respected, and that an applicant's employment history is a better indication of his or her suitability than a record of malfeasance in private life (a crime committed at work would be a part of the applicant's employment history).

According to the *Ban the Box Campaign* (2016), the removal of criminal history sections from employment applications would help to preclude unfair hiring bias, would protect the applicant's privacy in areas of life that are irrelevant to the employment being sought, and would protect business owners from the appearance of having endorsed an employee in spite of a known criminal history. This recommendation could be implemented in concert with educational initiatives targeting employers and communities, to protect ex-inmates from discrimination when their criminal records do not need to be disclosed, and to reduce discrimination when the existence of a criminal record has to be admitted.

### **Recommendations for Further Research**

The means by which business owners balance the corporate social responsibility of hiring ex-inmates with stakeholder interests might be understood more thoroughly by undertaking a number of research agendas that would be complementary to the present

one. First, the present study was based on the assumption that business owners were the best sources of information regarding the research question; future researchers might add to the results, however, by approaching other stakeholders, such as customers, employees, and shareholders. Interviewing ex-inmates might also be beneficial, as they are in the best position to illuminate some of the most urgent interests that are promoted by their employment.

Conducting interviews with ex-inmates and other stakeholders might be a means for researchers to obtain a more precise knowledge of the interests that business owners are attempting to balance; the results might be useful to business owners, to policymakers who are attempting to assist ex-inmates, and to stakeholders who wish to have a better grasp of the interests of other stakeholders. Secondly, the present study has included responses from only five business owners who have had direct experience with hiring ex-inmates. Future researchers might expand the scope of the investigation to include a greater number of respondents who have hired ex-inmates.

Future researchers might also target specific industries in order to gain a better understanding of how certain problems cited by interviewees in this study were addressed. For example, many of the interviewees in the present study expressed reluctance to allow ex-inmates to represent their businesses in transactions with customers. Future researchers might specifically investigate businesses in which employers have allowed ex-inmates to represent them in customer service positions, such that strategies used by those employers for safeguarding stakeholder interests can be

identified. Future researchers might also explore the experiences of business owners who have placed ex-inmates in other positions of trust, such as by allowing the ex-inmates to handle cash.

The present study was confined to a small geographical area (Newark, New Jersey). Future researchers might investigate whether there is less reluctance to hire an ex-inmate in rural areas where people are more likely to know one another because of the high visibility between member and the close-knit nature of the community's social life, which tends to distribute some of the responsibility for monitoring the ex-inmate across informal but effective social networks. Future researchers might also attempt to determine whether the balance of corporate social responsibility and stakeholder interests is affected by a business's location in a high-crime versus a low-crime area. Community members who do not feel continually threatened by crime are likely to value the public good to be derived from the employment of ex-inmates more than the fear of being victimized; on the other hand, community members with little exposure to crime may be unduly shocked by an attempt to integrate an offender into a local business.

Another limitation of the present study was the researcher's reliance on self-report. Interviewees can consciously or unconsciously bias their responses to cultivate a certain impression of themselves in the interviewer's mind. Future researchers might circumvent this limitation by investigating businesses, such that researchers directly observe the ways in which the owners have balanced stakeholder interests with corporate social responsibility. One indication of the potential value of such research can be found

in the fact that almost all of the interviewees in the present study expressed an enthusiastic willingness to hire ex-inmates, but only five had actually done so; if business owners' practice differed from their professed intent in such an important way, it might differ in others as well.

### **Reflections**

The qualitative, phenomenological design of this study made the data-gathering process particularly sensitive to biases and preconceptions on the part of the interviewer. In attempting to elicit honest descriptions of the lived experiences of interviewees, I attempted not to let my own opinions become apparent. Unconscious cues or reactions on the part of an interviewer may, however, prompt the interviewee to tailor responses so as to elicit approval, sympathy, or other desirable reactions.

I undertook this study with a personal bias in favor of corporate social responsibility, particularly when this responsibility took the form of providing employment to ex-inmates. Some of the enthusiasm with which participants who had never employed ex-inmates expressed their willingness to do so may have been an effect of unconscious manifestations of this bias on my part. It may be noticed in most interactions that the participants compromise with one another, both consciously and unconsciously; expressing idealism about giving ex-inmates a second chance while reporting a more (apparently) pragmatic practice may have been a way in which some interviewees offered a token of respect to an opinion of mine about which they were actually indifferent.

Undertaking this study did not alter my bias in favor of facilitating the employment of ex-inmates, or my values in favor of the pragmatic and moral good of assisting ex-inmates to reintegrate into their communities. The information I gathered from interviews had the effect of tempering my values and opinions with a better understanding of the stakeholder interests that may be placed at risk, while at the same time reinforcing those values and opinions with a keener sense of the significant social goods to be garnered from assisting these disadvantaged workers. I came to believe very firmly that the goods to be derived from the employment of ex-inmates were so beneficial to businesses, to communities, and to the inmates themselves that the best way to promote this form of corporate social responsibility was simply to educate stakeholders about the expected advantages. I hope that by discussing this issue with twenty business owners I contributed information to increasing awareness of the good that may be done, and I have taken some satisfaction through the course of this work from the expectation that my efforts will add to the dissemination of knowledge about the ways in which corporate social responsibility may be made more feasible.

### **Conclusion**

Business owners can reconcile stakeholder interests with the hiring of ex-inmates, and it is worthwhile for them to do so. Government agencies and policymakers can make the hiring of these disadvantaged workers even more palatable to businesses by educating consumers and business owners. The benefits to businesses, to the community, and to the ex-inmates themselves make this form of corporate social responsibility a valuable and

cost-effective contribution, both to the organizational financial bottom line and to the public good.

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## Appendix A: Letter of Introduction

Dear Sir/Madam,

I am a doctoral candidate at Walden University working on a Doctor of Business Administration degree. As a doctoral project, I am conducting a research study entitled: Balancing Business Owners Corporate Social Responsibility and Stakeholder Profitability (IRB approval # is 04-27-16-0176142). The study will entail an interview session lasting approximately one hour inquiring about your experiences as (a) A business owner engaged in Corporate Social Responsibility (CSR) activity; (b) A business owner faced with the decision to hire ex-inmates and the pressure from your shareholders. I would like to invite you to participate in the study if you meet any aforementioned qualifying categories.

Your performance in this study is strictly voluntary and if you choose not to be a part of this study, you can do so and do not participate in this study. The results of this research study might be published. The privacy of your name and your comments will not be jeopardized as your comments and identity will be maintained in strict confidence. Please be assured that after the initial contact, your name, phone number, and email address will be removed from the information, and a code or pseudonym will be used to denote your identity. Because I only will be privy to your true information in this research, there is no foreseeable risk to you.

Thank you.

Andrew O. Arumemi

## Appendix B: Criteria Questions

Name of Potential

Participant \_\_\_\_\_

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Business Owner?-----

**Qualifying Questions**

Are you a business owner?

Does your company engage in Corporate Social Responsibility (CSR)?

Is your company located within the Newark New Jersey Region?

Are you at least, 18 years old?

If you answer “Yes” to each of the questions above, you are eligible to participate in the study and I would like to schedule some time for the interview. You may respond to this email with three dates of availability, or you may contact me directly at \_\_\_\_\_ to schedule the interview.

Thank you for your time.

## Appendix C: Interview Protocol

Discussion Topic: Balancing Business Owners Corporate Social Responsibility and Stakeholder Profitability. I will greet the participant and identify myself as Andrew Arumemi, a student at Walden University, undertaking a doctoral degree program and conducting a study on Balancing Business Owners Corporate Social Responsibility and Stakeholder Profitability in Newark New Jersey

1. The participant(s) will be thanked for taking the time to meet and respond to the interview questions on Balancing Business Owners Corporate Social Responsibility and Stakeholder Profitability in Newark New Jersey. The participant(s) will be asked to read the consent form, ask any questions they may have and sign the consent form.
2. The participant(s) will be given a copy of the consent form for their records.
3. The digital recorder will be turned on, and I will note the date, time, and location.
4. The coded sequential interpretation of the participant(s) name such as 'participant A01 or G1 will be stated for the digital recorder, the proper names of the participants will only be documented on the researcher's copy of the consent form after which the interview session will commence.
5. At the end of the interview session, the participant(s) will be thanked for their time. The digital recorder will be turned off.

## Appendix D: Instrument for the Interview Session

Interview Number:

Code name of participant:

Location:

Date:

Start Time:

Finish Time:

Did the participant request a copy of the results of the study?

Question: Have you received my correspondence introducing the research and explaining the interview format? Do you have any questions?

Explain the purpose of the interview session:

Seek permission to record the session: Please I would like to record our discussion on tape so an inclusive and accurate recorded version can be obtained and stored as my notes will not be comprehensive as required, if you grant me your permission. No one will have access to your identity and your responses in any form. I will have sole access to the records and the subsequent research documentation will describe the information collected in a nondescript manner that has no identification of individual participants.

The following interview questions, to engage thought and discussion

## Appendix E: Thank-You Email

Dear <Participant>:

Thank you for participating in my research study Balancing Business Owners Corporate Social Responsibility and Stakeholder Profitability. I recognize how busy you are and truly appreciate your time and effort. The results of the study are under investigative review. Thank you again!

Sincerely,

Andrew Arumemi

Doctor of Business Administration Candidate

Walden University (IRB approval # is 04-27-16-0176142)

## Appendix F: List of Sample Interview Questions

Questions that I intend to use for this qualitative study are as follows:

### **Interview Questions for Business Owners**

What level of corporate social responsibility should employers have toward their stakeholders?

What are your perceptions of ex-inmates as stakeholders?

What specific financial contribution or profit does the hiring of ex-inmates add to the profit margin for business owners viewed from a CSR morality lens?

Based on your professional experiences and shareholder expectations, what moral or fiduciary obligations do you think justify your hiring or not hiring of ex-inmates?

What challenges have you experienced when trying to hire ex-inmates and balancing your firm's sustainability?

## Appendix G: Certificate of Completion

