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The author of this dissertation is:

Dr. Ashok Kasi Vairavan
J. Mack Robinson College of Business
Georgia State University
Atlanta, GA 30302-4015

The director of this dissertation is:

Dr. G. Peter Zhang
J. Mack Robinson College of Business
Georgia State University
Atlanta, GA 30302-4015

Growing the Pie: How Supplier Diversity Can Enable Minority Businesses To Create
Stakeholder Value

By

ASHOK KASI VAIRAVAN

A Dissertation Submitted in Partial Fulfillment of the Requirements for the Degree

Of

Executive Doctorate in Business

In the Robinson College of Business

Of

Georgia State University

GEORGIA STATE UNIVERSITY

ROBINSON COLLEGE OF BUSINESS

2021

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ACCEPTANCE

This dissertation was prepared under the direction of the *ASHOK KASI VAIRAVAN* Dissertation Committee. It has been approved and accepted by all members of that committee, and it has been accepted in partial fulfillment of the requirements for the degree of Doctor of Philosophy in Business Administration in the J. Mack Robinson College of Business of Georgia State University.

Richard Phillips, Dean

DISSERTATION COMMITTEE

Dr. Peter Zhang (Chair)
Dr. Mark Keil
Dr. Yusen Xia

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My Dad's doctoral thesis at the University of Notre Dame is titled “*On the Memory of Finite State Machines*” (K. Vairavan, 1968) and dedicated to “The American People” for the research grant he received to study in the U.S. Fifty-three years later, I am proud to dedicate my dissertation to my Mom and Dad.

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LIST OF ABBREVIATIONS

MBE	Minority Business Enterprise (Supplier firms in the sample)
LPO	Large Purchasing Organization (i.e., Corporations in this sample)
SD	Supplier Diversity
BRT	Business Round Table
NMSDC	National Minority Supplier Development Council
BPO	Business Process Outsourcing
MBE1	Business Process Outsourcing Firm (Focal Firm in Sample)
MBE2	Logistics and Manufacturing Supplier Firm
MBE3	Technology Consulting Services Supplier Firm
MBE4	Enterprise Software Services Supplier Firm
LPO1	Healthcare Provider Corporations (Customer to MBE1)
LPO2	Insurance and Risk Management Corporation (Customer to MBE1)
LPO3	Telecommunications & Media Corporation (Customer to MBE1)
LPO4	Financial Services Corporation (Customer to MBE1)

ABSTRACT

Growing the Pie: How Supplier Diversity Can Enable Minority Businesses To Create

Stakeholder Value

by

Ashok Kasi Vairavan

April 2021

Chair: Peter Zhang

Major Academic Unit: Doctorate in Business Administration

Minority business enterprises (MBEs) are among the fastest-growing segments of the U.S. economy and are vital to the nation's growth and prosperity. Supplier diversity is a strategic procurement initiative implemented by large purchasing organizations (LPOs) to identify, support, and promote diverse supplier partnerships. When LPOs partner with MBEs as strategic suppliers, MBEs are enabled to scale, which can create positive stakeholder value, particularly in underserved communities. However, many LPO and MBE relationships do not realize their full potential in generating mutual value. Contrary to prior supplier diversity research, which has primarily focused on the LPO buyer perspective, this dissertation sheds light on the MBE supplier perspective through three research aims: first, reveal the perceptions that MBEs have regarding the efficacy of supplier diversity program; second, understand the relationship facets that underlie mutual beneficial outcomes in the LPO-MBE dyad; third, explore the impact that enabled MBEs can have on its key stakeholders. Drawing on Social Exchange Theory and Stakeholder Theory, this study uses a multi-case study method to develop a conceptual framework that illustrates how the partnerships between LPOs and MBEs can affect stakeholders, catalyzing a virtuous cycle of growth. This research finds that MBEs have not generally benefitted from supplier diversity

programs, yet MBEs believe that these programs are more relevant and vital today than before. The study concludes that an MBE's differentiated business strategy, strong performance, shared values between MBEs and LPOs, and effective interfirm communications are antecedents to relationship trust and commitment, enabling the MBEs to grow to scale and benefiting their stakeholders. The study has important implications for theory and practice, revealing how MBEs can be a catalyst helping move the U.S. closer towards economic equality and inclusion.

INDEX WORDS: Supplier Diversity, Minority Business Enterprise, Stakeholder Theory, Social Exchange Theory, Underserved Communities, Stakeholder Capitalism

I INTRODUCTION

“We rise by lifting others” Robert Ingersoll

The growth and vitality of minority business enterprises (MBE) are in the United States’ national interests if the country is to restore its competitive advantage and ameliorate racial, economic disparities in many communities across the country. Supplier Diversity (SD) is a procurement strategy focused on sourcing products and services from diverse-owned and historically disadvantaged firms, such as minority-owned and women-owned companies. Large purchasing organizations (LPOs) design and implement SD programs for both economic and social purposes, such as to comply with government contracting requirements, to gain access to diverse markets, and to improve their corporate image (Adobor & McMullen, 2007; Richard et al., 2015; Worthington et al., 2008). However, research suggests that many of these SD initiatives have fallen short of achieving the intended outcomes of generating economic impact primarily due to LPO-MBE relationship barriers and challenges, inadequate MBE capabilities and scale, and narrow measures of program impact (Adobor & McMullen, 2007; Dollinger, Enz, & Daily, 1991; Pearson, Fawcett, & Cooper, 1994; Richard et al., 2015; Whitfield, 2008; Worthington, 2009). As a result, most MBEs are not able to grow to scale producing the level of impact that these programs intend. On the other hand, a SD strategy focused on developing MBEs facilitated by strong partnerships with LPOs can enable MBEs to become a change agent in under-resourced communities, creating value for their stakeholders (Cooper, 2012; Greenhalgh & Lowry, 2011; Vowels, 2017; Whitfield, 2008).

In this study, I employ an engaged scholarship framework (Mathiassen, 2017; Van de Ven, 2007) to examine how MBEs can be enabled by producing strategic products and services and developing deep relationships with LPOs. I also explore the impact that enabled MBEs can have

on their stakeholders. Drawing on Social Exchange Theory (Emerson, 1976) and Stakeholder Theory (Freeman, 1984) with a focus on MBEs and their stakeholders' perspectives, I contribute novel insights into the distinct challenges that MBEs encounter as well as the relationship strategies that could benefit MBEs, LPOs, and other stakeholders.

I.1 Research Questions

Despite an abundance of practitioner interest in SD, there has been scarce attention paid in academic circles examining SD and the interfirm dynamics underlying the LPO-MBE relationship, particularly from the MBE supplier perspective. Further, given systemic social and economic disparities and the immense challenges facing underserved communities, more research is needed to transcend the LPO-MBE dyadic relationship to understand how SD can be leveraged to enable MBEs to increase their impact. Hence, this study seeks to address relevant gaps in the literature by investigating three related yet distinct research questions:

1. How do MBEs perceive the efficacy of LPO's supplier diversity programs?
2. How can MBEs and LPOs cultivate mutually beneficial relationships enabling the MBE to grow to scale?
3. How do enabled MBEs impact stakeholders, catalyzing a virtuous cycle in the LPO-MBE-Stakeholder relationship?

The study focuses on enabled MBEs who have developed the capability to scale and support LPOs as suppliers in their value chain, contrary to the smaller MBE firms who primarily sell their products directly to consumers. B2B MBE suppliers are generally larger in terms of employees and revenue and are part of the LPO's supply chain. I define enabled MBEs as firms that have grown to scale and generate healthy financial returns, allowing them to invest in resources and capabilities that provide strategic solutions and bring significant value to their LPO's

supply chain. Enabled MBEs offer a compelling value proposition and deliver high-quality, strategic solutions while establishing long-term, committed relationships with their corporate customers. I posit that enabled MBE firms are the catalyst for economic regeneration in underserved communities, producing ripple effects by creating jobs, investing in physical assets, helping other businesses grow, and contributing to its vitality.

I.2 Research Motivation

This study is both timely and relevant against the backdrop of today's economic and social environment and is motivated by the convergence of three interrelated trends influencing firms' competitive strategies. First, in 2019 the Business Roundtable (BRT), a non-profit business lobby group consisting of Chief Executive Officers (CEOs) of U.S. leading companies, representing 30% of the total U.S. market capitalization, announced a revision of a corporation's purpose (Business Roundtable, 2019), which had previously prioritized serving shareholders as the primary focus. The BRT asserted that businesses are best positioned to address many societal issues such as climate change, poverty, inequality, and inadequate education (Winston, 2019). Specifically, the 181 CEOs committed to lead their companies for the benefit of all stakeholders, including employees, customers, suppliers, and communities, stating that a broader mission of a corporation should be to:

“Serve all Americans by creating value for customers, investing in employees, fostering diversity and inclusion, dealing fairly and ethically with suppliers, supporting communities, protecting the environment—and lastly—creating values for shareholders.” (Business Roundtable, 2019)

This statement explicitly countered the long-held neoclassical economic view advocated by Nobel economist Milton Friedman, who argued that corporations' sole purpose is to generate returns for their shareholders (Friedman, 2007). In this view, shareholders, the public companies' legal owners who provide the risk capital, are the firm's primary and most important stakeholders

(Rothaermel, 2013). Following the release of the BRT statement of purpose, which generated widespread attention in the business press, the World Economic Forum published a policy urging companies to move from the traditional model of “shareholder capitalism” to the model of “stakeholder capitalism” (Davos Manifesto, 2020). The concept of stakeholder capitalism is consistent with the Shared Value framework (Porter & Kramer, 2011), which suggests that firms that generate profits involving a social purpose represent a higher form of capitalism by maintaining a dual focus on both shareholder and societal value creation.

Stakeholder capitalism is particularly relevant given the pandemic and social and racial unrest in 2020. The current Covid-19 pandemic and the economic fallout elucidated the rampant inequalities of communities across the country and the catastrophic economic impact affecting small businesses, particularly minority-owned businesses. Frequent episodes of racial injustice, marked by the extreme examples of the killing of unarmed black individuals, have corporations engaging in soul-searching, seeking solutions to address income and wealth inequality in minority communities across the country. There have also been calls for more scholarly research that addresses racial inclusion and equal access, specifically in supply chain management, in light of its far-reaching influence in business and society (Esper, Goldsby, & Zinn, 2020).

The second trend relates to the emerging risks that corporations are experiencing within their global supply chains. As corporate vertical integration strategies have given way to outsourcing and strategic supplier partnerships over the past two decades, suppliers are essential to a firm’s competitive advantage (Greenhalgh & Lowry, 2011; Langfield-Smith & Greenwood, 1998; Porter, 1980; Rothaermel, 2013). However, recent macroeconomic supply chain shocks and geopolitical tensions have motivated U.S. corporations to rethink their global supply chain strategy and mitigate risk by domestically sourcing goods and services. The weakening underpinnings of

globalization are a consequence of rising trade barriers, geopolitical uncertainty, protectionist nationalistic policies, and, most recently, the Covid-19 pandemic. These exogenous factors have revealed the tenuous nature of global supply chains and have resulted in a decline of foreign trade as a share of global G.D.P. since peaking in 2008, a trend that has been accelerated in 2020 (Irwin, 2020; International Monetary Fund, 2019). Furthermore, offshore outsourcing is also likely to create higher transaction costs and inefficiencies for corporations that can offset lower wage and input costs (Porter & Kramer, 2011), and prior research has suggested that corporations employing domestic outsourcing strategies realize an increase in productivity (Fariñas, López, & Martín-Marcos, 2014).

This trend is not to suggest that globalization is no longer a strategic option for companies, but rather that companies will likely spend more time considering domestic suppliers as part of their complex supply chains given global risks. With the rapid growth of minority-owned firms and the changing U.S. demographics toward a minority-majority population, sourcing from MBE suppliers is critical for corporations seeking to mitigate their supply chain risk ([McKinney, 2020](#)). As corporate buyers seek to find or develop local suppliers, MBEs have a unique opportunity to position themselves as valuable supply chain partners.

The third trend relevant to this study is that minorities in the U.S. are on a trajectory to become the majority population within the next three decades (Census, 2020). According to a Department of Commerce study, the minority population will also contribute to 70% of the total increase in purchasing power from 2000 to 2045 (Census, 2020). Given demographic changes influencing both the supply and demand of products and services, companies are developing strategies to increase their engagement with minority communities. A strategic avenue for corporations to gain insights into these emerging domestic markets is to diversify their supply

chain by establishing partnerships with MBE firms, which reflect the growing diversity of consumers and markets.

Taken together, these contemporary and relevant issues motivate a renewed examination of SD and its impact on MBEs and communities. This study's central purpose is to illuminate the perspectives of MBEs, which have largely been overlooked in previous SD studies, by identifying the challenges they face as a supplier to more powerful corporations and examining how they can impact their stakeholders.

I.3 Minority-Business Enterprises

Both the U.S. Federal Government (see [SBA.gov](https://www.sba.gov)) and the National Minority Supplier Development Council (NMSDC), the largest organization that certifies MBEs define a minority business enterprise as a company that is at least 51 percent owned and operated by a minority individual in at least one of the following racial categories: Black American, Hispanic American, Native American, or Asian-Pacific ([NMSDC 2020](#)). These diverse-owned businesses are typically small businesses, hire more minority employees than non-MBE firms, and are often located in urban communities (Bradford, 2013; Richard et al., 2015; Theodorakopoulos & Ram, 2008; Whitfield, 2008; Worthington et al., 2008).

Small businesses account for 44% of total U.S. economic activity, employing half of the U.S. labor force, creating two-thirds of net new jobs, and drive U.S. innovation and competitiveness ([SBA, 2019](#)). New small business firms are also more likely to be owned by minorities as the U.S. increasingly becomes more racially diverse and as minority entrepreneurs start businesses faster than non-minority firms (Bradford, 2013). Demographics shifts in the U.S. have contributed to the rapid growth and economic impact of minority-owned firms, which now represent the fastest-growing segment of the small business landscape ([Census, 2020](#)). The Census

Bureau estimates that by the year 2044, the majority of the U.S. population will be comprised of minorities (defined as all racial groups excluding non-Hispanic white categories), and the minority population is projected to rise to 56 percent of the total in 2060, compared with 38 percent in 2014 (Census, 2017). Both scholars and practitioners concur that these racially diverse firms are vital to the country's economic prospects, especially to minority communities (Adobor & McMullen, 2007; Blount, 2020; Caminiti, 2006; Greenhalgh & Lowry, 2011).

The U.S. Small Business Administration reported in 2018 that of the 27.6 million firms in the United States, 7.9 million firms (employer and non-employer) were minority-owned, representing 29.3 percent of all businesses (SBA, 2019). In 2020, the National Center for Science and Engineering Statistics and the U.S. Census released official data from their 2018 Annual Business Survey. Table 1 summarizes the counts of MBEs with active employee payroll by sales range with total employees and annual payroll figures. There were just over one million MBE employer firms in the U.S., employing over 8.9 million workers and generating over \$1.4 trillion in sales.

Table 1. Total Employer MBE Firms 2017

Annual Sales Range	Total MBE	% of Total	Sales (1000)	Number of Emp	Annual Payroll (1000)
Firms with sales of less than \$10,000	24,070	2.37%	67,962	131,720	3,544,515
Firms with sales of less than \$10,000 to \$49,999	74,080	7.30%	2,241,025	77,115	794,302
Firms with sales of less than \$50,000 to \$99,999	94,196	9.28%	6,977,927	134,193	2,120,148
Firms with sales of less than \$100,000 to \$249,999	223,656	22.04%	37,693,207	507,681	10,469,613
Firms with sales of less than \$250,000 to \$499,999	198,570	19.56%	71,358,984	809,146	19,083,050
Firms with sales of less than \$500,000 to \$999,999	171,247	16.87%	121,445,740	1,205,088	31,683,391
Firms with sales of less than \$1,000,000 or more	229,139	22.58%	1,162,009,136	6,058,022	227,203,943
Totals	1,014,958	100.00%	1,401,793,981	8,922,965	294,898,962

The ABS Survey results allow us to compare Non-MBE and MBE growth rates for total firms, employees, and sales receipts from 2012 to 2017, summarized in Table 2. The total number of MBE employer firms in 2017 grew 11.7%, and their total sales increased by 20.7% since 2012, exceeding the growth rates of non-MBEs, of 5.2% and 14.7%, respectively. MBEs are also more likely to hire more minority employees than their non-MBE counterparts, which reduces minority

unemployment and potentially creates new customers to purchase goods and services from LPOs that actively engage in SD (Fairlie, Robb, & Hinson, 2010).

Table 2. Comparison of Non-MBE and MBE Employer Firms

Business Category	Survey Year	2011	2017	Growth
Non MBE Firms	Total Firms	4,156,683	4,371,152	5.2%
	Total Employees	48,255,649	53,199,936	10.2%
	Total Sales Receipts	9,714,345,077	11,146,955,402	14.7%
MBE Firms	Employer Firms	908,800	1,014,958	11.7%
	Employer Employees	7,165,151	8,922,965	11.7%
	Total Sales Receipts	1,161,430,713	1,401,793,980	20.7%

NMSDC Certified MBEs

The NMSDC's primary mission is to generate “business opportunities for certified minority business enterprises by connecting them to corporate members” (NMSDC, 2021). The process for obtaining the annual certification is rigorous, ensuring that companies that apply for the certification are indeed minority-owned, managed, and controlled. According to the NMSDC website, firms apply with one of its 23 regional affiliates. They must provide an extensive list of documents, including an application, articles of corporation, proof of ethnicity, federal tax returns, financial statements, reference checks, and detailed background information on the firms' principal owners.

According to NMSDC (NMSDC, 2020), there are 13,000 nationally certified MBEs, which are typically larger than the vast majority of MBEs, that sell their products predominantly to consumers. In a 2014 study commissioned by the NMSDC, certified MBEs generate over \$400 billion annually in economic impact, comprised of direct revenue generated by MBEs, the indirect impact of the additional business activity induced by MBEs, and discretionary spending as a result of incremental labor income (NMSDC, 2014). Additionally, MBEs create or maintain over 2.2 million jobs and disburse over \$53 billion in salary, wages, and benefits resulting from people directly employed by MBEs or other companies affected by MBE expenditures. The study also

found that certified MBEs generate \$50 billion in annual tax revenue for local, state, and federal benefits, supporting public services and infrastructure in the communities that MBEs are located.

While the growth and opportunities for minority-owned companies have improved since the civil rights era when the focus was on overcoming politically and socially institutionalized discrimination, the challenges that MBEs face today are primarily economically driven. Research suggests that MBEs are less likely to achieve scale than their non-minority counterparts for a multitude of complex social and economic phenomena (Bradford, 2013; Greenhalgh & Lowry, 2011; Krause, Ragatz, & Hughley, 1999; Theodorakopoulos & Ram, 2008). MBEs are typically smaller in size, have fewer resources to grow, and are more likely to sell substitutable products and services, which can hinder their ability to grow (Shah & Ram, 2006). Minority-owned firms earn just 48 percent of the revenue of nonminority-owned firms (Census, 2015) and account for about 29% of businesses in the United States but only 12% of sales and 13.5% of employment, with over 80% of MBEs having less than ten employees (Census, 2020).

One avenue for MBEs to achieve growth and further develop their capabilities is by becoming a strategic supplier to LPOs. Indeed, there exists a sizable opportunity to increase the contribution of MBEs in global supply chains, as the average Fortune 1000 company spends less than 10% of its total procurement spend with MBEs (NMSDC, 2020). A strategic pathway for LPOs to identify, select, and develop MBE suppliers is through their supplier diversity programs.

I.4 Supplier Diversity

Supply chain management involves the strategic process of coordinating firms within the supply chain to competitively deliver a product or service to the ultimate customer (Benton & Maloni, 2005). SD is a procurement strategy designed and implemented by corporations and government agencies who purchase goods and services from businesses owned and operated by

minority disadvantaged groups (Richard et al., 2015). In the U.S., the most common diverse categories are minority-owned business enterprises, woman-owned business enterprises, and veteran-owned businesses. I focus on SD programs with the businesses owned by racial minorities in this study for three reasons. First, minority-owned businesses constitute the largest percentage of SD programs. Second, minority-owned firms trail non-minority firms significantly along several dimensions, including revenue and employees (Census, 2020). Third, the heightened focus on economic and social racial disparities in the U.S. underscores the importance of examining programs related to these issues.

The history of SD in the United States is rooted in the civil rights era of the 1950s and 1960s. SD programs formally began fifty years ago in the U.S. as the government enacted MBE purchasing mandates as a prerequisite to doing business with the federal government (Worthington, 2009). The impetus of SD came under the Nixon administration when, in 1972, the President established the Office of Minority Business Enterprise under Executive Order 11625, requiring government agencies to contract with minority-owned businesses and track the procurement spend against previously set goals (Vowel, 2014). The executive order aimed to *“promote the mobilization of activities and resources of state and local governments, businesses and trade associations, universities, foundations, professional organizations, and volunteer and other groups towards the growth of minority business enterprises and facilitate the coordination of the efforts of these groups with those of federal departments and agencies”* (36 FR 19967, 3 CFR, 1971-1975 Comp., p. 616). Government contractor mandates for using minority suppliers were enacted on the belief that MBEs would invest the revenue from contracts back into the communities (Vowels, 2014).

Contracting with minority-owned businesses within the private sector grew significantly after the creation of the National Minority Supplier Development Council in 1972, which is the largest certifying organization in the U.S. for MBE firms. As demographics have rapidly changed in the U.S. over the past two decades, the imperative for SD programs has shifted from corporate social responsibility to a market-driven, economic-driven approach led by corporations (Worthington et al., 2008). Scholars and practitioners generally agree that the driving force behind SD programs is improving the corporate bottom line; as the economy improves for minorities, there will be more disposable income to spend on products and services (Greer, Maltbia, & Scott, 2006; Ram & Smallbone, 2003). SD has passed through several phases since its inception, moving from the “compliance” phase to the “right thing to do” phase to the “business case” phase (Porter, 2019). In recent years, with an intensified focus on stakeholder capitalism in the corporate community, SD now stands at the intersection of business and society, helping support MBEs and underserved communities as a means to drive shareholder value.

Today, SD is a multibillion-dollar procurement strategy where most Fortune 1000 companies and federal and state governments have implemented diverse procurement programs to identify potential MBE suppliers (Vowels, 2014). The level of commitment and degree of efficacy of these programs varies greatly for these organizations. LPOs track their contracts and procurement spend with certified diverse suppliers. They also typically require MBE firms to register on their SD website portal to be considered for supplier opportunities. Once a contracting opportunity is available with an LPO, a Request for Information (RFI) or Request for Proposal (RFP) is typically issued to bidding suppliers, including MBEs, if registered or known to the LPO. LPOs will likely have a predefined list of criteria prior to the solicitation they will use to evaluate each supplier bid, with some companies explicitly stating their preference to contract directly with

diverse suppliers, which are tier 1 suppliers, or a tier 2 diverse supplier, which are subcontractors to tier 1 suppliers (CVM, 2019). A team of professionals normally leads the SD strategy under the auspices of supply chain management or procurement with specific professional skills such as strategic planning, problem-solving, and political maneuvering to identify and support MBEs while navigating complex corporate bureaucracies (Cole, 2008). SD professionals' primary responsibilities include identifying qualified MBEs and facilitating a process to connect them to supplier opportunities within the LPO supply chain.

Prior research has used the amount of spend that an LPO has with its diverse suppliers as the indicators of the degree of commitment to SD (Adobor & McMullen, 2007; Richard et al., 2015; Worthington, 2009). While diverse spend is one appropriate metric for companies to measure, it is an insufficient way to measure how well they are developing and growing MBEs to generate economic impact in their communities (Greenhalgh & Lowry, 2011). Therefore, some companies such as CVS Health, Kaiser Permanente, Aon, AT&T are beginning to publish economic impact reports detailing how their procurement spend with MBEs is impacting underserved communities in the form of output, employment, income, and taxes.

I.5 MBE Barriers to Growth

While MBEs are growing at double the rates of non-MBE firms, most MBEs have not become a strategic supplier to LPOs, allowing them to scale, especially when LPOs are consolidating and streamlining their supply base (Greenhalgh & Lowry, 2011). Indeed, one of the main challenges that previous studies have shown is that LPOs often struggle to find qualified MBE suppliers with the resources and scale to support their value chain needs (Adobor & McMullen, 2007; Dollinger et al., 1991; Pearson et al., 1994). Prior research has also revealed

gaps in relationship perceptions between LPOs and MBEs (Blount, 2020; Dollinger et al., 1991; Pearson et al., 1994) and between SD goals the outcomes realized by MBE suppliers.

Traditional SD programs often fall short in enabling MBEs to grow to scale for several reasons (Greenhalgh & Lowry, 2011). First, given power and dependence asymmetries and other relational challenges between large corporate buyers and smaller MBEs, SD programs seldom achieve outcomes beneficial to both LPOs and MBEs (Blount, 2020; Dollinger et al., 1991; Pearson et al., 1994). With a predisposition to follow the traditional procurement playbook, grounded in a fixed, zero-sum approach, LPOs exert maximum bargaining power on MBEs, who have little choice but to accept onerous contract terms (i.e., pricing, payment terms) to win business from the LPOs. A prevailing belief by practitioners and academics is that MBEs will accrue financial and non-financial benefits by securing a business contract with an LPOs (Carter, Auskalnis, & Ketchum, 1999). This taken-for-granted assumption is rooted in the notion that when an LPO enters into a contractual relationship with an MBE, the revenue an MBE earns is the principal measure of success (Greenhalgh & Lowry, 2011). However, an increase in sales may not result in profitability and positive cash flow that can propel the MBE to invest in new capabilities and scale. LPOs are more likely to negotiate lengthier payment terms and lower pricing from MBE suppliers driven by their purchasing power and short-term profit-oriented interests. The stretched-out payment terms can create value-chain inefficiencies, having a detrimental effect on an MBE's cash flow and severely constrain its ability to reinvest in its business. Although partnering with large, powerful LPOs creates opportunities for MBEs to access more lucrative markets and grow their firms, it also creates risks that can threaten survival (Lashley & Pollock, 2020). Dollinger et al. (1991) illustrated these risks with an MBE who explained how securing a sizeable corporate contract almost put the firm out of business as the firm had to take on a significant amount of debt

to add capacity to fulfill requirements. The LPO leveraged its buying power to negotiate a longer period to pay the MBE supplier. The extension of payment terms essentially amounted to the MBE providing a much larger company an interest-free loan, which created a cash-flow shortage for the MBE, risking its ability to meet loan obligations (Dollinger et al., 1991). This example illustrates the perils that MBEs often face as a supplier to LPOs.

Second, LPOs have traditionally measured their SD efficacy by a narrowly defined metric, the amount of procurement spend directed to MBEs, irrespective of the degree of economic impact that the spend creates. This issue is distinct because the LPO is primarily focused on compliance, meeting a quota on the amount it spends with MBE suppliers rather than being committed to a strategy of increasing MBE representation in their supply chain. Measuring the total procurement spend can also be misleading when LPOs can achieve corporate procurement spend goals by contracting with many MBEs suppliers, irrespective of the contracts' strategic value and whether the products or services that MBEs sell contribute to the LPOs competitive positioning. Consequently, smaller MBEs find themselves on the periphery of the corporate value chain marginalized and left competing for low-value business primarily on price as a commodity supplier (Greenhalgh & Lowry, 2011). Further, only a small percentage of LPOs report publicly how much they spend with MBEs, which leaves many MBEs believing that most SD programs represent a form of tokenism rather than genuine intentions to realize the espoused benefits of these programs (Blount, 2020; Schneider, 2020). If SD aims to develop scalable MBE suppliers who can make a long-lasting impact on their communities, LPOs need to broaden their success measures (Greenhalgh & Lowry, 2011; Vowels, 2017).

Third, MBE suppliers face many challenges and barriers unique to their minority status while also facing many of the same operational and financial hurdles that confront non-minority

suppliers (Dollinger et al., 1991). These complex and deeply rooted challenges, widely recognized in practice and research, include systemic discrimination practices in public policy and lending, inaccessibility to professional networks, lack of access to capital, low-value capabilities, LPO efforts to optimize and consolidate their supply base, higher transaction costs, inability to attract qualified managers, and minority suppliers' relatively small size (Dollinger et al., 1991; Greenhalgh & Lowry, 2011; Krause et al., 1999; Pearson et al., 1994; Theodorakopoulos & Ram, 2008). As aforementioned, the Covid-19 pandemic has shined a bright light on the inequalities in communities across the country and the catastrophic economic impact affecting small businesses, particularly minority-owned businesses. Minority businesses are particularly vulnerable to economic devastation due to the pandemic because they are less likely to have the financial and operational resources necessary to withstand the crisis, and they also tend to be in industries severely affected by the pandemic (Fairlie, 2020)

I.6 Engaged Scholarship Framework

Engaged scholarship is an applied form of research for examining complex contemporary problems based on key stakeholders' diverse perspectives (Mathiassen, 2017). This method of inquiry seeks to bridge theory and practice by contributing both to practical problem solving and new scholarly insights (Mathiassen, 2017; Van de Ven, 2007). This study follows the informed basic research design aimed at describing, explaining, and predicting a social phenomenon by asking "how" and "why" research questions consistent with case study designs (Yin, 2018). Table 3 outlines the components of the engaged scholarship framework for this research.

Table 3. Research Design Summary (Adopted from Mathiassen, 2017)

Research Component	Research Description
<p>Problem Setting (P)</p> <p>The problem setting represents people's concerns in a problematic real-world situation.</p>	<p>SD programs have an insufficient impact and have largely been ineffective in enabling MBEs to grow to scale. There are very few large-scale minority-owned businesses creating economic impact in under-resourced communities.</p>
<p>Area of Concern (A)</p> <p>The area of concern represents knowledge in the literature that relates to P.</p>	<ul style="list-style-type: none"> ▪ Supplier Diversity ▪ Minority-Owned Businesses
<p>Research Questions (RQ)</p> <p>The research question relates to P, opens for research into A, and helps ensure the research design is coherent and consistent.</p>	<ul style="list-style-type: none"> ▪ How do MBEs perceive the efficacy of LPO's supplier diversity programs? ▪ How can MBEs and LPOs cultivate mutually beneficial relationships enabling the MBE to grow to scale? ▪ How do enabled MBEs impact stakeholders, catalyzing a virtuous cycle in the LPO-MBE-Stakeholder relationship?
<p>Theoretical Framing (F)</p> <p>The conceptual framing helps structure collection and analyses of data from P to answer RQ</p>	<ul style="list-style-type: none"> ▪ Social Exchange Theory (Emerson, 1976) ▪ Stakeholder Theory (Freeman, 1984)
<p>Research Method (M)</p> <p>The method details the approach to empirical inquiry, specifically to data collection and analysis.</p>	<ul style="list-style-type: none"> • Qualitative, embedded multi-case study. • Theory generation using inductive, exploratory methods. • Semi-structured interviews with suppliers, buyers, and stakeholders; Participant observations
<p>Contributions (C)</p> <p>To Theory (CF) To Area of Concern (CA) To Practice (CP)</p> <p>The contributions to the problem setting and area of concern and possibly to the conceptual framework and method.</p>	<p>CF:</p> <ul style="list-style-type: none"> • Expands Stakeholder Theory by showing how effects can reach beyond immediate stakeholders to secondary stakeholders. <p>CA:</p> <ul style="list-style-type: none"> • Broadens supplier diversity research by examining MBEs and their stakeholder perspectives. • Development of a relationship framework linking LPOs, MBEs, and Stakeholder relationships. • Development of MBE typology categorizing four types of relationships with LPO buyers.

- Contributes to Stakeholder Theory by showing how supplier diversity creates level 2 stakeholder effects.

CP:

- Provides insights to LPOs on how MBEs perceive the effectiveness of their supplier diversity programs.
- Provides guidance to LPOs and MBEs on the relationship factors likely to produce mutually beneficial outcomes.
- Shows how LPOs, MBEs, and local governments can work together through public-private partnerships to revitalize underserved communities

I.7 Organization of the Dissertation

The rest of the dissertation is organized as follows. Chapter Two synthesizes the literature on SD, revealing recurrent research streams and opportunities to contribute to both theory and practice. Chapter Three discusses two overarching theories, Social Exchange Theory and Stakeholder Theory, through which I examine the research questions. A typology that classifies MBE firms into four groups based on two dimensions of MBE value contribution and depth of relationship with LPOs is also presented. Chapter Four describes the research method, which details case selection, data collection, and data analysis. I present the findings and results in Chapter Five. Chapter Six concludes with theoretical and managerial contributions, limitations of the study, and future research directions.

II LITERATURE REVIEW

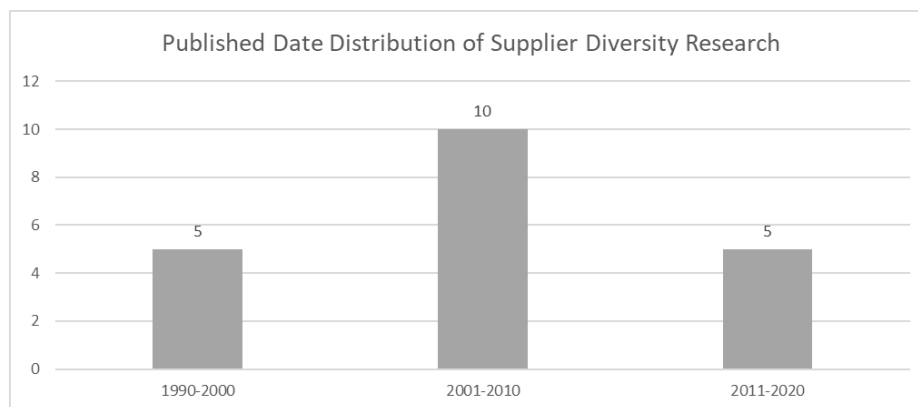
Rigorous empirical research begins with a strong grounding in related literature, identifying a relevant gap in the literature, and proposing research questions that address the gap (Eisenhardt & Graebner, 2007). This chapter presents a synthesis of the extant SD literature, including the recurrent themes, similarities and differences, and research methodologies of prior research. I also examine the literature to reveal opportunities to contribute to both practice and theory against the backdrop of the current economic and social environment. The literature review is organized as follows. I first describe the process to uncover prior SD studies, which is followed by a discussion of the prominent themes in the SD literature, the business case and rationale for SD, LPO-MBE relationship challenges, barriers, and success factors for improving the relationships, and a review of studies examining the MBE perspective. I conclude by identifying opportunities for contributing to theory and practice.

II.1 Overview of Prior Studies

An expansive body of research has explored a range of organizational diversity topics, including a firm's workforce, governance, leadership team, customers, and markets (Richard et al., 2015; Vairavan & Zhang, 2020; Worthington, 2009). However, research on diversity issues external to an organization, particularly in a firm's supply chain, is quite limited and underexplored in academic research. Despite considerable attention given to the merits of SD programs and best practices shared by practitioners, academic research has been sparse and narrow in scope (Blount & Li, 2020; Richard et al., 2015; Worthington, 2009). Much of the limited research has focused on challenges, problems, and differences between minority and nonminority suppliers (Whitfield & Landeros, 2006).

To identify relevant studies in the literature, I use the ABI/Inform database to query scholarly works and practitioner articles using the keywords such as: “Minority-Owned Business,” “Supplier Diversity,” “Diverse Supplier,” “Supply Chain and Corporate Social Responsibility,” “Buyer-Supplier Relationships,” and “Stakeholder Capitalism.” The search results in papers that employ different empirical methods, including single and multiple case studies, conceptual papers, and surveys exploring the dyadic relationship factors between LPOs and MBEs. Narrowing the focus on papers primarily on SD programs and LPO-MBE relationships yielded 24 scholarly papers. Most of these papers were published before 2010, with only five published papers after 2011. The predominance of prior MBE research is centered on how to support the smaller MBE firms, who have not been able to scale their business due to disparities in access to capital, education, resources, and professional networks (Koellinger & Minniti, 2006; Theodorakopoulos & Ram, 2008). However, little research has been done on how MBEs can break out of traditional low-value commodity sectors and evolve into more capable suppliers to better support LPOs and other stakeholders (Theodorakopoulos & Ram, 2008). In their meta-analysis, Yawar and Seuring (2017) found that less than 15% of supply chain research studies on social issues have examined minority businesses. Figure 1 provides a distribution of the papers published from 1990-2020:

Figure 1. Supplier Diversity Published Research



The predominance of scholarly research has occurred within the past two decades, with only two research studies published in *The Financial Times* top 50 journal publications (Worthington, 2009; Worthington et al., 2008), revealing the paucity of high-quality research in SD. Extant SD research has focused primarily on motivations, success factors, challenges, and impact on company performance (Adobor & McMullen, 2007; Blount, 2020; Carter et al., 1999; Dollinger et al., 1991; Greer et al., 2006; Lashley & Pollock, 2020; Richard et al., 2015; Shah & Ram, 2006; Theodorakopoulos & Ram, 2008; Worthington, 2009). Table 4 summarizes a sample of the scholarly papers that examined specific issues of SD and MBE-LPO relationships.

Table 4. Summary of Key SD Literature and Research Streams

Business Case for Supplier Diversity	Method	Journal / Publication	Unit of Analysis	Theme
Worthington, 2009	Qualitative	Journal of Business Ethics	Buyer	Corporate perceptions for Supplier Diversity
Worthington, Ram, Boyal, Shah, 2008	Qualitative	Journal of Business Ethics	Buyer	Business Drivers for Supplier Diversity
Shah and Ram, 2006	Qualitative	Supply Chain Management	Buyer	Rationale, drivers and challenges to implementing Supplier Diversity
Cravero, 2018	Conceptual	European Journal of Sustainable Development	Buyer	Promoting Supplier Diversity in Public Sector
Ram and Smallbone, 2003	Qualitative	Entrepreneurship & Regional Development	Buyer	How SD programs can help MBEs grow in the U.K.
Richard, Su, Peng, Miller, 2015	Quantitative	The International Journal of Human Resource	Buyer	Relationship between supplier diversity and focal firm performance
Buyer-Supplier Relationship Barriers				
Pearson, Fawcett and Cooper, 1993	Quantitative	Entrepreneurship: Theory & Practice	Dyad	Examined the impediments and approaches to buyer/supplier relationships
Theodorakopoulos and Ram, 2008	Theory	Supply Chain, Theory and Applications (Chapter of Purchasing Management.	Dyad	Summary of the relationships factors; Developed framework
Dollinger, Cathy and Daily 1991	Quantitative	Purchasing Management.	Dyad	Recommendations to reduce transaction costs
Greer, Maltbia, Scott, 2006	Qualitative	Human Resource Development Quarterly	Buyer	Human Resources role in supporting Supplier Diversity Relationships
Relationship Success Factors				
Carter, Auskainis, Kethum, 1999	Mixed Method	The Journal of Supply Chain Management	Buyer	Investigate key factors that result in successful MBE purchasing programs
Ndinguri, Prieto, Phipps, Katsioloudes	Conceptual	International Journal of Supply Chain Management	Dyad	Develops an initial conceptual MBE-Corporation relationship framework
Worthington, Ram, Shah, 2008	Qualitative	Journal of Business Ethics	Buyer	Identified the main factors which encouraged LPOs to set up supplier diversity
Whitefield, Landeros, 2006	Quantitative	The Journal of Supply Chain Management	Buyer	Influence of organizational culture on supplier diversity effectiveness
Adobor and McMullen, 2007	Qualitative	Business Horizons	Buyer	Offers guidelines for LPOs and MBEs can increase the chances of building a mutually
MBE Perspective				
Lashley and Pollock, 2020	Qualitative	Organization Science	MBE	MBE use of Soft Power to grow their relationships with LPOs
Blount 2020	Quantitative	Business and Society	MBE	MBEs perceptions of SD programs using organizational justice framework
Krause, Ragatz, Hughley 1999	Quantitative	Journal of Supply Chain	MBE	Assessing the effectiveness of the company's minority supplier development

Contrary to the limited body of academic research examining SD issues, there exists an abundance of practitioner-oriented articles, white papers, websites, and other online information devoted to a host of contemporary topics, including best practices, the benefits of SD, recommendations for implementation, and business case justification for SD. While descriptive, informative, and accessible to practitioners, these articles rely mainly on anecdotes, lofty generalizations on expected outcomes, and non-research-oriented case studies, with minimal empirical rigor substantiating claims. Nonetheless, practitioners' publications help us understand

how specific companies position their SD programs and the goals and objectives they hope to achieve. In total, over 50 academic and practitioner publications are reviewed, in addition to two books exploring the depths of SD issues and MBE development and three doctoral dissertations on the relationship between corporate culture and effectiveness of SD (Whitfield, 2003), SD policy implementation, and adoption strategies (Santos, 2004), and an assessment of the skills requisite for SD professionals (Cole, 2008).

II.2 The Business Case for SD

A recurrent theme in the extant literature is the business case for implementing an SD program from an LPO's perspective (Mayank & Monder, 2006; Richard et al., 2015; Slater, Weigand, & Zwirlein, 2008; Worthington, 2009). Prior research has noted both demand- and supply-side factors that motivate an LPO to implement SD. MBEs, with their valuable products and services as well as market insights, can help LPOs obtain a competitive advantage over competitors that use a homogeneous set of suppliers (Adobor & McMullen, 2007; Krause et al., 1999; Richard et al., 2015; Theodorakopoulos & Ram, 2008). LPOs implement SD as a way to attract new diverse customers, decrease supply chain risk, and improve product quality and innovation (Blount, 2020; Greer et al., 2006; Richard et al., 2015; Shah & Ram, 2006). Moreover, the rise in the minority population has increased their purchasing power for the goods and services LPOs produce and sell. According to a Multicultural Economy Report from the University of Georgia, minority markets have \$3.9 trillion buying power, total income after taxes, in the U.S.

Major companies that once sold to largely homogeneous customers are looking for ways to expand their market by tailoring their value proposition and selling their products and services to increasingly diverse markets with multiple customer segments. To exploit new market opportunities, LPOs implement SD programs establishing partnerships with MBEs to develop

closer links with racially diverse populations who can be existing or potential customers. MBEs, given their intimate knowledge of minority communities, can offer LPOs a channel to reach these diverse markets (Barreda, Gutstein, & Garcia, 2017; Richard et al., 2015).

From a supply-side perspective, MBEs surpass all U.S. businesses' growth regarding the number of businesses created, new jobs created, and sales (Census, 2020). As minorities represent a larger proportion of the population and comprise a growing sector in the entrepreneurial economy, minority businesses will more likely have the opportunity to become suppliers in the corporate value chain, particularly given global supply chain risks. An LPO's investment to source from MBEs through their SD programs is key to maintaining a flexible and resilient domestic supply chain (Barreda et al., 2017; Greenhalgh & Lowry, 2011).

There is evidence that MBEs hire more minorities, reducing minority unemployment in underserved urban communities (Bates, 1994). Greer et al. (2006) suggest that when LPOs invest in minority businesses, they benefit from a new group of loyal customers, a wider pool of qualified suppliers, improved products and services quality, and enhanced opportunity to recruit and retain diverse employees. Similarly, Carter et al. (1999) contend that broadening the supply base to include MBEs can also result in suppliers that closely mirror the buying firm's customer base.

Worthington et al. (2008) suggest that SD programs can provide benefits to LPOs in four areas: improved organizational performance, building stakeholder relationships, contribute to strategic objectives, and responding to a changing external environment. In their cross-cultural multi-case exploratory study, the authors compare U.S. and U.K. firms' rationale by interviewing procurement and SD leaders. They find that companies have the potential to improve organizational performance through both tangible (e.g., increased revenue, reduced costs) and intangible (e.g., enhanced corporate reputation) benefits (Worthington et al., 2008). Similarly,

Richard et al. (2015) draw on the resource-based view to suggest that SD can contribute to an LPO's competitive advantage, given the unique and valuable attributes of a diverse supply chain. Using secondary data, the authors examine the relationship between SD and LPO firm performance and find that the relationship between SD and short-term productivity is moderated by industry characteristics such that firms in declining industries experience positive productivity effects while firms in munificent industries experience adverse effects in the short-run (Richard et al., 2015). They conclude that SD's performance effects vary across contexts and time horizons, and while SD does not pay off in all environments and during all times, LPOs can expect financial performance benefits in the long run if properly implemented. Greenhalgh and Lowry (2011) argue that there are four motives for organizations seeking a diverse supply chain: 1) corporate values driving diversity policies, 2) external mandates such as government contracts, requiring SD, 3) competitive advantages of using diverse suppliers, and 4) public image. These reasons assume that supplier diversity programs are designed and implemented effectively and that LPOs are able to develop mutually beneficial relationships with MBEs.

While the economic rationale for SD programs has become the primary motivation for LPOs, SD programs also support the equity and inclusiveness principles subsumed within corporate social responsibility and environmental, social, and governance initiatives. SD is rapidly gaining more prominence in the corporate community as a way for companies to demonstrate their commitment to addressing the economic hardships and disparities of minorities in underserved communities and the racial and social unrest that reached a boiling point in 2020 (McKinney, 2020). For example, some of the largest corporations in the country, such as Netflix, Microsoft, JP Morgan Chase, SoftBank, have committed over \$100 million toward supporting minority-owned businesses as a result of their social justice initiatives aimed at helping minority communities that

have been upended by the economic crisis associated with the Covid-19 pandemic. These investments often take the form of diverse supplier partnerships led by their SD initiatives.

The research examining the LPO's business case implicitly assumes that MBEs will realize positive business results from SD programs. The rationale underlying this assumption is that MBEs are smaller firms seeking to grow their business by securing contracts with LPOs and will benefit from higher revenue, enabling them to grow and prosper (Worthington, 2009). Further, by providing products and services to LPOs, MBEs will enhance their skills and competencies, increasing scale and acquiring tangible and intangible resources (Carter et al., 1999). However, evidence suggests otherwise, as MBEs often experience significantly lower sales than white-owned firms (Bates, 1994; Bates & Robb, 2013).

II.3 Relationship Challenges

A second research stream in SD literature pertains to the perceptual differences in relationships between LPOs and MBEs regarding the challenges and barriers that preclude mutually beneficial outcomes. The key to developing beneficial LPO and MBE relationships is to recognize each party's needs and abilities so that the two can mutually strive to overcome barriers to cooperation (Pearson et al., 1994). Studies have examined these differences in perceptions primarily through survey methodologies, albeit with limited insights into how and why these differences persist (Dollinger et al., 1991; Pearson et al., 1994).

Two studies examined buyer and supplier perceptions by administering questionnaire surveys to representatives of both LPOs and MBEs (Dollinger et al., 1991; Pearson et al., 1994). The results from these studies show that LPOs and MBEs differ on the reasons that adversely affect their relationships, with MBEs perceiving the impediments at higher levels than LPOs. However, there is consensus between LPOs and MBEs regarding the approaches to building better

relationships (Pearson et al., 1994). The results also suggest that MBEs are undercapitalized and disillusioned with the LPO buying processes and corporate bureaucracy. For MBEs, the complexity in doing business with large firms represents the most significant hurdle to healthy relationships (Dollinger et al., 1991). In addition, both LPOs and MBEs face different transaction costs when attempting to work together and that these differences result in relationships that are often one-sided and do not meet the SD program objectives.

Greer et al. (2006) find that problems that hinder the dyadic relationship effectiveness relate to communication gaps between LPOs and MBEs, MBEs' financial challenges, and MBEs' lack of understanding of corporate politics navigating the LPO bureaucracy. They show that LPOs' Human Resource (HR) diversity practitioners could use their expertise to help close cultural gaps between LPOs and MBEs and promote the business case within the LPO organizations (Greer et al., 2006).

Another inhibiting factor to a strong relationship is the misalignment of LPOs' rhetoric of commitment to supplier diversity and their actions in developing and growing their MBE suppliers (Blount, 2020). Asymmetrical power inherent in the LPO-MBE relationship also presents challenges in LPO-MBE relationships. Adobor and McMullen (2007) argue that if MBEs are not treated fairly or are forced to accept unfair payment terms, it will not be in the best interest of LPOs in the long run as such unfair treatment can make MBEs struggle to provide valuable services to LPOs. Because LPOs need reliable and high-performing supply chains, weakening MBE suppliers by forcing them to accept terms that distract the suppliers' focus on business performance will hurt themselves as MBEs are not able to invest in developing their capabilities that enhance their performance. This exercise of LPO's bargaining power often results in negative consequences

for minority suppliers and can be self-defeating for the LPOs when they exert their suppliers' bargaining power (Greenhalgh & Lowry, 2011; Richard et al., 2015).

The SD goals and those of traditional supply chain strategies often diverge as an LPO's procurement strategy aims to rationalize the supply chain by reducing the number of suppliers, whereas SD seeks to broaden the supplier base (Adobor & McMullen, 2007; Greenhalgh & Lowry, 2011; Pearson et al., 1994). As LPOs rely on suppliers with the scale to support their value chains, MBEs with a lean resource base can find it hard to compete and secure business compared to larger competitors. Indeed, several research studies have found that the scarcity of qualified MBE suppliers in terms of scale and scope is one of the biggest impediments that LPOs face (Adobor & McMullen, 2007; Pearson et al., 1994; Worthington, 2009; Worthington et al., 2008). While many challenges persist in the relationships between LPOs and MBEs, prior research has suggested strategies that help lead to successful LPO-MBE partnerships.

II.4 Drivers to Successful LPO-MBE Relationships

Relationships between a buyer and supplier must be understood to reveal frictions and any underlying problems to maximize value creation in the supply chain. A vast body of research has examined buyer-supplier relationships. Although I will not fully delve into this literature because of the focus on minority suppliers, many of the broad findings from this buyer-supplier research can apply to LPO-MBE relationships. For instance, Chen, Paulraj, and Lado (2004) suggest that strategic purchasing can engender sustainable competitive advantage by enabling buyer firms to foster close working relationships with a limited number of suppliers, promote open communication among supply-chain partners, and develop long-term strategic relationship orientation to achieve mutual gains. There is consensus among scholars that the quality and frequency of communications between the partners leads to increased trust and commitment,

foundational to successful relationships (Benton & Maloni, 2005; Morgan & Hunt, 1994; Prahinski & Benton, 2004).

A plethora of research that applies aptly to LPO-MBE relationships examines the predictors of relationship success that transcend contract governance, which Morgan and Hunt (1994) find is insufficient to ensure mutually beneficial outcomes. In a successful relationship, both the buyer and supplier must perceive that each party is gaining value from the relationship (Narayandas & Rangan, 2004). Reciprocity is an essential concept within social exchange theory as actions and behavior in the relationship will lead to reciprocal action and behavior by the other party (Griffith, Harvey, & Lusch, 2006). Noordewier, John, and Nevin (1990) show that long-term cooperative relationships positively impact a firm's competitiveness, especially when the level of uncertainty is high. Ghoshal and Moran (1996) argue that a short-term-oriented, adversarial buyer-supplier relationship focused on economizing costs can preclude the development of suppliers into strategic partners and can create the condition for distrust and heighten the need for exchange parties to build complex governance mechanisms for curbing opportunism. As a result, buyers and suppliers should be focused more on developing relational capabilities rather than maximizing gains that each party can achieve irrespective of the impact on the other party.

In the context of SD research, scholars and practitioners have noted the following characteristics of successful SD programs, which have been primarily drawn from the LPO perspective: LPO top management commitment (Adobor & McMullen, 2007; Carter et al., 1999), organizational culture (Whitfield & Landeros, 2006), mitigating issues of power and dependency (Adobor & McMullen, 2007; Greenhalgh & Lowry, 2011), relationship building (Theodorakopoulos & Ram, 2008), goal setting (Pearson et al., 1994), and supplier development (Greenhalgh & Lowry, 2011; Krause et al., 1999). Given the nature of SD programs on matching

LPOs and MBEs that may have cultural differences, relationship governance is critical to the outcomes realized by both parties (Theodorakopoulos & Ram, 2008). I now briefly discuss each of these factors.

II.4.1 *Top Management Commitment*

Scholars and practitioners have long promoted top management support as a critical driver of organizational programs and outcomes (Mintzberg, 1973). Adobor and McMullen (2007) define top management commitment as leadership acceptance of SD as an operational and strategic option, where resources are deployed to accomplish its goals. Top management commitment will bestow legitimacy upon the SD program (Aldrich & Fiol, 1994). Scheuing, Goldman, and Rogers (1994) perform a series of interviews with MBE purchasing managers and find that top management commitment, evidenced by participative leadership, is a key success factor for MBE purchasing programs. Carter et al. (1999) find that top management support and evaluation system that rewards employees for actively sourcing from and working with MBE suppliers positively relate to higher MBE spending levels by firms. A company's top management team can signal its commitment to SD in ways that confer legitimacy to its place in the company by investing in resources, communicating its importance throughout the company, and connecting SD objectives to broader corporate strategic goals and mission. These actions can shape MBE's perception of whether LPOs are genuinely committed to their SD programs (Blount, 2020).

II.4.2 *LPO's Cultural Commitment*

Scholars have also examined the role that LPO's culture plays in a firm's commitment to SD, affecting the quality of their MBE relationships. Whitfield and Landeros (2006) explore the influence of organizational culture on SD and find that achievement and affiliative culture styles are essential to SD effectiveness. When the decision is made to undertake an SD initiative, a

corporation should foster a supportive and inclusive culture in which the program can thrive (Adobor & McMullen, 2007). When conflicting organizational goals arise, such as when traditional procurement policies aim to rationalize the supply chain by reducing the number of suppliers, and SD seeks to broaden the supplier base, culture can promote cross-functional cooperation and collaboration (Adobor & McMullen, 2007). For SD programs to be effective, the organization's culture and the strategic objectives articulated as part of an LPO's SD initiative must be aligned. Blount and Li (2020) posit that cultural congruence between LPOs and MBEs supports mutually beneficial relationships and can also improve the likelihood that MBEs will be perceived in a favorable light by LPOs. Greer et al. (2006) examine how LPO's HR practitioners, who help manage the company's culture, can assist SD leaders by evaluating their programs and monitoring their performance relative to its goals and objective in order to align them with the broader company mission and cultural values (Greer et al., 2006).

II.4.3 *Relationship Building*

Several studies have examined different ways that LPOs and MBEs can strengthen their bonds through relationship building. These studies are primarily conceptual (Adobor & McMullen, 2007; Ndinguri, Prieto, Phipps, & Katsioloudes, 2013; Theodorakopoulos & Ram, 2008) and from the LPO perspective (Carter, Auskalnis, & Ketchum, 1999; Whitfield, 2008). In their theory-building paper, Theodorakopoulos and Ram (2008) develop a relationship framework to assess the characteristics that enable or hinder MBE's supplier learning capabilities. Learning capabilities are defined as the absorptive capacity to learn and embed knowledge in production to generate sustainable growth. They argue that SD initiatives can function as a platform for MBEs to learn and develop new capabilities, ultimately helping LPOs. Developing their SD relational framework derived from prior literature examining buyer-supplier relationships, the authors identify trust,

commitment, communication, cooperation, coordination, cultural alignment, and risk and benefits constructs as relationship facets that likely lead to MBE learning and supplier capabilities. In this model, a strong relationship between LPOs and MBEs requires relational capabilities that enhance MBE learning capabilities, which improves their performance. The authors suggest that future research consider multiple-case studies focusing on LPOs-MBEs dyadic relationships across different sectors and considering both buyers' and suppliers' perspectives.

Ndinguri et al. (2013) develop an initial conceptual MBE-Corporation relationship framework that explains the different conceptual levels that lead to attaining and maintaining such a relationship. In their model, they focus on three-step relationship-building phases, entry-level relations highlighting the initial connections between LPOs and MBEs, partnership level relations highlighting how relations grow with frequent interactions and joint activities, and advance level relations focusing on how LPOs and MBEs reach a level of deep trust and commitment, bringing synergy to the relationship. The first entry-level part of the study's relationship process builds the connection between LPOs and MBEs, while the second partnership level encourages transforming processes between the parties to develop the business relationships. The advanced level reveals the characteristics of actor bonds that involve mutual commitment, trust, appreciation, and influence. The authors posit that strong actor bond characteristics (e.g., commitment, trust, appreciation, and influence) are positively related to advancing MBE-LPO relationships.

Adobor and McMullen (2007) discuss how relationships between LPOs and MBEs can become more equitable, given that they are largely between unequal partners. LPOs have most of the power to influence and control the behaviors of MBEs; however, MBEs can become more powerful when there are few substitutes for their product, as Porter (1980) reveals in his seminal research on the industry's competitive forces. Adobor and McMullen (2007) apply Social

Exchange theory to argue that SD programs would work better, and relationships would benefit if LPOs restrained their power and focused instead on developing trust, equity, and fairness. LPOs can focus on developing trust and commitment by helping develop suppliers' operational capabilities, which in the long run will support enhanced cooperation and mutual economic benefits. Perceptions of equity play a significant role in affecting relationship building between LPOs and MBEs.

Pearson, Fawcett, and Cooper (1994) argue that the key to advancing toward more beneficial LPO-MBE relationships is to recognize each group's needs and abilities so that the two can mutually strive to overcome barriers cooperation. In their survey administered to both LPOs and MBEs, the authors find that both parties largely disagree on the relationship impediments and barriers yet agree on the approaches that can reduce barriers to strong relationships, which include MBEs focus on continually improving their products/services they offer, increasing information availability in the form of new opportunities, managing and monitoring MBE performance, and the importance of developing personal relationships. The results show that LPOs and MBEs believe that both sides must change their practices to overcome existing impediments and that both sides recognize that the competitiveness of each is enhanced when they work together. The authors call for case studies that will help develop policy and strategy insights for both sides.

II.4.4 *Goal Setting*

While goal setting has been discussed as an important component of SD initiatives, specific success measurements have not been widely examined in the academic literature. How LPOs measure their SD initiatives' success can influence the program's effectiveness (Greenhalgh & Lowry, 2011). In a survey administered to 422 LPO organizations, Pearson et al. (1994) find that while goal setting is not significantly related to MBE purchases, 76% of respondent organizations

set goals deemed essential and necessary in the formal evaluations of buyers and their managers. The inclusion of specific MBE supplier goals in buyers and procurement managers' performance appraisal process is necessary to track performance and allow for constructive feedback and improved performance. Adobor and McMullen (2007) contend that companies can link their SD goals to overall organizational performance in the following ways: 1) Formulating a clear vision of what they want SD to accomplish, 2) Establishing goals driven by an economic imperative for execution at various levels in the organizations, 3) Monitoring and evaluating program outcomes against the goals to identify areas in need of improvement and to enhance the credibility of the program within the organization. The implicit assumption in these research studies is that the primary measurement to assess SD programs' effectiveness is the total amount of procurement spend that LPOs have with their MBE suppliers. The procurement spend is determined by the total accounts payable amount that LPOs pay to their MBE suppliers in exchange for the products and services they provide. Research has, however, not explored other measurements beyond procurement spend with MBEs that LPOs may use to assess their program's effectiveness. For instance, research has not examined whether other goals, such as economic impact measures (e.g., job creation, number of MBE suppliers, and revenue generated), could be more comprehensive metrics to assess their SD programs' efficacy linking economic and social impact.

II.4.5 *Supplier Development*

An emerging stream of research has focused on how supplier development can strengthen relationships between LPOs and MBEs. (Krause et al., 1999; Langfield-Smith & Greenwood, 1998; Shah & Ram, 2006; Theodorakopoulos & Ram, 2008). Krause (1997) defines supplier development as the buying firm's efforts to increase its supplier's performance and/or capabilities and meet its supply needs. In the context of SD, development can take the form of LPO's helping

improve its MBEs by offering training sessions, establishing mentoring relationships with corporations, and sponsoring MBEs to attend management development programs at prominent business schools. Research has also suggested that LPOs that invest in supplier development and mentoring programs are more likely to develop stronger relationships with their MBE suppliers (Adobor & McMullen, 2007; Greenhalgh & Lowry, 2011; Whitfield, 2003) as a result of the MBEs perceived levels of commitment and trust with their LPO customers.

II.5 MBE Perspective

SD research has been sparse, especially from the MBE supplier perspective. Of the 24 scholarly papers reviewed, only one study before 2020 (Krause et al., 1999) examines the MBE perspective in relationships with LPOs. The study's primary focus is not on SD but rather on minority supplier development. The authors examine groups of MBEs' perspectives regarding their relationship with a large manufacturing firm by surveying suppliers and segmenting their responses by firm size and relationship length to the buyer to assess differences in perceptions and outcomes. Overall, the study's findings suggest that smaller suppliers have a less favorable perception of the LPO's supplier development programs' effectiveness regarding quality, profitability, and growth than larger established MBE suppliers. In addition, smaller suppliers have a less favorable view of LPO's commitment to minority suppliers and believe that communication gaps inhibit their ability to grow their relationship with LPOs. A limitation of this study is that MBEs surveyed in the study are part of one firm's single supply chain, limiting generalizability.

Two recent papers published in 2020 examine the MBE's perspective of their relationships with LPOs, focusing on power and justice issues. Lashley and Pollock (2020) use a grounded theory approach to investigate how MBE suppliers lack hard power to manage asymmetric relationships with larger, more powerful buyers in the context of SD relationships. Using interview

data from MBE suppliers of two large hospital groups in the Midwest, they find that successful suppliers create and use soft power by taking different actions to become cognitively central with influencers to manage the opportunities and challenges they encounter in LPO's supply chains. The authors suggest that future research may use comparative case studies of MBEs to extend their findings, which are limited to the healthcare sector.

Blount (2020) surveys 206 MBE CEOs to understand their perceptions of LPO buyer's commitment to SD through the lens of organizational justice theory. The study shows that MBE CEOs' perception of LPO's commitment to the relationship is positively related to organizational justice's distributive and informational dimensions. In contrast, the procedural dimension is found to have a significantly negative relationship, indicating that MBEs do not believe that LPOs are genuinely committed to their SD programs. The study's limitations include the use of cross-sectional survey data that lacks the dynamic perspective of time, questions on the sample's generalizability, and LPO perspectives are not included. The author suggests that future studies should take a multiple-source case data collection approach by introducing the LPO perspective to create a dyadic assessment and examine how MBE CEOs' perceptions of the treatment by their LPO customers (Blount, 2020).

These three papers examining the MBE perspective are important contributions to the SD literature, yet there remain opportunities to develop a more holistic picture of the MBE perspective and the MBE's impact extending beyond the dyadic relationship with LPOs.

II.6 Literature Gap and Research Opportunities

A review of prior research reveals the paucity of studies examining LPO-MBE relationships, suggesting ample research opportunities to further advance knowledge on SD theory and practice. First, SD studies are notably insufficient when the research focus shifts to

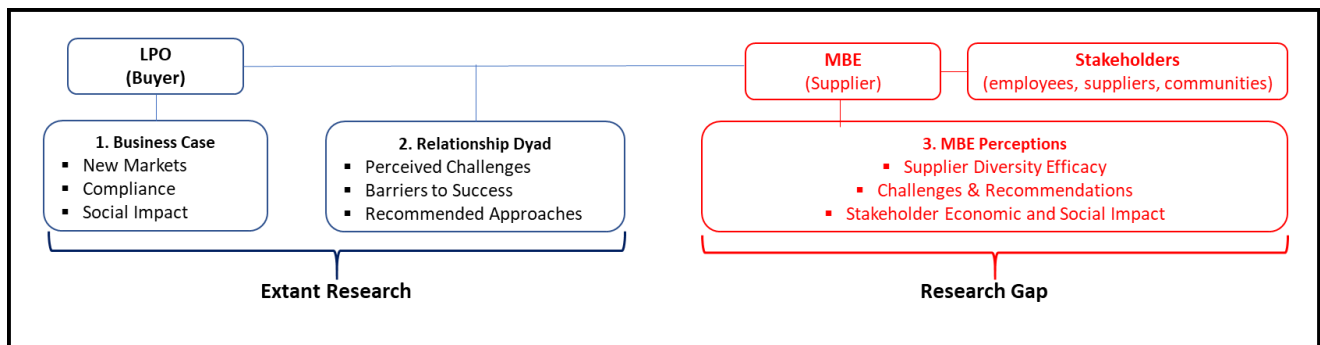
understanding SD programs' efficacy from the MBE supplier perspective. As I have noted, few studies have examined supplier diversity from the MBE perspective. Accordingly, scholars have called for more research looking at the MBE perspective (Krause et al., 1999; Lashley & Pollock, 2020; Richard et al., 2015; Theodorakopoulos & Ram, 2008; Worthington et al., 2008). The first two research questions aim to bridge the literature gap by examining SD programs' efficacy and relationship characteristics from the MBE perspective. Studying the MBE perspective is essential to fully understand how such relationships can produce mutual benefits and outcomes.

Second, despite widely held beliefs in practice that SD can be a strategy for corporations to impact a broad array of stakeholders, research has tended to take a relatively narrow approach. Buyer–supplier relationships are embedded in complex networks of relationships, as such, Ulaga (2006) suggests research could examine value creation in the broader environment surrounding buyers and their key suppliers. Previous SD studies have situated research issues at the buyer or dyadic relationship level and have paid less attention to examining how SD impacts MBEs' stakeholders beyond LPOs, such as employees, management, investors, communities, and suppliers. As a result of this gap, scholars have called for research that transcends the buyer–supplier dyad by examining the impact these relationships can have on stakeholders (Richard et al., 2015; Teague & Hannon, 2005). Previous research has contended that one of SD programs' goals is to help disadvantaged communities by doing business with MBEs; however, there has been a lack of empirical research supporting this claim. This gap presents an opportunity to elicit perspectives from the stakeholders most impacted by its relationships with MBEs, offering insights beyond the conceptual arguments made in previous research that SD can be leveraged for community revitalization. The impact on stakeholders may be quite limited if the relationship benefits accrue primarily to the LPO at the expense of the MBE. This study addresses these issues

by drawing on perspectives of MBE owners and their internal and external stakeholders impacted most by the relationships that MBEs form with LPOs.

Third, while research has shown that MBEs hire more minorities (Bates, 1994; Bates & Robb, 2013; Greenhalgh & Lowry, 2011; La Noue & Sullivan, 1992), suggesting their presence in minority communities can positively impact stakeholders, there are few first-hand accounts of how SD operates in practice (Mayank & Monder, 2006). To address this gap, Theodorakopoulos and Ram (2008) recommend qualitative case studies focusing on LPOs-MBEs dyadic relationships, examining different sectors, and considering both purchasers' and suppliers' perspectives. Scholars have also called for case studies to help develop policy and strategy formulation (Blount, 2020; Pearson et al., 1994; Theodorakopoulos & Ram, 2008). Figure 2 illustrates the main research streams previously examined and the area of research underdeveloped, which I focus on in this study.

Figure 2. SD Literature Synthesis Model



III THEORETICAL FRAMEWORKS

This study examines socially constructed relationships between MBEs and their stakeholders using two organizational theories as the conceptual framing to structure my data collection and data analysis (Mathiassen, 2017). I draw on Social Exchange Theory (Blau, 1964; Emerson, 1976) to frame the dyadic relationship between the LPO and MBE, and Stakeholder Theory (Freeman, 1984, 2001) as the overarching theoretical framework for the interdependent relationships between MBEs and their stakeholders. I chose the two complementary theories for the following reasons: 1) LPOs and MBEs enter into a formal relationship as unequal trading partners, thereby affecting the outcomes and perceptions of both parties, which can be best understood through the lens of Social Exchange Theory; 2) Stakeholder Theory is used as a complementary theory to Social Exchange Theory to understand the effects that MBEs, who can be enabled through their relationships with LPOs, have on their customers, employees, board members, suppliers, and other community partners; 3) Both theories relate well to the objectives inherent in SD programs, which aim to create economic value for firms who voluntarily come together for mutual benefits and through their collaboration positively impact stakeholders. I use both theories to inform the development of the research methodology, including data collection and analysis. This chapter summarizes each theory's main constructs and relationships, followed by a discussion of an MBE typology derived from the literature and theory.

III.1 Social Exchange Theory

Social exchange theory is among the most influential theories for understanding workplace behavior (Emerson, 1976). Scholars have also used the theory to understand interfirm relationships (Cropanzano & Mitchell, 2005; Emerson, 1976; Griffith et al., 2006). Self-interested parties form relationships to accomplish outcomes that neither could achieve on their own (Lawler & Thye,

1999). An underlying premise of social exchange theory is the significance of trust and commitment in relationship formation, which have been used to predict relationship dynamics and success (Ambrose, Marshall, & Lynch, 2010).

I use social exchange theory to understand how relationships between LPOs and MBEs can produce mutually beneficial outcomes through key relational factors, including developing trust and commitment. I follow Prahinski and Benton (2004), who define commitment as the degree to which a party feels obligated to continue business with another party. In this regard, one party's signally of commitment to the relationship can induce its counterparty's trust and satisfaction. In the context of supplier diversity, a commitment by both LPOs and MBEs is requisite if they are to be successful. I also follow Moorman, Zaltman, and Deshpande (1992) by defining trust as the willingness to rely on an exchange partner in whom one has confidence. Trust between parties can be generated in two ways: (1) through frequent, reliable, and consistent reciprocation of benefits, and (2) through the gradual expansion of exchanges (Blau, 1964). Exchange partners who see the relationship as beneficial, fair, and equitable will continue to contribute to the relationship input over the long term (Adobor & McMullen, 2007; Emerson, 1976). In the context of this research, as the relationship between LPOs and MBEs is conceived as relational as opposed to transactional, long-term issues such as trust, commitment, and cooperation become essential and should affect the relationship dynamics (Emerson, 1976). Narayandas and Rangan (2004) show that less powerful firms can thrive in long-term relationships with powerful partners because power asymmetries are subsequently counteracted by developing high trust and commitment levels between parties.

The theory also posits that the overall fairness of rewards, justice, and power are crucial in interfirm relationships if they are to thrive. Exchanges would cease as soon as they are not

perceived as mutually beneficial by both parties (Blau, 1964). Each party in the relationship has something of value that the other wants, and that resources exchanged can be economic or social. I focus on economic exchanges between buyers and suppliers, which are categorized as transactions in the short term or relationships in the long run, in which both parties trust that the other will reasonably meet their obligations (Holmes, 1981).

One of the theory's main thrusts is that powerful actors in an exchange relationship are better off downplaying their power and concentrating on building a mutually beneficial relationship (Emerson, 1976). According to Social Exchange Theory, exchange partners' satisfaction levels become the prime determinants of whether future exchanges will occur or not (Miles, 2012). This dynamic is apropos for LPO and MBE relationships, where MBEs are more often the weaker firm within the dyad. Adobor and McMullen (2007) argue that relationships between LPOs and MBEs are more effective if large corporations, as the more powerful party, choose to restrain their might and focus instead on developing a relationship on equity and fairness. Social Exchange Theory suggests that a relationship is difficult to evaluate on a transaction-by-transaction basis. Therefore, perceptions of the overall fairness of rewards, power, and dependence become a basis of how each party perceives the relationship's equity (Benton & Maloni, 2005; Emerson, 1976). As such, LPOs need to be aware of how they interact with their MBE suppliers and how the MBE perceptions of equality can impact the overall relationship. MBE suppliers who perceive the relationship as equitable and balanced will likely be satisfied and committed to a long-term partnership by contributing valuable services to their LPOs. Kumar, Scheer, and Steenkamp (1995) also find that firms engage in relational exchange even in the presence of power and dependence asymmetries as long as the weaker firm perceives equity in the relationship.

Firms interact in expectation of rewards from their relationship, and that parties' attitudes and behaviors in the relationship are primarily determined by the net benefits they receive (Adobor & McMullen, 2007). Said differently, parties will continue to participate in a relationship only if the value they extract is greater than the investments they need to make for the relationship to continue. Within the context of SD, the MBE provides the good and services to its customer, with an expectation of payments and other rewards at a future time. The LPO customer receives a valued contribution from the MBE and reciprocates with monetary and other partnership benefits such as commitments to expand the relationship and provide supplier development. The characteristics of the relationship underlying the transaction between LPOs and MBEs play a key role in determining whether MBEs are enabled or constrained in their ability to grow. Adobor and McMullen (2007) argue that LPOs can grow their relational assets, such as trust and commitment with MBEs, by developing suppliers' operational capabilities and signaling a long-term commitment to the relationship through their actions reflected in a contract that governs the relationship.

Conversely, LPOs that view and treat MBEs as a replaceable supplier through arms-length transactions and exert their bargaining power to negotiate onerous contract terms such as lower pricing to maximize their profit may benefit in the short term; however, the relationship will likely not result in long term mutual success for either party. Furthermore, LPOs may experience higher costs related to maximizing their power in the relations with MBEs, as MBEs performance may suffer as they could be constrained in their inability to invest in the relationship. Furthermore, if the relationship with existing MBEs ceases to exist, LPOs likely will realize additional search costs associated with finding and onboarding new suppliers. In addition, there is no assurance that relationships with new suppliers will improve the quality and services LPOs receive.

III.2 Stakeholder Theory

Edward Freeman first developed Stakeholder theory in the seminal book *Strategic Management: A Stakeholder Approach* in 1984. The central premise of stakeholder theory is that organizations should focus on meeting a broader set of interests than just amassing shareholder wealth (Freeman, 1984; Freeman, Wicks, & Parmar, 2004; Miles, 2012). The theory expands upon the traditional view of firms, which argues that a firm's primary objective is to maximize wealth for its shareholders, who own shares in the company. In the shareholder model, firms base their decisions primarily in economic terms without explicitly considering other stakeholder interests. Freeman (1984) challenges this traditional shareholder view in stakeholder theory, which posits that firms need to consider all constituents related to the firm beyond just generating shareholder wealth. Furthermore, at a time when firms are less vertically integrated (Greenhalgh & Lowry, 2011) and rely more on external value-chain partners (e.g., suppliers) to help drive competitive advantages, stakeholder theory offers managers with more options to achieve successful outcomes for their firm (Freeman et al., 2004).

A fundamental tenet of stakeholder theory is that firms should balance corporate decision-making power between shareholders and other stakeholders. Economic value is created by parties who voluntarily cooperate to improve all affected groups (Freeman et al., 2004). One of a firm's objectives is for all stakeholders such as suppliers, customers, employees, communities, and shareholders to continuously receive value. Freeman et al. (2004) take an instrumental view of stakeholder management by arguing that while shareholders are an essential stakeholder and companies produce profits for investors, profits are the result rather than the driver of value creation for all other stakeholders. Said differently, effectively managing a diverse set of stakeholders will lead to profits, rather than the counterview, which argues that prioritizing shareholder value will lead to stakeholder benefits.

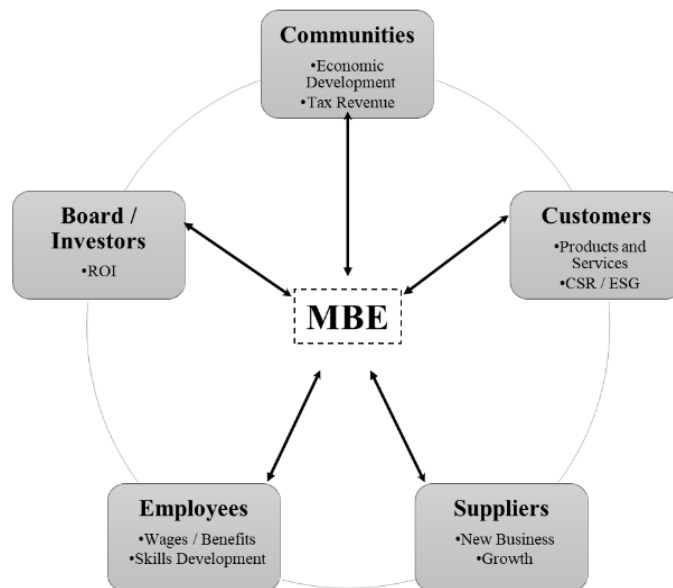
I use stakeholder theory as an encompassing framework to examine the research questions, with MBE firms as the primary focus. The internal stakeholders of an MBE include both front-line and managerial employees and board members. External stakeholders consist of customers (LPOs), government officials, suppliers, and communities. I take the instrumental view of stakeholder management, which argues for examining stakeholder management's association with the achievement of corporate performance goals (Donaldson & Preston, 1995). The instrumental perspective suggests that corporations practicing stakeholder management will, other things being equal, be relatively successful in economic performance terms (financial profitability, growth). Stakeholder Theory can also be viewed from the LPO perspective in that LPOs may aim to diversify their supply chain as part of their corporate social responsibility initiatives to support MBEs and their communities. However, LPOs may confront a tension between managing stakeholder and shareholder interests by balancing their longer-term stakeholder goals and obligations with their short-term priorities of increasing profits by minimizing its transaction costs and exerting their bargaining power with their suppliers (Adobor & McMullen, 2007; Greenhalgh & Lowry, 2011).

I posit that MBEs can be enabled through their relationships with their stakeholders. Further, my research's central premise, encapsulated within stakeholder theory, posits that building value-creating relationships with primary stakeholders like employees, customers, investors, suppliers, and communities (Freeman, 1984) can increase financial returns by helping MBEs develop resources that can be sources of competitive advantage. A stakeholder-oriented approach is likely to be met with support and commitment from employees, customers, suppliers, and the community. This, in turn, could enhance the MBE's resources and capabilities, leading to

increased performance and continuing to serve its stakeholders, which enables the positive cycle to continue.

Figure 3 identifies the primary stakeholders affected by an MBE and the main benefits each stakeholder group realizes from its connection to the MBE. Communities benefit from the MBEs, who establish operations in the area, primarily through economic development in job creation, local tax revenues, and community partnerships. LPO customers receive products and services from the MBE to support their value-chain activities. Suppliers to the MBE provide services and solutions as part of the MBE value chain, and in doing so, these suppliers also experience growth and create new jobs in their communities. Board members and investors have a stake in the MBE's financial success and help it formulate growth strategies. Finally, MBE employees are major internal stakeholders and benefit from compensation, health benefits, and professional skill development.

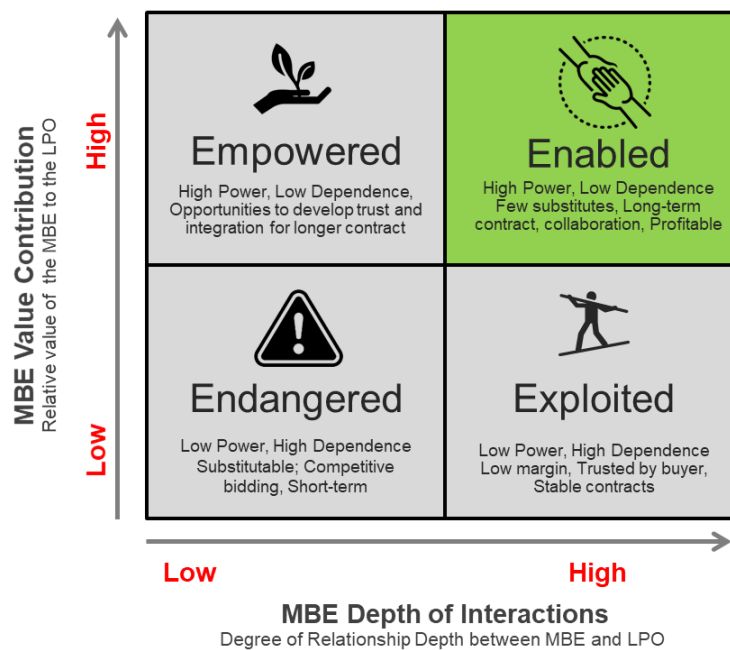
Figure 3. MBE Primary Stakeholders



III.3 MBE Typology

Prior SD research has generally viewed MBEs as uniformed suppliers, irrespective of their scope of services or the depth of their relationships forged with LPO customers. Further, existing MBE literature assumes that MBEs are capable and ready to take advantage of the opportunities available through the supplier development programs (Ndinguri et al., 2013). Drawing on the buyer-supplier relationship literature and my managerial experience, I propose a typology that classifies MBEs into four types based on (1) MBE's value contribution to the LPO and (2) MBE's relationship with its LPO. Figure 4 displays the 2x2 typology of quadrants representing MBEs with four unique combinations of MBE firm's value proposition (low vs. high). By considering the two aspects concurrently, I name four types of MBEs as Endangered, Exploited, Empowered, and Enabled, respectively. This research focuses on "Enabled" MBEs, which I argue are most likely to be strategic suppliers to LPOs and have the resources and capabilities to have the most impact on their stakeholders.

Figure 4. MBE Relationship Typology



Endangered MBEs are MBE suppliers that provide low-value solutions to LPOs and maintain transactional relationships with LPOs. They offer little differentiation, and as a result, their products or services are easily replaceable by other suppliers. These commodity suppliers conduct arm's length transactions with the buying firm through short-term contracts. They hold little power and are highly dependent on their LPOs. Endangered MBEs compete primarily on price and often underbid to get LPOs' business with unsustainable profit margins.

Exploited MBEs are suppliers of low-value solutions to LPOs, but they have established a strong relationship with LPOs. Although the products or services they offer are substitutable, their established relationship with LPOs allows them to be preferred suppliers and thus secure long-term contracts with LPOs. Despite their strong relational ties with LPOs, Exploited MBEs have relatively low bargaining power in the relationship, and given the commodity nature of their solutions, their profit margins are likely low, constraining their ability to innovate and grow to scale.

Empowered MBEs offer high-value solutions to LPOs, albeit maintaining an arm's length relationship with LPOs. These MBE firms provide differentiated products and services, contributing to LPOs' competitiveness. The suppliers' solutions are an integral part of the buyers' value chains, allowing them to charge premium prices with healthy profit margins. However, empowered MBEs have yet to develop long-term, deep relationships with LPOs, making them reluctant to expend additional resources into the relationships. Empowered MBE firms achieve greater power in these relationships and are able to leverage their power in contract negotiation. However, the lack of strong relational ties with LPOs may limit their potential in the long run.

Enabled MBEs offer high-value solutions to LPOs and have developed strong relational ties with their LPO customers. The products or services they provide are strategic and contribute

strategic value to the LPO. Because of their differentiated offerings and established strong relationships with LPOs, these MBEs achieved the trust and commitment from LPOs and are able to generate healthy margins, which enables them to invest in growth strategies and innovation. I posit that enabled MBE firms are the catalyst for economic regeneration in underserved communities, creating new jobs, developing their employees, investing in physical assets, and generating tax revenues for local governments. Additionally, the underserved communities, with their resources and incentives, can help the MBEs to grow further and deliver high-quality solutions to LPOs, thereby creating a virtuous cycle.

IV METHODOLOGY

As a practitioner working for MBEs for 20 years, I hold an insider perspective of both the challenges and exhilaration of leading an MBE through iterations of various growth phases. While I recognize my extensive practitioner experience leaves me vulnerable to researcher bias, by applying a multi-stakeholder engaged scholarship approach and considering a diverse set of sources and alternative perspectives, I provide a balanced perspective using rigorous qualitative methods situated with theory and prior literature. This chapter is organized as follows: an overview of the research design, a description of the MBE cases, and a description of the data collection and analytic strategies.

IV.1 Research Design

My dissertation is a multi-case qualitative study drawing on data collected from MBE firms, SD professionals, and the primary stakeholders from a focal MBE. As one of the few academic studies revealing MBE suppliers' perspective, the research design builds upon prior SD research by shedding light on the relational challenges and opportunities MBEs experience and their impact on stakeholders. A single case study can yield richer detail; however, multiple cases are likely to generate more robust, generalizable, and testable theories using replication logic (Graebner & Eisenhardt, 2004; Herriott & Firestone, 1983; Yin, 2018). While my research design employs a multi-case study to achieve literal replications (Yin, 2018) to develop insights into the MBE perspective of SD programs, I chose to focus on one focal firm to examine how an enabled MBE impacts its stakeholders in two underserved communities. This research belongs to a theory-development case study guided by the overarching frameworks of Social Exchange Theory and Stakeholder Theory and prior SD literature. Drawing on multiple data sources, I develop theoretical insights to construct a multi-stakeholder conceptual framework and a set of

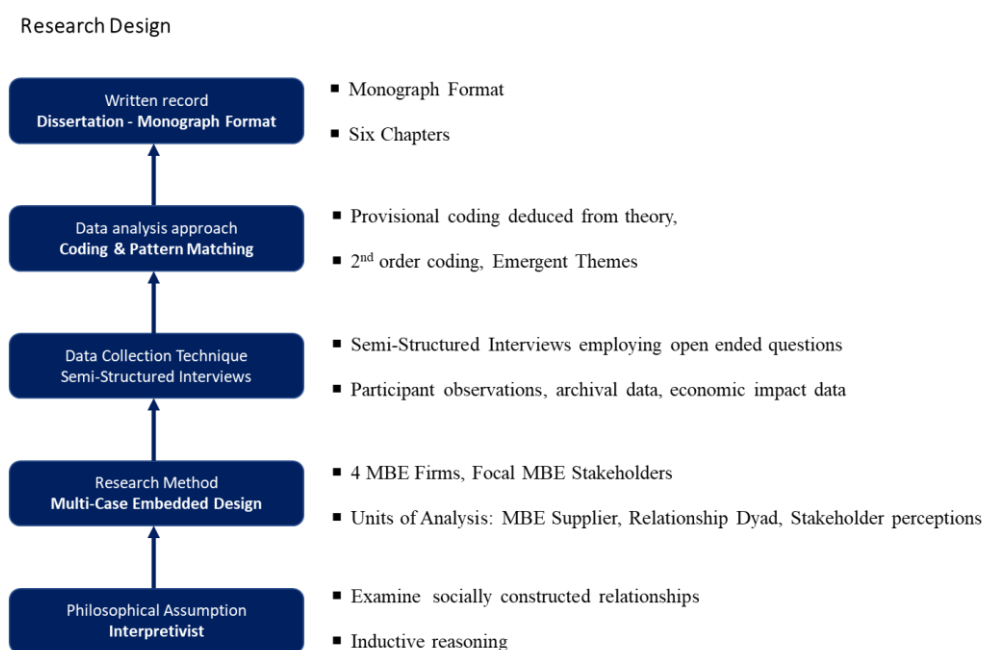
propositions that contribute to SD research and practice. I use an embedded case design to address my research questions using the following units of analyses: (1) Minority-owned business, (2) MBE-LPO relationship dyad, and (3) MBE stakeholders. In addition to the four different MBE firms selected to participate in this study, my research examines a focal MBE firm with supplier relationships with four LPO customers. For practical purposes, I focus exclusively on the focal MBE firm (MBE1) in addressing the third research question pertaining to stakeholder impact.

With respect to this study, I was an insider-researcher, as I worked for the focal firm during the course of this research study. My insider role offered many advantages to my research, including obtaining permission to conduct the research, having a keen understanding of the culture of the focal firm, gaining access to archival data sources to triangulate my findings, and being a participant in several internal meetings with the focal firm's leadership team and with LPO customers and stakeholders. Researchers have also noted the disadvantages of being in an insider position, such as being too close to the area of research, which prevents the researcher from seeing all dimensions and perspectives, keeping an open mind, and being vulnerable to biases and preconceived beliefs (Unluer, 2012; Rooney, 2005). I overcame these disadvantages by triangulating my findings using multiple data sources, carefully drafting open-ended interview questions to avoid inducing information, and verifying the interpretations of my findings with the informants. Overall, the benefits of being an insider researcher far outweighed the disadvantages and helped enrich the empirical findings of this study.

Applying an inductive method, I collected data using an exploratory approach, which allowed patterns to emerge by analyzing the data, leading to theory development. I frame my research through an interpretive epistemological lens, allowing me to uncover and interpret the implicit assumptions and socially constructed perspectives of MBEs and their stakeholders

(Myers, 2019). The interpretive perspective approaches research as social science, where the researcher applies a subjective, nuanced analysis grounding the findings on specific circumstances in the research environment. The main components of my research design are in Figure 5.

Figure 5. Research Design Components adopted from Myers (2019)



Due to the Covid-19 pandemic, certain aspects of my research design had to be modified to adhere to quarantine policies. For instance, my original plan was to visit each firm to conduct interviews and observations. I modified my plan to conduct interviews with all informants through videoconference and was only able to spend significant time at one of the focal firm locations. Despite adapting to a primarily virtual environment, the rigor of the data collected in this study was not diminished as I was able to supplement data with multiple sources of information.

IV.2 Case Selection

I employed a purposive sampling approach by deliberately selecting cases and informants knowledgeable and experienced with SD and stakeholders of the focal MBE firm (Lashley & Pollock, 2020). The value of purposeful sampling lies in selecting information-rich cases for in-

depth analysis of the units of analyses, where cases are selected by researcher choice rather than at random (Miles & Huberman, 1994). I recruited and selected four MBE supplier firms with the following characteristics: (1) MBEs are certified in the U.S. by the National Minority Supplier Development Council (NMSDC), (2) MBEs are in business for a minimum of five years, (3) MBEs operate in different industries, and (4) MBEs have a minimum of five years of experience supporting LPOs with SD programs. The sampling criteria aimed to identify MBE firms with current supplier contracts with LPOs and larger MBEs with business-to-business models rather than smaller MBEs (i.e., less than 20 employees) who primarily sell directly to consumers. Given these characteristics, I followed literal replication logic in selecting cases that fit the definition of Enabled MBEs for addressing the first two research questions in this study (Yin, 2018). The primary MBE informants are Chief Executive Officers (CEOs) because of their knowledge of all their customer relationships and their deep experience with SD (Zaheer & Venkatraman, 1995). I masked the cases' identity to encourage informants to speak freely regarding their experiences using the following pseudonyms for the MBE company names: MBE1, MBE2, MBE3 MBE4. The MBEs, representing a cross-industry mix, were recruited based on the criteria mentioned above and using my professional network and industry leaders' referrals.

I chose MBE1 as the focal firm to investigate my third research question regarding stakeholder impact for three reasons. First, MBE1 is a large, experienced supplier to several LPO customers with SD initiatives. The firm specializes in business processing outsourcing solutions and has established contact centers in three southeast United States locations. The company employs over 2,000 people and has significantly grown its business through relationships with its LPO customers, and has won new customers with SD programs, particularly in the last year. Given its size, industry experience, and multiple locations, MBE1 provided a rich research case for my

study. Second, MBE1 meets the definition of an enabled MBE, as it provides strategic, high-value solutions to customers and has developed deep and long-term relationships with its LPO customers. These relationships provided ample opportunities to examine its relational approach and how it has grown its business by meeting LPO customers' requirements, which has had a cascading impact on their stakeholders, such as employees, suppliers, and the communities where they are located. MBE1's location strategy of establishing state-of-the-art contact centers in underserved communities allowed me to exploit a setting that is central to my research questions. MBE1's strategy is reflected in the firm's mission statement: to "challenge the outsourcing status quo by redefining customer care through our socially-driven mission, enabling clients to succeed and communities to thrive." Third, my professional connection to the firm allowed me access to many of the firm's dealings with stakeholders as an active observer and participant, including attending meetings with LPO customers and prospective customers through sales and business development presentations. Table 5 provides a summary of each MBE firm that participated in this study.

Table 5. A Summary of MBE Firms

Case Pseudonym	Firm Overview	Background and Descriptions of Services
MBE1 (Focal Firm)	<ul style="list-style-type: none"> • Industry: Business Process Outsourcing • Solutions: Customer Contact Center Solutions • Years in Business: 6 • Total Employees: 2,000 (95% minority) • 2020 Revenue: \$50 Million • Headquarters: Morrow, GA • Certified MBE 	<p>The focal MBE firm is a business processing outsourcing firm specializing in providing customer care and contact center services for large corporations. MBE1 is headquartered in Morrow, GA, and has call centers in Morrow, Dallas, TX, and Charlotte, NC. The company has a shared value mission of generating economic and social value for its stakeholders by delivering high-value services for its corporate customers and creating jobs in underserved communities. The company believes that these two missions are self-reinforcing; as the company invests in its employees, it will be a more effective supplier to their LPO client. The company has a people-first culture, where they work to creating a positive, supportive culture through a series of engagement and retention programs. The company is a certified MBE and leverages its designation to bid on new business contracts through building awareness with SD leaders at major corporations. Further, the company actively participates in SD conferences and regularly attends the</p>

		NMSDC national conference. The company has created hundreds of jobs due to its contracted relationships with LPO clients who need trained individuals to support their customer service needs.
MBE2	<ul style="list-style-type: none"> • Industry: Information technology • Solutions: software development • Years in Business: 10 • Total Employees: 25 (90% minority) • 2020 Revenue: Undisclosed • Headquarters: Baltimore, MD • Certified MBE 	MBE2 is a certified MBE and small business headquartered in Baltimore, MD. The company designs and manufactures a software-As-A-Service to manage its SD, contract management, and compliance processes. Their customers are public and private entities with regulations extending to their contractors to comply within doing business with them. The company has been recognized as one of the fastest-growing women-owned companies with Economic Development and Diversity Management with a growing client base across government and private corporations with a presence across 20 states.
MBE3	<ul style="list-style-type: none"> • Industry: Supply chain logistics and packaging • Solutions: Packaging solutions • Years in Business: 7 • Total Employees: 250 (55% minority) • 2020 Revenue: Undisclosed • Headquarters: Alpharetta, GA • Certified MBE 	MBE3 is a certified MBE firm that is headquartered in Alpharetta, GA. The company positions itself as a trusted global supply chain partner providing end-to-end contract packaging solutions for brands known worldwide. An industry leader in leveraging innovative integrated services, MBE3 is a turnkey solutions provider specializing in program management, design, materials, co-packing and customization, e-commerce solutions, and distribution. The company serves a range of Fortune 500 clients in the consumer products, retail, pharma, electronics, automotive, beverage, and general manufacturing industries. With headquarters in Alpharetta, MBE3 has additional facilities in Pennsylvania, New Jersey, and Ohio.
MBE4	<ul style="list-style-type: none"> • Industry: Technology Services and Staffing • Solutions: global digital IT staffing and consulting services • Years in Business: 13 • Total Employees: 890 (52% minority) • 2020 Revenue: \$100 Million • Headquarters: Alpharetta, GA • Certified MBE 	MBE4 is a technology staffing solutions provider of resources and solutions globally across various industries, from automotive and mobility to energy, healthcare, life sciences, manufacturing, and consumer industries. The company works with Fortune 1000, large four consulting firms, leading system integrators, & managed service providers. Its CEO is an immigrant from India and founded the company in 2007. It received its MBE certification in 2010. Home Depot sponsored the company to attend the Northwestern Kellogg Business Schools as part of an MBE mentoring program.

In addition to MBE firms, I recruited and selected four LPOs in different industries that source their customer support services to the focal firm (MBE1). I interviewed LPO informants,

who are executives responsible for leading their company's SD programs. The rationale to include LPOs in the study is to gain a balanced perspective for a more holistic understanding of the buyer-seller relationship (Graebner & Eisenhardt, 2004). Additionally, as stakeholders to the focal MBE firm, LPOs offer insights into how their company benefits by partnering with the MBE firm. MBE1 provided me the names of SD leaders employed by LPOs that procure MBE1 services. I initiated contact via email to SD leaders through a recruitment email (see Appendix A) and follow-up calls when necessary to discuss my study and answer any questions relating to their participation. Four SD leaders agreed to participate in the study on the condition of anonymity for them and their companies. I used the following pseudonyms, LPO1, LPO2, LPO3, and LPO4. Table 6 summarizes the LPO informants included in my study.

Table 6. Description of LPO Informants

Dyad Components	LPO1	LPO2	LPO3	LPO4
LPO Industry	Healthcare	Insurance	Telecommunications	Financial Services
Length of Relationship with MBE1	6 years	4 Years	2 Years	6 Years
SD Informant Title	Manager for Impact spending	Director of Supplier Inclusion	Director of Supplier Diversity	Diversity Solutions Leader

For the third research question, I conducted 15 interviews with internal and external stakeholders of MBE1, producing insights into how enabled MBEs can impact underserved communities. Access to the stakeholders was negotiated through MBE1's CEO and a senior leader of operations. I emailed the recruitment request (See Appendix A) to each stakeholder, representing the following groups: employees, suppliers, investors, government officials, and community partners. Of the invitations emailed to 20 stakeholders, 15 respondents replied with acknowledgment to participate in the study. For the MBE1 employees, I requested a cross-section of employees varied by tenure, position, work performance, and location to mitigate the selection bias. Given the diverse insights provided in the interviews, I am confident that the employee and

manager perspectives generally represented the workforce's general views. I triangulated the employee data with additional sources, including previously conducted employee surveys, observations of focus groups, and online message boards (i.e., Glassdoor.com) containing posts from current and former employees.

The stakeholder informants included the MBE1's employees, including hourly workers and managers, two supplier firms that supported the MBE, one board member representing a new investor in the company, city councilmembers in two metro areas where the focal MBE firm operates, and LPO customers described above. I also interviewed the President of a Regional Minority Supplier Development Council and the Managing Partner and Principal Owner of a real estate development firm to garner insights on the current state of SD and community development from an external perspective. Given the diverse informants that I interviewed from different hierarchies, organizations, governments, and outside community observers, I mitigated the likelihood of convergent retrospective sensemaking (Eisenhardt & Graebner, 2007). Table 7 provides information about all informants used in the study and the research question(s) associated with each informant's interviews.

Table 7. Summary of Informants

Category	Participant	Industry	Title	Research Question
MBE Suppliers	MBE 1	Business Process Outsourcing	CEO	1, 2, 3
	MBE 2	Technology / Software	CEO	1, 2, 3
	MBE 3	Packaging and Logistics	CEO	1, 2, 3
	MBE 4	IT Consulting	CEO	1, 2, 3
LPO Buyers	LPO 1	Healthcare	Supplier Diversity Leader	1, 2, 3
	LPO 2	Insurance	Supplier Diversity Leader	1, 2, 3
	LPO 3	Telecommunication & Media	Supplier Diversity Leader	1, 2, 3
	LPO 4	Financial Services	Supplier Diversity Leader	1, 2, 3
MBE 1 (Focal Firm)	Stakeholder Category	Title	Location	Research Question
Stakeholder Informants	Employee	Customer Service Representative	Morrow, GA	3
	Manager	Quality Manager	Morrow, GA	3
	Employee	Customer Service Representative	Morrow, GA	3
	Manager	Team Manager	Morrow, GA	3
	Manager	Team Manager	Dallas, TX	3
	Employee	Customer Service Representative	Dallas, TX	3
	Employee	Customer Service Representative	Dallas, TX	3
	Manager	Team Manager	Dallas, TX	3
	Supplier	CEO - Supplier	Morrow, GA	3
	Supplier	COO - Supplier	Dallas, TX	3
	Community	President Minority Supplier Development	Georgia	3
	Government	Chairman Clayton County Board	Morrow, GA	3
	Government	Councilmember 1	Dallas, TX	3
	Community Developer	Managing Partner	Dallas, TX	3
Board Member	Board Member / Investor	New York	3	

IV.3 Data Collection

I used multiple data sources, consisting of interviews, investor diligence documents, participant observations in MBE-LPO meetings, corporate SD websites, a Harvard Business School Teaching Case written on the focal firm, supplier contracts, and practitioner webinars, all of which enhance the findings' reliability and construct validity (Yin, 2018). My primary data source is semi-structured interviews collected from 23 informants in three separate groups: MBEs, LPOs, and MBE stakeholders. Data were collected between August and October 2020, after the Georgia State University's Office of Human Research Protections approved my Institutional Review Board application.

Before conducting the case study interviews, I solicited feedback on my interview questions from a retired senior SD executive for one of the largest healthcare companies in the U.S. to establish face and content validity (Yin, 2018). Academic scholars also reviewed my interview questions to assess the questions' preciseness and provide feedback to enhance the questions'

validity. The interview guides were revised based on this feedback and submitted in July 2020 for IRB approval, which occurred in August 2020. To minimize bias and explore novel findings to transcend preconceived beliefs, I asked informants open-ended questions about their experiences and perspectives (McCracken, 1988). As noted above, I promised confidentiality through the informed consent documents to encourage informants to provide accurate, unfiltered insights (See Appendix C). Separate interview guides were developed for MBEs and LPOs to understand the unique perspectives of suppliers and buyers. A third interview guide was developed specifically for MBE1's stakeholders (i.e., employees, managers, board members, councilmember, suppliers).

As the primary unit of analysis, the MBEs are the focus of my data collection effort. Interviews conducted with MBE informants were the most comprehensive of all three groups, lasting between 90-120 minutes, and were supplemented with secondary and archival data sources. In addition to interview data, archival information was shared in email exchanges, including documents that informants shared to support some of their responses. I asked questions pertaining to the CEO perceptions on the efficacy of SD programs (See Appendix D; e.g., "Based on your experiences, are SD programs effective in supporting MBEs in general? Why or Why not?"; "To what extent have corporate SD programs helped your business grow?"). The interviews with the four SD leaders lasted between 60 to 90 minutes and focused on the background and goals of their program, challenges, and barriers with doing business with MBEs, and their views on how MBEs impact their stakeholders (e.g., "Do you believe interfirm relationships between LPOs and MBEs generate mutually beneficial outcomes? Why or Why not?"; "What are the most significant impediments in your view to successfully doing business with MBE firms?"). In addition to the interview data, I obtained information on their SD programs, including their goals, from publicly available sources. Stakeholder interviews averaged 45 to 60 minutes in length and focused on the

MBE impact in the two communities (e.g., “How has the community benefitted since the MBE arrived?”; “What was the impact of MBE expansion on each stakeholder individually or as a group”). I also asked for the informant’s opinions on the role that government should play in revitalizing underserved communities compared to private companies’ responsibility and impact. This line of questioning provided insights into possible rival explanations for community growth (Yin, 2018).

The semi-structured open-ended questions elicited both retrospective and real-time accounts by each informant providing richness and depth characterized by case study research (Graebner & Eisenhardt, 2004; Leonard-Barton, 1990). In total, I conducted eight interviews that addressed research questions 1 and 2 and twenty-three interviews that addressed the third research question over two months. I followed a case study protocol as a reference for the interviews (see Appendix B) and stored data in a case database to achieve reliability (Yin, 2018). I conducted all the interviews virtually using Cisco WebEx conferencing software, which I used to record the interviews for transcription purposes. In total, the twenty-three interviews generated 22 hours of audio content, resulting in 338 single-spaced transcribed pages of text for content analysis.

Finally, as previously noted, my insider access to MBE1 allowed me to observe its operations, interactions with its LPO customers, contract negotiations, and participation in several sales presentations and business development meetings with prospective LPO customers SD professionals. Through this access, I made observations into how and why MBE-LPO relationships succeeded and encountered difficulties, how MBE1 secured new business, and assess the LPO perspective based on the priorities they communicated and selection criteria for a new supplier. These formal and informal observations contributed rich and complementary data to triangulate my findings gleaned from interviews with MBEs, LPOs, and Stakeholders. After each observation

relevant to the study, I jotted down notes with my interpretations of the interactions, including whether they confirmed or ran counter to the interviews' data. I stored my notes as analytic memos in the case database for reference and coding per the guidelines prescribed by Miles and Huberman (1994).

IV.4 Underserved Community Settings

This study examines how enabled MBEs can impact their stakeholders in underserved communities. MBE1 has established operations in underserved communities in Morrow, GA, a city 10 miles south of Atlanta, GA, and in Oakcliff, TX, a city 10 miles south of Dallas, TX. I use the term “distressed community” as a proxy for underserved communities, and it is defined based on the characteristics in the 2018 Distressed Communities Index developed by the Economic Innovation Group (EIG). This bi-partisan public policy organization combines research and data-driven advocacy to address America’s most pressing economic challenges. The EIG Distressed Communities Index (DCI) is a comparative measure of the vitality and well-being drawing on data from the U.S. Census Bureau American Community Survey 5-year estimates and Business Patterns data. The DCI combines seven complementary socioeconomic metrics (Percentage of adults without a high school diploma, Poverty rate, Housing vacancy rate, Median income ratio, Adults not working, change in employment, and change in establishments) into a holistic measure of comparative community economic wellbeing for each zip code in the U.S. The DCI captures 99 percent of the U.S. population and all 25,800-plus zip codes with at least 500 residents.

Distress scores range from zero to 100, such that the zip code with the average rank of 12,500 out of 25,000 will register a distress score of 50. Communities are grouped into quintiles or fifths. Minority groups (encompassing all races and ethnicities except non-Hispanic whites) constituted 55.6% of the population in the country’s distressed communities during the 2012-2016

period, even though minorities represented 38 percent of the population nationwide. The DCI analysis found that the average majority-minority (zip codes in which at least half of the population belongs to a minority group) community was at risk and significantly worse-off than the average zip code nationally. The two communities (Morrow, GA, zip code 30260 and Oakcliff, TX, zip code 75237) are indicated as distressed according to the DCI index. Table 8 lists the distress indicators or measures included in the DCI report for these two locations.

Table 8. Economic Indicators for Research Setting

Economic Distress Indicators for Morrow, GA (30260)			Economic Distress Indicators for Dallas, TX (75237)		
Measure	2007-2011	2012-2016	Measure	2007-2011	2012-2016
Population	24,070	26,930	Population	17,040	19,630
Minority Share	79.3%	86.2%	Minority Share	94.7%	97.6%
Density	Medium Density	Medium Density	Density	Medium Density	Medium Density
DCI Score	83.5	87.6	DCI Score	92.3	84.3
Change in DCI Score	-	4.1	Change in DCI Score	-	-8
% Adults w/o High School Diploma	20%	25%	% Adults w/o High School Diploma	16%	21%
Poverty Rate	14%	19%	Poverty Rate	31%	32%
% of Adults not Working	30%	31%	% of Adults not Working	35%	33%
Housing Vacancy Rate	20%	13%	Housing Vacancy Rate	15%	12%
Median Income Ratio	87%	83%	Median Income Ratio	54%	52%
% Change in Employment	-17%	2%	% Change in Employment	-8%	14%
% Change in Establishments	-8%	-6%	% Change in Establishments	-9%	1%
Distress Rank within U.S.	4318	3222	Distress Rank within U.S.	2014	4077
Distress Rank within State	271	179	Distress Rank within State	117	363
Total Number of Zips in State	661	661	Total Number of Zips in State	1597	1575
Distress Tier	Distressed	Distressed	Distress Tier	Distressed	Distressed

Source: Economic Innovation Group, *Distressed Communities Index*; <https://eig.org/dci/2018-dci-map-national-zip-code-map>

IV.5 Data Analysis

Myers (2019) suggests the following guiding questions for data analysis: What is our data's meaning? What are the main themes in the data? How does the data contribute to knowledge in a study? To answer these questions, I follow Miles and Huberman (1994) data analysis strategy consisting of data reduction for theme development, data displays to summarize the findings, and drawing conclusions. NVivo 12, a qualitative data analysis software, is employed to analyze the transcribed text.

After completing interviews, I used a third-party transcription provider GoTranscript, one of the largest transcription firms, to transcribe audio recordings electronically. Transcripts were

formatted in Microsoft Word and then imported into NVivo as data files. I listened to each interview recording as the initial step of data reduction and manually corrected errors in the electronically transcribed interviews. I developed three provisional coding schemes for each informant category (e.g., MBE Suppliers, LPO Buyers, Stakeholders) *a priori* based on the interview questions' content, the literature, and theory. In qualitative research, codes are labels that assign symbolic meaning to the descriptive or inferential information compiled during a study and are attached to data chunks (Miles & Huberman, 1994). As the interviews progressed and secondary data sources were analyzed, additional codes were created based on the emergent themes. In this way, I combined deductive and inductive coding to develop a complete set of first-order codes (See Appendix E), which I applied to the interview data while re-listening to the recordings a second time. By relistening to each interview, I reflected on the content and meaning of the responses paying particular attention to key phrases and central concepts offered by the informants. I then clustered first-order codes into second codes to group similar first-order coded segments into a smaller number of categories and themes. The second coding cycle was conceptual and focused on the interrelationships of categories constructed to develop higher-level analytic meanings. I used both descriptive codes, assigning labels to data to summarize in a word or short phrase, and in Vivo Coding, using words or short phrases from the participant's language in the data as codes. In total, I ended with 35 first-order codes for MBEs, 31 first-order codes for LPOs, and 22 first-order codes for the stakeholder interviews (See Appendix E). From these first-order codes, I developed nine second-order codes for MBEs, eight second-order codes for LPOs, and five second-order codes for stakeholders. Themes were subsequently analyzed across cases to establish patterns and formulate theoretical propositions, which ensured that emerging constructs were abstracted from the context (Eisenhardt 1989).

I identified patterns in data and employed literal replication based on the MBE cases' characteristics to address the first two research questions. I also employed explanation building (Yin, 2018) to stipulate a presumed set of causal sequences to show “how” and “why” the relationship quality between LPOs and MBEs impact Stakeholders. In this study, the contractual relationship between the LPO and MBE became the stimulus (causal event) for the next stage (i.e., the MBE becoming enabled in turn creating stakeholder impact in underserved communities.) I also considered rival explanations through multi-stakeholder interviews with groups that held different positions of power and influence, such as LPO buyers and MBE suppliers, front-line employees and managers, and businesses and government officials. I use informant quotes from the verbatim transcripts to add richness to my findings and first-hand observations to support the core themes that emerged from the analysis (Yin, 2018).

To ensure my research met high-quality research standards, I employed several tactics suggested by (Yin, 2018) to achieve validity and reliability. First, I used multiple data sources, which allowed me to triangulate my findings, and I considered alternative perspectives. The observations and archival sources contributed rich and complementary data to triangulate my findings gleaned from interviews. The diverse set of informants represented different companies, industries, locations, and organizational hierarchy, which also increased the validity of my study. I used NVivo as my case database storing all the transcripts, coding schemas, and memos that I developed throughout the research process, which supported the reliability of my study. I also developed and followed detailed case study protocols following Miles and Huberman (1994) to ensure my interviews were consistent. Table 9 summarizes the tactics I employed to improve the study's validity and reliability.

Table 9. Tactics Used to Improve Validity and Reliability

Case Study Tests	Research Tactics
Construct Validity	<ul style="list-style-type: none"> ▪ Multiple data sources (interviews, observations, secondary data) ▪ Key informants reviewed the interview transcripts and findings
Internal Validity	<ul style="list-style-type: none"> ▪ 1st order and 2nd order coding analysis ▪ Employed inductive explanation building analysis
External Validity	<ul style="list-style-type: none"> ▪ Use of theory and propositions to generalize beyond each case study. ▪ Multiple Case-Study (4 MBE cases plus stakeholders)
Reliability	<ul style="list-style-type: none"> ▪ Established a case study protocol and NVivo database ▪ Followed separate interview guides

V FINDINGS

This interpretive, theory-building research study proceeds through the interplay of data collection and data analysis (Miles & Huberman, 1994). By assembling theory-building evidence from each case (Refer to Appendix E for Coding Schemas), I answer each of the three research questions and propose several propositions that lead to a conceptual framework linking the relationships between LPOs, MBEs, and Stakeholders. I begin with a discussion on the perceptions that MBEs have regarding SD programs, then proceed to the facets of a relationship that can contribute to mutually beneficial outcomes for both MBEs and LPOs, and then assess these relationships' impact on various stakeholder groups. I end this chapter with a conceptual framework derived from the data and summarize my findings for each of the three research questions.

V.1 Perceiving SD Efficacy

To address the first research question: How MBEs perceive the efficacy of LPO's supplier diversity programs, I explore the perceptions and experiences that MBEs have with SD programs. I ask MBE CEOs their perspectives based on their experiences with SD and the impact these programs have had on their companies. I focus on three issues to develop insights that depart from the relatively superficial positions that SD is either helpful or not helpful: MBE's experiences and perceptions with SD, suggestions for how LPOs should measure SD impact, and MBE recommendations to improve SD. I also include an alternative perspective from SD leaders, which adds balance to these findings.

Each MBE CEO noted that their company's growth was primarily due to the strategic solutions they produce and the quality of their relationships forged with their customers. The CEO of the focal firm (MBE1) noted, "We have not won any one deal so far because of our MBE status.

But it for sure has gotten us in the circles where we can have the conversations.” This statement clarifies that having the MBE status is not sufficient to win new business, but the designation helps MBEs receive opportunities to speak with LPOs facilitated through their SD programs. It also shows that SD may be successful in getting MBEs opportunities to bid on; however, winning a new deal is mainly based on the merits of the MBEs and how they can help LPOs.

While the CEOs acknowledged that SD, in most cases, had little to do with helping their company grow and develop relationships with LPOs, they have observed an increased commitment by LPOs in the last year. By leveraging their SD programs, LPOs actively seek ways to help MBEs and minority communities in light of the disproportionate impacts of the Covid-19 pandemic and racial justice movements occurring throughout the country. MBE1’s CEO noted the significant shift in the corporate community, with LPOs appearing to become more committed and intentional in partnering with MBE firms.

“Companies are intent now on trying to identify and work with MBEs. We are just now starting to really reap the benefit of that. I think there is a consciousness in the country right now that was sparked a few weeks ago by the murder of the gentleman in Minnesota (George Floyd). I believe the next phase of our growth is going to be dependent upon this. I think we will have a great deal of success because we are a capable MBE, and companies intentionally seek to do business with MBEs. It’s just sad, it took the killings of our people to generate this type of action.” (MBE1)

This increased LPO interest in doing business with MBEs is reflected by MBE1 receiving several new business development opportunities from companies that announced significant investments in diversifying their supply chain. Below is an excerpt of an invitation from one of the largest technology companies that MBE1 received to become a qualified supplier:

[LPO] has made a commitment to take action to help address racial injustice and inequity for the Black and African American community in the United States. We are focused on multiyear sustained efforts that include:

- *Doubling the number of African American/Black (AA/B) owned approved suppliers within three years.*

- *Spend an incremental \$500M with AA/B owned suppliers within three years.*

While MBEs see increased attention from the corporate community in the last year, MBEs have long-lasting perceptions of SD programs' efficacy. MBEs perceptions of SD practices converged on the following themes: “checking the box,” resource-constrained, and lack of supplier product knowledge. I discuss each of these perceptions next, with representative quotes included supporting the key points.

V.1.1 “Checking the Box”

MBE CEOs generally do not perceive SD as a corporate initiative that has significantly helped their companies. More specifically, MBEs perceive that many LPOs lack the commitment to achieving their programs' espoused goals, which creates a sentiment of indifference through their actions and a lack of sincerity in their interactions with MBEs. CEOs believed many LPOs “check the box” in the way they approach the relationship with MBEs. In many cases, respondents emphasized their frustration interacting with SD professionals. Consider the following representative sentiments expressed:

“I think there's a lot of window dressing that exists in the corporate community around supplier diversity.” (MBE1)

“Supplier diversity directors will tell us to “Go in and register in our database.” You do that and ping. It's like someone drops a pin, and it never lands, so there is not even a confirmation that comes back that says, “I got it.” (MBE2)

“Some of them just really don't care. It's a job. It's a check the box, and things are different now.” (MBE3)

“When you go to a supplier diversity professional, and you talk to them, it is a canned standard response, is what you would get.” (MBE4)

MBEs reference many interactions with SD professionals in different forums such as supplier diversity conferences and other networking events to broadly characterize exchanges

with SD professionals as insincere, with SD professionals offering little more than perfunctory guidance on the steps that MBEs should take to be considered a supplier, often with minimal follow-up and support. One MBE CEO described the typical SD response given to MBEs in the following manner, ‘Did you go to our website and did you register? The first step for you to do here is to register on our portal, and then once you register on our portal, somebody will reach out to you. You should know though this is a process working with our company. It is likely to take years for you to get a contract with us.’ Other CEOs had similar experiences and had the impression that the probability of getting a contract was very low, and they would never hear back from the LPOs for a potential opportunity. Noting the frustration dealing with some SD professionals but carefully adding the caveat this was not the case for all SD professionals, MBE1 commented,

“I don't want to come across as broad brushing supplier diversity because they are not all made equal. I will tell you that it feels like the folks in that position are gatekeepers, and a constant theme is, ‘Don't expect the contract from me.’ Well, I'm talking to you as a supplier diversity official because I understand your role is to facilitate your company buying from companies like mine. All their activities should be supportive of that happening. I've found generally that that is not what happens. The interaction I've had with them can be completely discouraging and not about trying to help me to understand where there's an opportunity within their company or not. Now, there are few companies very progressive, very much interested in talking to MBEs and then move them through the process and get them an audience with the right people internally, but the vast majority of them are there so that they can say that they are there.” (MBE1)

MBEs pointed out that they won an LPO's business typically without SD professionals' assistance, and they only engaged with the company's SD professionals after they started working with the LPO. Even though they do not assist the MBEs to secure the business, SD professionals can still track the diverse spend as one of their goals, which perpetuates the belief that the LPO is opportunistic and that SD professionals are primarily interested in achieving spend credit with

diverse suppliers, irrespective of the impact. While the MBE CEOs I interviewed were well connected within the SD professional network and even forged friendly relationships with SD leaders, these personal relationships often did not lead to business with an LPO. As MBE3 noted,

“Ironically, many of my best relationships are with people in SD. I’ve never done business with the corporations that they work for.” (MBE3)

V.1.2 Resource-Constrained

Based on their experiences, MBEs believe that SD lacks sufficient resources to effectively implement the program and achieve its mission and goals, which leads to questions about SD’s legitimacy within the LPO. MBEs provide a range of services and products to LPOs across many product categories such as technology, customer care, manufacturing, and logistics. While there may be hundreds of product categories that LPOs source from suppliers, depending on the LPO size, SD may not have the resources or manpower to identify, support, and add MBE suppliers. For example, the LPOs in the study had on average less than ten employees dedicated to their SD initiatives. LPO1 noted, “There are two hundred thirty thousand people at [our company]. There are eight people on my team.” LPO1 is considered a leader in SD based on their total diverse spend, exceeding \$1B annually, so it can be assumed that most LPOs have smaller teams and fewer resources.

One of SD’s primary responsibilities is to advocate for MBEs to be included in the sourcing process as new suppliers for the LPO (Cole, 2008). For SD professionals to advocate for an MBE, it is necessary for them to understand the key features and value proposition of the product or service that the MBE is selling to help connect MBE with the appropriate category manager purchasing the MBE’s product or services. As SD is limited in manpower to deal with hundreds of potential MBEs, SD professionals will likely not have time to carefully evaluate or screen all MBEs. Because these professionals must manage their time balancing multiple responsibilities

and relationships, their time vetting MBE's products is likely low or even non-existent. As MBEs perceive that SD teams are understaffed and unable to support MBEs sufficiently, they may associate inadequate support with the LPOs top management team's lack of commitment to SD, creating a gap between the LPO's espoused values and the results produced from a small team tasked with identifying and supporting MBEs. These perceptions are reflected in the following comments expressed by the CEOs:

“Where [LPOs] can spend several billions across many different product categories, they may only have one SD professional to cover all those categories” (MBE2)

“SD professionals lack knowledge in that particular space, the space in which you're operating. They may not have any connections within the organization to the category buyer” (MBE3)

“How is one SD professional going to understand all the various different MBEs who are offering different kinds of help and pair it within the organization?” (MBE4)

Grounded in the above discussion, we suggest the following proposition:

Proposition 1: *From the MBE perspective, supplier diversity is ineffectual in achieving broad impact for MBEs if LPO's do not have top management commitment and provide sufficient resources to SD.*

V.1.3 MBE's Prescriptions for Effective SD

As the experiences of MBEs with SD have largely been suboptimal, MBE informants prescribed ways SD initiatives can be designed and implemented more effectively. The CEOs were aligned with the belief that SD is more relevant today than it ever has been given the current economic and social environment in the U.S., which presents a significant opportunity for SD to take a more prominent and influential role in helping MBEs and their stakeholders.

MBEs expressed the significance of having SD strategic priorities engrained in the LPO company culture and its operating principles, so its entire workforce understands and embraces the

initiative. If LPOs intend on signaling their commitment to diversifying their supply chain, they must provide visible support from top management and resources to accomplish the initiative's goals. Defining a set of goals and objectives that ladder up to the strategic corporate goals is also necessary for SD to gain legitimacy and attention. Therefore, effective SD programs require top management support and commitment to ensure that SD has enough resources to achieve its goals and objectives. Without strong leadership, SD is more likely to be set aside and more likely to have roadblocks remain roadblocks. MBEs also noted the varying degrees of influence that SD holds in their organization, raising questions about how SD professionals could help MBEs if they have little sway in influencing a purchasing decision. The degree of legitimacy and influence SD has within the LPO organization is primarily driven by top management and the corporate culture (Adobor & McMullen, 2007; Whitfield & Landeros, 2006). These sentiments were reflected in the following comments:

“I think there are some organizations that have great leadership support, and those programs thrive. Then there are [LPOs] that do not have leadership support, and therefore the outcomes they are less effective, and their performance is in some cases subpar because it takes an organization to make an SD program effective not just an SD department” (MBE2)

“Well, first, the SD program must be built into the corporation's company and culture. It has to come from the top. If it just starts at the SD department, there is no power; there is no trust because if it is not part of the company and the culture, the procurement guys become complacent.” (MBE3)

A second recommendation that emerged was that LPOs must articulate specific goals driven by a broad range of economic impact metrics and update their spending goals to reflect changing demographics in the country and the rapid growth of MBE firms. Most LPOs with established SD programs have annual diversity spend goals. MBEs suggested that for SD to have an impact, an LPO's focus should shift from tracking the MBE procurement spend as its primary measure of efficacy to a range of economic impact measures, such as the number of MBE

suppliers, jobs created to support the LPO, and MBE revenue earned from its contract with LPOs. MBEs believe that the goal of LPOs should not just be to achieve a procurement quota for their diverse suppliers but to have a positive impact on MBE suppliers and their stakeholders, which ultimately enables the MBEs to become more effective. As MBE3 noted that the potential impact of SD is “is much, much bigger than just dollars and cents [spent with MBEs].”

Indeed, many LPOs have already transitioned to measuring the total economic impact created by sourcing with MBEs, as evidenced by my interviews with SD professionals (see LPO Perspective in 5.1.4). By applying broader economic impact measures for assessing SD programs' efficacy, LPOs can track how their procurement spend benefits stakeholders beyond the MBE supplier, supporting the business case for SD. LPOs can achieve their diverse spend goals without creating much impact by only using a few large MBE suppliers, demonstrating that while an LPO can show they have a high diversity spend, only the most established and largest MBEs realize those benefits. These suggestions for enhancing the metrics and goals for SD are reflected in the following comments:

“Most LPOs establish a 10% diverse spend goal that was set over 40 years ago, and it's still the standard today, whereas the growth of minority-owned businesses is well, beyond 10% and the population is well beyond 10%. The goals need updating.” (MBE2)

“If LPOs have some measure around what impact their spend had on underserved communities and having accountabilities with that, I think will force them to do more business with the companies and businesses that are in those communities.” (MBE1)

“SD should consider the following questions, How many MBEs did you meet? How many MBEs did you engage, who are a direct match to the category? How many people have you spoken to right after that? How many people have you brought in as suppliers? What have you spent what you have increased year on year? How many of them have you graduated from a mentoring program? That is how supplier diversity spend is going to increase”. (MBE4)

Third, MBEs attested to the value of mentoring programs that LPOs implement to help develop MBEs and foster networking opportunities. From the LPO perspective, investing in its MBE suppliers' development strengthens its competitive advantage as the supply chain is only as strong as its weakest link (Benton & Maloni, 2005). While helpful in developing close collaborations between MBEs and LPOs, this practice is implemented in only a few LPOs, as evidenced by the following statement:

“How many corporates have mentor-protege, mentoring programs for their suppliers? Very few. The most effective companies are they get MBEs into a mentoring program, they qualify you, they mentor you, they invest in you, and then they make you a supplier.” (MBE4)

MBE1 participated in a corporate mentoring program with one of the largest financial institutions in the country and noted the following:

“That experience showed they are committed to finding opportunities for MBEs. It was well organized, great networking, and I felt like our business was showcased as a possible supplier. I believe we will get some opportunities to bid on some work as a result of the program. It unfortunate, not more companies have these programs.” (MBE1)

Supplier development programs are a way for LPOs and MBEs to establish closer relationship bonds, exchange best practices, and learn each other's business, helping develop the MBE as a more effective supplier (Krause, Ragatz, & Hughley, 1999). The developmental mentoring programs can include pairing MBE and LPO leaders together to learn each other's business and best practices and matching MBEs to other larger tier 1 suppliers who already support LPOs. These programs can help MBEs better manage their business, develop competitive strategies, effectively manage their finances, and learn more about the LPOs business. They also signal the LPO's commitment to developing MBE suppliers, thereby increasing visibility to their employees and MBEs. MBE4 noted that MBEs could also educate LPOs about the MBE's business and understand its value proposition better in order to make SD more effective:

“SD folks could schedule one-on-one sessions with MBE to understand our challenges, our business model, and how we can help their companies. These sessions could help educate the people who are advocating for us.” (MBE4)

Fourth, MBEs recommend that SD professionals be more proactive in bringing in MBEs at earlier stages in the procurement process to acclimate them to the LPO and supplier selection criteria. In this regard, MBEs would have enough time to prepare for the supplier solicitation and perhaps even offer suggestions to LPOs on what requirements should be included in the bid. The following comment illustrates that MBEs believe that if they are given more time to plan and prepare for opportunities, they will be more competitive in their bids.

“Get MBEs in the supply chain a lot earlier. When programs and opportunities are coming to the table, they know a year, two years in advance. They (LPOs) should get MBEs in at the R&D stage when things are in developed to where they have a say.” (MBE3)

Grounded in these insights, I propose the following proposition:

Proposition 2: *From the MBE perspective, effective supplier diversity programs have the following characteristics: LPO top management commitment, broad impact measures, mentoring programs, and proactive MBE engagement.*

V.1.4 LPO’s Perspective

I interviewed four SD professionals who work for LPOs with supplier contracts with the focal MBE to reveal an alternative perspective. Their years of experience in managing SD and working with multiple MBEs make them ideal for addressing broader SD issues, not just issues specific to the dyadic relationship with MBE1. LPOs provided details on their SD programs' challenges, objectives, barriers to doing business with MBEs, and their views on how MBEs impact their stakeholders.

SD can widen the suppliers' pool and promote competition in the supply base (Worthington, 2009), improving product quality (Shah & Ram, 2006) and lowering costs (Ram &

Smallbone, 2003). It can also deliver broader societal benefits by generating economic opportunities for disadvantaged communities (Vowels, 2017). There are clear benefits to LPOs through a diverse supply chain, including reaching diverse consumer markets, competing for business and government contracts that state their preference of having Tier 2 MBE suppliers, and even getting their own MBE suppliers as potential customers. Indeed, state and federal government contracts include mandated subcontracting requirements for companies to demonstrate they spend a minimum amount of procurement spend with diverse suppliers (Carol, 2018), which can motivate LPOs to partner with MBEs to increase the chance of winning a government bid. One SD professional of a leading financial services and risk management firm noted that their SD team supports the LPO's internal sales initiatives by promoting their partnership with MBEs to highlight their commitment to a diverse supply chain:

“We work with our sales and business development colleagues as they continue to engage clients in the marketplace who have a similar vision and expectation for utilization of diverse businesses on their projects. We use MBEs to grow our revenue. I have conversations where we are helping our colleagues in the sales cycle connect with new customers as they have interests for their partners to utilize MBEs on their projects.” (LPO3)

LPOs are also motivated to leverage SD as an avenue to reach minority communities, signaling to existing customers their support for MBEs and underserved communities. This motivation was evident in the following comment:

“I think the fact that a portion of our customers and policy policyholders are minorities, and they are going to have expectations that the companies they do business show loyalty to MBEs, to gain that trust or to gain that wallet share.” (LPO2)

SD professionals discussed how their firms had taken a progressive approach to measure impact by broadening their SD programs' efficacy measures, primarily from a singular focus on procurement spend on MBEs to total economic impact. The following measures were cited as key indicators on how LPOs determine the impact of their SD programs:

- Total number of MBEs included in a new supplier bid process.
- Total number of MBE suppliers contracted with the LPO
- Total procurement spend with diverse suppliers
- Percentage of total procurement spend with diverse suppliers
- Total direct and indirect jobs created through the program

A SD professional for one of the largest healthcare companies emphasized that SD should not be regarded as a program that increases costs by spending with MBEs, but rather a focused effort to redirect existing procurement spend to diverse suppliers to create broader economic impact in underserved communities.

“How can we take that spend that exists already-- we're not talking about increasing it necessarily-- but how can we take the existing spend and be intentional by looking for suppliers like MBE1 who can actually go into a neighborhood and not just create jobs but create something for the social good and public good. We assessed whether our spend was creating and supporting jobs in communities across our footprint, whether it'll be creating tax revenue that would benefit roads and schools, and public services.” (LPO1)

A SD professional for a large insurance company described SD's impact on stakeholders, including the benefits for the LPO:

“When we are spending with MBEs, it ties right back to that economic impact piece. For example, one insight indicates that \$1 of MBE spend generates \$1.97 in economic production from our study. I believe that this is a positive-loop cycle. Because those people who are MBE employees will be consumers, too, so now it comes back around on. In our case, they are going to buy insurance from somebody. I want it to be with us as opposed to our competitors. This is where I have to recognize that interconnectedness of SD.” (LPO2)

SD professionals recognized many challenges they encounter within their organizations to achieve the motivations mentioned above. While the hurdles vary based on each company's characteristics, culture, and available resources, the perspectives aligned on a common set of barriers SD professionals encounter as they try to increase their program's impact. Each SD longed for additional resources supporting initiatives and mandates. They also acknowledged that

they faced challenges dealing with internal business managers adverse to change, who were more familiar and had established relationships with incumbent non-MBE suppliers. These internal hurdles are listed in Table 10 with representative quotes.

Table 10. LPO Challenges

Internal SD Barriers	Representative Quote
Resources	<i>“There are two hundred thirty thousand people at [LPO1]. There are eight people on my team. (LPO1)</i>
Incumbent Suppliers	<i>“One of them has to do with leaders within the organization who have existing relationships. It's hard to disrupt that incumbent relationship. It's very difficult to get them to think about the opportunity or the possibility to consider someone else when Supplier X has done well for me over the past ten years.” (LPO3)</i>
Corporate Inertia	<i>“It is also making certain that the business is in a position may be to move away from an incumbent, nondiverse supplier solution. To a minority business. So, something would need to challenge that incumbency. Because there is a cost associated with change” (LPO4)</i>
Supplier Consolidation	<i>“We know that our business is under significant pressure to reduce cost and also reduce the size of the supply base. So those create some headwinds for all suppliers, not just diverse suppliers right out the gate.” (LPO2)</i>

My findings also reveal alternative explanations to the MBE perspective on why SD has underperformed. Three issues emerged from the data: 1) MBEs intent on growing too fast, overcommitting their finite resources, adversely affecting their performance 2) lack of scale/resources/financial viability, which limits their ability to satisfy the business needs of LPOs, and 3) undifferentiated products and services, which relegates MBEs as commodity suppliers offering low-value solutions, and increases the likelihood they can be easily substituted. The primary issues that MBEs have from the LPO perspectives are listed in Table 11 with representative quotes.

Table 11. MBE Challenges

MBE Challenges	Representative Quote
Lack of Resources / Financial Viability	<p><i>“Spreading their resources too thin. They don't sometimes they allow time. They don't have enough capital to keep the contract.” (LPO1)</i></p> <p><i>“The financial viability is a huge one. I think some of the earlier comments in terms of, you know, MBEs struggle, and one of the reasons they struggle is because, you know, they don't have the same sort of access to capital or capitalization on their business as their competitors happen to have” (LPO2)</i></p>
Value of Solution	<i>“Not having the right solution, not having a well-prepared team to deliver the solution.” (LPO4)</i>
Growing Too fast	<p><i>“I think maybe trying to grow too fast about preserving the attention to detail on performance, performance outweighs growth all the time.” (LPO2)</i></p> <p><i>“Expand too quickly, expanding quickly. See it all the time.” (LPO3)</i></p>

LPOs acknowledge several opportunity areas for improvement within their company and with MBEs. The LPOs have steadily progressed to measuring the total impact of their diverse spend, which helps them gain a deeper understanding of how they impact MBEs and their stakeholders. However, there are gaps in perceptions between MBEs and LPOs that must be addressed for SD to advance to the next stage, where it can be viewed as a strategic initiative helping drive growth and cost-savings for LPOs and achieves its goals of developing MBEs to catalyze economic impact in underserved communities.

V.2 Building Relationships

This section reveals the relationship qualities that underlie outcomes that are mutually beneficial for both LPOs and MBEs. MBEs and LPOs engage in supplier partnerships with the intention that the relationship will result in mutually beneficial outcomes. I define a mutually beneficial outcome as one where each party's total tangible and intangible benefits exceed their costs to maintain the relationship, creating value for the firm and its stakeholders. Despite the size and capability of an MBE, I suggest that the relationship's quality is a significant determinant of

the outcomes experienced by both the LPO and MBE. I asked both MBEs and LPOs to consider their current and past supplier-customer relationships and what they deemed the crucial elements of successful relationships and, conversely, which factors inhibited their growth and led to relationships that were not successful. For a mutually beneficial relationship, the following themes emerged from the data as the facets that most likely contribute to mutually beneficial outcomes: strategic supplier solutions, supplier performance, shared values, and interfirm communications. The findings suggest that these factors are antecedents to trust and commitment being cultivated in a relationship between LPOs and MBEs, which prior supplier management research has found to be central in developing mutually beneficially relationships (Benton & Maloni, 2005; Narasimhan, Nair, Griffith, Arlbjørn, & Bendoly, 2009; Prahinski & Benton, 2004; Tanskanen, 2015; Theodorakopoulos & Ram, 2008).

V.2.1 Strategic Solutions and Performance

Informants emphasized that MBEs that can produce differentiated, strategic products and perform well significantly influence whether a relationship can flourish. I define strategic solutions as products or services that suppliers produce that can add long-term economic value to their buyer's value chain, helping them gain or sustain a competitive advantage (Barney, 2001). My findings suggest that MBEs should follow a differentiated business strategy, which seeks to create higher economic value for customers than the value that competitors create, by producing solutions with unique features and attributes, allowing the firm to charge premium pricing (Rothaermel, 2013). The differentiated strategy is contrasted with a cost-leadership strategy that many MBEs follow by producing lower value or commodity solutions, which results in them being perceived by LPOs as small, substitutable, and cannot scale, leading to transactional exchanges. MBEs noted

the importance of delivering innovative products or services and meeting customer's performance goals to the relationship:

“Offer something so unique that they have to do business with you anyway. Bring innovation to their business that is so compelling that it's transformative. Be constantly innovating. Those to me are the ways that MBEs overcome those challenges” (MBE2)

“How can you become from a supplier to becoming a strategic supplier or a strategic partner? That is where innovation happens from the suppliers. We've innovated products to solve our customer's challenges. Now you become a strategic partner.” (MBE4)

“MBEs are often pigeonholed as commodity suppliers, so we must bring innovation and solutions that can add value for our clients. For example, we leveraged mobile technology and university partnerships to develop a unique on-demand staffing platform that helps our clients meet service levels and offers flexible schedules for our employees.” (MBE1)

“Innovation can help build the trust in the relationship.” (MBE3)

LPOs concurred that performance and value-driven innovation were essential features of healthy relationships.

“It would help if you were trying to over-deliver. And, you know, find ways in which to delight your customer. And, you know, because that is what allows you to have another bite at the apple.” (LPO4)

“Continue to do bring innovation to what you are currently doing and continue to look for ways to drive cost out of business for us because that is what we're looking for. We're always trying to drive costs out of business. So, bring efficiency gains, both things you're seeing, but make yourself useful while you're in that spot.” (LPO3)

“I think that they would still be opportunities for those who are bringing innovation to the table. There's still opportunity for those who are agile and able to move quickly and adapt quickly” (LPO2)

Research has shown that while cost factors serve as key criteria to get a supplier on a shortlist to be considered for an opportunity, differentiation is critical for supplier selection (Ulaga, 2006). Against the backdrop of supply base consolidation, MBEs and LPOs concur that it is vital for MBEs to articulate why their solution will solve the LPO's business challenge and how they

can help the LPO improve its competitiveness and reach its strategic goals. Once an MBE is selected as a supplier, its growth potential is based on how well it performs and the value it creates for its customers. The MBEs in this study were all considered strategic suppliers to their LPO customers by offering critical value-chain activities such as customer care support, software development, IT consulting, and logistics support. MBEs not only can provide these valuable functions to LPOs but differentiate themselves from other suppliers through their performance as noted by the President of a Regional Minority Supplier Development Council, “MBEs tend to be more nimble, creative, innovative, responsive, efficient, and, in many times, just as competitive. MBEs drive innovation through their unique way of thinking versus traditional non-MBE suppliers who come with a different set of tools.” Enabled MBEs can also scale their operational capacity to support LPO's large-scale business needs, given their supplier consolidation strategies. MBEs that deliver strategic products and develop entrenched, trusted relationships with LPOs enable the MBE to have the operational and technical capacity to grow and enhance its capabilities and performance. For instance, MBE1 noted the following:

“We have more flexibility to innovate, reward our employees, and add more resources when having healthy relationships with customers. If we are losing money on a relationship or the margins are tight, we have to cut back on our resources and costs, which can have a detrimental effect on performance. We must develop strong relationships with customers who understand this dynamic. The way we develop strong relationships is through delivering high-quality services that help our customers solve their problems.” (MBE1)

Additionally, by offering strategic solutions to LPOs, MBEs can protect themselves from being replaced easily as search and replacement costs can be significant for LPOs (Benton & Maloni, 2005; Narayandas & Rangan, 2004). For example, MBE1 differentiated its solutions by focusing on higher-end, complex service solutions, which separated it from the many other service providers focused on high volume transactions requiring lower skills. These competitors often

competed on price, underbidding each other, which had the effect of making their products substitutable and lowering their services' perceived value. MBE1's LPO clients operate in regulated industries (e.g., financial services, insurance, healthcare), which required suppliers to invest in security protocols and industry compliance programs such as Payment Card Industry Compliance (PCI) or Health Insurance Portability and Accountability Act (HIPPA) in order to meet the LPO's rigorous security and compliance requirements. Further, the average length of LPO client-specific training for MBE1 employees lasts between four to six weeks. The LPO conducted this training to MBE1 employees to learn about the LPO business and how to support their customers. As a result, LPOs were highly vested in MBE1 once it became a supplier, as the replacement costs and lost experience would have been significant for the LPOs. As MBE1 established itself as a strong supplier able to meet its customers' rigorous requirements, it was empowered when renegotiating a contract renewal with the LPO, as it would be difficult for the LPO to replace a capable MBE who deeply embedded in the LPOs business. In this regard, MBE1 shifted the power dynamic based on its ability to perform well and offer strategically important services to LPOs.

A vast body of research examines how suppliers' operational performance is the foundation for a strong and robust relationship with the buyers (Johnston, 2004; Prahinski, 2004; Ulaga, 2006; Tanskanen, 2015). Performance is based on how the MBE meets the LPO's expectations and requirements and its level of reliability, cooperation, and competence (Johnston, McCutcheon, Stuart, & Kerwood, 2004). Therefore, for relationships to thrive, MBE suppliers are obligated to meet LPO's expectations and requirements (Ndinguri et al., 2013). Prior literature has demonstrated that strong and consistent supplier performance leads to buyer's confidence and trust in the supplier, which positively affects the level of commitment to maintaining and growing the

relationship (Tanskanen, 2015; Prahinski, 2004; Theodorakopoulos, 2008), ultimately resulting in mutual benefits for both parties. Both MBE and LPO stressed the importance of performing well as a prerequisite for any relationship to have a chance of thriving, as noted in the following comments:

“Doing what you say you are going to do and making the key performance indicators at the level that the customers prescribed are what the key to that is. You have to perform. I think if you start to develop a reputation for performing and doing what you say and that what you say can be trusted.” (MBE1)

“Honestly, it starts with that first opportunity and how you perform. The MBE goes in and does an excellent job. They do what they say that they want to do, and they do that with precision. Then it begins to influence the perception that that corporate organization has of the MBE” (MBE2)

“It's simple but hard to perform well. If you perform well and then continue to bring innovation. Don't get comfortable in your spot. Continue to build upon what you're doing and build upon those relationships” (LPO3)

“The relationship between the buyer of the corporation and the MBE, you know, it is really about both sides, you know, delivering what they said they were going to do. So, in our case, we need to deliver on, you know, paying a fair and reasonable price. And we need to deliver on giving you the information or access or tools you need in order to fulfill.” (LPO2)

In a meeting with a new customer, one of the largest global technology companies, senior members of MBE1 and its new customer discussed the relationship and timelines details for getting started. MBE1 was one of two suppliers selected as a strategic outsource partner out of a pool of 40 companies that competed for doing business with the LPO. The procurement executive of the LPO stated that the company was eager to get the partnership kicked off and that the best way for MBE1 to grow its business with the LPO was to perform well with the initial program. He indicated that several other LPO business units were interested in observing how well the relationship with the initial program progressed with MBE1, as there were several other projects within the LPO that MBE1 could support. The leader noted, “The goal is for us to develop case studies to share

with other groups at [LPO] showing the value you guys bring. So, the best way to expand your relationship is to perform well and show value.” The initial program required MBE1 to hire 100 employees to support the technology LPO in its Dallas contact center.

MBEs who supply strategic solutions, adding value for the LPO’s value chain and exceeding the LPO’s expectations regarding performance and quality, the more likely trust and commitment will form in the relationship over time. While MBEs readily acknowledge they must develop the foundational capabilities and core competencies necessary to support the LPO needs, they also point out that LPOs must be committed to the relationship and expend resources to ensure a successful partnership model. Said differently, MBEs need a willing partner who intends to help create mutual value in the relationship. Therefore, mutually beneficial relationships are more likely the consequence of, rather than an antecedent, to exemplary supplier performance. This reasoning is in line with the research that shows that buyers want their suppliers to adapt their products, services, and processes to make relationship-specific investments if they perceive gaining value from the relationship (Ambrose et al., 2010; Narayandas & Rangan, 2004). Moreover, buyers will be more likely to trust their MBE suppliers and extend goodwill if the MBE’s performance meets or exceeds the LPO’s expectations. I, therefore, suggest the following:

***Proposition 3:** MBEs’ capacity to innovate, provide strategic, differentiated products and services, and deliver strong performance are positively related to high levels of trust and commitment in the relationship with LPOs.*

V.2.2 Shared Values and Interfirm Communications

MBEs and LPOs views converged on the significance of having compatible norms, values, and shared goals for building successful supplier relationships. Cultural compatibility and frequent, transparent communications are essential for relationships between LPOs and MBEs, given likely differences in the companies' size and capabilities and the racial demography of each

firm's key players responsible for managing the relationship. In this research, shared values are defined as the fit or congruence of firms with inclusive and collaborative cultures (McAfee, Glassman, & Honeycutt Jr, 2002). Prior research has also shown that shared values between firms can facilitate effective communications, vital for supply chain collaboration (Dyer & Singh, 1998). Blount and Li (2020) posit that cultural congruence between LPOs and MBEs supports mutually beneficial relationships and can also improve the likelihood that MBEs will be perceived in a favorable light by LPOs.

Cooperation and inclusivity must be part of the LPO's culture, which is particularly important with their MBE supplier. Developing an inclusive culture requires top management commitment where the business case must be articulated and explained so that LPO employees realize it is in the firm's best interests to do business with MBEs and that it is not just a social program (Adobor & McMullen, 2007). MBEs noted how LPO employees' relationship could align with the LPO's supplier diversity programs' espoused values or diverge from these principles.

“There are some organizations that have great leadership support, and because they have the leadership support, those programs thrive. Then others do not have leadership support, and they're less effective. Once you get in as a supplier, if you have the support in that [LPO], you will thrive. Most minority-owned businesses know their craft. Because of that, if the LPO is supportive, if that customer extends a partnership to that MBE, they probably grow that MBE significantly. However, if I'm in your organization and your employees are not showing up for the training and intentionally not moving the project forward, how am I going to be successful? There is a lack of commitment to helping MBEs, which reflects the firm's culture.”
(MBE2).

MBEs expressed the importance of signaling their willingness to collaborate early on in the relationship, setting a positive tone. It was vital for new relationships to get off to a good start at the onset of a relationship as early perceptions are hardened over time. In these relationships, first impressions matter more than standard buyer-supplier relationships, given the perceptual differences that each counterparty may bring to the relationship. MBE1 noted:

"When we start a relationship with a new client, it is so important that we establish a strong rapport with our counterparts on the [LPO] side to counter any biases or perceptions doing business with an MBE. This typically happens informally, but over time through frequent communications and an intentional effort to develop a relationship where they can trust what we say we are going to do." (MBE1)

MBEs also noted that the characteristics of healthy relationships were influenced by how well the teams work well together and have a shared sense of camaraderie between team members, as noted in the following responses,

"Trust, common values, debate, conflict, healthy conflict, communication, overcommunication, accountability, holding each other accountable, that is holding the customer accounts as they hold us accountable Our company's relationships with customers is built on a pyramid, and the foundation is trust. The next up is healthy conflict, where we can have an open and candid dialogue with customers on substantive issues." (MBE3)

If an LPO perceives an MBE as a strategic partner rather than a transactional vendor, richer communications will foster collaboration and a long-term orientation. MBEs and LPOs that share similar values and goals are more likely to establish a long-term view in their relationship and provide the appropriate support and resources to sustain their relationship. They will also be more likely to support problems or service failures that occur throughout the relationship. MBE1 noted,

"When there are issues, we need a partner that is willing to work together to solve the problem together rather than pointing the finger at us and telling us to fix issues on our own. We want to be held accountable for our performance, but we also want a partner that is willing to work with us versus against us. I think that the firm's culture influences how their teams work with their MBE suppliers. We have seen differences in relationships with customers that are true partnerships, where we are in this together and other relationships, where it is very transactional where when issues arise it becomes a punitive and adversarial relationship." (MBE1)

Shared values underlie business norms and practices and influence relationship management practices such as interfirm communications, which the data suggests is critical to establishing trust between the parties. MBEs described how shared values are manifested in the relationship through mutual respect, willingness to partner, collaborative and frequent bi-lateral

communications, responsiveness to issues, and transparency. Through these actions, MBEs and LPOs will view each other as exchange partners sharing the same goals with shared responsibilities. MBEs discuss the characteristics of the mutually beneficial relationships they forged with LPOs as ones that started as willing partners genuinely committed to making the partnership work. Explicitly conveying that the firms share common values at the onset of a relationship was a way to signal that interests and values are aligned between the firms. To illustrate, the head of global retail contact centers for a large technology company emailed the CEO of MBE1,

"I have already started looking at [MBE1]...I love what you guys are doing! The Mission and Vision align with many of our values. We are very much looking forward to our partnership."

As a relational competency, effective communication enables supply chain partners to interact and exchange information, thus facilitating firms to identify market opportunities and solve problems together (Ulaga & Eggert, 2006). Joint activities and frequent interactions between LPOs and MBEs provide opportunities for improving communication processes, engendering trust, and creating closer, collaborative relationships. Data from both MBEs and LPOs suggests that if companies share common values and have compatible cultures focusing on inclusivity, they will engage in collaborative and transparent communications. Both parties expressed the importance of transparent and frequent communication throughout the relationship, which binds their firms to work collaboratively. The development of interfirm communication requires that firms adopt a collaborative mindset for building strategic capabilities that benefit both parties. Therefore, firms that emphasize relationship-driven partnerships will more likely achieve greater economic benefits than those that practice arms-length transactions, often when MBEs supply goods to LPOs. MBEs expressed having a proactive approach with their LPO customers to stay in

front of any issues and manage the relationship on their terms rather than react to inquiries or concerns. This was noted in the following responses:

"We need a strong collaborative relationship. We're constantly in touch with each other, so there are no major surprises" (MBE2)

"Delivering, executing, being transparent because that is one of my largest customers our relationship is built on-- The foundation of our relationship starts with trust, transparency, and frequent communications." (MBE 3)

This study suggests a strong connection between an LPO's commitment to diversity and inclusion and its supplier diversity program. One LPO respondent noted, "Supplier diversity is an important component of our overall diversity and inclusion strategy." Those companies that demonstrate a strong commitment to diversity and inclusion are also likely to have more mature supplier diversity strategies, making it more likely that their relationships with MBEs will be imbued with a sense of shared values and commonality between team members of each firm. As described in the literature review (see section 2.4.2), scholars have also examined the role that LPO's culture plays in a firm's commitment to SD, affecting the quality of their MBE relationships. LPOs shared similar sentiments to MBEs that shared values, and effective communications were central for both party's ability to develop trust in the relationship expressed in the following comments in Table 12.

Table 12. LPO Shared Values and Communications

Theme	LPO Representative Quote
Shared Values	<p data-bbox="540 310 1328 527"><i>“Once you have a commitment from the top, that next layer is very elementary. We value diversity and inclusion in our people and our supply chain, and so we believe our supply chain should look like the customers we serve, and it should look like our employees. We realize that it enhances our brand” (LPO3)</i></p> <p data-bbox="540 562 1328 709"><i>“There has to be trust. I think that has to be collaboration. I think you have to feel like you truly have you have a partnership. Both sides have to clearly define what is in it for the two of you and have an understanding of that” (LPO1)</i></p> <p data-bbox="540 745 1328 814"><i>“You know, you should be going after a relationship where you have like-minded values.” (LPO1)</i></p> <p data-bbox="540 850 1328 997"><i>“When things get rough, the other side needs to know that you have got their back. You’ve got their interests in mind, you know. So, you know, I think that those are some key areas in which you build trust” (LPO4)</i></p>
Communications	<p data-bbox="540 1045 1328 1255"><i>“Highly consultative, very thoughtful, and the approach in all instances, a high degree of professionalism, capability, ability, desire to grow. After the contract is signed, it is essential to keep checking in with the MBEs. A watched pot does not boil. So, let us have a quarterly check-in on their performance.” (LPO4)</i></p> <p data-bbox="540 1291 1328 1360"><i>“Being transparent and communicate often. Even if it was painful” (LPO 1)</i></p> <p data-bbox="540 1396 1328 1543"><i>“So, we need a strong collaborative relationship. We’re constantly in touch with each other. Updating each other on performance needs trends impact the technology impact of the ability to drive savings” (LPO3)</i></p>

In sum, LPO-MBE partners who share similar organizational norms and missions are more likely to rely on norms of trust, long-term orientation, and mutuality in their interactions. The data in this study support the findings from McCardle and Krumwiede (2019), who find that interfirm

cultural compatibility is a crucial antecedent to interfirm communication and its influence on MBE and LPO performance. Trust and commitment are essential lubricants in any relationship, and their absence will undermine collaborative partnerships (Ring & Van de Ven, 1992). Trust can be built when parties in a relationship act transparently toward one another, including freely sharing pertinent information through frequent communications. Regular formal and informal face-to-face communication involving the actors will help build bridges between them. In this way, relational conflict will be replaced with trust and commitment to a long-term relationship. Drawing on the insights from MBEs and LPOs combined with prior literature, I suggest that shared values and effective interfirm communications contribute to trust and commitment in the relationship. This approach would allow obstacles and challenges to be identified and addressed early in the relationship, improving the relationship's likelihood to produce mutual benefits. Logic suggests that shared values and cultural compatibility provide an environment that enhances collaborative communication, leading to trust and commitment by both the MBE and LPO. Given the above discussion and evidence, I propose the following two propositions.

***Proposition 4:** Shared values between MBEs and LPOs are positively related to interfirm communications.*

***Proposition 5:** Interfirm communications between MBEs and LPOs are positively associated with trust and commitment.*

V.2.3 Power as a moderating factor

Power has a significant effect on buyer-supplier relationships, and previous studies have found that power is a factor that moderates the relationship (Theodorakopoulos, 2008; Krause, 1997; Harland, 2004). The degree of power in a relationship is determined by many factors, including the companies' size, percentage of revenue that the LPO contributes to the MBE, the value associated with the product or service, and perceptions of equity (Harland, Zheng, Johnsen,

& Lamming, 2004). The traditional procurement strategy, grounded in a fixed, zero-sum approach, motivates companies to exert its bargaining power to extract as much value for themselves irrespective of the challenges that can be presented to MBEs. Maloni and Benton (2000) found that exploitation of the supply chain by the power partner may lead to resentment and underperformance, thus hurting the power holder and that judicious use of power may serve to benefit the power holder, a finding that is consistent with Social Exchange Theory (Emerson, 1976).

MBEs noted the difficulties they have experienced when larger LPOs exert their power when negotiating and dealing with MBEs. If the LPO exerts higher bargaining power to the less powerful MBE, it can have a cascading effect on MBE's stakeholders, namely their employees, especially in labor-intensive industries. MBEs could struggle to attract new employees with the necessary skill levels and engender commitment and satisfaction from their existing employees. LPO's exertion of power can also impede the MBE from having the capacity to invest in product and process improvements and other innovations due to lower pricing and restrictive payment terms. This effect can adversely impact the service quality MBEs can provide to LPOs.

LPOs are in a position to use their power to force MBEs to accept onerous contractual terms as a qualifier even to be considered as a supplier, which is illustrated in the following statement included in an RFP supplier bid that MBE1 received from a large financial institution seeking a new call center supplier,

“(LPO) uses its own form of a Master Services Agreement for supplier arrangements. Any feedback to the Agreement, if provided, will be assessed, and no additional edits will be considered during final negotiations. NOTE: Ease of contracting will be a part of the overall scoring.”

The statement indicates that suppliers who refrain from revising the agreement will receive a higher score as LPOs evaluate supplier bids' responses. As MBEs are typically smaller and less

resourced than larger non-MBE suppliers, adhering to contracts carte balance could be detrimental to the MBE if they are awarded the business. This is a challenge that many MBEs encounter when trying to win new business, as noted below:

“Some of the contract requirements require heavy upfront investments to comply with their requirements, and then they include very onerous terms, like 60- or 90-day payment terms, they do not want to pay for any upfront training for our staff, and their terms and conditions are very one-sided. Companies exert their power to get lower prices and better terms because they know you want and need their business more and almost do anything to get it. They're trying to exact the best price out of you at the best terms for the company irrespective of you being an MBE and a smaller company” (MBE1)

“The most significant impediment to successfully do business with large corporate buyers is the contract term that makes it hard for my company to have a chance to be successful” (MBE2).

“[LPOs] force you into lower pricing and agreeing to their terms. I have several large customers who say that you have to reduce your pricing by 5%, 10%, 15% with the same service and efficiency to keep this. My largest customer basically made me reduce my price 15%. Can't say they made me, but I accepted it to keep the business ” (MBE3)

“There are situations you come across where at the onset the relationship looks promising doing business with a large company, but once we get into the granularity of the contract and the expectations they set in terms of requirements, it is very onerous, and we may not benefit or make money at all.” (MBE4)

From an LPO perspective, MBEs accepting contract terms and then experiencing difficulty with the contract stipulations can be a source of frustration for LPOs, as noted by LPO2.

“On the MBE side, they've got to do what they said they were going to do at the price that they agreed to do it at. They can't come back and say, I misunderstood you, or I costed this out incorrectly. Thus, now, we are upside down. They should not come to us after the deal, after the contract is done, and want to renegotiate payment terms because they just want to accelerate their cash flow. You got to be comfortable with what you're signing up for. Not all business is good business.” (LPO2)

Payment terms and the pricing for the MBE supplier services are two areas where MBEs say that if LPOs could be more accommodating, it would ease some of the financial burdens for MBEs, which in the long term will make it a more effective supplier to its customer. While some companies have been extending their payment terms to, for example, 90-day cycles to better manage working capital, doing so can significantly impact suppliers, especially MBEs. LPOs that require MBEs to comply with longer payment terms will get free use of working capital owed to suppliers, improving the LPO's cash flow at the MBE expense. Research shows this is an unwise business practice as MBE suppliers are often cash-flow strapped, especially when growing and expanding (La Noue, 199; Ando, 1988; Fairlie, 2010). LPOs costs of capital are usually lower than MBEs, so the practice of stretching out payment terms creates value-chain inefficiencies and is, therefore, self-defeating for corporations.

MBE1 described examples with customers where the company was constrained in its ability to pay competitive wages to its employees or provide adequate support due to onerous contract terms mandated by the LPO, who leveraged its power to negotiate a lower billable rate. For these LPO accounts, MBE1's employee turnover was higher than the average program (>10% per month), and service levels and quality were adversely impacted, leading to less experienced employees and ultimately lower performance for LPOs. Customers applied significant pressure on MBE to "fix" the underlying problems resulting intense discussions. The CEO of MBE1 stated,

"We ultimately had to unwind our relationship with a couple of previous customers as we were not profitable and not able to provide the best service in the eyes of these customers due to the fact the pricing was low, but more importantly, the relationship never got off the ground where we developed trust and a willingness to partner with each other in a productive manner."

Prior research suggests human resource implications of buyer-supplier relationships, where employees are most affected by the power asymmetry between buyers and suppliers, likely resulting in lower wages, benefits, and support. (Scarborough, 2000). This research is consistent

with my findings showing employees are most affected by the relationship between MBEs and LPOs. The CEO of MBE1 supported this point,

“We would love to pay our employees more to increase retention, lower our training costs, and improve our customers' quality. However, we can only pay employees a percentage of the billable rates we have contracted with our customers. I wish more of our customers would recognize this more.” (MBE1)

This approach aligns with the principles drawn from Social Exchange Theory (Emerson, 1976), where powerful actors are best served to downplay their power and concentrate on building mutually beneficial relationships. For example, I observed a pricing discussion with MBE1 and one of its new LPO customers, a global automobile manufacturer. While discussing the scope of work and the skillsets that were required for employees to support the program, the LPO executive noted the following:

“It is important you guys (MBE1) pay your people well and stay competitive in Dallas because I need high-skilled employees that are committed to supporting our program, so I am ok paying a little more on the billable rate. Just tell me what you need.”

As a result of this exchange, MBE1 revised its pricing to account for wages it would need to pay to attract a higher-skilled employee based on feedback from the LPO, who was more interested in having high-quality employees supporting their program than having to pay a low price, which in the long run, could be detrimental to the program. The LPO's action engendered trust with the MBE and started the new relationship with a shared understanding that both sides need to perceive equity in the partnership. Kumar, Scheer, and Steenkamp (1995b) find that even in the presence of power and dependence asymmetries, firms engage in positive relational exchanges as long as the weaker firm perceives the more powerful firm as fair.

MBEs are also able to exercise power, but to a lesser degree than their LPO counterparts. Lashley and Pollock (2020) distinguish between soft and hard power in their study on how MBEs

can leverage the institutional context and interests of those inside and outside the organization to shape LPO's decision making. Using soft power, MBEs can exercise soft power by using different actions to become cognitively central with influencers who can help them thrive in asymmetric relationships with LPOs. MBEs in my study exercised both soft and hard power in their relationships. Soft power was used in the early stages of the relationship, with MBEs relying on relationships they forged with senior-level officers of LPOs through personal or professional connections and, to a less extent, hard power in the later stages of the relationship if they were able to be in a position of negotiating strength by becoming an entrenched supplier to the LPO. To illustrate an example of using soft power, in the email correspondence below, MBE1 CEO thanked a senior executive of a global transportation company, who had advocated for the MBE1 and helped influence the decision to select MBE1 as a supplier.

“I appreciate each of your support and guidance toward our becoming a partner. I want to take this opportunity to give you my personal commitment that our company will do our very best to exceed your expectations by providing outstanding service. (Email from MBE1 CEO to Senior Executive at LPO)”

The following is the response to this email from the senior executive:

“Thank you so much for your note. I was absolutely thrilled when [Name I] shared this great news with me. Thank you for your perseverance in earning the business. I have every bit of confidence this will be an outstanding relationship for both our companies.” (Response from Senior Executive to MBE1 CEO)”

Drawing on this research and the empirical data, the following proposition is suggested:

Proposition 6: *Power moderates the relationship between LPOs and MBEs such that when either party exerts hard power, the likelihood that a relationship will be mutually beneficial decreases.*

Combining the relational facets that underlie mutually beneficial relationships described above leads to the following proposition:

***Proposition 7:** MBE-LPO relationships with strategic, differentiated solutions, strong supplier performance, shared values, and interfirm communications are moderated by power and positively related to trust and commitment, leading to mutually beneficial outcomes.*

V.2.4 MBE1-LPO Relationship Summary

This study includes paired dyads between MBE1 and four of its LPO customers. Each LPO developed strategic relationships with MBE1 over time (average five years); the relationships have grown increasingly strategic as MBE1 has performed well and has become more embedded in the LPO's service and customer care businesses. Below are vignettes of each of the dyad relationships, along with the key relationship drivers resulting in positive mutual outcomes.

MBE1-LPO1: The relationship commenced in 2016 when MBE1 provided consulting services for LPO1's internal contact center operations supporting their patients and insured health members. As a result of the assessment, LPO1 made a strategic decision to outsource a portion of their contact center support services. The relationship began with a small engagement and has grown to where MBE1 currently supports five regions across the country as part of LPO's network of clinical healthcare facilities and insurance plans. MBE1 handles inbound calls for member services, claims and payment processing, appointment scheduling. MBE1 has hired over 800 employees throughout the relationship to support various programs for LPO1, creating approximately \$10M in economic impact in Morrow, GA, according to a joint economic impact analysis that both companies conducted, which factored in the number of jobs created, wages and benefits paid to employees supporting the program. LPO1 is a member of the Billion Dollar Roundtable, a consortium of 24 companies that have achieved over \$1 Billion in annual spend with diverse-owned businesses.

Both MBE1 and LPO1 identified the following critical drivers to sustaining and growing of the relationship included: shared values supporting minority communities, meeting operational

performance (e.g., staffing levels, quality, and member satisfaction), responsive and proactive communications, and having MBE1 serve as an extension to LPO1s internal operations by leveraging a common technology platform and sharing workflow processes. MBE1 growth with LPO was primarily attributed to its service delivery performance and its ability to scale rapidly to meet volatile demands. MBE1's dual mission of supporting communities resonated with LPO1 and is a key differentiator as noted by one of the leaders responsible for managing the partnership:

“What we do for our community is important. When we see a company like [MBE1] bringing work to people in underserved communities, that is something that is very important to us and sets them apart from the rest of the vendors.”
Senior Business Process Consultant (LPO1)

MB1-LPO2: The relationship commenced in 2016, with MBE1 providing customer care services for LPO2's home flood insurance division. As a tier 2 contractor to LPO2, MBE1 provides support services with 50 employees to handle inbound calls from LPO2's consumer customers. MBE1 has attended LPO2's annual exchange for diverse suppliers at their headquarters. At this annual event, MBE attendees can pitch their businesses to LPO2 decision-makers in charge of sourcing goods and services and attend workshops and networking opportunities with LPO executives. The forum provides an opportunity for diverse businesses to build relationships with LPOs and their largest non-MBE suppliers. According to its website, LPO2 spends \$311 million per year with diverse businesses and has started measuring the impact of its spend by examining the total jobs and wages. While MBE1 is a tier 2 supplier to LPO2, it has proved itself to LPO2 and competes on suppliers' opportunities. MBE1 CEO noted

“I have been trying for years to become a prime supplier to LPO2, however the timing of the deals has been challenging. They definitely know us well and are trying to get us business, but for the right opportunity. While the project I have today with them is small, it is great to support their reputable brand in our portfolio.” (MBE1)

LPO2 noted that while MBE1 has been successful, it needed to heed the advice that many LPOs prescribed to MBEs regarding growing too fast:

“I love MBE1’s innovation and agility. They are growing, but they have to do it smartly. You can't grow too fast where you can't sustain itself. And there's a degradation in performance and everything. You're going to have to hit the plateau and settle down and digest what you got before you hit the next step function.” (LPO2)

MB1-LPO3: LPO3 is one of the largest telecommunications and media companies in the country and also has one of the largest SD programs. As a Billion Dollar Roundtable member, LPO3 spends over \$14 Billion with MBEs, representing nearly 21% of its total procurement spend. It has also committed to spending \$3 billion with black suppliers across the U.S. by 2020. MBE1 is both a tier 1 and tier 2 supplier to LPO3 supporting different programs. First, as a tier 1 supplier, MBE1 supports LPO3 providing outbound sales and account management solutions. MBE1 staffs a dedicated sales team tasked with selling mobile devices and services lines to government agencies as part of the LPO3 private network offerings to first responders and essential workers. MBE1 was selected as a supplier in 2019 based on its experience supporting complex, niche programs and its detailed partnership proposal, which was part of a sizable request for proposal (RFP) opportunity that LPO3 issued for outsourced call center services. While MBE1 was not awarded the main portion of the RFP bid, LPO3 created a new but smaller opportunity for MBE1 to establish itself as a supplier with the opportunity to grow the relationship based on its performance. Second, MBE1 is also a tier 2 supplier to LPO3, providing employee benefits support services to LPO3’s employees. In this relationship, MBE1 hires and trains over 100 employees each year to support LPO3’s annual open enrollment season. This program consists of a rigorous four-week training period for employees to learn about LPO3’s health plans and effectively consult with their employees on the appropriate plans to enroll in.

In the Tier 1 relationship, MBE1 has developed a close, trusted relationship with LPOs' channel manager responsible for managing the account and a close relationship with supplier diversity leaders who are in frequent contact with MBE1 discussing potential new opportunities. LPO3 employees make regular visits to MBE1 contact centers to host training sessions, roll out new incentive programs, and conduct meetings with the MBE1 account team to discuss performance and staffing. MBE1 has performed well, exceeding sales and productivity performance targets while testing new sales programs for LPO3. MBE1 is a supplier that LPO3 often highlights as a success story and a model for their mission to leverage supplier diversity as a pathway to impact communities.

MB1-LPO4: MBE1's longest customer relationship is with LPO4, a financial service and risk management global company. MBE1 provides customer care solutions to consumers of financial services companies who sell LPO4's debt insurance products. MBE1 has hired over 300 employees since the beginning of the relationship to handle inbound calls providing complex service interactions. MBE1 and LPO4 are tightly integrated with MBE1 leveraging LPO4 technologies and training to ensure high-quality customer experiences. As a progressive leader in SD, LPO4 recently released its first Economic Impact report, which offers several examples of how they make a positive contribution to communities through its supplier diversity program. In this report, the company spotlighted its relationship with MBE1 as one that has generated value for the company while also creating jobs in the community due to the partnership. As noted previously, LPO4 also leverages its relationship with MBE 1 to support its business development efforts as its clients and prospects expect them to work with diverse supplies.

Table 13. MBE1-LPO1 Relationship Summary

LPO Industry	Description of relationship	Relationship Drivers	Impact	LPO Representative Quote
LPO1 (Healthcare Provider and Insurance)	<ul style="list-style-type: none"> • MBE1 supports five regions providing customer care/member Services. • 6 Year Relationship • \$13M Annual Contract (22% of total MBE revenue) 	<ul style="list-style-type: none"> • Shared Values • Performance • Cost Reduction • Scale • Innovation 	<ul style="list-style-type: none"> • 600 jobs created 	<p><i>“So, you have to have that transparency. And actually, we think MBE1 is a perfect example because I think [CEO] did say to me that I had an issue in the past. And so, the whole story. He told me that I did not have any surprises. There has to be trust. I think that has to be collaboration. I think you have to feel like you truly have you have a partnership. And I think both of you have to clearly define what is in it for the two of you and have an understanding of that.”</i></p>
LPO2 (Home and Auto Financial and Insurance Services)	<ul style="list-style-type: none"> • MBE1 provides claims and customer care support for insurance customers. • \$1.2M Annual Contract (2% of MBE revenue) • 5 years relationship 	<ul style="list-style-type: none"> • Performance • Innovation • Shared Values • Scale 	<ul style="list-style-type: none"> • 100 jobs created 	<p><i>“I flock to the performers like [MBE1]. So, anybody who is a performer, any MBE who may be as a result of being a performer, has room for growth. The relationship between the buyer of the corporation and the MBE is really about both sides, delivering what they said they were going to do. So, in our case, we need to deliver on, you know, paying a fair and reasonable price. And we need to deliver on giving you the information or access or tools you need in order to fulfill.”</i></p>
LPO3 (Telecom/ Media)	<ul style="list-style-type: none"> • MBE1 provides Tier 1 outbound sales solutions. • MBE1 also is a tier 2 supplier providing Benefits administration support for LPO employees. • \$2M Contract Value • 5-year relationship 	<ul style="list-style-type: none"> • Performance • Innovation • Shared Values • Strategic Solutions 	<ul style="list-style-type: none"> • 30 jobs created (Tier 1) • 150 jobs created (Tier 2) 	<p><i>“We are looking for innovation. So be a partner in every sense of it. Look at my goals as a major corporation and think, how can we help this company well? It's simple to perform well. If you perform well and then continue to bring innovation. Do not get comfortable in your spot. Continue to build upon what you are doing and build upon those relationships.”</i></p>
LPO4 (Financial Services)	<ul style="list-style-type: none"> • MBE1 provides customer care solutions for LPO's top financial services customers. • \$7M Contract Value • 5 years relationship 	<ul style="list-style-type: none"> • Performance • Scale • Innovation • Trust 	<ul style="list-style-type: none"> • 250 jobs created 	<p><i>“MBE1 is highly consultative, very thoughtful, and the approach in all instances, a high degree of professionalism, capability, ability, desire to grow. So, we need a strong collaborative relationship. So, we're constantly in touch with each other. Updating each other on performance needs trends to impact the technology impact of the ability to drive savings.”</i></p>

While several idiosyncratic factors such as the industry and value chain position can impact the relationships between MBEs and LPOs, the insights gleaned from MBE1 and their customers illuminate common attributes that contribute relationship's strength. Table 14 summarizes positive facets of relationships between MBEs and LPOs, that emerged from the data.

Table 14: Positive Relationship Attributes

Relationship Factor	Factors contributing to positive outcomes
Contract Terms	Negotiable / Mutually beneficial
Contract Duration	Long-Term
Service/Product Delivery	Overperform; High-quality
Communication	Embedded, Frequent, Transparent
Product	Strategic
Power	Shared (Minimized)

V.3 Impacting Stakeholders

SD programs and the LPO-MBE relationship, in particular, can have a far-reaching impact beyond the dyadic relationship as MBEs require a stakeholder ecosystem to support their business. It needs to hire employees to produce and support the services it delivers to LPOs, receive suppliers and support services from other businesses such as its suppliers, capital to fund its business from its investors, and community and governmental support to create a conducive business environment. Therefore, examining the impact of MBEs especially enabled MBEs, on stakeholders is essential to have a holistic view on SD impact. This study is guided by stakeholder theory (Freeman, 1984), which provides a theoretical lens in design and analysis.

The central argument in stakeholder theory is that organizations are best served by meeting a broad set of interests for individuals and groups who can affect or be affected by the firm's actions (Freeman, 1984). Paying attention to the diverse interests of stakeholders can help MBEs assess how relationships with their LPO customers can affect stakeholders within the company

(employees, managers), immediately beyond (customers, suppliers, investors), as well as the general public (communities, government). The multi-stakeholder perspectives provide insights that I weave together to show the impact that the LPO-MBE relationship can have on stakeholders.

V.3.1 *Impact on Employees*

I interviewed eight employees in two locales (Morrow, GA, and Southern Dallas, TX) where MBE1 operates. Employees constitute one of the most critical resources and stakeholder groups that companies draw on to gain and sustain competitive advantages (Barney, 1991; Rothaermel, 2013). The employee demographics of MBE1 reflect the underserved communities of Morrow, GA and Southern Dallas, TX, with 95% of its employees African American, most living within a 10-mile radius of the call center. MBE1's Morrow, GA call center, employed approximately 1,000 full-time employees, with 90% of their total workforce front-line customer service representatives tasked with providing various complex customer contact services on behalf of MBE1 customers. Approximately 80% of the employees are women ranging in age between 18 and 60. MBE1's call center in Dallas opened in 2019, has 500 full-time employees performing similar customer care services for MBE1, and has similar employee demography as its Morrow location. Employees are sourced, recruited, and onboarded by the company's Human Resources Team and trained to support a particular LPO client through a four to six-week client-specific learning program depending on the LPO they are assigned to support. The average tenure of the employees I interviewed was 13 months, which is similar to the average tenure for the company's total employee base.

MBE1's business model is driven by its unique, employee-focused culture and offers employees competitive living wages, comprehensive health and welfare benefits, and other development programs. The company pays wages up to 30% higher than the industry standard.

The ability to pay its employees higher wages results from the company's business model offering strategic solutions to LPOs, who pay premium rates to MBE1 based on their strategic solution offerings, a vital characteristic of an enabled MBE. The results of MBE1 employee-focused efforts include higher retention rates, experienced and engaged employees who serve their LPO customer needs effectively. Also, MBE1 is committed to promoting employees into leadership roles, where close to 80% of its managers had started as customer service agents, which was made possible due to expansion with LPO customers. How employees are affected is not just through an economic relationship, which is just wages and benefits. They also care about intangible factors such as training and development, meaningful work and camaraderie, and a purpose, which MBE1 has shown can be provided to employees through their relationships with LPOs.

The call center industry in which MBE1 operates is notorious for high employee turnover, which has deleterious effects on service quality as companies must continually source and hire individuals to replace employees that have turned over. An expansive body of research shows that employee turnover intentions and dissatisfaction are known to reduce customer service (Brown & Lam, 2008; Jeon & Choi, 2012; Schneider & Bowen, 1985). Therefore, it is critical that service providers, like MBE1, implement retention programs for employees to reduce turnover. MBE1 leveraged an employee-focused operating model, where it implemented retention programs and competitive benefits to employees to boost morale and lower attrition rates. In 2018, MBE1 reported annual employee retention rates greater than 60%. The BPO industry averaged over 100% turnover in the same period. As a result, MBE1 developed a more experienced and engaged workforce to reduce its recruiting and training expenses. These benefits translate into higher performance levels for its LPO customers, who rewarded the MBE with additional volume and

growth, as evidenced by the fact that MBE1 grew its revenue over 50% from 2018 to 2019, primarily due to organic customer growth.

MBE1 intentionally selected the two communities for various reasons, including the incentives it received from local governments and to tap into a market with high unemployment with a lack of competing call centers in the region. MBE1 CEO described the firm's location strategy and adaptive reuse of underutilized shopping malls,

"We've gone intentionally to high-unemployment areas and focused on shopping malls because, generally, they are the center point for many communities. In Atlanta, we went down south to the South Lake mall, and there was an old JCPenney that was there abandoned, and took the JCPenney, nearly 120,000 square feet, and refurbished it into a state-of-the-art call center.

In Dallas, there is a redevelopment effort in Southern Dallas with an old mall called the Red Bird Mall, and the same concept was in Atlanta, except for in Atlanta, the mall still exists as a mall with us there as the catalyst with 1,500 or so people working there that get to breathe life back into that mall. What we've done is taking a portion of the mall and rebuilt it just like what we did in Atlanta, and the same thing in Charlotte, and looking at an abandoned shopping area in Baltimore as well as in Detroit." (MBE1 CEO)

By locating their call centers in two underserved communities, the MBE could tap into an overlooked labor market to source and recruit employees. Many of the employees commented that they had not previously found similar professional work opportunities in their communities. Nearly all the employees noted that saving time on their daily commute was a significant benefit for them and their families. Employees described the benefits of working for MBE1 in terms of commute time as below:

"Where jobs were accessible. I would have to drive 40 minutes. I do not have to take a job where there is no public transit to get me there. After my shift, I can get to and from my child's school in a decent amount of time. I can be home within a 20-minute drive. This is true for most of us that are here. We've always had to drive, and it creates a lot of barriers and challenges. (Customer Service representative1, Dallas, TX)

Employees also noted that while job opportunities are available in these underserved communities, they are primarily entry-level, non-professional service jobs in retail, hospitality, or restaurants. MBE1 CEO noted the firm's impact on its employees was aimed at addressing three challenges that employees face, "Three main things that got in the way of the folks that work for us and that had to do with childcare, transportation, and stable housing." Employees' lives were improved due to working for an MBE that invested in their growth and provided stable professional opportunities. This was evident in the following employee comments:

"[MBE1] definitely taught me more effective ways of communicating, which also helped me reach the goals that I set for myself. It definitely has developed me professionally definitely" (Customer Service Representative2 – Dallas, TX)

"Aside from the client-specific training that I have to learn, there are also leadership courses that [MBE1] offers, whether it is how to be an effective coach, how to handle an escalated call, soft skills training, active listening training." (Supervisor1 – Morrow, GA)

"[MBE1] has gone beyond just a working relationship, from having my credit repaired to being a homeowner. These are now things that I can take back to my children" (Supervisor2 – Morrow, GA)

"[MBE1] had different classes on how to just not only work and think about today but prepare yourself for the future. Get your budget under control, work on your credit, look at your health and take care of yourself, health and wellness." (Customer Service Representative3 – Dallas, TX)

I also asked employees how MBE1's presence has impacted the community at large. Several employees commented that the community and specifically the shopping mall where MBE1 was located had been revitalized with additional economic activity. MBE1 opened state-of-art facilities in former anchor stores of shopping malls that have been on the decline. As one employee noted, "They saved the Southlake Mall from being closed. I remember when they were going to close the mall because none of the stores were staying, everybody was leaving". Other employees note the following impact on the individual communities.

“It is a win-win situation. Other business owners are benefiting. I think it is a trickledown effect in the economy as far as restaurants and different stores to shop at, schools, apartment buildings, maybe even buying a home in Clayton County.” (Customer Service Representative1 – Morrow, GA)

“They've increased traffic within the stores. With the stores that were within the mall. They're bringing a positive impact, not only providing jobs, generating people to go to work and contribute, and providing tax dollars to the city, but they're also helping out the surrounding area, with the increased visits within those different places.” (Customer Service Representative1 – Dallas, TX)

“For [MBE1] to be located in the middle of an impoverished neighborhood that's trying to give and build the community has been really great. Red Bird Mall, they went from about 23 stores to about ninety stores now just from Chime opening shop in Red Bird Mall.” (Manager1 – Dallas, TX)

Based on these employee interviews, I conclude that MBE's ability to develop and support a diverse workforce is supported by its strategic relationships with LPOs. LPOs are more likely to reward an enabled MBE with longer-term contracts and the resources to continue providing high-value services. MBE1 hires and develops employees to support its large customer volumes to ensure that they delivered high-quality services for their customers, which cannot be done without the support from LPOs. If MBEs can treat their employees better by paying them well and training and invest in them, in the long term, they become more motivated and more productive, and therefore LPOs benefit. Therefore, I propose the following:

Propositions 8: *Enabled MBEs positively impact their workforce with competitive wages, benefits, and development, leading to higher employee retention and increased performance.*

V.3.2 Impact on MBE's Suppliers

A key stakeholder group for MBEs is the suppliers that support their value chain activities (Freeman, 1984). MBEs rely on services from their suppliers in areas such as technology, security, facilities management, and human capital services to support their operations. MBE1's growth and expansion required the support of several local suppliers. Suppliers allow MBEs to focus on their

core competencies while having their non-core activities supported by trusted partners, who will also realize positive effects resulting from MBEs growth.

I interviewed CEOs from two of MBE1's suppliers that provide support services to MBE1 in each of its locations in Oakcliff, TX and Morrow, GA. The supplier firms, both minority-owned, provided private security management and facilities management solutions for MBE1 in both locations. They maintained long-term contracts with MBE1 by providing services deemed essential as safety and facility aesthetics were central to developing a positive environment for MBE1's employees and other stakeholders. The suppliers noted that not only did their companies expand, but there was broad community growth resulting from MBE1 presence in both communities.

“There is a lot of businesses that are dependent on that mall [Where MBE1 opened] to continue to operate, even though it was kind of put on the back burner for a little bit. And now that MBE1 is here, you see more businesses starting to focus there, I think, for that area as far as restaurants, the retail industry is coming back because they see the transition that's happening, and they know that it's one to draw economic development. And so, it's an economic boost here.” (MBE1 Security Services Supplier – Oakcliff, TX)

“Many things that I saw was that you have people living in [Dallas] and in Morrow area that would have to catch public transportation or commute to the city where the jobs were. To have the job now in their neighborhood makes a difference. I hear a lot of the chatter of even people who work for [MBE1] and people who come to work for us. They were so ecstatic that their job is only five or 10 minutes away, and they didn't have to commute anymore to the city for employment.” MBE1 Facilities Management Supplier – Morrow, GA)

One supplier CEO commented that partnering with MBE1 enabled the company to receive positive press and recognition in the community as a credible firm.

“My contract with [MBE1] enabled me to bring on additional full-time officers to cover that particular account. And it's got me a lot of positive recognition within the southern sector of Dallas being a security company that's actually contracted with [MBE1] because of all the positive recognition that [MBE1] brings to the Southern sector, as well as Dallas as a whole.” (MBE1 Security Services Supplier – Oakcliff, TX)

Given the attention that the MBE1 garnered in the community, companies that partnered with MBE1 appeared to ride a “coat-tail” effect where their business benefitted from its association with a growing and thriving business. These suppliers were local companies that were small and trying to build their brand image, so by partnering with MBE1, these companies could grow their business and enhance their brand image in the community. As the CEO of the facility management firm noted,

“With us being able to provide employment through our partnership with [MBE1], we've been able to provide extra job opportunities. Of course, that has been a very good impact to the community and for us because it's a trickle-down effect of partnership. By [MBE1] partnering with us, bringing us in as suppliers, and they are our client, we hire people. They've hired people. It's a win-win-win (for MBE, the supplier, and the community)”
(MBE1 Facilities Management Supplier – Morrow, GA)

Given that enabled MBEs have the capabilities and resources to grow, they will continue to rely on their suppliers to support their operational needs, which will have downstream effects on these suppliers. Therefore, I suggest the following proposition:

Proposition 9: *Enabled MBEs positively impact their supplier's by helping them grow while drawing on their resources and capabilities to enhance the MBE's operations and performance.*

V.3.3 Impact on Investors

Investors and board members play a vital role for companies providing growth capital and oversight and governance of the company’s strategic decisions. During my research, MBE1 was recapitalizing its business, resulting in the company closing an investment with a private equity partner who provided the company growth capital for its expansion. The private equity firm secured two board seats as part of their ownership stake in the business, and as such, I use investor and board member interchangeably in this section. The new capital structure allowed MBE1 to retain its certified minority designation as the majority equity holder to leverage its status for future

business development opportunities. A press release highlighted the rationale behind the investment, which was intended at helping the MBE continue its growth and expansion in underserved communities:

“The recapitalization aims to provide MBE1 with a long-term, well-capitalized financial partner who will support its growth strategy. The capital raise will support MBE1’s business process outsourcing solutions and its mission of creating economic and social impacts in underserved communities across the country. The growth capital investment will enable MBE1 to continue its expansion into new markets and invest in next-generation customer experience technologies to support corporations seeking high quality, competitive cost solutions from outsourced partners located in the U.S” (Company Press Release, December 2020)

During a six-month period, the private equity firm conducted a rigorous due diligence review investigating every aspect of the MBE1’s business model, including an in-depth assessment of its LPO customer relationships and new business sales pipeline. One of the board members, who is the managing partner of the private equity firm, described the features that were attractive to the private equity group when evaluating MBE1:

“We were impressed with [MBE1] management team, customer-centric delivery model, and operational excellence. We recognize the progress has been made through its entrenched relationships with blue-chip customers and near-term growth prospects. we value and support MBE1’s differentiated business model, creating a positive social impact and career opportunities for underserved communities”. (Board Member)

This statement suggests that MBE1’s strategic client relationships are intertwined with its ability to induce positive impact in the communities, supporting its capabilities to deliver strong performance for its customers. According to the board member, the investment firm concluded that MBE1’s minority status and social mission were aligned well with macro-diversity trends in the corporate community as socially conscious companies prioritized their SD programs to promote an inclusive approach to procurement. These trends could benefit MBE1 by gaining new LPO customers, as indicated in the following comment:

“We spent time really digging into supplier diversity initiatives and trying to ascertain whether we had reached a point in this country where it was moving past more than lip service, or past more than a marketing angle, or past more than the flavor de jure. We concluded again, through our networks, through our relationships, through third parties that we talked to—we concluded that this was a durable aspect and competitive advantage, frankly, for [MBE1]. That would open up access to blue-chip customers. Again, the history of landing new business and then being able to grow with that customer, we saw that as growth opportunities.” (Board Member)

The private equity firm invested \$30 Million in exchange for an ownership stake in the company, intending to realize a healthy return on their investment. According to MBE1 CEO, the growth capital will be used to fund MBE1’s working capital, given the timing differences between its accounts receivable and accounts payable balances due to the length it takes for its customers to pay their invoices. MBE1 also plans to invest in new workforce learning and development programs, hire new leaders, and develop innovative solutions to offer its existing and prospective customers.

The return on the investor’s investment will be primarily determined by MBE1’s ability to continue to grow profitably and formulate and implement an effective strategy to deliver on its current customer needs while also adding new customers. Logic suggests that the MBE firm must continue developing entrenched supplier partnerships with its LPO customers, leading to profitable growth. If an MBE can develop mutually beneficial outcomes with its LPO customers, such as its ability to deliver high levels of service profitably, then it is likely the MBE will be able to invest in additional resources, creating a virtuous cycle where the MBE is enhancing its products and service offerings, strengthening customer relationships, and generating significant returns for investors.

The board member noted the importance of MBE1’s strategic solutions and its established long-term relationships with LPOs. The company is “more than just a one-off transactional relationship for its customers.” Said differently, its growth prospects will continue to be favorable

as MBE1 focuses on building strategic, long-term-oriented relationships, allowing them to serve a broader set of stakeholders, including its investors. As such, I suggest the following:

***Propositions 10:** Enabled MBEs are positioned to drive profitable growth through differentiated strategic solutions and entrenched customer relationships, leading to positive returns for investors.*

V.3.4 Impact on Communities

Porter and Kramer's (2011) shared value framework posits that companies create economic and social value by developing innovative solutions that can address social problems, such as providing opportunities in underserved communities that can benefit society. MBE1's presence in two underserved communities provided me with a rich setting to examine the impact of an enabled MBE on these communities. Community organizations and municipalities are key external stakeholders that can affect and be affected by MBEs who set up operations in their communities.

I interviewed local government officials in each of the communities where MBE1 operated. In addition, I gleaned perspectives from the President of a Regional Minority Supplier Development Council, a chapter of the NMSDC, whose primary focus is to certify MBEs and facilitate partnerships with LPOs. I also interviewed the Founder and Managing Partner of a real estate development firm in Dallas who supported MBE1's entry into Oakcliff, TX, by leading the construction of MBE1's state-of-the-art call center in a mall redevelopment project funded by the City of Dallas. These external stakeholder perspectives added insights into how MBE1 could impact the broader community beyond its closest stakeholders.

When MBE1 announced its decision to open contact centers in the two communities, there was considerable local enthusiasm for the jobs that would be created and the potential impact it would have on local businesses. The community excitement is reflected in the following comment by the real estate development firm's CEO that supported MBE1 expansion in Dallas, TX.

“What I will say is that the day that they had a job fair in the center court and [MBE1] hired 350 people at a living wage rate was one of the most exciting, joyful days I’ve ever had at work. In terms of workdays, it was a good one. Because first of all, there were 1,000 people there, so you knew there were a need, and the people who left felt like they had won the lottery. It shows you the level of need.” (Managing Partner / CEO of Real Estate Development Company)

The Chairman of the County Board of Commissioners in Clayton County in GA, where MBE opened its call center in 2016, also noted:

“I was more than ecstatic that they would be coming because again, South Lake Mall, just like all box down malls, for the most part, have been going downhill, for lack of a better word. They were probably pretty close to closing its doors before [MBE1] arrived. It’s a major turning point for corporate employment on the Southside. These aren’t just any jobs, but jobs with livable wages and great benefits.” (County Board Chairman, Morrow GA)

He also noted the excitement felt by the community when MBE1 announced they were opening in Morrow, GA:

“Everybody got excited about the influx of people coming to the mall even if they are coming to work. That was a spark for the mall itself. This new fresh employment opportunity meant a whole lot for this community. When they first came, that was a spark because when I started holding job fairs in conjunction with their HR department, I saw a lot of people lined up. That was a blessing to this community. All of it intertwined, it’s a domino effect. Not only is [MBE1] steadily increasing the number of quality customer service, operations, and managerial jobs available in the city of Morrow, but fellow mall tenants are benefiting from the additional traffic that [MBE1’s] employees provide.” (County Board Chairman, Morrow GA)

I argue that enabled MBEs are more likely to be profitable, thriving companies who create jobs and wealth, pay taxes and catalyze a multiplier effect that induces more businesses to open, jobs, wages, and community stability. It also keeps economic activity in the community and provides an alternative option for people to work in the community, so they do not have to commute long distances. The benefits that the community felt were reflected in unemployment

rates for the county. The county chairman noted that the MBE was likely a significant contributor to the county's unemployment decline.

“When I took over as the chairman, our unemployment rate was 13%. I think now it is down to maybe 4% or 5%. I will say a large part of that come back or for driving the numbers down are the fact that MBE1 came into the community. If MBE1 ever went away, I think the City of Morrow will be in trouble.” (County Board Chairman, Morrow GA)

Through its internal analysis, MBE1 estimates that it has created over \$150M in economic impact to Morrow since it opened its call centers in 2016. The total impact included the total wages and benefits it provided all the employees that worked for the company between 2016 and 2019, along with the local taxes it has paid, and the money spent with local businesses. The additional hiring by the MBE and their suppliers to meet this increased demand means that more people have income which they will use to purchase goods and services for their households and families. Furthermore, the tax revenue generated from the MBE’s business activities (i.e., payroll taxes, corporate taxes) helps communities fund public services. The goodwill surrounding MBEs presence in these communities can have carryover effects for LPOs as well, as they are the primary reason why MBEs are growing in these communities. It is also a way for LPOs to contribute to underserved communities without building their operations in these communities. This was noted in the following email exchange with one of MBE1’s client partners,

“What we do for our community is important. When we see a company like [MBE1] bringing work to people in underserved communities, that is something that is very important to us and sets them apart from the rest of the vendors.” Senior Business Process Consultant (LPO1)

Local municipalities played active roles in offering incentives to attract MBE1 to their community. For example, the city of Dallas offered a \$2 million training grant to MBE1 to help train MBE1’s workforce, based on the premise that MBE1 would pay living wages (\$14 per hour)

plus healthcare benefits to its front-line employees. The City of Dallas Office of Economic Development noted the grant in their press release:

“The company’s new 51,000 square foot BPO center, its first outside of Georgia, will be located at Red Bird Mall. By 2021, [MBE1] anticipates creating over 1,000 full-time jobs at the new center. The range of jobs will include customer service agents, human resource specialists, desktop support specialists, trainers, operations managers, and a site director. Annual wages are expected to range from \$29,000 to \$80,000+, and all jobs will include a full benefits package. This business development project is the first office incentive project located in southern Dallas in at least 20 years. [MBE1] is a privately-owned and certified minority- and woman-owned business. The Dallas City Council approved an economic development grant of \$2 million to facilitate this project.”

This investment profoundly impacted a community with 54% of the land in Greater Dallas, 40% of the population, but only 5% of the office space. According to the Dallas councilmember, the city was eager to offer its support as MBE1 was creating jobs with living wages in an area that has been starved for opportunities for its residents. In return, MBE1 would commit to creating 500+ new jobs paying living wages. The job opportunities would result from the MBE’s ability to secure and maintain contracts with LPO customers. The councilmember noted the following when describing how residents in the community benefit from an enabled MBE:

“People want to work where they live. Unfortunately, most businesses are north, or people who live here have to spend a lot of time commuting. It is time they could be spending with their family. Many business owners did not see an opportunity to be successful in this community (Oakcliff). Many of them left this community and moved to some of the suburban areas. But now to see, hope once again, and that's the thing that many of my constituents see. They see hope once again in the rebirth of not only the mall, the rebirth of the entire area” (Councilmember – Oakcliff, TX)

The real estate developer, who was actively engaged in the recruitment of MBE1 to Dallas, noted that the government’s role was critical and the motivation for the investment:

“The city really wants to prove that Southern Dallas (Oakcliff) is a viable investment area. They really want it to succeed and having a big tenant that

was going to put in 500 jobs was important. You have a belief that the best way to make money is by also doing a social good. It's a contrarian thesis and it's working.

I never really thought about it as gentrification in the sense of displacement because we're not seeking to attract new people. We're seeking to serve the people who are already there, who choose to live in the area for whatever their reasons. What it is, is underserved. It is not being served the amenities that an identical community from an economic perspective should be given. (Managing Partner, Real Estate Developer, Dallas, TX)

The real estate developer was also instrumental in connecting MBE1 with potential LPO customers in the Dallas community, as evident by an email correspondence sent to a senior leader of one of Fortune 100 company headquartered in Dallas looking for ways to be a strong corporate partner to minority communities. The email resulted in an introduction between MBE1 and the company, ultimately leading to a supplier partnership, with MBE1 hiring over 120 people to support this LPO in its Dallas center, illustrating a win-win proposition for the MBE and its stakeholders.

“Thanks again so much for the time spent a few weeks ago to discuss how we all might work together to make a positive impact on southern Dallas through providing good jobs in the area. I had a meeting recently that was so in sync with the discussion we all had that night. I could not believe the serendipity. Here is the story: An outsourcing business is based in Atlanta, [MBE1], approached us about leasing a large space at [Mall development]. The owner of [MBE1] is an African American entrepreneur who previously built and sold a call center operator before founding [MBE1]

[MBE CEO1]’s strategy is to locate in underserved, predominantly African American communities, where good jobs are in need, but a willing and able workforce exists. The company then creates a fantastic work environment, pays people well, and delivers great service to customers. Their location in Atlanta is in a mall in just such a community. His employees are 85% African American females, many of whom are single mothers.

It will clearly be too much of a stretch for companies, even the best corporate citizens, to just randomly set up operations at [Mall Development]. However, if [MBE1] were able to win business from these companies and use those contracts to add hundreds of jobs in southern Dallas, we accomplish the same social goal.

MBE1 has an excellent reputation as an outsourcing partner and is actually in some discussions with [LPO] right now about doing some work for you. I also know of [LPO]'s deep commitment to supplier diversity, so MBE's certified status is an added benefit." (email from real estate developer to LPO)

As enabled MBEs who have established strong and long-term partnerships with LPOs, their businesses will likely grow over time, generating more tax revenues for local communities to be used for crime prevention, infrastructure, schools, and other community purposes. Enabled MBEs are also an essential source of jobs for minorities needed for a vibrant economy and create a sense of community. This study's findings further indicate that enabled MBEs can provide positive role models for minorities, help break the cycle of intergenerational poverty, and stimulate economic development through the multiplier effect. The CEO of one of MBE1's suppliers noted:

"It's like there in Morrow and any other place, minorities like to see people that look like them that are in positions that they normally don't see. When people are interviewing, and they're seeing upper management that looks like them, it's inspiring. To see professional people coming in and out of the mall, for community people to see that, it makes an impact because it's all about perception."

The President of the Regional NMSDC Chapter described the impact created by MBE1 in Morrow, GA, which was made possible through public-private partnerships and the MBE's strong partnerships with its LPO customers:

"If they were not there at that Southlake Mall, what would be there? It would be a boarded-up facility, maybe with nothing in it. There is a ripple effect that occurs in this model. By [MBE1] dropping in that location, it created an economic oasis, basically, in Clayton County, they are providing livable wages. The economic impact of [MBE1] on that county because of the jobs they are creating, the wealth circulating in that community, livable wage jobs, where many are not, and that tide you have got is lifting everybody in Clayton County. Providing health care, keeping the community healthy and a safe environment, offering livable wages, and providing skills. Leveraging minority suppliers create wealth in communities of color. It uplifts." (President of Regional NMSDC Chapter)

While not all MBE firms can produce the level of impact in underserved communities to the same extent as MBE1, enabled MBEs to have the resources and the long-term committed relationships with their LPO customers to create stakeholder impact in underserved communities. Enabled MBEs are also likely to catalyze a positive feedback loop to invest in new resources and capabilities, drawing on contributions from their stakeholders, such as employees, suppliers, and community partners. As their business grows, enabled MBEs hire many more employees, create wealth for communities that can be re-spent with other local businesses in the community, provide career and development paths, and help create other new businesses (Greenhalgh & Lowry, 2011). This has been borne out in the case of MBE1 in two underserved communities. As the MBE reinvests its profits into strengthening and expanding its capabilities, it becomes a better supplier and more valuable to its LPOs, which increases the likelihood that the partnership will continue to thrive with the LPOs awarding more business to the MBE. That would, in turn, enable the MBE better equipped to serve its stakeholders, creating a virtuous cycle to continue as suggested below:

***Proposition 11:** Enabled MBEs induce positive changes in underserved communities, catalyzing a virtuous cycle in the LPO-MBE-Stakeholder relationship.*

V.4 Integrated Stakeholder Framework

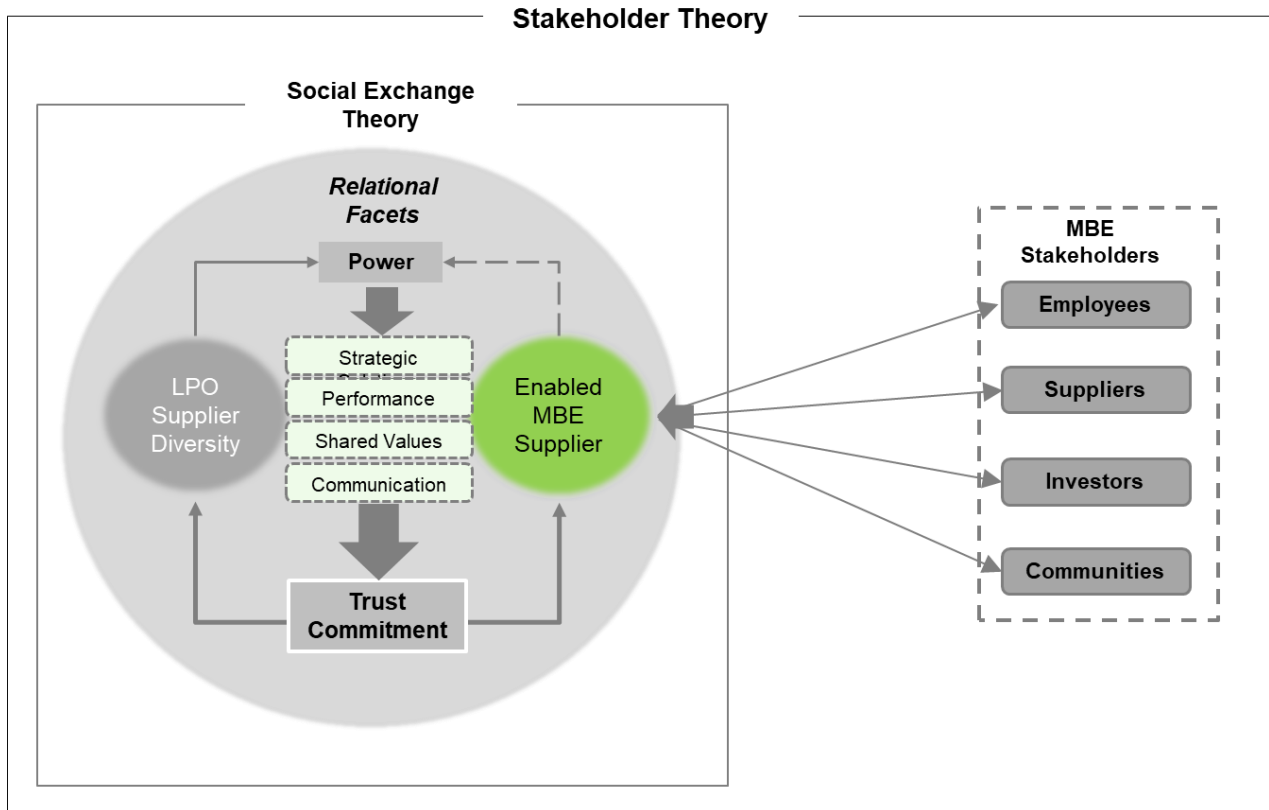
Based on the insights and findings discussed above, I propose an integrated stakeholder framework illustrated in Figure 6. The framework provides a conceptualization of the interdependent relationships among LPOs, MBEs, and stakeholders and the dyadic relationship facets that require development and active management to enable MBEs to strengthen their capabilities and create stakeholder impacts. The model is framed through stakeholder theory, encompassing the relationships between the MBE firm and its stakeholders, beginning with its LPO relationship. The dyadic relationship draws on the tenets of social exchange theory to show how a relationship between unequal partners can result in positive outcomes given a set of

relational characteristics. In the exchange relationship, MBEs deliver products and services to LPOs in exchange for a long-term contract that yields revenue for the MBE. The outcome of the exchange is largely determined by the four drivers of successful MBE-LPO relationships (i.e., strategic solutions, strong operational performance, shared values, and interfirm communications) and moderated by the power inherent in the relationship. LPOs are more likely to employ hard power, exerting bargaining power to coerce MBEs to accept contract terms, whereas MBEs are more likely to employ soft power, as discussed in section 5.2.3. This study's findings indicate that if LPOs and MBE's share common values, they will have collaborative and effective communications, which studies show can improve supply chain performance by the transfer of knowledge, training, and enhanced cooperation (Kim & Choi, 2015; Langfield-Smith & Greenwood, 1998).

These key relationship drivers increase the likelihood that MBEs can negate power asymmetries and have the resources to continue to innovate and grow. I suggest that developing and offering strategic solutions and cultivating a healthy relationship is necessary for MBEs to become an enabled supplier, giving it the confidence in the relationship to invest in resources (i.e., people, building assets, technologies) and capabilities (innovation, process improvements). While LPOs design and implement SD programs and bear much responsibility in managing and developing their MBE suppliers, the onus is on MBEs to provide LPOs a compelling value proposition and then deliver high-quality solutions. This framework demonstrates that the enabled MBEs, with their strong supplier relationships with LPOs, can make significant contributions to their stakeholder's wellbeing. These contributions include job creation, employee wages and benefits training and development, and community economic revival through taxes and the multiplier effect. On the other hand, MBEs benefit from the resources, capital, support, and

goodwill from these stakeholders, strengthening the MBEs' financial and operational capabilities and enhancing their performance to LPOs.

Figure 6. Conceptual Dyadic Relational and Stakeholder Framework



VI DISCUSSION AND CONCLUSION

In this closing chapter, I summarize the key findings linking back to the research questions and describe the contributions to theory and practice. I also include a discussion on this study's limitations and suggest future research to build on this study's findings. I conclude with a summation of my main arguments and closing thoughts for this dissertation.

VI.1 Summary of Findings

While supplier diversity has garnered considerable interest in practice, there has been scarce attention paid in academia examining its impact and the interfirm dynamics, particularly from the MBE supplier perspective, which this research addresses. This study is timely and relevant in the context of an increased focus on stakeholder capitalism in the corporate community, global supply chain risks, and rapidly changing demographics. My dissertation explores three research questions that pertain to issues where little research has been done. I employ an inductive multi-case method to expand the breadth of SD literature by revealing the MBE perspective on their relationships with LPOs and their effect on various stakeholders, particularly those in the underserved communities. Multiple cases create robust theory as the propositions are more deeply grounded in varied empirical evidence (Eisenhardt & Graebner, 2007).

Drawing on empirical data from four MBE firms and stakeholders of one focal firm through the lens of Social Exchange Theory and Stakeholder Theory, I developed propositions that underlie the proffered theoretical framework linking MBEs, LPOs, and MBE's stakeholders. While this research is broad and, in essence, combines two areas of concern, namely the buyer-supplier relationships and stakeholder impact, marrying these streams together is necessary in order to provide a holistic understanding of how SD can be a catalyst for economic and social benefits for MBEs and their stakeholders.

The first research question focuses on MBE perspectives regarding SD, grounded in their experiences competing for B2B supplier contracts. Corporations implement SD intending to be a vehicle to develop strategic partnerships with MBEs, enabling them to grow to scale and make a meaningful impact on their stakeholders. However, while many LPOs publicly espouse the merits of having a supply chain that reflects demographic diversity, minimal progress has been achieved to increase the number of MBE suppliers and grow them to scale. According to the NMSDC, LPOs direct an average of two percent of their total spend to minority-owned businesses, while MBEs comprise 30% of all businesses in the U.S. My findings indicate that contrary to the LPO goals and mission of these programs, MBEs generally believe they have had little effect in helping MBEs achieve a larger share of the corporate supply chain. Indeed, developing strategic relationships with LPOs is difficult but can be done by offering strategic solutions and meeting LPO service expectations, as evidenced by the enabled MBEs in this study. The MBE CEOs noted that their business's growth had been achieved mainly by developing customer relationships irrespective of SD influence; however, there appears to be a significant shift recently where LPOs are increasing their commitment to the minority communities by leveraging their SD initiatives to support MBEs. For SD to become more effective, LPOs must demonstrate a strong commitment to these programs through their actions, such as developing holistic impact metrics, providing more resources to support SD efforts, and expanding supplier development programs. It may also behoove SD professionals to regularly check-in with their existing MBE suppliers to understand the challenges they encounter and have a forum to discuss suggestions for improving their programs' effectiveness.

This research identifies the relationship qualities underpinning mutually beneficial relationships by drawing on insights from both MBEs and SD leaders to address the second

research question pertaining to the MBE-LPO relationship's qualities that enable MBEs. My study's focal company (MBE1) allowed me to study an extreme case (Yin, 2018) to derive insights into how it has enabled itself to grow to scale, mainly by producing strategic solutions and the depth of relationships forged with its LPO customers. This study's findings suggest that enabled MBE suppliers are qualitatively different from the vast majority of MBEs in terms of the products they sell and the quality of relationships they build with their customers. I find that MBEs' supplier relationships with LPOs are more likely to result in positive outcomes when the MBE produces a high-value product or service, delivers strong performance for LPOs. I also find that shared values and interfirm communications are facets that lead to trust and commitment between MBEs and LPOs. A new relationship must begin with early successes, even if they are incremental, to set a positive tone between the companies. Examples of early successes can be demonstrating a clear understanding of the requirements, meeting initial deliverables, demonstrating responsiveness and an openness to learning from each other, and offering suggestions for process or product improvements. The study's results also show that the MBE's ability to enhance its resources and capabilities is influenced by its LPO customer's approach to exerting its power. I supplement the findings with insights drawn from three other MBE CEOs, who have successfully grown their business as strategic suppliers to LPOs. The sentiments expressed by the CEOs converged on similar perspectives and relationship themes, strengthening the study's validity.

By addressing the third research question, I show how enabled MBEs can create value for their primary stakeholder groups, including employees, suppliers, customers, investors, and communities. I find that MBE-LPO relationships that are anchored in traditional procurement practices, where LPOs use their power to maximize their gains and approach the relationship through a transactional lens, can lead to unintended consequences and adverse outcomes for

MBEs, such as high employee turnover, low service quality, and inability to improve their capabilities. If MBEs cannot achieve their minimum financial objectives, the relationship will likely suffer as MBEs will reduce the expenses necessary to support the LPO effectively. While many LPOs promote their intention to develop mutually beneficial partnerships with their MBE suppliers, their decisions and actions do not always match the intentions because they are often driven by rigid corporate policies to maximize their bottom line. I find that enabled MBEs, with a stakeholder-oriented approach, can positively impact their critical constituents, especially those in the underserved community, which in turn generates goodwill and support from these stakeholders, equipping the MBEs to continue to grow with enhanced offerings and improved operational performance.

Table 15 summarizes the key findings for the study's three research questions aligned with the propositions developed in this study.

Table 15. Research Question, Proposition, and Key Findings

Research Question	Proposition	Summary of Key Findings
1. How do MBE suppliers perceive the efficacy of SD in creating mutually beneficial outcomes?	P1, P2	<ul style="list-style-type: none"> ▪ Low Efficacy, yielding little impact; Increasing relevancy ▪ Perceptions: Checking the box, under-resourced, narrow impact measures ▪ SD growing influence and relevance ▪ Recommendations: Focus on impact, mentoring programs, Bring in MBE Suppliers earlier in the procurement process
2. How do MBEs and LPOs overcome relational challenges to form strategic partnerships enabling the MBE?	P3, P4, P5, P6, P7	<ul style="list-style-type: none"> ▪ Strategic Solutions; Performance, Shared Values, Interfirm Communication ▪ Moderated by Power; which can be shift over time from LPO to MBE ▪ Enabled MBEs = High-Value Solutions + Embedded LPO Relationship
3. How do enabled MBEs impact stakeholders in underserved communities?	P8, P9, P10, P11	<ul style="list-style-type: none"> ▪ Employees: Wages & Benefits, Development, Intangibles, ▪ Suppliers: Growth and Reputation Building ▪ Investors: ESG Impact Investments Return on investment ▪ Communities: Economic Development; Multiplier Effect, Revitalization

VI.2 Contributions to Theory

This research was conducted through the lens of the engaged scholarship framework, with the dual aim of contributing to practical problem solving while also adding novel insights to theory and literature (Mathiassen, 2017). I contribute to the SD literature in several ways. First, the prior general buyer-supplier relationship literature has offered limited insights into the LPO-MBE dyad, with minimal research examining the MBE perspective, even though they represent one of the fastest-growing segments in the economy. By adopting the MBE's perspective, this study provides a more holistic view of the challenges in SD and key drivers to successful LPO-MBE relationships. Despite the benefits of becoming certified, MBEs generally do not perceive traditional SD programs as effective in assisting them to develop and maintain supplier relationships with LPOs. I extend prior literature by casting light on the experiences that MBEs have when trying to win business from LPOs and offer recommendations for improving SD programs.

Second, this study introduces the concept of an “enabled” MBE as part of an MBE typology that conceptualizes four MBE types. Previous SD literature has generally viewed MBEs uniformly, irrespective of size, capabilities, and scope of services. There are drawbacks to generalizing MBEs as a homogeneous group as this can obscure the effect of high-performing MBEs and may not illustrate the unique issues facing different types of MBEs. However, my findings suggest that there is variation of the MBE's value proposition and the relationship depth they have formed with each of the LPO clients. By considering two dimensions concurrently, this study proposes a typology based on the “MBEs Value Contribution,” or the relative value of the supplier solutions to the buyer, and “Depth of Interactions,” or the degree of relationship depth between the buyer and the supplier. I conceptualize “enabled” MBEs as suppliers that sell high-value solutions and have entrenched strategic relationships with their LPO customers. I find that the combination of becoming a strategic supplier, delivering high-value solutions to the LPO, and establishing long-

term relationships enables MBEs to grow to scale, a rarity among the vast majority of MBEs. Enabled MBEs are more likely able to enhance their capabilities by hiring new employees, paying higher wages and benefits to retain and attract quality talent, providing employee training and development programs, and relying heavily on their supplier partners, who in turn grow as a result of supporting the MBE.

Third, by drawing on Social Exchange Theory literature and insights that emerged from this research, I propose a relationship-stakeholder framework portrayed in Figure 6 that brings in sharp focus the interconnectedness between MBE-LPO relationships and stakeholder impact. Prior studies have only conducted a partial investigation of the relationship framework; thus, this study contributes to the literature by integrating different perspectives and, more importantly, reveals the interconnected nature of the supply chain with the supplier stakeholders. The framework identifies key drivers for establishing solid relationships with LPOs (i.e., strategic solutions, supplier performance, shared values, and interfirm communications). Understanding the dyadic relationships from the MBE perspective also allows us to understand how MBE's can affect their stakeholders, a perspective that is rare in the SD literature. This study illustrates that employees, suppliers, community partners, and investors experience benefits when MBEs can develop strategic and entrenched supplier relationships with LPO customers. Conversely, if LPOs squeeze MBEs with lower prices and restrictive contract terms and the relationship is governed as an arms-length transaction, MBEs will likely be constrained in their ability to meet their profitability goals and meet LPO service requirements. In these scenarios, stakeholders will likely feel these effects, leading to employee turnover, less committed resources and partners, and pressure to cut operational costs, leading to lower service quality.

Fourth, this study combines two complementary theories (Social Exchange Theory and Stakeholder Theory) for predicting positive outcomes in interfirm relationships and how they can affect different stakeholder groups. By applying Social Exchange Theory reciprocal concepts to the LPO-MBE relationship, I show how mutually beneficial dyads can be empirically linked to increased stakeholder value. Furthermore, with the novel and rich insights derived from the stakeholder interviews, I contribute to Stakeholder Theory by showing how companies, in this case, LPOs, can affect their suppliers' stakeholders, such as employees, suppliers, and communities. This secondary stakeholder impact demonstrates how ripple effects from the buyer-supplier relationship can spread beyond the dyadic relationship, extending Stakeholder Theory to tier two stakeholders, supporting the underlying rationale for many SD programs.

VI.3 Contributions to Practice

Based on my findings, there are practical implications for MBEs, LPOs, and public policymakers, as outlined in this section.

VI.3.1 Contributions for MBEs

This study makes three practical contributions for MBEs. First, the MBE typology provides MBEs with a practical tool to assess their various LPO relationships to strengthen them if they are not enabled yet. This research suggests that MBEs should frequently assess each of their customer relationships through the lens of the proposed typology to understand potential risks and opportunities associated with the relationship to formulate strategies to improve its strength. Enabled MBEs can also serve as models to other small, nascent MBEs showing them how to grow their business as a strategic supplier to LPOs.

Second, my findings identify the relationship characteristics with LPOs that can enable the MBE to position itself for growth by developing its resources and capabilities. The findings show

that MBEs must develop a compelling value proposition and produce innovative, value-added solutions that contribute to the LPO's competitiveness to be considered a strategic supplier. MBEs not only have to compete with other non-MBE suppliers in their industry but also with other MBE suppliers in other industries whom LPOs can spend with to reach their diverse spending goals.

Third, the findings suggest that enabled MBEs are likely in a position of strength relative to LPOs based on their relationship's strategic value and embedded nature. LPOs are heavily invested with enabled MBEs suppliers and would experience high replacement costs if they had to replace the supplier. As such, enabled MBEs do not need to capitulate to onerous LPO requirements and contract terms if they constrain their ability to operate and grow profitably.

VI.3.2 Contributions for LPOs

The research findings have several implications for LPOs. First, by revealing the perceptions that MBE's have regarding SD programs and their recommendations for improving these programs' effectiveness, this research offers guidance for LPOs to rethink how they design and implement more effective SD programs. To improve SD programs' efficacy, LPOs need first and foremost to understand concerns, challenges, and barriers from MBEs. The views and recommendations offered by MBEs in my research are a starting point for designing more effective SD programs and call for more corporate support and resources to SD teams, refocusing traditional supplier management to one that focuses on supplier development, and broadening the measures that assess the efficacy of their SD initiatives.

Second, my findings suggest ways that LPOs can develop stronger supplier relationships with MBEs, including recognizing that exerting their maximum power can negatively affect their MBEs' long-term performance. LPOs should realize that marginalized MBEs will have difficulty delivering quality products and services to meet LPO's requirements and end up with higher search

and training costs in the long run. This research also suggests that LPOs can increase the likelihood that MBEs will be successful if they are treated as strategic partners rather than transactional commodity suppliers. By giving MBEs access to resources, internal training, and development programs, LPOs can help MBEs improve their quality and delivery performance.

Third, companies with SD programs can follow the lead of the LPOs in this study by examining the total economic impact resulting from their relationships with MBEs. This study includes several measures that, if considered and measured systematically, can help LPOs better track their SD progress and the impact they are making beyond the procurement spend they have with MBEs. By taking a more progressive approach to measuring impact by broadening the efficacy measures for their SD programs, primarily from a singular focus on procurement spend on MBEs to total economic impact, LPOs will better assess their programs' efficacy.

VI.3.3 Public Policy Implications

This research also provides several policy implications for government officials and public policymakers to support the private sector, creating conditions for a conducive business environment in underserved communities. Local governments can support businesses in underserved communities by providing incentives through tax abatements, job credit incentives, and public services to support a healthy business environment. Further, by propelling the private sector to start new companies and locate in underserved communities, local governments can help stimulate job creation that improves productivity and sustainably boosts living standards. One of the prime reasons minority communities are underserved is the lack of a sustainable tax base funded from economic development initiatives. This research shows that minority-owned businesses can serve as a bridge for large corporations seeking ways to impact communities positively. A business needs a healthy community to provide resources, including creating demand

for its products and providing critical public assets and a supportive environment, and a community needs successful businesses to provide jobs and wealth creation opportunities for its residents (Porter & Kramer, 2011).

I show through the focal firm that economic development initiated and maintained by the private sector presents a sustainable solution for community revitalization, relying on profits to continue the growth and investment cycle. The findings show the multiplier effect in action, which should give government officials motivation to design better incentives or deal to attract MBEs. Indeed, MBE1's entry into two underserved communities was motivated not only by its social-driven business model but also by the incentives and training grants that local governments offered them.

VI.4 Limitations and Future Research

My study is not without limitations, which may be able to be addressed in future studies. First, I was restricted from conducting onsite observations and interviews except for the focal firm, MBE1, due to the Covid-19 pandemic. I would have preferred to conduct interviews at each of the MBE sites meeting with leaders and touring their operations to understand their business model and interactions with their LPO customers. However, I did spend considerable time with the focal firm, MBE1, which allowed me to participate in meetings with their LPO clients, potential customers, and internal meetings with leaders and employees.

Second, I focused this research on established MBEs who have experienced success in growing their business to achieve literal replication (Yin, 2018). While the CEOs of these firms provided detailed accounts of their experiences with SD and the relationship facets that enable or hinder their growth, all four firms can be considered extreme MBE cases given their size and strategic solutions compared to the vast majority of MBE firms with a small number of employees

and revenue. Future research could compare the enabled MBEs with other types of MBE firms that have been less successful in growing their business. In this regard, the MBE typology could be the basis for future research examining various relationships in each of the four categories and how MBEs transition from a transactional relationship to one that enables their growth.

Related to the prior limitation, I selected one focal firm to examine stakeholder effects for practical reasons. Some of the findings observed with MBE1 firm are likely idiosyncratic to this firm's contextual characteristics and stakeholders. While I believe the characteristics identified for enabled MBEs generalize beyond the focal firm, future studies should test my findings with other firms in different contexts. In the same vein, I examined one paired dyad between the focal MBE and four of its LPO customers. Future studies could expand this line of inquiry by examining additional dyadic assessments to assess whether other relationship factors emerge that lead to mutually beneficial relationships. Survey methodology can be used in this endeavor.

Third, this study focused on SD programs in the U.S. As multi-national corporations expand their SD initiatives beyond the U.S., future research could explore how these programs operate abroad from the supplier perspective and if the intended economic impact has similar or dissimilar effects in foreign contexts. While dynamics between LPOs and MBEs may be similar in non-U.S. countries, national culture and demography differences may complicate the relationships between LPOs and MBEs. Therefore, it would be interesting to study the role of country differences in SD.

Fourth, given the stakeholder focus with MBE1, I interviewed one or two informants in the supplier, government, community, and investor groups. Given this study's broad scope, I believe that there are abundant research opportunities to deepen these findings by examining the interplay between LPOs, MBE, and specific stakeholder groups. For example, studies could focus on one group to develop new or refine stakeholder theories.

Finally, this study provides a foundation for future research examining how SD programs may change due to renewed focus on stakeholder capitalism and the recent focus on social justice issues. For example, a research study could examine if and how MBEs are affected by changes in SD programs due to LPO's renewed support of minority communities in light of recent social justice movements. It may also be worthwhile to understand MBE sentiments about accepting business opportunities driven by race and assess whether LPO's prioritized SD efforts have impacted their spending levels with diverse firms. Stated differently, are the recent pronouncements by LPOs merely symbolic rather than substantive SD efforts occurring?

VI.5 Conclusion

Since its inception nearly fifty years ago, corporate SD practices have been largely unchanged. However, the economic and social environment has changed dramatically in the country, with minorities on track to become the majority by 2050 and MBEs growing at double the non-minority firms' rates. The scant research in SD, especially from the MBE perspective, underscores the importance of having a comprehensive understanding of the factors that underlie relationships' success and enabling MBEs to grow and thrive. Contrasted to prior SD research that has emphasized the LPO buyer perspective, my study sheds light on the MBE supplier perspective and their stakeholder impact through three research aims. First, I elucidate the MBE perspective regarding supplier diversity initiatives' efficacy based upon their experiences supplying goods and services to LPOs. Second, I reveal the interfirm characteristics between LPOs and MBEs likely to result in mutually beneficial outcomes. Third, I explored how SD programs can enable MBEs to grow and invest in resources and capabilities, which produce stakeholder value.

I have shown that LPOs can leverage their SD programs as a vehicle for enabling MBEs to create economic impact in underserved communities by intentionally redeploying their existing

procurement spend. However, while practitioners promote the benefits of corporate SD programs, most of these programs have not yielded the desired impact for the investment over the last few decades. There are very few large-scale MBEs, and the overall MBEs' contribution to the economy has been far below their proportion in the U.S. population. The results indicate that traditional SD practices have been inadequate to meet this moment in time for MBEs. However, I am encouraged that there appear to be movements in the right direction as corporations have begun to renew their commitment and efforts in SD to support MBEs and underserved communities. As companies search for meaningful solutions to address social justice issues, SD plays a critical role in bridging social purpose with inclusive economic growth.

My research also provides empirical support for studies such as Porter (1995) that argue companies who generate profits supporting social purposes represent a higher form of capitalism, which leads to a positive cycle of stakeholder prosperity. With a confluence of recent events across the social, economic, and demographic landscape converging, my engaged scholarship study matters in a time of disruption, casting an essential light on minority businesses and their impact on underserved communities. This study has important implications for the buyer-supplier and stakeholder literature, revealing how minority businesses can become a change agent for underserved communities and help move the U.S. closer towards economic equality and inclusion.

APPENDIX

Appendix A: Recruitment Email

Dear Potential Interviewee,

As a key stakeholder to a minority-owned business, you are invited to participate in a research study on supplier diversity relationships and the impact minority businesses have on their stakeholders and communities. An interview will be conducted in person at a location that is convenient for you. If you do not have a convenient location that will allow for social distancing and privacy during the interview or prefer not to use such a location, the interviews will take place over a secure WebEx teleconference bridge. The purpose of this study is to understand better the impact of relationship characteristics between corporate buyers and minority business suppliers and their impact on communities.

Participation in this study may not benefit you personally. However, I hope to gain a better understanding of how minority-owned businesses can develop strong relationships with their stakeholders in order to grow and thrive in the communities they are located in. A total of 20 to 25 participants will be recruited for this study. Each interview is expected to take no more than 90 minutes of your time. If necessary, I may follow up with you to request a second interview to clarify any items from our initial interview. The follow up interview should last no more than 30 minutes.

Please note that participation in this research study is voluntary. You may choose to withdraw your participation at any time. Should you choose to participate in this research study, a formal consent letter and interview protocol will be emailed before the scheduled interview.

Please feel free to reach out to me if you have any questions or concerns.

Sincerely,

Ashok Vairavan
Principal Investigator
Doctorate Candidate, Class of 2021
Robinson College of Business, Georgia State University
Tel: (770) 313-1992
Email: avairavan1@student.gsu.edu

Appendix B: Interview Protocol

Principal Investigator – Student: Ashok Vairavan | Principal Investigator – Faculty: Peter Zhang

Leveraging Supplier Diversity: How Enabled Minority Business Enterprises Can Regenerate Distressed Communities

Interview Guidelines:

1. In-person interviews with informants will be conducted at their offices if it is feasible.
2. Interviews conducted over teleconference will be scheduled with each informant using Cisco WebEx conferencing software.
3. At the beginning of each interview, the participant will be informed of the study's purpose.
4. I will provide a copy of the previously signed informed consent document to each informant, reminding them of their consent and their right to end the interview at any time.
5. I will provide a short introduction and purpose of the study to the participant.
6. I will explain the format of the interview and that the entire interview will be audio recorded.
7. I will inform participants when I start recording before beginning the interview.
8. There are three separate interview guides, which I will use for each group. (i.e., MBE-Supplier firm, LPO-buyer firm, MBE Stakeholder).
9. All in-person interviews will be transcribed immediately following the sessions, and participants will be given the opportunity to review the transcripts of the interviews once it becomes available within 30 days of the interview.
10. I will thank participants for their participation and provide contact information if they have follow-up questions or concerns.

Research Method: Qualitative Multi-Case Study Design

Total Interviews: 20 to 25

Research Questions:

1. Why do interfirm relationships between LPOs and MBEs often fail to generate mutually beneficial outcomes?
2. How can an MBE and an LPO overcome relational challenges to develop a strategic partnership enabling the MBE to grow to scale?
3. How do enabled MBEs impact stakeholders in distressed communities?

Appendix C: Informed Consent Form

**Georgia State University
Department of Managerial Sciences
Informed Consent for Interview**

Title: “Leveraging Supplier Diversity: How Enabled Minority Businesses Can Regenerate Distressed Communities”

Principal Investigator Faculty: Dr. Peter Zhang

Principal Investigator Student: Ashok Vairavan

I. Purpose:

The purpose of the research study is to investigate the supplier diversity relationships and the impact minority businesses have on its stakeholders and communities. You are chosen as a candidate for an interview because you a key stakeholder to a minority-owned business. A total of 20 to 25 participants will be recruited for this study. The interviews should take no more than two hours of your time.

II. Procedures:

If you volunteer for the study, you will be asked to participate in an interview. There are no right or wrong answers to questions asked in the interview. Please answer the questions honestly. Investigators will take notes during the interview. With your consent, your interview will also be digitally audio-recorded to facilitate data collection. The interview will be conducted by phone via a secure WebEx conference bridge or in person at your place of work. The interview should take no more than 90 minutes of your time. If necessary, I may ask you to participate in a follow up interview. The follow up interview should last no more than 30 minutes.

III. Risks:

In this study, you will not have any more risk than you would face in a normal day of life.

IV. Benefits:

Participation in this study may not benefit you personally. However, I hope to gain a better understanding of the impact of relationship characteristics between corporate buyers and minority business suppliers and their impact on communities. Moreover, many organizations may benefit from a deeper understanding of supplier diversity impact on minority owned businesses and the communities they are located in.

VI. Voluntary Participation and Withdrawal:

Participation in this research is voluntary. If you decide to participate but change your mind later, you have the right to drop out at any time. You may skip the interview or stop participating at any time.

VII. Confidentiality:

I will keep your records private to the extent allowed by law. The following people and entities will have access to the information you provide:

- . Principal Investigator - Student: Ashok Vairavan
- . Principal Investigator – Faculty: Peter Zhang
- . GSU Institutional Review Board
- . Office for Human Research Protection (OHRP)

I will use a random identification number rather than your name on study records. The information you provide will be stored as password-protected files on the PI’s and student investigator’s computers. These computers are protected by a username, password, and firewall. When I present or publish the results of this study, I will not use your name or other information that may identify you. The code sheet, all paper documents and digital audio recordings produced for this research will be stored for two years and then destroyed. Your name and other facts that might identify you will not appear when presenting this study or publishing its results. The findings will be summarized and reported in group form. You will not be identified personally.

VIII. Contact Information:

Principle Investigator - Student:
Ashok Vairavan
Georgia State University
email: avairavan1@student.gsu.edu
Phone: +1-770-313-1992

Principle Investigator - Faculty:
Dr. G. Peter Zhang
Georgia State University
e-mail: gpzhang@gsu.edu
phone: +1- 404-413-7557

If you have questions about your rights as a research participant or questions, concerns, or complaints about the research please contact the GSU Office of Human Research Protections at 404-413-3500 or irb@gsu.edu.

IX. Copy of Consent Form to Subject:

I will give you a copy of this consent form to keep.

If you are willing to volunteer for this research and be audio recorded, please sign below.

Participant

Date

Principal Investigator or Researcher Obtaining Consent

Date

Appendix D: MBE Interview Questions

- | | |
|--------------------------------|--|
| Background | <ol style="list-style-type: none"> 1. How long has your company been in business? 2. What industry does your business operate in? 3. How many employees does your firm have? Is this an increase or decrease from three years ago? 4. Describe your firm's products and services and value proposition? 5. Approximately what percentage of your workforce is minority? |
| MBE Experiences | <ol style="list-style-type: none"> 6. Has your company benefited as a result of your certified MBE status? If so, what are the benefits? 7. In your opinion, are the biggest challenges that MBEs encounter internal or external to the firm? Please explain. 8. What are the 2 to 3 most significant challenges and barriers that MBEs generally face when trying to grow their business that non-MBE firms do not face? 9. What are the biggest mistakes that MBEs make when trying to grow their business? |
| Supplier Diversity Perceptions | <ol style="list-style-type: none"> 10. Based on your experiences, are supplier diversity programs effective in supporting MBEs in general? Why or Why not? 11. To what extent have corporate supplier diversity programs helped your business grow? On a scale of 1 to 10, rate the extent that SD has been responsible for your company's growth over the last five years. 12. In your opinion how should corporations measure the effectiveness of their supplier diversity programs? 13. How would you change supplier diversity if you could? |
| MBE Relationships with LPOs | <ol style="list-style-type: none"> 14. Has the size of your contracts with large corporate buyers grown in the past five years, remained the same, or decreased? 15. Describe how you have been able to secure contracts with your large corporate clients? 16. Do you believe relationships between LPOs and MBEs generate mutually beneficial outcomes? Why or Why not? 17. What are the most significant impediments to successfully doing business with large corporate buyers? 18. How can an MBE and a large corporate buyer overcome these challenges to develop a strategic partnership enabling the MBE to grow to scale? 19. How can MBEs become a more valuable supplier to large corporate buyers? 20. In your view, what are the relationship characteristics that lead to successful partnerships with LPO clients? Please describe an example of any positive working relationships you have had with LPO clients. 21. In your view, what are the relational characteristics with corporate buyers that can lead to adverse outcomes for MBEs? Describe an example of any negative working relationships you have had with LPO clients. 22. If you could ask one question to another MBE owner or a corporate buyer to advance this research and gain insights on supplier diversity, what question would you ask? |
| Communities | <ol style="list-style-type: none"> 23. How did you decide where to establish locations for your business? 24. How are some ways in which MBEs able to help create impact in distressed communities? 25. What firm characteristics (i.e., capabilities, size) are necessary for MBEs to create lasting economic impact in the communities they are located in? 26. Are you located in an historically under-resourced community or neighborhood? <ol style="list-style-type: none"> a. If yes, how has being located in a distressed community helped enhance and strengthen your firm's resources? 27. Do you believe under resourced communities can best be served by the public funding by governments or by the private sector investments and economic development? |

Appendix E: Coding Schemes

MBE Coding Scheme

IV Section	First Order Codes	Second Order Codes	Themes
Minority Business Experiences	Learning	CertificationBenefits	Minority Business Experiences
	Opportunities		
	NegativelyPerceived	External Challenges	
	Limited Financing		
	Supplier Consolidation		
	LackofResources	Internal Challenges	
	LackofKnowledge		
	Lack of Relationships		
Lack of Capital			
MBE Perspectives on Supplier Diversity	GateKeepers	Negative Perceptions	MBE Perspectives on Supplier Diversity
	Uncommitted		
	ChecktheBox		
	LackofKnowledge		
	Beneficial		
	Lack of Leadership	RecommendationsSD	
	Leadership Support		
	AddMentoring		
	Create Opportunities		
	Update Goals	SD Efficacy Measures	
	MBEsAdded		
	DiverseSpend		
NumberofOppty			
JobsCreated			
Dyad Relationship Factors	InnovativeSolutions	Shared Values	Dyad Relationship Factors
	MutualAccountability		
	RelationshipApproach		
	PerformWell		
	Transactional	Negative Relationships	
	LackofSupport		
	ImplicitBias		
	ExertPower		
Community Impact	MultiplierEffect	Stakeholder Impact	Community Impact
	Underserved		
	GovSupport		
	Jobs		

LPO Coding Scheme

IV Section	First Order Codes	Second Order Codes	Themes
Background	SmartBusiness	SD Rationale	Background
	ReflectCustomers		
	ExtensionofWorkForce		
SD Program	#ofMBESuppliers	SD Goals	Supplier Diversity Program Background
	How GoalsEstablished		
	MBEMentoring		
	EconomicImpact		
	MBEMentoring		
	CredibleMBEs	Sourcing Decisions	
	ResourcesandScale		
	Referred		
	FinancialViable		
LPO Relationships with MBEs	Strategic	Positive Relationships (Shared Values)	Relationship Perceptions
	RelationshipDriven		
	RecomendationsforMBEs		
	PerformWell		
	LackofScale	MBEChallenges	
	NotPrepared		
	GrowTooFast		
	Commodity		
	NonMBEIncumbent	LPOChallenges	
	MBEOwnershipSuccession		
	UnconsciousBias		
	SupplierConsolidation		
	Underresourced		
	LackofIntention	NegativeRelationships	
	AdverseContractTerms		
LackofPerformance			
Communities	MarketInsights	Stakeholder Impact	Community Impact
	EconomicImpact		
	GovernmentRole		

Stakeholder Coding Scheme

IV Section	First Order Codes	Second Order Codes	Themes
Background	Role	History	Personal Background
	ConnectionToChime		
	Location		
	Tenure		
	WorkBackground		
Employees	Personal Develop	Development	Employee Impact
	ProfessionalDev		
	Lifelmpact		
	PersonalObstacles		
Suppliers	Services	Tier 2	Supplier Impact
	ImpacttoBusiness		
	SupplierDiversity		
Community	Demographics	Economic Impact	Community Impact
	Economy		
	BiggestChallenges		
	Perceptions		
	ChimeImpact		
	History		
	Talent		
Revitalization	GovRole	Government	Role of Business and Gov
	RoleofBusiness		
	ImpactofMBEs		

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VITA

Dr. Ashok Kasi Vairavan has 25 years of professional experience working for both Fortune 500 and start-up companies in senior role capacities. His background consists of cross-functional leadership roles in strategy, business development, and client management. He held project management positions at Dun & Bradstreet, which led to an opportunity to help startup company Ryla Teleservices. As the first employee, Ashok helped grow the company from start-up revenue to a nationally recognized business process outsourcing firm generating over \$150 Million in annual revenue, holding senior-level roles in client services, business development, and financial planning. After Ryla was sold, Ashok joined Deloitte Consulting as a strategy and operations consultant in its Customer Operations and Strategy Practice, leading contact center transformations for large market clients. Ashok then rejoined his former leadership team at eVerifile, where he was responsible for Marketing and Business Development for the HR software as a service firm. Ashok was also a part-time professor at Kennesaw State University Coles College of Business, where he taught the undergraduate Capstone Strategic Management course from 2016 to 2018. Ashok is currently the Managing Partner for Business Development and Client Strategy at Chime Solutions, a business process outsourcing firm located in Morrow, GA, helping grow the company to over \$100 Million in annual revenue within its first six years.

In 2020, Ashok published his first academic paper with his advisor Dr. Peter Zhang, “Does a diverse board matter? A mediation analysis of board racial diversity and firm performance.” in the Journal of Corporate Governance.

In addition to his Doctorate in Business Administration from the J. Mack Robinson College of Business at Georgia State University, Ashok earned a Bachelor of Arts degree in Communication Management from the University of Dayton in Dayton, Ohio, and a Master’s in Business Administration from Kennesaw State University in Atlanta, GA.