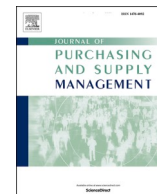




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## Reputational enablers for supplier diversity: An exploratory approach on the inclusion of war veterans and disabled people

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### ABSTRACT

This study investigates whether the inclusion of war veterans and disabled people in supplier diversity programs grants firms with reputational gains. With preliminary evidence collected in the *content analysis* of supplier diversity programs and diverse groups considered by S&P500's top 100 companies, we conducted a duo-factorial scenario-based experiment with a multi-stakeholder approach, exploring the reactions of the general public, customers, investors, and potential suppliers to these initiatives. In particular, we analyse whether their views on companies' benevolence and competence (trust) are affected. We also investigate the potential impacts on these stakeholders' overall attitude towards firms, as the construct represents a proxy of corporate reputation. The empirical results show that including these groups does not impact the way companies are perceived, suggesting that the communication of supplier diversity programs is not always efficient in creating positive images (e.g., greenwashing, social washing). We discuss these outcomes in the context of stakeholder theory and in the debate contrasting the strategic and moral incentives for adopting supplier diversity programs.

### 1. Introduction

Research on supplier diversity is developing rapidly, linking the debate on purchasing and supply chain management to pressing social matters (Sordi et al., 2022). Concurrently, supplier diversity “involves the purchasing of goods and services from businesses owned and operated by visible minority groups” (Adobor and McMullen, 2007, p.219), encompassing the search for novel sustainable supply sources “as a means to expand competition” (Sollish and Semanik, 2012, p.109). In this vein, the fight against prejudice and discrimination appears as a main goal, with the search to provide equal opportunities for all standing out (Blount and Li, 2021). Coherent with these views, companies' supplier diversity programs are argued to bring “diverse and underrepresented populations of suppliers” closer to “produce both economic and social impact” (Sordi et al., 2022, p.100751).

Typically, these analyses focus on the organisational benefits of maintaining diverse supply networks, including a greater propensity for innovation (Ram and Smallbone, 2003), sustainability gains (Mani et al., 2015), and better financial performance (Richard et al., 2015), among others. In other cases, studies focus on the promotion of equal opportunities (e.g., Chrispal et al., 2021; Hecht, 2020; Nkomo et al., 2019). While the first group relates to strategic incentives for adopting supplier diversity programs (i.e., potential sources of differentiated performance and sustained competitive advantage), the second refers to

morality-linked incentives (i.e., doing what is considered right). These and other issues have gained prominence in recent decades to the point that the European Union (EU) has promoted specific regulations to favour the establishment of stricter ethical and moral standards within and across companies (KPMG, 2023). Following the tendencies of social demands, this and other efforts must encompass the relationship that firms maintain with their surroundings, with supplier diversity programs being one of the main issues to be incorporated.

Yet, despite valuing inclusion, mainstream supplier diversity scholars seem to have more interest in some minorities over others, as empirical studies on less popular groups are rare, or even non-existent. In this sense, of the five minority groups highlighted by Blount and Li (2021) (i.e., ethnic groups, gender, sexual orientation, war veterans, and disabled people), the last two seem to attract little academic attention. In this regard, the authors point to the dominance of studies focusing on ethnicity, with most empirical data referring precisely to this classification. Gender-related issues (e.g., Paiva et al., 2020; Atal et al., 2019) and inquiries on suppliers owned by individuals who express distinct sexual orientations have also concentrated a significant portion of the research (e.g., Steiger and Henry, 2020; Mallick, 2020; Swan, 2018). However, previous literature has not paid enough attention to war veterans and disabled people, regardless of their relevance to society. This seeming imbalance is one of the reasons why these two under-researched groups were considered the main objects of the study.

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Comprising members of the armed forces who actively participated in conflicts, war veterans account for approximately 7 % of the US population (United States Census Bureau, 2022). The group divides opinions, being both praised by those who recognise bravery, honour, and sacrifice in their efforts (Klay, 2014), and execrated by those who understand that participation in wars is a vector of violence and injustice (Scott, 2017). Regardless of positive or negative views, the fact remains that war veterans are often seen as a differentiated segment of society (Renna and Weinstein, 2019), with their status – and occasionally their physical and psychological conditions – potentially making it difficult for them to succeed in the marketplace (Wyse et al., 2020). To remedy this situation, many companies include war veterans in their supplier diversity programs (e.g., General Motors, 2022; Walmart, 2022; Boeing, 2020), providing them with a status similar to that granted to other groups (e.g., women, homosexuals, African descendants).

Although slightly more popular than ex-combatants, groups such as the one that encompasses disabled people also seem to be marginalised in empirical supplier diversity studies. Understood as all those who have physical or mental impairments that significantly impact one's ability to conduct day-to-day activities (UK General Medical Council, 2022), the group includes wheelchair users, amputees, blinds, and deaf, among others. As with war veterans, the specific conditions of disabled people combined with discrimination can prevent them from accessing the job market and the economy (Clifford, 2020), albeit about 16 % of the world's population "experience a significant disability" (World Health Organization, 2022). While the numbers are representative, many war veterans and disabled people continue to hold active economic lives, be it by choice or need. Integrating these groups is necessary to help fight discrimination.

Simultaneously, the reasons that lead companies to adopt supplier diversity programs can vary enormously. As stressed by Worthington et al. (2008), while some are guided by a sincere desire to promote what they consider fair, others seem motivated by the strategic dividends that these initiatives might offer. Reputational gains, for instance, are usually identified as critical in this direction (Worthington, 2009), with the maintenance of a diverse supply network contributing to a better evaluation of buyers among their various audiences (Richard et al., 2015). Once more, however, studies that explore these issues tend to focus on "popular minorities" (i.e., based on gender, ethnicity, sexuality, and religion). The little attention paid to the two mentioned groups of war veterans and disabled people significantly limits the reach of the literature, marginalising groups that are relevant in society.

Seeking to provide evidence to this under researched and important topic, and to allow a better understanding of the impacts of including war veterans and disabled people in supplier diversity programs, this study investigates the effect of these actions on different aspects of the reputational capital of companies, as much of the diversity debate is concentrated on building and managing positive images in the eyes of stakeholders (Sterbenk et al., 2022). More specifically, we investigate the impact of the inclusion of these minority groups on stakeholders' trust – both in terms of competence and benevolence –, and their overall attitude towards buyers. These three aspects offer a comprehensive perspective on companies' reputations, particularly on the elements argued to be more directly affected by supplier diversity programs. The objectives of this study can be translated then into the following research questions: (1) Does the inclusion of war veterans and disabled people in supplier diversity programs generate reputational gains for buyers who promote these initiatives?; and (2) Do these policies individually impact stakeholders' trust (benevolence and competence) and attitudes towards buyers?

Within an exploratory approach, we conducted a preliminary analysis to understand the outreach for these two groups in practice. In that path, we analyse S&P500's top 100 firms to identify whether they carry supplier diversity programs and, if so, which diverse groups are considered by them. We then investigate the impacts of such initiatives through a duo-factorial scenario-based experiment with a sample of 512

participants. In addition to contributing to the literature with empirical data to fill the gap between the two less-studied groups, the results evaluate firms' strategic incentives for the inclusion of war veterans and disabled people in their supplier diversity programs. Moreover, the research outcomes open space for discussion on the motivations that support these programs, with ethical issues and performance enhancement either complementing or opposing each other.

## 2. Literature review

### 2.1. Diversity as a corporate value

The idea that diverse workforces may benefit companies has been disseminated among scholars, with authors investigating the link between the inclusion of minorities and numerous positive outcomes for companies. Within this view, Sung and Choi (2021) suggest that diversity is a source of innovation in turbulent environments, while Lorenzo and Reeves (2018) associate it with financial achievement. Likewise, Luu et al. (2019) claim that gathering workers with different profiles leads to higher employee engagement, with Provasi and Hara-sheh (2021) arguing that female representation on boards is correlated with higher sustainability performance. The perception is also sedimented among practitioners as consulting firms such as McKinsey & Company (Hunt et al., 2015) and Accenture (2019) propose diversity as a way towards higher organisational performance. Altogether, these views pushed the popularisation of the debate, contributing to the creation of what seems to be a trend or fashion in the corporate world (Barak, 2022).

Diversity policies, however, have not been limited to the operations of individual companies, extending far beyond their organisational borders (Adobor and McMullen, 2014). Among the consequences of this process is the adoption of initiatives aimed at ensuring that the purchasing of products and services in B2B relationships take place in an equitable manner (Blount and Hill, 2015). This is equivalent to promoting business relationships with companies owned by individuals that make up minority groups (Flory et al., 2021), so they can overcome difficulties understood as structural (e.g., prejudice, discrimination) (Wright and Taylor, 2007). Gathering these ideas, the concept of supplier diversity has emerged, with literature offering the bases for policies that aim to promote inclusiveness throughout supply chains (Sordi et al., 2022).

Scholars have concentrated on analysing distinct issues, including buyers' willingness to purchase from ethnic minority businesses (EMBs) (Blount and Li, 2021), the perception of minority business managers in buying organisations (Blount, 2021), and the extent to which supplier diversity programs support entrepreneurship from minorities (McKinney, 2021). Given the multitude of contexts and applications of the supplier diversity debate, exploratory approaches have been particularly useful in identifying its many nuances. Authors such as Miguel and Tonelli (2023), for example, examined the status of diversity programs in a developing supplier economy, while Pirsch et al. (2007) investigated their promotional use.

Despite finding progressively increasing echoes among scholars and practitioners, adopting diversity criteria represents a prime change in organisational objectives, with the pursuit of profit maximisation giving space to societal goals (Jonsen et al., 2013). This suggests a profound transformation in the values guiding managers' decisions, as well as those influencing the reasoning of investors and government bodies (Turban et al., 2019). The liberal approach – advocated by authors such as Milton Friedman (1970) – seems to be at odds with stakeholders' current expectations.

When it comes to supply chains, this translates into a revision of the value attributed to criteria such as quality, dependability, flexibility, speed, and cost (Ferdows and De Meyer, 1990), with the search to build a diverse supply network becoming equally important. The dynamic may be seen as an attempt to overcome the inevitable trade-offs between

economic and social performance (Fracarolli Nunes et al., 2020), aligning the search for profit with the promotion of what some classify as social progress (Pirages, 2000). This movement corroborates the sedimentation of alternative strategic management views, according to which organisational survival and competition would not have social impairment as a corollary. The following section explores these ideas, presenting the theoretical basis for the study.

## 2.2. Supplier diversity and the stakeholder theory

In contrast to the search for maximum economic performance, approaches guided by moral choices propose that the organisation's objectives cannot be limited to obtaining profits, with the general well-being of society having priority (Parmar et al., 2010). The concept of corporate social responsibility itself is based on this fundamental idea, with organisations perceived as instruments for justice (Edwards and Kudret, 2017), and the promotion of equal opportunities for all (Sterbenk et al., 2022). *Stakeholder theory* incorporates these views into strategic management literature, proposing that the interests of all actors who can affect or be affected by companies' operations must be equally considered (Freeman, 1984).

Our multi-stakeholder approach is intended to capture the views of different counterparts, offering a thorough perspective on this issue. In particular, we investigate the feelings of those groups who have the power to take action in the face of diversity-related decisions, exercising, thus, direct pressure on companies. The focus is relevant as it connects the study with business practices, as stakeholder pressure is one of the main drivers for adopting responsible purchasing (Worthington et al., 2008). Investors, for instance, may base the allocation of their resources on diversity criteria, choosing to finance (or not) firms and projects aligned with this demand. Customers may choose to avoid products and services provided by companies eluding the supplier diversity agenda, with boycott threats being possibly more accurate illustration. In addition, potential suppliers are more immediately concerned with supplier diversity programs and are responsible for engaging (or not) with companies promoting or demanding diversity in their supply chains. Finally, the notion of general public seeks to incorporate the views of all those not objectively linked to the companies' operations, summarising society views broadly. Although not exhaustive, the stakeholders investigated are believed to offer a comprehensive view of this matter.

In practice, the incorporation of stakeholder theory into supply chains materialises in the form of stakeholders' exigencies, such as suppliers' demands for fair treatment (Chiarello and Libert, 2019) and the pressure exerted by other groups, so that companies maintain a healthy relationship with upstream partners. In their origins, supplier diversity programs fall into this second category, with original initiatives in this sense resulting from directed efforts by American authorities (Shah and Ram, 2006). Aiming to promote the economic development of populations marginalised by official policies of discrimination and apartheid, the National Minority Supplier Development Council was created in the early 1970s to guarantee that part of the raw materials used by companies was purchased from businesses owned by "communities of color" (i.e., Asian-Indian, Asian-Pacific, Black, Hispanic, and Native American) (NMSDC, 2022).

As other forms of discrimination came into the spotlight, issues related to supplier diversity extended to other groups, expanding the criteria of ethnic origin to include gender and sexual orientation (Blount and Li, 2021). In addition to governmental efforts to deal with these matters, companies' actions were driven by pressure from organised groups capable of exerting great influence on public opinion (Gillion, 2020), with corporate shaming campaigns and boycott threats being widely used (Change, 2022). These developments suggest that despite their different origins in practice, it is possible to identify in stakeholder theory the conceptual bases that have justified the adoption of supplier diversity programs, mainly about rebalancing interests in favour of less-favoured suppliers.

## 2.3. War veterans, disabled people and the "diversity gap"

Despite being cited relatively frequently in texts on the subject (e.g., Blount and Li, 2021; Porter, 2019), empirical studies on war veterans and disabled people remain rare, as the literature on supplier diversity seems to focus on other more "popular" groups. This apparent choice may stem from the fact that these two groups were included in the minorities classification more recently (Blount and Li, 2021). Although late, updating this list is certainly welcome since it can increase the chances of those groups receiving proper treatment and thus increase their participation in economic activities. The need for these measures is evidenced by both issues related to prejudice and the real difficulties faced by war veterans and disabled people in carrying out economic activities satisfactorily (Shepherd et al., 2021).

In the case of war veterans, it is common to observe symptoms of what became known as posttraumatic stress disorder, a condition related to a series of psychological disarrangements that include depression, nightmares, flashbacks, anger, anxiety, intrusive thoughts, and relationship problems (Silver et al., 1995). In parallel to the many difficulties these situations can bring to individuals per se, they tend to negatively impact their family and work quality of life, disrupting the readjustment processes of those who try to return to social life (Vogt et al., 2017).

Along with psychological problems, it is not rare that war veterans are also affected by physical issues, which include amputations (Christensen et al., 2016), blindness (Vahabi et al., 2014), and deafness (Thomas, 1981), among several other possibilities. These situations are common to the disabled people group, being war veterans affected by these physical damages themselves classified as such. From a practical viewpoint, the only difference between the two groups would be related to the origin of their disability, which can result, however, in significantly different reactions from society (e.g., admiration or contempt for war veterans, empathy for disabled people). For this reason, the groups are treated distinctly in this study, and stakeholder reactions to each of them analysed independently.

The fact that many of these reported problems occur in young military personnel means that physically affected war veterans generally have a long-life expectancy despite the challenges that their disabilities may represent (Christensen et al., 2016). Similarly, a large part of disabled people present their conditions from birth or acquire them at a young age. Given the potential longevity of these two groups, understanding their economic prospects is particularly relevant, representing an additional argument in favour of supplier diversity studies by providing empirical insights into their realities. This study seeks to contribute to that direction by fulfilling what is here understood as a diversity gap in the literature or the lack of empirical studies on these minority groups.

## 2.4. Supplier diversity and the building of a reputational capital

While supplier diversity initiatives can be driven by a sincere quest to promote what managers perceive as valid, they may not always be steered solely by noble ends. The creation of positive images, for example, shall be a key objective of companies promoting diverse workforces, with corporate communication centred on a sheer demonstration of pretence virtues. As pointed out by Sterbenk et al. (2022), it is unclear if companies engaging in the so-called "femvertising" (i.e., corporate advertisements promoting gender equality) do support women's development in their operations. The authors suspect that this practice could be a new form of greenwashing. The use of social causes to disguise reputational goals can be framed as a case of corporate hypocrite (Wagner et al., 2009), with eventual gaps between corporate values and appearance being critical in that regard.

In addition to deceiving stakeholders hoping for the real inclusion of minorities (e.g., socially engaged customers, socially driven investors), these actions denote that companies' attitudes may change due to

variations in the values in vogue, with the social causes that they once claimed to promote being eventually abandoned in light of the next tendency. Still, broadcasting communication incoherent with their reality represents a risk for companies, as pointing out this behaviour can lead to the impairment of stakeholders' confidence, generating the opposite effect to that intended initially. This idea complements more traditional views in the supply chain risk management literature such as those issued from globalisation and the higher operational complexity that comes with it (Wiengarten et al., 2016), as well as those more concerned with classic operational issues (e.g., working capital management, Di Mauro et al., 2020). Nevertheless, the fact that companies actively engage in communicating their diversity initiatives – regardless of their sincerity – suggests that such communication yields reputational dividends.

Among the many components of reputation are aspects linked to stakeholders' perceptions, who build their opinions, sensations, and general feelings about companies as they interact with them or receive information (Gray and Balmer, 1998). Building on this, Fombrun (2005) proposes that reputations are based on stakeholders' impressions of firms' actions and policies, mainly those linked to meeting social and ethical criteria. Perceptions linked to trust, for instance, indicate that stakeholders believe that the organisation will remain faithful to its purposes, fulfilling what is expected of it. Evolving from this initial idea, Li et al. (2008) proposed the constructs of brand trust – competence and brand trust – benevolence. While the former relates to the expectation that the company has the means, expertise, capabilities, and skills to perform a task or meet a quality standard, the latter is associated with organisational empathy, referring to the confidence that a company will consider the needs and demands of others while conducting its operations. The investigation of these two constructs in the context of supplier diversity is particularly important as they allow for the examination of (1) the extent to which these programs either compromise or enhance perceptions that a company remains competent when opting to do business with a minority-owned business (i.e. the company is or is not abandoning quality for promoting diversity) and (2) the extent to which companies engaging in supplier diversity programs build perceptions that they are empathic and sincerely aim to promote goodness.

Complementing these views, the third dependent variable seeks to capture the impact of supplier diversity programs focused on war veterans and disabled people on stakeholders' general perceptions. Thus, the construct attitude towards the firm – as proposed by Hagtvedt and Patrick (2008) – allows for the assessment of whether these initiatives are well received by investors, customers, potential suppliers, and the general public, measuring the extent to which they are capable of triggering positive or negative reactions. In a sense, the notion may be argued to represent a proxy of corporate reputation, gathering the overall feelings and sensations of stakeholders about a given organisation. As discussed, the combination of these three constructs is here argued to provide a well-grounded understanding of the impacts of supplier diversity programs on companies' reputational capital, with our focus on war veterans and disabled people complementing the literature by adding empirical data on these groups. The exploratory nature of this study allows these questions to be addressed openly, and the results pave the way for future hypotheses.

### 3. Preliminary evidence

To better understand the current state of supplier diversity and its implications, we conducted a preliminary *content analysis* (Scheufele, 2008; Prior, 2014; Stemler, 2015). Seeking to examine the potential mismatch between supplier diversity efforts in practice and research, we examine the US websites of S&P 500's top 100 companies as of June 2023 to observe whether they carried specific supplier diversity programs and, if so, which diverse groups were considered (see Table 1) within Blount and Li (2021)'s specified groups. While 84 out of the 100 firms specifically mention supplier diversity in their websites, 17 of

them display their accomplishments by presenting the amount spent on “diverse-owned suppliers” in the recent past or as a short-term goal, ranging from reportedly USD 2.8 billion (United Health Group, 2023) to USD 54.7 billion (Verizon, 2023) spread over the last decade, to USD 3.3 billion in 2021 (Home Depot, 2023). Ten companies mentioned holding supplier diversity programs but provided generic statements or actions to support such diversity, such as “[b]e included and promoted in our diverse supplier locator” (Meta, 2023).

The inclusion of diverse groups in their respective programmes was specified by 76 firms, with the most mentioned being women, appearing in 74 companies. Next, veterans (including variants such as “military veterans” and “service-disabled veterans”) were specified by 70 companies, and members of the LGBT community and disabled people were appointed 66 and 61 times, respectively. While 45 companies mentioned racial or ethnic minorities, 29 referred to national or certified minorities, which may include a mix of racial, ethnic, religious, or other types of minorities.

This preliminary evidence confirms that the vast majority of companies are aware of the importance of considering the need to incorporate war veterans and disabled people into their supplier diversity efforts, including those in the category of minorities who deserve opportunities to become suppliers. This analysis reinforces the point that although the literature on war veterans and disabled people is sparse, they are among the most relevant in practice and are considered by most companies in their supplier diversity programs, thus confirming an important gap between practice and research.

The empirical study described next aims to help reduce this gap. Despite the possible positive effects of the mentioned initiatives, verifying the practices does not clarify their motivations. Therefore, the multi-factorial experimental study seeks to provide evidence to help understand this issue. Starting with the hypothesis that the inclusion of minorities contributes to constructing and maintaining a company's reputation, the experiment described further tests this possibility. In this sense, the second study complements the first naturally, which, in addition to reducing the gap between practice and literature, also contributes to its clarification.

## 4. Multi-factorial experimental study

### 4.1. Experimental study design

Scenario-based experiments have emerged in sociology research as a method intended to bring out participants' behaviours, beliefs, and attitudes by presenting them with systematic descriptive variations (Steiner et al., 2016) that are randomly attributed (Eckerd et al., 2021). Participants are typically presented with brief scenarios describing a determined situation, followed by a questionnaire. Employed in different disciplines since the early studies of Rossi et al. (1974), such as Medicine, Psychology, and Economics, the method has found broad application in management research and the Operations and Supply Chain Management field. This method has been used to investigate numerous topics, such as leadership style effectiveness during supply chain disruptions (Azadegan et al., 2021), the development of a contract typology based on Transaction Cost Economics theory (Cevikpirmak et al., 2022), and the impact of corporate irresponsibilities on supply chain players' reputational assets (Lee Park et al., 2021, 2022).

We conducted a duo-factorial scenario-based experiment, and the base scenarios portrayed fictitious food Company A, headquartered in Germany and one of the largest organisations in its industry, employing approximately 140,000 people across 26 countries. With annual gross sales of USD 90 billion, Company A's products span a wide range, including breakfast cereals, chocolate, candies, and ice cream. In response to a growing demand for its products in North America, Company A was said to have built a new manufacturing plant in the US and was designing its supply chain by selecting 100 new suppliers.

Next, two different manipulations (i.e., factors) were added, the first



**Table 1**  
Supplier diversity programs reported in the top 100 S&P500 companies.

Company	Supplier Diversity Programs Reported					Racial or ethnic minorities
	Mention to supplier diversity (no specific group)	Women	Veterans	LGBT	Disabled	
Apple						•
Microsoft						
Amazon	•					
NVIDIA						
Alphabet	•					
Berkshire Hathaway						
Meta		•	•	•	•	•
Tesla						
United Health Group		•	•	•	•	•
ExxonMobil						
Johnson & Johnson		•	•	•	•	•
JP Morgan Chase		•	•	•	•	•
Visa		•	•	•	•	•
Procter & Gamble		•				•
Eli Lilly & Co		•	•	•	•	•
Mastercard		•	•	•	•	•
Home Depot*		•	•	•	•	•
Merck & Co		•	•	•	•	•
Broadcom		•	•		•	•
Chevron		•	•	•	•	•
Pepsico		•	•	•	•	•
Abbvie		•	•	•		•
Coca Cola	•					
Pfizer		•	•	•	•	•
Costco Wholesale	•					
McDonald's		•	•	•	•	•
Salesforce*		•	•	•	•	
Walmart*		•	•	•	•	
Thermo Fisher Scientific*		•	•	•	•	
Cisco Systems*		•	•	•	•	
Bank of America*		•	•	•	•	
Abbott Laboratories		•	•	•	•	•
Accenture		•	•	•	•	•
Linde		•	•	•	•	•
Advanced Micro Devices						
Comcast Corp		•	•	•	•	•
Adobe*		•	•	•	•	
Walt Disney		•	•	•	•	•
Netflix						
Wells Fargo*		•	•	•	•	
Texas Instruments		•		•		•
Oracle						
Verizon Communications*		•	•	•	•	
Danaher	•					
Nextera Energy	•					
Philip Morris International		•				
Bristol Myers Squibb*		•	•	•	•	
Raytheon Technologies		•	•	•	•	•
Nike		•	•	•	•	•
Honeywell International		•	•	•	•	•
Conocophillips		•	•	•	•	•
Lowe S		•	•		•	•
United Parcel Service	•					•
Intel		•	•	•	•	•
Amgen		•	•	•	•	
Union Pacific*		•	•	•	•	
Intuit		•	•	•	•	•
S&P Global		•	•	•	•	•
Medtronic		•	•	•	•	•
Qualcomm*		•	•	•	•	
Starbucks		•	•	•	•	•
AT&T*		•	•	•		
Intl Business Machines*		•	•	•	•	
Boeing		•	•			•
Prologis						
General Electric		•	•	•		•
Caterpillar*		•	•	•	•	
Elevance Health		•	•	•	•	•
Goldman Sachs Group*		•	•	•	•	
Morgan Stanley		•	•	•		•
Intuitive Surgical						
Mondelez International		•	•	•	•	•
Lockheed Martin		•	•	•	•	•

(continued on next page)

Table 1 (continued)

Company	Supplier Diversity Programs Reported					
	Mention to supplier diversity (no specific group)	Women	Veterans	LGBT	Disabled	Racial or ethnic minorities
Applied Materials	•					
Servicenow	•					
Booking Holdings						
Gilead Sciences*		•	•	•	•	
Blackrock	•					
Deere & Co*		•	•	•	•	
Stryker		•	•	•	•	•
American Express		•	•	•	•	•
Tjx Companies*		•	•	•	•	
Automatic Data Processing*		•	•	•		•
CVS Health*		•	•	•	•	
Analog Devices						
Citigroup		•	•	•	•	•
Vertex Pharmaceuticals*		•	•	•		
Marsh & McLennan						
American Tower						
T Mobile Us*		•	•	•	•	
Chubb						
Altria Group		•	•	•	•	•
Schwab (Charles)						
Regeneron Pharmaceuticals		•	•	•	•	•
Zoetis*		•	•	•		
Southern*		•	•			
Progressive*		•	•	•	•	
Lam Research*		•	•	•	•	
The Cigna*		•	•	•	•	
Boston Scientific*		•	•	•	•	

Note: \* companies who did not explicitly mention racial or ethnic minorities, but rather “minorities” or “national minorities” in general, and which can encompass the first group.

regarding Company A’s choice to diversify its supplier network. Manipulation conditions describe suppliers being chosen based on their capacity to offer the best prices and quality (i.e., no supplier diversity policy), and the company’s policy to reserve one-third of its supplier base dedicated to companies owned by a given group (either war veterans or disabled people). The other two-thirds were chosen based on the best prices and quality. A variation in the policy for women-owned suppliers was also included as a control, representing a more traditional approach to minorities observed in companies. For the second manipulation, respondents were asked to role-play as different stakeholders (i.e., Company A’s customer, an investor holding Company A’s shares, or a potential supplier interested in working with Company A), or they were forwarded the questionnaire and asked to answer from a general public perspective (i.e., no role-playing). The 4x4 in-between-subject variations drew 16 possible scenarios, displayed in Table 2.

4.2. Data collection, scenarios, and manipulation checks

Participants were recruited through a research-specialised crowd-sourcing platform (Prolific Academic). Because our research questions rely on respondents’ individual perception, and the designed experiment aims to grasp their general feeling in reaction to the given scenarios (without any prior necessary specific knowledge), we have employed a general sample (Eckerd et al., 2021). This choice is also supported for the role-playing exercise that participants were asked to perform, as the US configures the largest consumer market worldwide (i.e., consumer role), along with also traditionally being the largest market capital (i.e., investor role), and an entrepreneurial nation, having entrepreneurship as one of its core societal values (i.e., potential supplier).

We hence pre-screened participants for geographical location (US), leading to a potential pool of 53,713 eligible candidates identified by Prolific. An initial sample of 549 participants were gathered for the study, being presented with a random scenario variation (to control for correlations between respondents’ observed and unobserved traits, DuHadway et al., 2018), followed by the full questionnaire. A three-item attention point question was inserted in the study, and 20 respondents

Table 2 Multi-factorial scenarios design.

Base module	
Founded in 1948 and headquartered in Munich, Germany, Company A is one of the biggest food companies of the world. Employing around 140,000 people in 26 countries, Company A has annual sales around 90 billion dollars. Company A offers a range of products to its customers including breakfast cereals, chocolates, candies, and ice creams, among others. Company A has seen the demand for its products grow in North America in the last years, and has decided to increase its production capacity in the United States. In pursuing this goal, it built a brand-new factory in the outskirts of Madison, in the state of Wisconsin. As Company A prepared to initiate its new operation, it selected 100 new suppliers from whom it will buy nearly all of the raw materials necessary to make its products.	
First manipulation factor: Supplier diversity policy	
No supplier diversity policy	Suppliers were chosen based on their capacity to offer the best prices and quality.
Supplier diversity policy: War veterans	Suppliers were chosen in such a way that half of them were owned by war veterans. The other half would be selected based on suppliers’ capacity to offer the best prices and quality.
Supplier diversity policy: Disabled people	Suppliers were chosen in such a way that half of them were owned by disabled people. The other half would be selected based on suppliers’ capacity to offer the best prices and quality.
Supplier diversity policy: Women	Suppliers were chosen in such a way that half of them were owned by women. The other half would be selected based on suppliers’ capacity to offer the best prices and quality.
Second manipulation factor: Respondents’ role	
General public (i.e., no attributed role)	–
Customer	Imagine that you often buy Company A’s products.
Investor	Imagine that you hold 50,000 dollars’ worth of Company A shares.
Potential supplier	Imagine that you own a company and you would like to be one of Company A’s suppliers.

were automatically removed from the study for failing them. 14 incomplete and three duplicate answers were further eliminated, thus leaving a final sample of 512 complete, valid, and individual responses (59 % female, with average age 41.2 years old, and 80 % Caucasian, 6 % Asian, 5 % Black or African American, 5 % multi-racial or other, and 4 % Hispanic).

Additional questions were inserted to ensure that participants understood the manipulation they were reacting to, relating to Company A's activities (M = 6.64 against the mid-point 4, t(511) = 87.079, p-value = .000), its profile (M = 6.63, t(511) = 82.731, p-value <.001), its opening of a new US production plant (M = 6.59, t(511) = 62.576, p-value <.001), its supplier selection policy (M = 6.54, t(511) = 60.577, p-value <.001), and the respondents' played role (M = 6.67, t(511) = 82.544, p-value <.001). Furthermore, participants clearly rated scenarios as realistic (M = 5.82 against the mid-point 4, t(511) = 34.626, p-value <.001) and likely (M = 5.96, t(511) = 38.615, p-value <.001), reinforcing the appropriateness of the scenario-based experimental design for this study (Eckerd et al., 2021).

4.3. Measurement instruments validation

Seven-point Likert scales for brand trust (competence and benevolence, Li et al., 2008) and attitude towards the firm (Hagtvedt and Patrick, 2008) were retrieved and adapted from the literature. Each construct was treated as an individual model and validated through Confirmatory Factor Analysis (Tables 3 and 4). All three constructs were maintained with their original number of items, all of them loading well above the recommended 0.70 limit (Jolliffe, 1986) (except one with a load of 0.70) (Table 3). Moreover, all three scales loaded robust reliability values with Cronbach's alpha (Cronbach, 1951) above 0.89 for both measures of brand trust and above 0.95 for attitude towards the firm, along with strong internal consistency demonstrated by composite reliabilities above 0.95 for brand trust – competence and attitude towards the firm, and above 0.80 for brand trust – benevolence. The average variance extracted (AVE) also indicated that the constructs captured the substantial majority of their variances, rather than errors in measurement.

Following Jackson et al.'s (2009) recommendations, Table 4 reports more than one goodness-of-model fit index, the values of which should be considered within the limits established by the literature. The first is the incremental (IFI) fit index, a relative one, with the advantage of not being importantly affected by sample size (Bollen, 1990; Hu and Bentler, 1999), and shows values very close to or higher than 0.95 for all constructs (recommended by Hu and Bentler, 1999). The same values were found for the comparative (CFI) and normed (NFI) fit indices (again, very close to or higher than 0.95). As advocated by Hu and Bentler (1999), an absolute fit index has also been reported, specifically, the standardised root mean square residual (SRMR), which is recommended over the root mean square error of approximation (RMSEA) (Jacobucci, 2010), and shows a value below the 0.08 endorsed threshold. Furthermore, the three constructs were assessed using a co-variant model (considering the three scales simultaneously and co-varying among each other, for validation purposes), which presented good scores for model fit.

Discriminant validity is also confirmed (Table 5), as each instrument's AVE is remarkably higher than the statistically significant squared correlations of the possible pairs formed by them. In addition, heterotrait-monotrait ratios of correlations (HTMTs) (Henseler et al., 2015) were examined, having been recommended over the cross-loadings and Fornell-Larcker criterion (Henseler et al., 2015). HTMT of correlations is configured by the "average of the heterotrait-heteromethod correlations (i.e., the correlations of indicators across constructs measuring different phenomena)" (Henseler et al., 2015, p.121), and loaded at 0.656 for the brand trust – competence/benevolence pair, 0.650 for the brand trust – competence/attitude towards the firm pair, and 0.740 for the brand trust –

Table 3 Measurement models' item validation and reliability.

Scale/items	Factor loadings	Cronbach's α	Composite/ congeneric reliability	AVE
<b>Brand Trust – Competence (Li et al., 2008)</b>				
Anchored by strongly disagree (1) to strongly agree (7)				
Company A does a good job.	.84	.891	.914	.728
I expect Company A to deliver on its promise.	.79			
I am confident in Company A's ability to perform well.	.87			
The quality of Company A has been very consistent.	.78			
<hr/>				
<b>Brand Trust – Benevolence (Li et al., 2008)</b>				
Anchored by strongly disagree (1) to strongly agree (7)				
Company A has good intentions towards its customers.	.70	.896	.898	.954
Company A will respond constructively if I have any product-related problems.	.81			
Company A would do its best to help me if I had a problem.	.88			
Company A cares about my needs.	.85			
Company A gives me a sense of security.	.75			
<hr/>				
<b>Attitude towards the Firm (Hagtvedt and Patrick, 2008)</b>				
Anchored by the end points below (1–7)				
Unfavorable/Favourable	.88	.954	.954	.806
Negative/Positive	.91			
Bad/Good	.92			
Unpleasant/Pleasant	.89			
Dislike very much/Like very much	.89			

Table 4 Measurement models and co-variant model fit.

	Brand Trust – Competence	Brand Trust – Benevolence	Attitude towards the Firm	Co-variant model
Average (standard deviation)	5.9 (0.7)	5.3 (0.9)	5.8 (0.9)	–
CFI	.996	.947	.993	.954
NFI	.994	.944	.991	.943
IFI	.996	.947	.993	.954
SRMR	.012	.035	.010	.046

benevolence/attitude towards the firm pair, all lower than the endorsed 0.850 limit (Kline, 2011; Henseler et al., 2015), thereby supporting discriminant validity as well.

Finally, given that the sample was composed of different subgroups, the potential influence of possible heterogeneity in the responses of this study's respondents was tested with chi-square tests, which confirmed homogeneity at the 99 % significance level for the different age, ethnic,

**Table 5**  
Measurement models' discriminant validity.

	Brand Trust – Competence	Brand Trust – Benevolence	Attitude towards the Firm
<b>Individual-shared variances matrix</b>			
Brand Trust - Competence	<i>.728</i>	<i>.337</i>	<i>.356</i>
Brand Trust - Benevolence		<i>.954</i>	<i>.466</i>
Attitude towards the Firm			<i>.806</i>
<b>Correlations matrix</b>			
Brand Trust - Competence	1.000	.581	.597
Brand Trust - Benevolence	<.001	1.000	.683
Attitude towards the Firm	<.001	<.001	1.000
<b>Heterotrait-monotrait ratio of correlations (HTMT)</b>			
Brand trust–competence			
Brand trust–benevolence	.656		
Attitude toward the firm	.650	.740	

Notes: For the individual-shared variances matrix, numbers in italic represent constructs' individual variances, numbers above represent squared correlations of each pair of constructs. For the correlation matrix, numbers above the diagonal line represent constructs' correlations, numbers below the diagonal line represent correlations' significance values.

and gender groups in all three constructs.

4.4. Results

ANOVA tests were conducted with data grouped into different stakeholder roles (i.e., general public, customers, investors, and potential suppliers) and in distinct diversity policies adopted by the company (i.e., no diversity policy, war veterans, disabled people, and women) (Tables 6 and 7, respectively). Findings suggest that, while no significant differences were found for either general public, customers, or potential suppliers, investors, on the other hand, seem to make a distinction between diversity policies that favour war veterans ( $M_{\text{brand trust-benevolence}} = 5.1$ ,  $M_{\text{attitude towards the firm}} = 5.6$ ) and disabled people ( $M_{\text{brand trust-benevolence}} = 5.7$ ,  $M_{\text{attitude towards the firm}} = 6.2$ ), favouring the latter in both brand trust – benevolence ( $F = 2.807$ , post-hoc p-value = .040) and attitude towards the firm ( $F = 2.276$ , post-hoc p-value = .052).

When comparing the different stakeholder roles within each diversity policy adopted, for scenarios that displayed a supplier selection policy for including disabled people, investors scored significantly higher than the general public for all three constructs (for brand trust – competence,  $M_{\text{investors}} = 6.3$ ,  $M_{\text{general public}} = 5.7$  post-hoc p-value = .005; for brand trust – benevolence,  $M_{\text{investors}} = 5.7$ ,  $M_{\text{general public}} = 5.0$ , post-hoc p-value = .050 and attitude towards the firm,  $M_{\text{investors}} = 6.2$ ,  $M_{\text{general public}} = 5.6$ , post-hoc p-value = .070), reinforcing the suggestion that they might see higher value when disabled people are included in the company's policy. Furthermore, when no diversity policy was in place, differences were found in brand trust – benevolence ( $F = 2.371$ , p-value = .074), specifically between the general public respondents ( $M = 4.9$ ) and the potential suppliers ( $M = 5.5$ , post-hoc p-value = .053) – and in brand trust – competence ( $F = 2.145$ , p-value = .098), although no specific pair pointed to the post-hoc tests for the latter.

The lack of significant differences in three of the four stakeholder groups investigated suggests that the inclusion of war veterans and disabled people in supplier diversity programs do not necessarily generate reputational gains for companies, relating to the first research

**Table 6**  
ANOVA results for the different stakeholders' roles.

		Brand Trust – Competence	Brand Trust – Benevolence	Attitude towards the Firm
		Mean(S.D.)	Mean(S.D.)	Mean(S.D.)
<b>General Public</b>				
1 – No diversity policy	N = 33	5.9(0.7)	4.9(1.0)	5.5(1.1)
2 – Diversity: War Veterans	N = 33	5.8(0.6)	5.1(0.9)	5.9(0.8)
3 – Diversity: Disabled People	N = 31	5.7(0.8)	5.0(1.2)	5.6(1.2)
4 – Diversity: Women	N = 33	5.7(0.8)	5.2(0.9)	5.6(1.0)
Statistics	F	0.497	0.410	0.948
	p	.685	.746	.420
	df(in; within)	3;126	3;126	3;126
<b>Customers</b>				
1 – No diversity policy	N = 32	5.8(0.7)	5.1(1.0)	5.6(0.9)
2 – Diversity: War Veterans	N = 31	5.9(1.1)	5.3(0.9)	5.9(0.8)
3 – Diversity: Disabled People	N = 31	6.0(0.5)	5.5(0.9)	5.8(1.1)
4 – Diversity: Women	N = 32	5.9(0.8)	5.4(0.8)	5.9(0.8)
Statistics	F	0.214	0.954	0.668
	p	.887	.417	.573
	df	3;122	3;122	3;122
<b>Investors</b>				
1 – No diversity policy	N = 31	6.1(0.6)	5.2(0.9)	6.0(0.6)
2 – Diversity: War Veterans	N = 32	5.9(0.7)	5.1(1.0)[3]	5.6(1.2)[3]
3 – Diversity: Disabled People	N = 33	6.3(0.6)	5.7(0.8)[2]	6.2(0.8)[2]
4 – Diversity: Women	N = 33	5.9(0.7)	5.3(0.9)	5.9(0.8)
Statistics	F	1.668	2.807	2.276
	p	.177	.042**	.083*
	df	3;125	3;125	3;125
<b>Potential Suppliers</b>				
1 – No diversity policy	N = 33	6.2(0.6)	5.5(0.9)	5.8(0.9)
2 – Diversity: War Veterans	N = 31	6.0(0.6)	5.4(0.8)	6.0(0.8)
3 – Diversity: Disabled People	N = 31	5.9(0.7)	5.4(0.9)	5.9(0.7)
4 – Diversity: Women	N = 32	5.9(0.6)	5.4(0.8)	5.8(1.1)
Statistics	F	1.715	0.117	0.372
	p	.167	.950	.774
	df	3;123	3;123	3;123

Notes: \*p < .10,\*\*p < .05,\*\*\*p < .01;Numbers in parentheses are sample standard deviations.

question. This is because the perceptions of the general public, customers, and potential suppliers were not impacted by the inclusion of war veterans and disabled people in supply chain diversity programmes. These results indicate that the insertion of these groups is unlikely to generate reputational gains for companies that choose to do so.

In turn, concerning the second research question, the fact that no



**Table 7**  
ANOVA results for the distinct diversity policies.

		Brand Trust – Competence	Brand Trust – Benevolence	Attitude towards the Firm
		Mean(S.D.)	Mean(S.D.)	Mean(S.D.)
<b>No Diversity Policy</b>				
1 – General Public	N = 33	5.9(0.7)	4.9(1.0)[4]	5.5(1.0)
2 – Customers	N = 32	5.9(0.7)	5.1(1.0)	5.6(0.9)
3 – Investors	N = 31	6.1(0.6)	5.2(0.8)	6.0(0.6)
4 – Potential Suppliers	N = 33	6.2(0.6)	5.5(0.9)[1]	5.8(0.9)
Statistics	F	2.145	2.371	1.669
	p	.098*	.074*	.122
	df(jin; within)	3;125	3;125	3;125
<b>Diversity: War Veterans</b>				
1 – General Public	N = 33	5.8(0.6)	5.0(0.9)	5.9(0.8)
2 – Customers	N = 31	5.9(1.1)	5.3(0.9)	5.9(0.8)
3 – Investors	N = 32	5.9(0.7)	5.1(1.0)	5.6(1.2)
4 – Potential Suppliers	N = 31	6.0(0.6)	5.4(0.8)	6.0(0.8)
Statistics	F	0.436	1.083	0.949
	p	.728	.359	.419
	df	3;123	3;123	3;123
<b>Diversity: Disabled People</b>				
1 – General Public	N = 31	5.7(0.8)[3]	5.0(1.2)[3]	5.6(1.1)[3]
2 – Customers	N = 31	6.0(0.5)	5.4(0.9)	5.8(1.1)
3 – Investors	N = 33	6.3(0.6)[1]	5.7(0.8)[1]	6.2(0.8)[1]
4 – Potential Suppliers	N = 31	5.9(0.7)	5.4(0.8)	5.9(0.7)
Statistics	F	3.846	2.614	2.144
	p	.011**	.054*	.098*
	df	3;122	3;122	3;122
<b>Diversity: Women</b>				
1 – General Public	N = 33	5.7(0.8)	5.2(0.8)	5.6(1.0)
2 – Customers	N = 32	5.9(0.7)	5.4(0.8)	5.9(0.8)
3 – Investors	N = 33	5.9(0.6)	5.3(0.9)	5.9(0.9)
4 – Potential Suppliers	N = 32	5.8(0.6)	5.4(0.8)	5.8(1.1)
Statistics	F	1.022	0.624	0.676
	p	.385	.601	.568
	df	3;126	3;126	3;126

Notes: \*p < .10,\*\*p < .05,\*\*\*p < .01;Numbers in parentheses are sample standard deviations.

significant differences were found between the dependent variables within these same three groups of stakeholders suggests that reputational impacts were also not found in any of the variables considered. This suggests that not only supplier diversity programs may not contribute to the building of positive corporate reputations, but they must also fail in adding value to its building blocks. These findings connect the two research questions, with the answer to the second advancing the understanding of the first. These issues are further addressed in the following discussion section.

## 5. Discussion

As shown in Table 1, the focus of supplier diversity policies seems to be divided among different groups in a relatively homogeneous way, especially practices of the 100 largest companies in the S&P 500 Index. The fact that all minorities receive similar attention from companies and the lack of a proportionally similar balance in the literature reinforces the idea that a diversity research gap exists, which shows less attention to certain groups, specifically war veterans and disabled people. Thus, studies on these minorities are essential to reduce this mismatch.

In addition to collaborating for academic research to reflect reality more faithfully, studies that focus on war veterans and disabled people

ought to play an important role in integrating these groups into economic life, thus alleviating some of the natural difficulties they must live with. As discussed throughout this study, both groups are often targets of discrimination and prejudice, which, in many cases, result in exclusion from social interaction and a precarious quality of life. In this way, studies that aim to better understand how companies might contribute to easing this problem are particularly important. This is because the inclusion of these groups in production chains seems an efficient way of giving them dignity, preventing them from falling into economic marginality. This study seeks to collaborate so that this inclusive dynamic materialises more consistently and harmoniously. The evidence presented contributes to this direction.

First, results show that when no supplier diversity program exists, potential suppliers exhibit greater brand trust and benevolence than the general public. This may be due to a potential perception that supplier diversity programs may not benefit them, particularly when they do not belong to any of the targeted minorities. Complementing the idea that supplier diversity programmes may generate positive sentiments (Worthington, 2009), our evidence indicates that reactions are not specifically favourable. In general, results suggest that initiatives aimed at promoting the inclusion of less popular minorities (i.e., war veterans and disabled people) do not bring direct reputational benefits to companies. This vision is supported by the findings of the three dependent variables investigated (i.e., brand trust – competence, brand trust – benevolence, and attitude towards the firm), with their collective analysis indicating a lack of influence of supplier diversity programs on stakeholders' opinions, except for investors.

The non-observation of statistical significance for brand trust – competence, for example, denotes that the inclusion of war veterans and disabled people in supply chains does not contribute to the perception that buyers have become more competent or capable in what they do. These results somehow challenge the association between supplier diversity programs and favourable corporate perceptions (Worthington, 2009). As discussed consistently in this study, several authors have indicated that maintaining an inclusive supply network can result in operational gains linked to innovation (Ram and Smallbone, 2003), sustainable management (Mani et al., 2015), and greater financial performance (Richard et al., 2015). Even if companies benefit from these outcomes, our results suggest that, in most cases, they are not reflected in observers' perceptions when the minorities included are war veterans and disabled people.

At first, this could suggest that these specific minorities do not sensitise the public, with some attributing more relevance to other categories. However, the results for the control group did not differ, with the inclusion of women-owned businesses also not yielding gains from a reputational perspective. When interpreted together, this suggests that some classes of stakeholders (e.g., general public, customers, and potential suppliers) do not value supplier diversity programs to the extent of granting companies adopting them special status for competence. This may reflect current social values, wherein supplier diversity policies are considered part of a company's daily operations. Hence, these initiatives would be seen as *qualifiers* (i.e., the minimum expected) and not necessarily *order-winners*.

It may be argued then that our findings contrast with the arguments commonly presented in the literature. As previously approached, Worthington (2009), for example, defends that the adoption of supplier diversity programs has a positive effect in the way large purchasing organisations are perceived. The author argues that the reputational benefits resulting from a diverse supply network are capable to compensate companies for any effort necessary to implement them, what would serve as the strategic argument for companies to seek this direction. Waymer and Vanslette (2013) also defend the reputational benefits of supplier diversity programs, suggesting that the potential advantages issued from these initiatives represent compelling arguments for companies to adopt them. Nevertheless, the discrepancies with our findings suggest that supplier diversity programs may have lost

their reputational clout over the years, being no longer capable to impress stakeholders. This may be due to the proper dynamics of western societies, where the diversity debate moved from underground to mainstream in virtually any instance of the corporate world, with the omnipresence of the theme consuming part of its impact power. Differently put, it seems that, regardless of their intrinsic value, diversity initiatives are no longer seen as special, thus failing to grant companies with positive perceptions.

Our results can be equally interpreted as evidence of a particular social dynamics, capturing a new moment in the relationships between companies and their stakeholders. In this context, the evidence produced suggests that some measures perceived as socially responsible and noble in the past are today understood as a sheer obligation. In this interpretation, the present study would not be contradicting the findings of the past, but, rather, highlighting a change of scenery that, to a certain extent, is common in the human sciences. Just as two photos taken within ten years show the effects of time, the results of our study point to a change in the appreciation of supplier diversity programs.

A less mild possibility refers to an imaginable increase in skepticism among stakeholders who may find it difficult to believe in the good intentions of companies. As pointed out by Picasso et al. (2023, p.94), "(i)f an organization lacks credibility, its social initiative efforts may give consumers a negative view of it". Excessive use of communication about sustainability can affect the way organisations are perceived (Fracarolli Nunes and Lee Park, 2017, 2022), with issues classified as greenwashing and, more recently, socialwashing, potentially damaging their credibility.

Still, references to supplier diversity initiatives by some companies are missing (e.g., Berkshire Hathaway, Microsoft, see Table 1). Two interpretations can be drawn. First, these companies might think that the diversity initiatives are not *order winners* and hence do not feel the need to make them public; second, they could be allocating less importance to these initiatives. If this were the case, it might be due to an eventual lesser association of their activities with supply chain management since they are not typically industrial. In the case of Exxon-Mobil – which also does not refer to the topic – the situation may reflect its need to focus on other sustainability questions, notably those associated with the environmental pollution issues from its activities.

Similarly, the lack of results for brand trust – benevolence indicates that stakeholders do not perceive the inclusion of war veterans and disabled people as an initiative driven by a sincere desire to promote a positive cause or seeking to serve universal interests equally. Thus, even if companies seek to create more inclusive supply networks, it is possible that observers see these initiatives as mere attempts to meet some sort of obligation or benefit by communicating an alleged virtue. In these cases, the hypothesis that supplier diversity initiatives represent modern forms of corporate hypocrisy (e.g., greenwashing; social washing) would be privileged. Once again, the results for war veterans and disabled people were not significantly different from those obtained for the control group (i.e., women), suggesting that this is not an issue specific to the minorities investigated but possibly to all segments generally included in supplier diversity initiatives.

Consistent with the data on brand trust – competence and brand trust – benevolence, the inclusion of war veterans and disabled people, attitude towards the firm did not result in reputational gains. This third dependent variable analysed was not affected by these initiatives, reinforcing that supplier diversity programs do not generate reputational gains. As previously discussed, the attitude towards the firm construct seems particularly useful for measuring broader reputational impacts because it encompasses complementary aspects of stakeholders' perceptions. Thus, the consistency of the results obtained throughout the different phases of the study reinforces the perception that despite being potentially influential in offering equal economic opportunities, including war veterans and disabled people in supplier diversity programs is inefficient from a reputational viewpoint. Among other things, this reinforces the notion that companies' motivations to adopt supplier

diversity programs must rest on the moral plane, with the search to promote what they understand as correct ideally overcoming any strategic objectives disguised as kindness.

From a *theoretical point of view*, the lack of reputational gains suggests that the stakeholder theory can be useful in explaining or eventually predicting organisational behaviour regarding supplier diversity. Companies engaging in supplier diversity initiatives, even though they may not generate reputational benefits, support the idea that managers are somehow seeking to promote equal opportunities and that, as predicted by stakeholder theory, they consider the interests and needs of their counterparts. Nonetheless, in the theoretical contributions, results also corroborate the idea that some forms of attention directed towards stakeholders may not lead to differentiation, which may question the strategic dimension of stakeholder theory. Within this view, our findings suggest that the promotion of social good in the form of supplier diversity programmes may not contribute to building positive perceptions, not serving as a financial incentive for companies to act. Contextually, where organisations are increasingly pressured to facilitate the economic development of minority groups, these outcomes reinforce the idea that the construction of the common good should ideally be driven by a moral compass rather than profit-maximising logic. In general, this finding supports the perception that stakeholder theory belongs more to the Business Ethics debate than to that based on neoliberal logic (i.e., profit maximisation).

The delimitation of these differences is necessary to prevent unfairly burdening stakeholder theory with questions beyond its boundaries. Specifically, regarding its contribution to a better understanding of the stakeholder perspective, it can be argued that our findings clarify its distinction from other theoretical views seeking to reconcile different dimensions of corporate responsibility, especially those arising from mainstream currents. Among the most important is the concept of shared value (Porter and Kramer, 2011), which argues that pursuing environmental performance does not necessarily oppose the generation of profits. Overall, findings may help in better understanding profit orientation, at least regarding what relates to the adequacy (or lack of) of different theoretical views for addressing such issues.

Investors showed to react differently, expressing more positive reactions towards disabled people's inclusion. It is possible that this unique behaviour is due to investors' apparent prioritisation of market value effects. Within these lenses, companies' attitudes and behaviours would only matter in case they are capable to affect the pricing of stocks. This does not mean that investors are insensitive to reputational matters. Instead, the reasoning supports the idea that they condition their analysis on that regard to the potential impact of reputational issues on their wealth. Denoting the relevance of the link between operational questions, reputational matters, and variation in the market value of companies, a specific stream of literature seems to be emerging, tackling the connections of these factors (e.g., Hendricks and Singhal, 2003, 2005; Fracarolli Nunes, 2018; Jacobs and Singhal, 2017). Accordingly, investors would see reputational impacts as possible consequences of issues such as supply chain disruptions, environmental irresponsibilities, and human rights abuses (e.g., modern slavery, child labour), with reputational impairment holding the potential to indirectly impacting the value of companies' shares (i.e., market value). Adding to our results, these conjectures also have significant practical implications which are presented in the following section along with the conclusions of this study.

In the specific case of supplier diversity programs, it is possible for investors to refrain from judging their correctness or justice, limiting their analyses to the possible impacts that such actions may have on the companies' cash flow. The differences observed between the inclusion of war veterans and disabled people seem to fit this vision. As discussed throughout the text, the group of war veterans divides opinions, generating respect and admiration in one part of the population, and contempt in another. At the same time, the feelings instigated by disabled people seem to be more homogeneous, tending towards

positive judgments. It is possible, therefore, that investors perceive the inclusion of war veterans as a risk factor for their capital, with this movement potentially generating antipathy among some stakeholder groups and, in some more extreme cases, even boycotts, which could have a negative impact to the market value due to the decrease in sales. Evidently, the present study does not allow us to assert that this is the real reason for the observed results, with the conjectures presented here being based on the logic proposed by the behavioural finance literature. Our findings deserve, however, to be explored in greater detail, with their complexity demanding specific investigations. Some of the main possibilities in this direction are presented in the limitations and future research section.

Yet, the behavioural finance literature may offer valuable directions as this vain has been advancing rapidly in the study of factors influencing the decision-making of economic agents, with reactions driven by emotions such as anger, fear and anxiety being frequent objects of investigation (e.g., Wynes, 2021; Gambetti and Giusberti, 2012). Despite the different perspectives developed on this issue, they seem to be relatively homogeneous when dealing with emotional triggers, that is, the causes of changes in psychic balance capable of influencing investors' reactions. Broadly speaking, these triggers are associated either with the risks of investment deterioration (i.e., loss of capital) or opportunities for profit (i.e., gain of capital).

The so-called herd behaviour (Cont and Bouchaud, 2000) is associated with these two aspects, representing the reproduction of a generalised behaviour. Regardless of the motivation of emotions and their consequences in terms of buying or selling assets, they are primarily associated with the evolution of the investor's capital. This means that, in principle, corporate facts are only of interest to investors if they perceive them as possible causes of capital gains or losses, with their moral judgment being, in many cases, subordinated to this issue.

## 6. Conclusion

This study investigated the reputational impact generated by the inclusion of less popular minorities, such as war veterans and disabled people, in supplier diversity programs. Applying the scenario-based experiment method suggested that the general public, customers, and potential suppliers do not seem to value companies' search for business with suppliers belonging to these two groups. The comparison with the control group (i.e., women), however, suggests that this lack of reaction is not directed at the profiles in question but possibly at supplier diversity programs in general. In this vein, the study reveals important aspects of the relationship between supplier diversity programs and stakeholder perceptions. Broadly, results seem to indicate that the lack of reputational gains is either due to the perception that supplier diversity initiatives have become a *qualifier* that is already widespread among lead firms, or due to stakeholders' feeling that these initiatives do not result from companies' sincere desire to promote equality in their supply chains.

The first case can be analysed from the differentiation standpoint and its potential to generate a sustained competitive advantage (Porter, 1996). In this context, the fact that many organisations have already adopted supplier diversity policies makes this initiative common and, therefore, inadequate to generate a feeling of uniqueness. The perception that a certain company only does what so many others have already accomplished may push the general public, customers, and potential suppliers to believe that these companies do not have a real impact on the promotion of supplier diversity, at least not an impact that is greater than that caused by other organisations. Simultaneously, supplier diversity policies may be viewed as an obligation, or the minimum engagement expected from companies (a *qualifier*). Thus, even if adopting supplier diversity programs does not generate reputational gains, their non-adoption could deteriorate stakeholders' perceptions. This study did not focus on this possibility, an important opportunity for future research and development.

From a *practical perspective*, results suggest that supplier diversity initiatives do not serve as instruments for greenwashing or social washing. Ultimately, communicating supplier diversity for these purposes could be counterproductive, with possible perceptions of insincerity on the part of companies fuelling perceptions of corporate hypocrisy. Just as the practice of "femvertising" does not necessarily imply the promotion of favourable conditions for the development of women in individual companies, the sheer announcement that a buyer seeks to maintain a diverse supply base does not guarantee its occurrence. When stakeholders refuse to believe the messages received, firms may be considered untrustworthy. Given these possibilities, companies' continuous investment in the communication of supplier diversity initiatives is intriguing, indicating that organisations seeking to obtain reputational benefits ignore the fact that these efforts might be fruitless. The results of this study may help them reevaluate their strategies.

In addition to its theoretical and practical contributions, this study is relevant as it sheds new light on reputational aspects that are often neglected by operations management and supply chain management scholars, with a joint analysis of supplier diversity and perceptive matters, enriching the specialised literature on these two topics. The article is also relevant for its objects of analysis being the only study – to the best of our knowledge – to offer empirical data on the reputational impacts issued from the inclusion of war veterans and disabled people in supplier diversity initiatives. In particular, the fact that different minority groups are treated relatively homogeneously in practice (see Table 1) but apparently differently in the literature (i.e., diversity gap) makes this study even more relevant, as it contributes to restoring balance. The focus on these two groups contributes to the supplier diversity literature being more inclusive without privileging some minorities to the detriment of others.

As anticipated in the results session, in view of this panorama the responses to the two research questions of the study – (1) Does the inclusion of war veterans and disabled people in supplier diversity programs generate reputational gains for buyers who promote these initiatives?; and (2) Do these policies individually impact stakeholders' trust (benevolence and competence) and attitudes towards buyers? – is no, as the empirical data generated provided evidence to the contrary.

It must be noted that, although considering examples from US companies and hence with limited generalisability, our results may be useful for firms of other nationalities. European enterprises, for example, may profit from our findings because, to a large extent, the social demands they face are similar to those of their US competitors. Still, the current geopolitical context may favour the pertinence of the study. Europe is experiencing one of the most dramatic moments in its history in the period following World War II, with conflicts between Russia and Ukraine giving rise to a new generation of war veterans and disabled people. It is very likely that the economic reconstruction of the areas affected by the war will go through the application of supplier diversity programs that aim to incorporate both former combatants and those who consequently acquire permanent physical disabilities due to the conflict. This reasoning can be extended to other geographic areas often facing conflicts (e.g., Africa, the Middle East, and Eastern Asia).

These ideas are aligned with the perspectives proposed by Sordi et al. (2022), as beyond the need to guarantee that minority groups are granted due respect and consideration, strengthening their economic conditions appears to be especially important in promoting their permanence in prominent places in the social hierarchy. Social ascension seems to be a very efficient way of free the less-favoured layers from stigma and prejudice, consolidating itself in the process of real empowerment. In the specific case of war veterans and disabled people, this translates into a revaluation of these group's potential to actively contribute to value generation, with their reintegration into economic activities directly affecting their status. In this context, the promotion of supplier diversity programs plays a significant role in social transformation, and the appreciation of its economic aspects gaining prominence.

## 7. Limitations and future research

Even when rigorously performed, empirical studies have limitations, and the present study is not an exception. One can point, for example, to the geographical limitations of the sample, which was concentrated on respondents residing in the United States. Thus, it is possible that the results obtained are more accurate indicators of the values shared by American society and do not necessarily represent the diverse views in other parts of the world, such as Africa, the Middle East, and Eastern Asia. Including a diverse sample could clarify this issue, with further research seeking to replicate it in different cultural contexts.

This study focused on measuring the possible reputational benefits arising from including war veterans and disabled people in supplier diversity programs. Future studies may extend this approach to other groups that also seem to be underrepresented in the literature. This includes indigenous populations, religious groups, alternative communities, and even people having conservative customs. In particular, membership in a group does not exclude potential belonging to another; for instance, a woman might also be a war veteran, a war veteran might become disabled as a consequence of combat, a disabled person might also belong to an ethnic minority, and hence, the combination of multiple groups (i.e., people who pertain to two or more minorities simultaneously) may also be explored. Empirical studies in these segments would enrich the literature by comparing data that allow specific policies to be developed to meet different needs.

Studies addressing the reputational risk of not including certain minorities in supply chains are also welcome. For example, it is possible to explore how a preference for one group over another affects stakeholder perceptions. This approach can dialogue with the trade-offs in the literature by analysing the effect of the sacrifices inherent in each choice. Research may also investigate whether and how a company's deliberate choice to not participate in supplier diversity programs affects its reputation. Moreover, the longitudinal assessment of stakeholders' perceptions could be useful in understanding whether tenure as an investor or customer, for instance, would change their takes on supplier diversity program adoption by companies. Applying different methodologies can contribute to a better understanding of these issues, including those addressed in this study. Qualitative studies can be particularly useful, with semi-structured interviews allowing scholars to capture more details from managers' and stakeholders' perspectives.

Studies investigating the reputational impact of supplier diversity considering different company sizes (e.g., small and medium enterprises) may add great value to the literature, mainly the unique characteristics of organisations forming this segment. This would complement a growing and progressively relevant stream of research to understand the supply chain challenges faced by smaller players (e.g., disruptions - Yang et al., 2022).

Likewise, despite identifying that investors' reactions differ from those of other stakeholder groups studied, the study was not able to offer a definitive answer to the causes of this situation. Therefore, future research possibilities include the exploration of the way in which investors interpret supplier diversity programs, with individual analysis for each group covered by inclusions being particularly important. In this context, understanding the connection between these initiatives and the generation or destruction of value in the eyes of investors gains relevance, with the study of the dynamics of emotions being a possible starting point. Qualitative research can be very useful for these objectives, with semi-structured interviews being able to reveal much about investors' reasoning. Behaviourist approaches may complement this understanding, with the use of scenario-based experiments specifically designed for this purpose revealing investors' choices and preferences in situations that reproduce possible realities. Once again, the literature on behavioural finance can offer important parameters for that.

In addition to studying the causes, investigations into the effects of investors' views could be quite enriching. In particular, the application of event studies (MacKinley, 1997) should allow scholars to analyse the

extent to which investors' feelings on supplier diversity programs are reflected in stock prices and, by consequence, in the market value of companies. Based on the Efficient Market Hypothesis (Fama, 1970), the method assumes that relevant information is immediately incorporated into the asset price. Thus, following the example of other studies linking operational aspects to the variation in share prices – previously referred to –, authors interested in the topic will be able to explore whether the announcement of the implementation of supplier diversity programs is reflected in the value of the shares.

## CRedit authorship contribution statement

**Camila Lee Park:** Writing – review & editing, Writing – original draft, Visualization, Validation, Software, Project administration, Methodology, Investigation, Formal analysis, Data curation, Conceptualization. **Mauro Fracaroli Nunes:** Writing – review & editing, Writing – original draft, Visualization, Validation, Software, Project administration, Methodology, Investigation, Formal analysis, Data curation, Conceptualization. **Jose A.D. Machuca:** Writing – review & editing, Writing – original draft, Visualization, Validation, Software, Project administration, Methodology, Investigation, Formal analysis, Data curation, Conceptualization.

## Declaration of competing interest

We have no conflicts.

## Data availability

The authors do not have permission to share data.

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