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# Exploring Craft Brewery Owners' Success Through Stakeholder Involvement

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# Walden University

College of Management and Technology

This is to certify that the doctoral study by

Daniel Leland

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Walden University  
2016

Abstract

Exploring Craft Brewery Owners' Success Through Stakeholder Involvement

by

Daniel M. Leland

MBA, Thomas College, 2012

BS, Saint Joseph's College, 1984

Doctoral Study Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Business Administration

Walden University

June 2016

## Abstract

In 2014, 547 new breweries opened in the United States and more than 2 million barrels of beer were produced by American homebrewers. Craft brewery owners face challenges in increasing profit because of intense competition from existing breweries, new ventures, and homebrewers. The purpose of the study was to explore the strategies that craft brewery owners used to increase profits by collaboratively working with internal and external stakeholders, such as employees, distributors, customers, suppliers, lending groups, and community organizations. The conceptual framework of this multiple-case study was the stakeholder theory. The basic tenet of the stakeholder theory is that a business owner can maximize the firm's financial performance if the business owner proactively meets the needs of the relevant stakeholders. Face-to-face interviews were conducted on a purposeful sample of 5 craft brewery owners who met the study criteria of operating a profitable brewery in southern Maine for a minimum of 5 years.

Transcripts, direct observations, and industry documents were organized to create common themes for coding in accordance with Yin's method of data analysis. Through methodological triangulation, the following 4 themes emerged: employee satisfaction and retention, nontraditional marketing, commitment to quality, and development of local relationships. Within these themes, craft brewery owners can apply a number of strategies to increase profits through stakeholder collaboration. The implications for social change include partnering of breweries with local establishments, which can foster increased sales for both businesses and provide better jobs for the local community.

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## Dedication

If I had the last six-pack of craft brew on earth I would share the beers, love, and conversation with these five special people. I dedicate this study to you. First, I would magically turn the clock back and invite my father. I would give anything to say the words I could never get out while you were alive. I love you Dad.

I would invite my three sons, Logan, Tavish, and Cody. Words cannot express the genuine sincere thanks for your unconditional love and understanding though the recent years. You are have all grown into fine, outstanding young men. I am very proud of you and proud to be your Dad.

It would not be complete without my soulmate Briana. You still take my breath away. I look forward to each and every day with you and the opportunity to share love, laughs, and kisses throughout the rest of our journey. Ti amo con tutto il cuore.

## Acknowledgments

Thank you to my Chair, Dr. Romuel Nafarrete, for his mentored guidance. I would also like to thank Dr. Mary Dereshiwsy, Dr. Dorothy Hanson, and Dr. Freda Turner for their valued support throughout this journey. Thank you to my wife, Briana, for patience and countless hours of proof reading. Thank you to Mark “Dog” Wallace for his editing and academic expertise. Finally, I would like to thank my friend and mentor, Dr. James Libby, who saw my potential and encouraged me to pursue this DBA.

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## Section 1: Foundation of the Study

In 1978, U.S. President Carter signed legislation allowing home brewing of beer nationally (Murray & O'Neill, 2012). The legislation allowed enthusiasts to brew at home for their consumption and created the opportunity for small breweries and brew pubs to enter the market to compete with large-scale brewers (Murray & O'Neill, 2012). Murray and O'Neill claimed that interest in these small breweries initially gained acceptance in commercial markets. The increase in craft beer popularity contributed to the expansion of craft breweries in the 1980s and 1990s. While the large-scale brewers continued to control the majority of the market, craft beer has continued to gain in popularity. Since 2006, craft breweries have been able to outperform the large-scale breweries in percentage growth and percentage margin (Kleban & Nickerson, 2012). While many researchers (Kleban & Nickerson, 2012; Murray & Kline, 2015; Murray & O'Neill, 2012) provided insight into the growth of the craft brew industry, the researchers did not recommend strategies for craft beer businesses to work collaboratively with stakeholders to increase profits.

### **Background of the Problem**

With the increased popularity of and demand for craft beer, startups of breweries increased during the late 1990s, resulting in increased competition. In 1997, there were 1,273 licensed breweries in the United States, increasing to 1,500 by 2000 and 3,464 by 2014 (Brewers Association, 2015). Recreational homebrewing had become a popular pastime. The American Homebrewers Association's (AHA) 2013 survey revealed that there were over 1.2 million homebrewers in the United States, producing more than 2

million barrels of beer per year (AHA, 2014). The homebrew industry appears to be strong and might pose a competitive threat to the craft beer industry.

Eid and El-Gohary (2013) suggested that small business is integral to worldwide economic development. Sixty-three percent of new jobs between 1993 and mid-2013 are a result of small business activity (U.S. Small Business Administration, [SBA], 2014). In 2013, approximately 409,000 new businesses opened in the United States; however, over 470,000 small businesses closed (U.S. Census Bureau, 2014). Thirty percent of small businesses fail within the first two years, and only 50% of new ventures survive past five years (SBA, 2014; Solomon, Bryant, May, & Perry, 2013). Since 2012, 15 craft breweries opened in southern Maine (Brewers Association, 2015). If these southern Maine craft breweries follow the national pattern for new ventures, at least seven will fail by 2017.

### **Problem Statement**

Total annual U.S. beer production in 2014 was over 192.5 million barrels (U.S. Alcohol and Tobacco Tax and Trade Bureau, [TTB], 2014), or approximately 6 billion gallons, generating about \$100 billion in revenue. In 2014, there were over 3,400 craft breweries, generating \$19.6 billion in sales in the United States, more than double the number of craft breweries in 2000 (Brewers Association, 2015). The general business problem is that approximately 50% of small business startups fail within five years (SBA, 2014). The specific business problem is that some craft brewery owners lack strategies to work collaboratively with stakeholders to increase profits.

### **Purpose Statement**

The purpose of this qualitative multiple-case study was to explore the strategies that craft brewery owners used to increase profits by collaboratively working with stakeholders. The population comprised craft brewery owners in southern Maine who have been in business for at least five years. Five craft brewery owners participated in semistructured interviews and provided information related to profitable business strategies involving stakeholder collaborations. Better understanding of profitable business strategies revealed in this study might contribute to social change by contributing to business longevity, business creation, employment, and taxation revenue.

### **Nature of the Study**

I used a qualitative study methodology and a multiple-case study design in this project. Researchers conduct qualitative studies to study or observe individual or group issues that are hard to measure numerically (Cronin, 2014; Hoare & Hoe, 2012, 2013; Moll, 2012). A quantitative study is appropriate when analyzing numerical data and describing or noting numerical changes of a population (Cronin, 2014); however, according to Benard (2013), a researcher using a quantitative method does not consider the participants' feelings, observations, and experiences. Because the purpose of this study was to explore the strategies that craft beer brewery owners used to work collaboratively with stakeholders to increase profits, a qualitative study was more appropriate.

There are several possible qualitative designs. According to Benard (2013), the best qualitative design depends on the research question. Because my research question

involved the exploration of strategies employed by craft brewery owners, I used open-ended questions. Yin (2014) suggested that case studies are most appropriate when using semistructured interviews with open-ended questions. A multiple-case study allowed me to obtain details in context within an investigation of experiences. Radley and Chamberlain (2012) explained that a qualitative case study is an indepth research strategy enabling the researcher to explore a specific and complex phenomenon within a real world context. Given the nature of the problem, I selected a qualitative multiple-case study design. Other designs include grounded theory, ethnography, and phenomenological designs.

A researcher using a grounded theory or a phenomenological design explores an individual's personal experience or world view to establish common themes (Marshall & Rossman, 2011). A researcher using an ethnographic approach focuses on an entire culture to gain perspective from those who live in that culture (Hanson, Balmer, & Giardino 2011; Yin 2014). In contrast, for this study I explored craft brewery owners' strategies using a qualitative multiple-case study approach that allowed five participants to take part in open discussions of profit strategies involving stakeholders.

### **Research Question**

The central research question of this study was: What strategies do craft brewery owners use to work collaboratively with stakeholders to improve profits?

### **Interview Questions**

1. What benefits do you provide that strategically draws potential employees?
2. What strategies do you use to retain employees?

3. What strategies of advertising and promotion have you used or are considering using to reach your target customers, and why?
4. Based on your experience, when developing a purchasing strategy, how important is a local supply of critical raw materials, and why?
5. What would you consider are the most important aspects of your relationships with your distributors and key retailers?
6. What collaborative strategies, if any, do you use with local distributors, retailers, suppliers, associations, charities, and nonprofit organizations (for example, event sponsorship, donation of product, advertising, print, logo on t-shirts)?
  - a. What are the benefits, if any, of those collaborative strategies?
  - b. What are the drawbacks, if any, of those collaborative strategies?
7. What strategies have you used or are considering using to obtain financial investment from lending institutions or investors?
8. What strategies involving stakeholders, such as employees, customers, retailers, suppliers, local community groups, and financial institutions, do you consider important for your brewery's long-term profitability?
9. What more can you add to assist in understanding the craft brewery strategies you use to improve profits?

### **Conceptual Framework**

I chose the stakeholder theory as the conceptual framework to offer an explanation of a craft brewery owner's responsibility to his or her stakeholders and the positive effect that creating value for all stakeholders can have on financial performance.



According to Freeman (1984), author of the stakeholder theory, two core questions underlie the theory: (a) What is the firm's purpose? and (b) What responsibility does management have to its stakeholders? The first question will provide management with a sense of the value it creates for stakeholders, and the second will guide the managers on the way they want to conduct business.

Freeman (1984) defined stakeholders as any group or individual who is affected by or can affect the accomplishments of the organization's purpose. All organizations, regardless of size, have internal and external stakeholders (Girard & Sobczak, 2012; Tang & Tang, 2012). Internal stakeholders include employees and management. External stakeholders are others who are affected by the organization; they include customers, suppliers, local communities, and shareholders (Tang & Tang, 2012).

Tang and Tang (2012) and Girard and Sobczak (2012) extended the work of Freeman. The authors claimed that individuals can affect the strategic plans of an organization and that all stakeholders seek benefit from the organization (Girard & Sobczak, 2012; Tang & Tang, 2012). Proponents of stakeholder theory argue that business managers can maximize a firm's financial performance if they act proactively and meet the needs of their relevant stakeholders (Baird, Geylani, & Roberts, 2012; Freeman, 1984). Thus, a craft brewery owner who provides value to his or her stakeholders is more likely to be successful.

## **Operational Definitions**

There are many terms that are unique to a qualitative study about the craft beer industry. This section includes definitions of terms used in the study. Familiarity with these terms will assist the reader in understanding the completed research.

**Boutique beer, craft beer, or microbrew:** This style of beer is from traditional or innovative brewing methods using unique ingredients or fermentation processes (Brewers Association, 2015).

**Brewpub:** A brewpub is a restaurant-brewery that sells 25% of its beer on site (Kleban & Nickerson, 2012).

**Cause-related marketing (CRM):** Cause-related marketing is a marketing strategy by which organizations donate a portion of every consumer purchase to a stakeholder group, promoting a specific product or service benefiting a social cause (Yin, 2013).

**Contract brewing:** Contract brewing is when a business hires another brewery to produce its beer (Kleban & Nickerson, 2012).

**Microbrewery:** A microbrewery is a brewery that produces less than 15,000 barrels per year with 75%, or more of its beer sold off-site (Kleban & Nickerson, 2012).

**Nanobrewery:** A nanobrewery is a brewery with a volume of fewer than 30 barrels of production per year (Kleban & Nickerson, 2012).

**Regional craft brewery:** A regional craft brewery is an independent regional brewery with annual production between 15,000 and 2,000,000 barrels, the majority of which are all-malt innovative beers (Kleban & Nickerson, 2012).

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

### **Assumptions**

Mitchell and Jolly (2010) described an assumption as a claim or statement that may or may not be true, that may be true in moderation, or that is not true. Assumptions are what the researcher takes for granted and may cause misunderstanding and risk of error (Mitchell & Jolly, 2010). I assumed that interviewing craft brewery owners would reveal strategies for working collaboratively with stakeholders to increase profits, that the interview participants would be eager to answer the questions honestly and without intentional bias, and that the participants would provide detailed information about working collaboratively with stakeholders. I assumed that the interview questions would produce the necessary data to complete the study. Another assumption was that a qualitative multiple-case study was the best design when exploring phenomena of craft brewery owners for their perceptions and lived experiences of collaborative strategies with stakeholders to improve profits.

### **Limitations**

Limitations refer to potential weaknesses that could affect the outcome of a research project (Mitchell & Jolly, 2010). Limitations of this study included possible participant bias and an inability to recall events accurately during the interview process. Additionally, participants may have been uncomfortable or reluctant to disclose all the business information necessary to make a full evaluation of the strategies craft brewery owners use to work collaboratively with stakeholders to improve profits. Finally, the

experiences and knowledge of the participants may not have been transferrable to all craft breweries.

### **Delimitations**

Delimitations are restrictions or boundaries that researchers impose to focus the scope of the study (Mitchell & Jolly, 2010). Coffie (2013) suggested that a common delimitation of research is a primary sample of one geographical region. I conducted this study in southern Maine, and the results of the study may not generalize to all craft breweries in the United States. Another delimitation is that I did not inquire into all potential strategies for increased profits used by craft brewery owners in this study. The research consisted of semistructured interviews with five craft brewery owners who have operated a brewery business for at least five years in southern Maine.

### **Significance of the Study**

#### **Contribution to Business Practice**

The significance of this qualitative multiple-case study was to identify strategies used in the craft brewery business through collaboration with stakeholders to increase profits. The findings from this study may provide insights to other small business owners and aspiring entrepreneurs in understanding small business profitable strategies. Information obtained from this study may aid in the expansion of established businesses as well as new startup ventures, providing new job opportunities. Profitable business owners employ effective strategies, have a greater ability to sustain high profits, and grow profits (Mitchelmore & Rowley, 2013; Phillips & Knowles, 2012). The goal of this

study was to provide possible stakeholder collaboration strategies to increase small business profits.

### **Implications for Social Change**

Craft brewery owners may have business strategies they are willing to share that other small businesses owners can use to create and foster profitability. Phillip and Knowles (2012) suggested that small business owners can learn from each other's performances. Profitable craft brewery owners can contribute to the local economy through stakeholder relationships by using locally grown produce in their product. Furthermore, craft brewery owners can improve the local economic landscape by partnering with other businesses.

Craft brewery owners contribute to the local economy by supplying products to local establishments. Bharwani and Jauhari (2013) determined that the hospitality industry benefits from value-added products and services that create a memorable experience for the consumer. Craft brewery owners sell their craft beers locally in retail stores, restaurants, hotels, bars, and at social events. By partnering with local establishments, craft brewery owners can foster increased sales for local businesses and provide better jobs for the local workforce.

The findings of the study could lead to the development of small business training and educational programs by community institutions. Business owners with greater access to training and education opportunities could produce more profitable businesses, aiding the local economy (Elmuti, Khoury, & Omran, 2012; Robinson, & Josien 2014) and providing additional jobs, products, and services. Social change can come from

developing skills, eliminating obstacles, and establishing profitability strategies for those who operate small businesses (Powell & Eddleston, 2013). According to Rosenthal and Strange (2012), the best sources of knowledge about a particular type of small business industry are owners of small businesses in that industry. This indepth exploration of craft brewery owners for strategies to work collaboratively with stakeholders that improve profits could lead to increased knowledge for other craft brewery owners.

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

The information in this section includes a detailed review of the literature related to the craft brewery industry, small business strategies, business marketing, and the knowledge of business profitability from stakeholder collaboration. A literature review synthesizes and summarizes the literature as it relates to the research topic (Onwuegbuzie, Leech, & Collins, 2012). The purpose of the literature review, as noted by Onwuegbuzie et al., is to create a body of pertinent research from published peer-reviewed journal articles, books, dissertations, professional publications and analysis from seminars and conferences, and seminal sources.

Onwuegbuzie et al. (2012) added that scholars and researchers use the literature review to avoid unintentional duplication of existing research while enhancing professional development and contributing to the existing literature. Rowley (2012) noted that a researcher accomplishes the following outcomes with a literature review: (a) provides support for the topic, (b) identifies the literature and contributes to the research study, (c) builds an understanding of the conceptual framework and literature, (d) establishes a bibliography of sources, and (e) analyzes the researcher's results.

I reviewed more than 150 peer-reviewed articles and professional publications, books of theory and practice in the business field, government documents, and doctoral dissertations. One hundred thirty-five of the referenced literature sources, or 85.4%, were peer-reviewed articles published within the past five years (2012-2016). I obtained the research data by searching ABI/INFORM Global database, Academic Search Complete, Business Source Complete, EBSCOhost, ProQuest Database, Google Scholar, and ScienceDirect<sup>®</sup>. I used the following key terms in searches of the academic databases: *beer, brewery, bracket interview, cause-related marketing, case study, charitable initiatives, corporate citizenship, craft beer, microbrew, small business, stakeholder, stakeholder theory, qualitative research, and quantitative research.*

The literature review begins with a summary of the beer industry, followed by a review of the factors of success and failure for small businesses. After a review of the stakeholder theory, the literature review continues with an analysis of the impact of stakeholders on small business success. The literature review concludes with a review of cause-related marketing strategies for small businesses.

### **Beer Industry**

The production of beer in America dates back to the colonial era. The earliest account of beer making in the United States dates to the pilgrims, who established local brewing systems in homes and taverns (Lewis, 2013). In the late 1600s, advancements in brewing methods enabled the larger production of beer and spirits (Lewis, 2013). Thomas and Leeson (2012) noted that the German immigrant brewers introduced the techniques that influenced industrialization of beer in America. As a result of the increase in the

production and consumption of beer and other alcoholic beverages, as well as public concerns for health and safety, federal and state governments promulgated beer and liquor laws and regulations.

Amendments to the United States Constitution are important landmarks in the history of the brewing industry. The Eighteenth Amendment of 1919 (Prohibition) prohibited the production and consumption of alcoholic beverages (Kurtz & Clements, 2014). With the closure of all legitimate breweries, legal production of beer from 1919 to 1933 did not exist. The Twenty-First Amendment of 1933 repealed the Eighteenth Amendment, giving control over the production of beer and alcohol to the individual states (Kurtz & Clements, 2014).

Prior to 1920 and the passage of the Eighteenth Amendment of 1919, there were more than 1,300 breweries in the United States, with an average production of 54.7 million barrels of beer annually (Clemons, Gao, & Hitt, 2006). A barrel of beer is equivalent to 31 U.S. gallons (Reid, McLaughlin, & Moore, 2014). At that time, beer was primarily produced and consumed locally, and Prohibition had a devastating effect on the beer industry (Reid et al., 2014). The Twenty-First Amendment of 1933 repealed Prohibition but not before the number of breweries had dwindled to less than three dozen (Clemons et al., 2006).

In 1966, Anchor Brewing Company in San Francisco opened the first post-Prohibition craft beer brewery in the United States (Murray & Kline, 2015). By 1980, the number of craft beer breweries had increased to only eight (Murray & Kline, 2015). Entrepreneurs entered the craft brewery business in greater numbers for the next two



decades. Between 1980 and 1998 more than 1,450 craft breweries opened in the United States (Brewers Association, 2015). Reid et al., (2014) noted that the craft beer industry had seen enormous growth since the 1990s, and so many new breweries had opened that supply exceeded consumer demand. Furthermore, much of the beer produced during that period was of dubious quality (Reid et al., 2014). The excess supply caused many brewery closures. By the early 2000s the industry was on an upswing again; this growth was a result of improved beer quality and increased consumption by the Millennial demographic (Reid et al., 2014).

In 2013, there were more than 2,480 craft breweries in the United States and at least one in every state (Reid et al., 2014). The Brewers Association (2015) reported that craft breweries produced over 21 million barrels of beer in 2014. The statistical data from the Brewers Association (2015) report clearly shows that despite a small increase in overall beer sales, the growth of the craft beer industry was robust; for example, overall beer sales for 2014 in the United States increased less than 1%, however, craft beer sales over the same period increased 22% (Brewers Association, 2015).

In a study to determine product differentiation strategies in the beer industry, Clemons et al. (2006) proposed two major factors that created the modern day beer industry. First, Clemons et al. claimed that to meet the demand for beer following the repeal of Prohibition, the remaining breweries turned to mass production of a standardized product. Second, advances in refrigerated shipping enabled the long distance distribution of beer products, thus eliminating the need for local breweries (Clemons et al., 2006). Therefore, conditions were favorable for major producers such as Anheuser-

Busch, Miller, and Coors (Clemons et al., 2006). Anheuser-Busch, Miller, and Coors established a solid footing in the market by aggressively marketing standardized beer products in print, radio, and television advertising (Clemons et al., 2006). Clemons et al. concluded that these marketing efforts established barriers to entry for potential competitors not through unique and superior beer, but through massive marketing investment.

By the 1990s, three large beer producers dominated the industry; in 1997, for example, Anheuser-Busch, Miller, and Coors produced approximately 82% of the 190 million barrels of beer sold (Clemons et al., 2006). The strategic marketing plan of aggressive advertising continued into the 21st century. In 2004, Anheuser-Busch spent \$2.6 billion on advertising and racked up net sales of \$15 billion, nearly half the U.S. industry sales (Clemons et al., 2006).

Consumer purchases of American beer remain strong. For example, Americans consumed nearly 200 million barrels of beer in 2013 (Reid et al., 2014). Large beer producers hold a commanding 85% of the market (Brewers Association, 2015). Toro-González, McCluskey, and Mittelhammer (2014) determined that beer sales are unaffected by price changes because there is almost no substitution across types of beer for consumers. According to the Brewers Association (2015), import beer sales slipped slightly to approximately 27 million barrels in 2013; however, in the same period, the craft beer industry increased its market share of U.S. sales to 17.5% of the overall market. The craft beer industry produced 15 million barrels of beer in 2013 with sales of \$19.6 billion, which is 20% growth over 2012 (Brewers Association, 2015). Despite the craft

beer industry growth, public policy concerns about adverse effects of beer consumption on health have had an impact on the beer industry.

Social and political pressures have influenced legislators to enact laws and regulations related to the beer industry in the modern era. In a study of the beer industry and self-regulation, Babor, Xuan, Damon, and Noel (2013) recommended the promulgation of nonindustry regulations for beer advertising during televised sporting events. Advertisements during sporting events can create public health concerns. Babor et al. reasoned that viewers under the legal drinking age are encouraged to drink beer because many of the self-regulated forms of marketing appeal to younger audiences.

There are conflicting academic views on self-regulated beer advertising. Jernigan (2012) argued that public safety could benefit from global partnership initiatives between the beer industry and the World Health Organization. Jernigan suggested that collaborative work between the two groups can produce positive benefits and still allow the beer industry to self-regulate marketing promotions. Conversely, Cesur and Kelly (2014) suggested that legislators should regulate the beer industry because of the negative effects of excessive beer consumption, such as loss of productivity and personality deterioration.

### **Craft Beer**

The fundamental techniques of beer production are the same, whether the production volume is large or small (Ambrosi, Medeiros Cardozo, & Tessaro, 2014). According to Murray, O'Neill, and Martin (2012), home brewers sought to rediscover traditions and authenticity by using old-fashioned brewing methods or distinctly different

brewing methods, not found in mass-produced beers from large breweries. This rediscovery of authentic beer making processes and experimentation hones the skills and craft of the brewer.

The movement of discovery by home brewers through experimentation and traditional brewing methods was the origin of the craft brewery industry (Murray et al., 2012). According to the Brewers Association (2015), craft beer either is a 100% malt beverage or has a minimum of 50% malt with adjunct enhancing flavors. Craft breweries are also called microbreweries, nanobreweries, and boutique breweries (Murray & Kline, 2015). The beers produced by craft breweries tend to be more diverse, more flavorful, and more potent than traditional mass-produced American lagers (Reid et al., 2014).

After World War II, the American beer industry experienced two changes. Between 1950 and 1980 the American beer industry consisted of primarily mass-production breweries producing mostly lager beers (Murray et al., 2012). Since 1980, the American beer industry includes more craft breweries, specializing in producing various flavors and styles (Murray et al., 2012). Since the early 1980s the craft beer industry has seen exceptional growth (Reid et al., 2014). The success of these breweries has caught the attention of the two largest brewers in the country, Anheuser-Busch, and MillerCoors. They are now pursuing strategic options to counter stiff competition from the craft breweries (Reid et al., 2014).

The American craft brewing industry is made up of three segments: (a) microbreweries, (b) brewpubs, and (c) regional craft breweries (Brewers Association, 2015). These are all small business productions. A microbrewery produces less than

15,000 barrels of beer annually, and at least 75% of that yield is sold offsite, typically in grocery stores, bars, and liquor stores (Brewers Association, 2015). In 2014, there were more than 1,800 microbreweries in the United States (Brewers Association, 2015).

Brewpubs are restaurant businesses that brew less than 15,000 barrels but sell at least 25% of their beer onsite (Brewers Association, 2015). In 2014, the Brewers Association claimed that there were in excess of 1,400 brewpubs in the United States. Finally, regional craft breweries are larger than microbreweries and brewpubs, producing between 15,000 and 6 million barrels per year (Brewers Association, 2015). The Brewers Association (2015) determined that there were 135 regional craft breweries in the United States in 2014.

The majority of craft brewers produce their beer onsite (Brewers Association, 2015). At times, a small craft brewery owner needs production assistance to meet demand and will enter into a contract with another brewery to augment production of the product. Contract brewing is an industry practice and occurs when a brewery does not have the capacity to brew additional flavors or to meet the demand for its beer and hires other brewers to produce its beer (Brewers Association, 2015). Contract brewing assists the small business owner by avoiding the capital expense of acquiring additional space and equipment (Reid et al., 2014).

### **Small Business**

The SBA (2014) defines a small business as a business operating with fewer than 500 employees. Yallapragada and Bhulyan (2011) claimed that in 2011 there were 27 million small businesses in the United States. The majority of American breweries are

small craft businesses. Of the 3,464 breweries operating in the United States in 2014, 3,418 can be classified as craft breweries (Brewers Association, 2015). Shukla and Shukla (2014) investigated the importance of small businesses to job creation, economic growth, and U.S. competitiveness. Small businesses sustain technological innovation and drive the economy (Cronin-Gilmore, 2012). Cronin-Gilmore ascertained that one-third of U.S. patents granted in 2007 was for technologies created by small businesses.

Small business owners are valuable employers in the economy of the United States. Small business owners provided 63% of the new jobs between 1993 and mid-2013 and paid over 50% of the U.S. payrolls (SBA, 2014). Small business owners are drivers of innovation that lead to more economical and sustainable outcomes (Gagnon, Michael, Elser, & Gyory, 2013). According to Eid and Gohary (2013), production from workers of small businesses is a major contributor to and the driving force behind the economy. In 2011, small businesses contributed more than half of the U.S. non-farm private gross domestic product (Yallapragada & Bhulyan, 2011). The small business owners hired more than 40% of high-technological workers, who filled niches in the labor market that otherwise would contribute to higher unemployment (Yallapragada & Bhulyan, 2011). Understanding the strategies used by successful small business owners is important to the establishment of successful craft breweries and the creation of new jobs.

Business scholars have investigated the motivators and personal attributes that inspire prospective entrepreneurs to become small business owners. Yallapragada and Bhulyan (2011) researched small businesses and identified seven prerequisites for successfully operating a small business and increasing the likelihood of survival: (a)

adequate financing, (b) qualified personnel, (c) efficient operation and production, (d) effective marketing and sales, (e) exceptional customer service, (f) supportive information management, and (g) trustworthy administration. Yallapragada and Bhulyan also determined that one of the most significant contributors to the failure of a small business is the inability to acquire adequate capital. The results of this study could provide assistance in developing a business model for small business and craft brewery entrepreneurs to ensure they address each of the prerequisites. The survival of new business ventures would benefit all stakeholders and communities.

Hede and Watne (2013) studied craft breweries and determined that a business owner's passion for the business or product plays an important role in motivation. In their research project about branding, Hede and Watne described a brewer from Norway who personally delivered the company's signature ale to a remote part of the country, illustrating by example the passion of the brewer for the product. Watne and Hakala (2013) stated that an entrepreneur's passion for the product or industry greatly influences the decision to go into business. Also, Watne and Hakala credited many craft brewers' abilities to overcome brewery startup challenges, such as market demands, to a passion to become fulltime craft beer brewers.

In addition to passion, potential business owners can benefit from thorough preparation. Cardon, Foo, Shepherd, and Wiklund (2012) researched college students involved in business plan presentations and found that the more passionate participants exhibited higher levels of preparedness, resulting in better quality plans and more effective presentations. In a study of successful entrepreneurs' personality characteristics,

Sanberg, Hurmerinta, and Zetting (2013) determined that successful entrepreneurs showed a high propensity for (a) acceptance of risk, (b) persistence, (c) self-efficacy, (d) tolerance, and (e) need for achievement. Therefore, according to Sanberg et al., passionate entrepreneurs can enhance their chances of success by being prepared and understanding that their passion can assist them with acceptance of risk, persistence, and achievement.

Philip (2011) conducted a quantitative study seeking to explain small business success in underdeveloped countries and suggested that the results of the study would help small business owners research all aspects of the business before starting up. Having all possible information available prior to initiating the business venture will assist in achieving a successful business (Philip, 2011). Philip examined six factors for small business success: (a) ownership know-how, (b) an understanding of the product and service, (c) the proper way of doing business and cooperation with stakeholders, (d) knowledge of business resources and finances, (e) favorable work relationships with external sources, and (f) a good understanding of the workings of small businesses. Using results from 300 surveys, Philip determined that all six factors were necessary for success. Also, Philip suggested that innovative products and services played a large role in the success of small businesses. Further, Philip proposed that quality, cost, and reliability play strategic roles in positive financial performance.

Similar to Philip (2011), Yang, Chan, Yeung, and Li (2012) found that new small business owners face challenges in accessing information or raw materials because larger enterprises have more access and leverage to purchase resources. The researchers



conducted their quantitative study of the Jiangsu, China construction industry to determine the relationship between market conditions and organizational mortality over the period of 1987-2009 (Yang et al., 2012). Yang et al. determined that despite the economic growth in the area, small construction firms struggled to survive. The researchers argued that there exists a *liability of smallness* in business, where small organizations have greater difficulty raising capital, obtaining quality labor, and therefore are at a higher risk of mortality (Yang et al., 2012).

Geho and Frakes (2013) determined that in order to have a sustainable positive economic impact on small business growth, stimulus programs must be available. Gale and Brown (2013) described various public policies and programs that the federal government uses to support small businesses, the most notable being the SBA, which acts as a gap lender for small businesses. The authors stated that there are numerous programs that (a) subsidize and facilitate credit for small businesses that would otherwise be incapable of obtaining credit, (b) assist in short-term loans, (c) develop financing programs to purchase fixed assets, and (d) provide programs of private equity financing of small business (Gale & Brown, 2013).

Small business researchers have focused on success rather than failure (Arasti, Zandi, & Talebi, 2012; Campbell, Heriot, Juaregui, & Mitchell, 2012). Failure is hard to define because there are many terms used to describe failure such as firm closure, entrepreneurial exit, dissolution, discontinuance, insolvency, organizational mortality, and bankruptcy (Arasti et al., 2012; Campbell et al., 2012). The U.S. government does

not collect data on nonbankruptcy closures (SBA, 2014). Based on my review of the literature, many factors impact small business failure.

Philip (2011) claimed that new businesses have failed at a higher rate than existing businesses, and that small businesses have failed at a significantly higher rate than large firms. Philip suggested that most small business studies focus on regions with sound economic conditions and the results might not apply to small businesses operating in poor economic conditions. Philip believed that a study based in a region with humble economic conditions could elicit useful results.

In studying business failure in Iran, Arasti et al. (2012) used a mixed methods study to research new businesses in the industry sector. Arasti et al. used qualitative data retrieved from four industry leader groups in ten semistructured interviews, paired with quantitative results from 52 completed questionnaires by business owners from a sample of 158 failed businesses. Arasti et al. concluded that the results of the qualitative interviews showed an overwhelming lack of managerial and financial management skills on the part of the business owners. The quantitative portion of their study highlighted the following problems exhibited by the business owners: (a) lack of crisis management skills, (b) lack of marketing skills, (c) lack of financial management knowledge, and (d) lack of human resource management skills (Arasti et al., 2012).

In a study examining the relationship between business failure and state government in the United States, Campbell et al. (2012) explained that the closing of firms are often a sign of a healthy economy and the rate of closure varies from state to state. Campbell et al. used information from the Economic Freedom of North America

(EFNA) reports in their study. Campbell et al. claimed that public policies of state governments often hinder new businesses to enter new markets or existing businesses to move or expand. Campbell et al. noted that some state governments in the United States established public policies to promote new ventures, only to create an unfair competitive playing field for existing businesses, thus causing firm closures.

Fatoki and Asah (2011) noted that debt financing is a critical component of success and that a lack of access to capital is often a reason for business failure. Fatoki and Asah investigated the impact of firm and entrepreneurial characteristics on access to debt financing, suggesting that collateral is one of the most important determinants of credit success in Kings Williams Town, South Africa. Fatoki and Asah claimed that small business owners should be investment ready and seek out training on bank and creditor requirements. Moreover, lack of managerial competencies, such as the ability to communicate and negotiate with stakeholders, is an important reason for the unavailability of financing for some small firms (Fatoki & Asah, 2011). Fatoki and Asah concluded that small business owners who are not ready to provide collateral for financing and/or to attend seminars and training programs to improve managerial competence were setting themselves up for failure.

In their research of small business lifecycles, Peltier and Naidu (2012) warned that the likelihood of small business failure climaxes at the growth stage. Researchers have recognized that small firms are key drivers of innovation in the United States (Judd & McNeil, 2012; Shukla & Shukla, 2014). Innovation is the process of creating value through

the implementation of new ideas (Levy, 2012). Bello and Ivanov (2014) and Ivanov (2013) suggested that an organization can only survive when it innovates and improves.

**Craft Brewery Success Factors.** In a study specific to the beer industry, Griffin and Weber (2006) collected data on stakeholder relations. The researchers examined the corporate social responsibility activities of six beer industry owners to identify and compare stakeholder relations. The authors' focus in the study was the relationships between beer industry owners and investors, employees, and the community. Griffin and Weber (2006) found that the beer industry owners were attentive to the impact of corporate financial performance on investor relations. All six of the firms provided information to current investors and attempted to entice prospective investors to their company websites.

In a qualitative study that explored themes of craft brewery workers and their work engagement, Thurnell-Read (2014) suggested that the motivation of craft brewery workers stemmed from creativity and job satisfaction; craft beer brewery workers exhibit a passion for their product and take pride in the quality of their work. Craftwork frequently involves creativity in the sense of creating something new and unique (Thurnell-Read, 2014). They further stated that all of the brewers in the study were most energetic when describing the brewery as a place with tangible sensory stimuli and almost magical processes. Thus, brewery workers thrive in an environment that nurtures creativity, passion, and job satisfaction (Thurnell-Read, 2014).

Murray, O'Neill, and Martin (2012) examined the economic potential of the niche market of craft beer and suggested that the homebrew movement has driven the success

of the craft beer market. Using survey results received from over 4,200 members of the AHA, the researchers concluded that the demographics of the craft beer market suggest continued growth (Murray et al., 2012). Craft beer consumers are relatively youthful with 42% between the ages of 35-49, and over 70% have obtained a bachelor's or graduate degree and earn over \$75,000 per year (Murray et al., 2012).

Murray and Kline (2015) extended the works of Murray et al. (2012) by examining the factors that influence brand loyalty for craft beer consumers. The researchers collected data from tourists and residents of two small host communities in North Carolina (Murray & Kline, 2015). Using data from 260 surveys, Murray and Kline developed a clearer understanding of craft beer brand loyalty; loyal customers tend to buy more products and are less sensitive to price and competitive advertising. Brand loyal customers help attract new customers by word-of-mouth advertising (Murray & Kline, 2015). Craft beer consumers felt strongly about buying a unique product and product satisfaction (Murray & Kline, 2015).

Murray and Kline (2015) also found that the host community of the brewery influenced brand loyalty among craft beer consumers. They determined that the brewery's location in the host community was the most important factor in influencing brand loyalty (Murray & Kline, 2015). Many visitors came to the host community for the primary purpose of visiting the brewery. Attraction to the brewery created a community brand, assisting in the growth of the local economy (Murray & Kline, 2015).

Chemlíková (2014) conducted a study to gauge the level of knowledge of microbrewery owners in the area of performance measurement systems. According to

Chemlíková, a performance measurement system involves the gathering, elaborating, and analyzing of data to support decision-making processes. The more information a small business owner has to make strategic decisions, the better the decision-making process and the greater the potential for financial reward (Chemlíková, 2014). The researcher concluded that most failed small businesses did not implement a performance measurement system and the two most common reasons for the lack of a performance measurement system are limited financial and human resources (Chemlíková, 2014).

Vrellas and Tsiotras (2015) argued that management methods, not stakeholder involvement, determine the financial performance of breweries. They studied the global brewing industry to explore quality management methods and determined that lean manufacturing practices could reduce execution time (Vrellas & Tsiotras, 2015). Brewery owners that incorporate a management tool such as Six Sigma could reduce defective batches through process control and accuracy (Vrellas & Tsiotras, 2015). However, the researchers did not consider the stakeholder involvement in the quality management process. The lack of published research on stakeholder involvement in craft breweries and the impact of that involvement on brewery profitability was the impetus for this study (Vrellas & Tsiotra, 2015).

### **Stakeholder Theory**

The first use of the term *stakeholder theory* emerged with Freeman's (1984) book of business practices from a stakeholder's perspective. A memorandum from Stanford's Research Institute first used the term 'stakeholder' (Brown & Foster, 2013). While Freeman coined the theory relatively recently, Brown and Foster discovered that Adam

Smith described the concept of private industry benefiting from social involvement in his manuscripts dating from the late 1700s.

Freeman (1984) noted that business owners who actively engage in stakeholder relationships establish value that can lead to success. All organizations have stakeholders (Girard & Sobczak, 2012; Tang & Tang, 2012). Stakeholders are internal or external individuals or groups who are affected by or can affect business accomplishments (Freeman, 1984; Schlierer et al., 2012). Internal stakeholders are employees and management, while external stakeholders are others affected by the business, including suppliers, customers, charitable groups, community organizations, investors, financial institutions, and shareholders (Schlierer et al., 2012; Tang & Tang, 2012).

Tang and Tang (2012) and Girard and Sobczak (2012) extended the work of Freeman, and claimed that all stakeholders seek benefit from an organization. In doing so, individuals can affect the strategic plans of an organization (Tang & Tang, 2012; Girard & Sobczak, 2012). Business owners who develop relationships with stakeholders and gain an understanding of their desires can build long-term strategic resources (Tang & Tang, 2012). Those relationships can prove to be beneficial. Freeman (1984) noted that many small businesses struggle with the stakeholder relationship in the development of social initiatives. Delgado-Ceballos, Aragon-Correa, Ortiz-de-Mandojana and Rueda-Manzanares (2012) suggested that involving stakeholders early in business strategy and decision-making processes can eliminate barriers to social initiatives. Thus, craft brewery owners may avoid unforeseen conflicts by establishing stakeholder relationships.

Stakeholder theory is not without opposition. Hasnas (2013) found the use of stakeholder theory in research confusing and questioned whether it was a normative theory. Derry (2012) argued that confusion about stakeholder theory has resulted in erroneous characterizations of the theory on websites and in journal articles. Derry added that researchers of the stakeholder theory often incorrectly base their research on the principle of ‘who and what counts’, a principle that stakeholder theorists reject.

Sen and Cowley (2013) claimed that researchers who use stakeholder theory may fail to understand the motivations of small businesses that engage in social responsibility activities. Many small business owners do not see social responsibility as a means to satisfy their stakeholders’ desires (Sen & Cowley, 2013). They also indicated that many small business owners are ignorant of the terminology of the stakeholder theory (Sen & Cowley, 2013). Small business owners view engagement in social responsibility activities and financial business decisions as two unrelated areas (Sen & Cowley, 2013).

Proponents of stakeholder theory argue that business managers can maximize their firm’s financial performance if they proactively meet the needs of their relevant stakeholders (Baird et al., 2012; Freeman, 1984). Freeman noted that corporate leaders are solely responsible to shareholders regarding decision-making activities. However, few researchers have explored the means to create value for stakeholders (Harrison & Wicks, 2013).

Value creation is a fundamental element of strategic business management (Harrison & Wicks, 2013). An owner of a small business can provide value to the business’s stakeholders, resulting in a positive effect on financial performance (Harrison



& Wicks, 2013; Freeman, 1984). Maden, Arikan, Telci, and Kantur (2012) stated that small businesses owners must recognize and meet stakeholder expectations for success in highly competitive marketplaces. Schlierer et al. (2012) maintained that owners of small businesses who share formal strategic and philosophical strategies with local associations and charitable organizations may increase their business profits with management decisions related to charitable initiatives.

In a mixed study, Garriga (2014) explored stakeholder contribution to value creation of businesses by conducting surveys and interviews (with executives and stakeholders). The researcher suggested that stakeholder contributions to value creation are complex but can be beneficial; through observation, stakeholders can provide valuable feedback regarding management practices that may increase performance and profit (Garriga, 2014). Garriga further reasoned that business leaders could use stakeholder input to develop programs that may meet multiple stakeholders' needs. The researcher suggested that stakeholder communications could assist management in developing more successful production methods, service delivery, and other business performance measures (Garriga, 2014).

Other scholars have researched value creation and stakeholder relationships. For example, Harrison and Wicks (2013) asserted that firms create value through the development of stakeholder relationships. Financial performance is not the only measurement of an organization; there are tangible and intangible goods emanating from an organization (Harrison & Wicks, 2013). Cooperative business relationships with stakeholders foster fairness and growth (Harrison & Wicks, 2013).

Chrisman, Chua, Pearson, and Barnett (2012) examined the impact of family involvement and family influence on small business performance seeking to find a relationship between family business commitment and the business's noneconomic goals. By grounding the study in the stakeholder theory framework, the researchers provided insights into which stakeholders are likely to influence a business leader's selection of goals (Chrisman et al., 2012). Data were collected via two mailed surveys in the quantitative study, with over 1,000 firms participating. The researchers found that power emanates not only from ownership rights but also from participation by nonowner family members (Chrisman et al., 2012).

Using the stakeholder theory as a guidepost to their case study research, Crilly and Sloan (2012) explored the possibility that attention to stakeholders is the result not only of objective external influences but also of managers' conceptions of their firms and the firms' relationships to society. The authors' purpose of the study was to answer the question of why leaders of firms operating in the same environment differ in their attention to stakeholders and, by extension, in their social performance (Crilly & Sloan, 2012). They used eight firms in the same geographic location as a case study research example (Crilly & Sloan, 2012).

Drawing on data obtained from 88 interviews and organizational annual reports, the researchers concluded that some firms are better at addressing stakeholder concerns because their managers have fundamentally different ways of conceptualizing the firm and its relationship to society (Crilly & Sloan, 2012). Crilly and Sloan also noted that managers displaying superior business autonomy are more likely to give increased

attention to the interests of stakeholders; these managers are willing to take risks to spark creativity and growth. Conversely, managers displaying constricted autonomy operate to minimize threats; therefore, the researchers suggested that these managers could be reluctant to engage in stakeholder decision-making processes (Crilly & Sloan, 2012).

Blower and Mahajan (2013) examined business leaders' responses to demands of stakeholders in a quantitative study related to social performance. Blower and Mahajan found that organizations that responded to the needs and demands of their stakeholders were high performing. The authors asserted that communication with and responsiveness to stakeholders led to better decision-making and better meeting of stakeholder demands (Blower & Mahajan, 2013). Conversely, organizational leaders who ignore the needs of stakeholders fail to benefit from stakeholder contributions, squandering opportunities to sustain and grow their business (Blower & Mahajan, 2013).

Madsen and Bingham (2014) built upon Blower and Mahajan's (2013) research with a quantitative study examining the relationship between a firm's social responsibility activities and compensation for newly hired executives. Madsen and Bingham claimed that the ability to build relationships with and manage stakeholders is a valuable skill that is widely applicable in the executive labor market. Using stakeholder theory as their framework, Madsen and Bingham argued that there is a pattern of higher compensation for executives who handle stakeholders and social responsibility positively. Thus, according to the researchers, treating stakeholder relationships as a priority could result in increased financial gain and career development for the business executive (Madsen & Bingham, 2014).

## **Stakeholders**

Leaders of organizations may impact, through their actions and decisions, certain individuals and groups called 'stakeholders,' according to Minoja (2012). Stakeholders are also individuals and groups who have influence over the actions and long-term survival of the organization (Minoja, 2012). Stakeholders of an organization can be internal or external. Business owners should be aware of individuals and groups beyond their immediate shareholders, including their customers, employees, government, suppliers, local community, and society.

Business leaders who engage in stakeholder involvement may see positive results. Freeman (1984) ascertained that long-term sustainment of an individual leader or organization required the cooperation of all individuals and groups who could be affected by the economic or social achievements of the leader or organization. Minoja (2012) suggested that meeting the demands of stakeholder groups increases the trust and confidence in the organization leaders, creates a cooperative population, and enhances economic prosperity and efficiency. Tse (2012) claimed that developing positive stakeholder relationships creates organizational value at reduced costs and competitive advantage over rival firms.

Craft brewery business owners are small business owners who rely heavily on their stakeholders (Brewers Association, 2015). Proietti (2012) suggested that small business owners need to meet the demands of stakeholders to create value for the business. All stakeholders make decisions that affect the company (Freeman, 1984).

Small business owners could potentially improve employee performance and increase profits by promoting social initiatives through its employees (Hansen et al., 2011; Proietti, 2012). Employees choose where they will work, customers choose the company they purchase from, suppliers choose the company they sell to, and investors choose the company in which to invest. Thus, it is important for the company to have an outstanding reputation in the eyes of its stakeholders to succeed.

The supplier-retailer relationship is a type of business-stakeholder relationship. The retailer would like to purchase at the lowest possible price, while the supplier is seeking the highest possible price. The supplier-retailer relationship is not inherently positive or negative (de Gregoria, Cheong, & Kim, 2012). Supply channel conduct requires interactions at multiple levels in the business relationship (de Gregoria et al., 2012). De Gregoria et al. explained that suppliers and retailers must go beyond a take-it-or-leave-it situation. According to the researchers, suppliers and retailers must consider quality, service, and promotional activities (de Gregoria et al., 2012).

Biboum and Sigué (2014) expanded the work of de Gregoria et al. (2012) examining the supplier-retailer relationship in the brewery industry in Cameroon. Biboum and Sigué maintained that a channel of conflict had an inverse effect to supplier formalization and retailer dependence. They determined that coercive influence strategies, such as the use of threats and demands, increase conflict between suppliers and retailers, while noncoercive influence strategies, such as information exchange and recommendations, have no significant effect on conflict (Biboum & Sigué, 2014). They also argued that while most transactions between the supplier and retailer are normal and

routine, they do require some level of noncoercive strategies that would prevent conflict (Biboum & Sigué, 2014).

### **Corporate Social Responsibility**

Despite a large body of academic literature on Corporate Social Responsibility (CSR), scholars have yet to reach consensus on a definition (Isa, 2012). Scholars have noted that business leaders have a responsibility to society beyond maximizing profits (Freeman, 1984; Jones, Hillier, & Comfort, 2013; Torres, Bijolt, Tribo, and Verhoef, 2012), yet corporate leaders struggle with implementing CSR consistently. Despite the lack of a clear understanding of CSR, some authors use CSR as a viable business concept as part of their framework in research.

In a study of 57 brands involving 10 countries, Torres et al. (2012) concluded that leaders that implement CSR strategies have a positive effect on global brand equity. The authors showed that there are benefits to customers, employees, suppliers, shareholders, and communities when a company follows socially responsible policies in the local community (Torres et al., 2012). They concluded that it is effective for business owners to combine global strategies with local community interests (Torres et al., 2012). However, Freeman (1984) explained that community stakeholders can stifle business profitability by supporting certain legal, ethical, and other social issues that increase business costs. Social issues can also work against shareholder motives (Maden et al., 2012). Therefore, business owners must identify with stakeholder issues (Maden et al., 2012).

Jones, Hillier, and Comfort (2013) explored leading global spirits and beer producers and their CSR processes and strategies. Using CSR reports of the five largest spirits producers and the five largest beer producers, the researchers found a movement toward integration of CSR into the producers' core strategic plans (Jones et al., 2013). They also recognized that these firms exhibit good corporate citizenship by providing their employees with safe and rewarding jobs, improving the environments in the locations of their facilities, and fostering cultures where shareholders obtain a fair return on their investments. (Jones et al., 2013).

Leading producers contend that the development of a fully integrated CSR strategic plan will place them in a position for long-term growth with their stakeholders (Jones et al., 2013). Jones et al. (2013) noted that the producers depend on their retailers to support the producers' CSR initiatives and suggested that marketing executives of major retailers who engage in price-cutting alcohol promotions, thereby increasing sales, can undermine the producers who participate in responsible drinking campaigns. A retail marketing executive's desire to generate revenue may drive these practices, thereby undermining the reliability, integrity and credibility of the CSR reporting processes (Jones et al., 2013).

Griffin and Weber (2006) identified six categories of a beer company's social responsibility in their research: philanthropic activities, volunteerism, employer matching programs, social reports, business and social-related community involvement programs, and charitable foundation involvement. Their research includes a study sample of six large brewery firms. At the time of the study, three of the sample companies were

predominately U.S.-based businesses (Anheuser-Busch, Coors Brewing, and SABMiller Brewing) and three were non-U.S.-based businesses (Diageo [United Kingdom], InBev [Belgium], and Heineken [the Netherlands])). According to Griffin and Weber, leaders and employees of five of the six firms engaged in extensive community activities. The marketing leaders of Coors Brewing are most notable for their 2% program; they developed a program where the company donates at least 2% of its pretax profits to charitable organizations each year (Griffin & Weber, 2006). Many of these activities were previously unrecorded; however, now some of these firms have created charitable foundations to handle the philanthropic contributions separately from their business operations (Griffin & Weber, 2006).

Craft brewery owners tend to work with their communities through philanthropy, volunteerism, and sponsorship of local events (Brewers Association, 2015). It is possible for small business owners to retain customers and obtain financial rewards using charitable initiatives (Griffin & Weber, 2006). Torres et al. (2012) claimed that charitable collaboration with local organizations may influence financial performance. Charitable initiatives include (a) cash donations, (b) business services and gifts, (c) use of facilities, (d) sponsorship of schools, (e) community events, (f) sporting events, (g) cause-related marketing (CRM), and (h) loaning of managerial expertise (Amato & Amato, 2012).

### **Cause-Related Marketing**

Marketing strategies are necessary for businesses to establish a strategic plan and to sustain growth. Marketing strategies are dependent upon stakeholder wants and needs (Madsen & Bingham, 2014). Cause-related marketing is the combination of both



marketing and corporate social responsibility (Ahluwalia & Bedi, 2015). Cause-related marketing requires a long-term partnership between the corporation and the community (Ahluwalia & Bedi, 2015). Cause-related marketing refers to a type of marketing strategy that involve the cooperative efforts of a profitable business and a nonprofit organization for mutual benefit (Ahluwalia & Bedi, 2015). According to Ahluwalia and Bedi and Ponte and Richey (2014), executives of companies all over the world are showing greater interest in CRM because of the plethora of benefits it brings to key stakeholders and the increasing consumer desire for socially responsible consumption.

Since 2002, CRM efforts have become one of the most significant forms of corporate sponsorship spending, averaging a 12% rate of growth annually (Koschate-Fischer, Stefan, & Hoyer, 2012). Ross III, Stutts, and Patterson (2011) claimed that over 68% of the participants surveyed in their study felt that CRM was a good idea. Gopaldas (2015) noted that owners of firms that engaged in CRM activities fostered an environment in which employees felt better about where they work. Gopaldas suggested that collaborative CRM efforts between business owners and stakeholders foster goodwill that may create an increase in employee performance and encourage employees to participate in their community.

Ross III et al. (2011) found numerous examples of company CRM efforts. For example, at the time of their study, executives of Scott Paper supported Ronald McDonald Houses, leaders of General Foods supported Mothers Against Drunk Drivers, and executives of Coca-Cola supported Hands Across America (Ross III et al., 2011). The marketing executives of American Express are known as the first group to

effectively utilize a CRM campaign by establishing a corporate fund toward the restoration of the Statue of Liberty; American Express donated one penny for each cardholder purchase and one dollar for each new card application (Anuar & Mohamad, 2012; Ross III et al., 2011). Anuar and Mohamad claimed that the American Express – Statue of Liberty CRM campaign created not only strategic awareness of a social issue but also a promotional tool to help repair the deteriorating monument. The Statue of Liberty Foundation received \$1.7 million, while American Express experienced a 28% increase in credit card use and a 45% increase in credit card applications (Ross III et al., 2011).

Executives of Yoplait, similar to American Express executives, connected a social cause to its brand identity. In 1997, Yoplait Yogurt executives established a CRM campaign with the leaders of the Susan G. Komen Breast Cancer Foundation. The leaders of the two groups created the ‘Save Lids to Save Lives’ CRM campaign and the corporation collected 10 cents per Yoplait Yogurt lid sent in by consumers thereby generating over \$12 million for cancer research (Koschate-Fischer et al., 2012). Ross III et al. (2011) suggested that CRM is a good way to raise money for a cause because it is painless giving. Also, CRM targets popular, risk-free causes and promotes a feel-good attitude by consumers (Ross III et al., 2011). Business owners and marketing executives who implement cause-related marketing efforts, such as those used by Yoplait and American Express, bring together the for-profit company and the nonprofit organization through increased sales, loyalty, and donations (Ross III et al., 2011).

Liu (2013) expanded the research on CRM and asserted that there are four types of CRM programs, (a) altruistic programs, (b) commercial programs, (c) social programs, and (d) integrative programs. According to Liu, an altruistic CRM program is not a marketing effort at all; it is purely a philanthropic endeavor. A commercial CRM program is a mechanism used by a marketing manager to drive sales or company reputation in the short run (Liu, 2013). A social CRM program is not intended to be a mechanism for business owners to increase company sales; it is, however, a program that business owners use to improve the relationship between the for-profit company and the stakeholder group (Liu, 2013). Finally, the integrative CRM program builds upon the long-term relationship of the company with the stakeholder group and also focuses on a method to increase sales (Liu, 2013).

Thomas, Mullen, and Fraedrich (2011) argued that a CRM program must foster a strategic relationship between the for-profit company and the nonprofit organization. Vanhamme, Lindgreen, Reast, and Popering (2012) contended that to obtain maximum value from a CRM program, firms must invest in research to identify an appropriate cause for the target audience. The CRM program should benefit both the company and the nonprofit organization. The two entities should determine the type of CRM program in advance (Liu, 2013). For a CRM program to be successful, it must also become part of the overall marketing mix and must be incorporated into the long-term strategy of the brand (Christofi et al., 2015).

Cause-related marketing programs must also provide a connection between the consumer, the for-profit company, and the nonprofit organization (Keer & Das, 2013).

According to Kerr and Das, there must be a link between the cause and the product to have a positive effect on the consumer's purchase intention. Lafferty and Edmondson (2014) suggested that when empathy exists, and there is a feeling of obligation by the target consumer, there will be a higher level of loyalty toward the product and higher sales associated with the program. Therefore, according to Keer and Das and Lafferty and Edmondson, it is imperative to establish a link between the cause and the for-profit company prior to engaging in the CRM relationship.

Hartmann, Klink, and Simons (2015) studied the role of trust in German retail CRM campaigns. According to the authors, retailers are using CRM to differentiate their companies and their products to secure customer loyalty in competitive markets (Hartmann et al., 2015). They suggested that consumers often lack the information necessary to assess the fairness of CRM campaigns, so the trust between the company and consumer becomes important (Hartmann et al., 2015). Hartmann et al. considered consumers' level of trust in CRM in general as well as the consumers' level of trust in specific retailers' CRM campaigns. A consumer online survey was used to collect data (Hartmann et al., 2015). The researchers found that consumers' trust in a retailer's CRM campaign increases their loyalty to the retailer, and there is a general level of trust by consumers in CRM campaigns (Hartmann et al., 2015).

Cause-related marketing is not without criticism. According to Ross III et al. (2011), critics argued that consumers may have less need to examine causes that deserve support and that the commercialization of the charitable organization could result in negative attitudes by consumers. The public may assume it is up to the business to take

care of these causes in the future, with CRM programs replacing philanthropic giving (Ross III et al., 2011). Christofi et al. (2015) noted that some critics believe CRM could undercut traditional no-strings corporate giving, as more corporations will expect marketing benefits for their contributions. Some business owners may only contribute to highly visible, popular, and low-risk charities to maximize their exposure and minimize their risk (Christofi et al., 2015). Anuar and Mohamad (2012) suggested that disgruntled consumers may believe business owners are seeking to improve sales by using clever marketing tactics and are not interested in promoting a cause.

Recently CRM methods have been evolving. Robinson, Irmak, and Jayachanran (2012) developed a quantitative study on a form of CRM where consumers choose which cause will receive the funds; the ability to choose the nonprofit organization to which they feel connected may influence their purchasing behavior. Robinson et al. (2012) found that this type of CRM program adds value because it provides consumers a greater level of satisfaction and sense of participation beyond the purchase.

Koschate-Fischer et al. (2012) studied consumers' willingness to pay for a product contributing to a cause. Through a series of quantitative studies, the researchers examined cases of high brand-cause fit, and found that the size of the donation did not impact the willingness to purchase, while customer predispositions did (Koschate-Fischer et al., 2012). They found a strong correlation between the ability to help others and a willingness to pay (Koschate-Fischer et al., 2012). The researchers concluded that it is not the size of the donation that affects the customer's willingness to pay, but, rather, the fit of the CRM program with his or her beliefs (Koschate-Fischer et al., 2012).

Eikenberry (2013) explored why nonprofit organizations select CRM strategies to raise funds and found an increase in customer loyalty and commitment to a brand among participating volunteers. Eikenberry noted that the communication and the one-to-one contact between volunteers, customers, and business owners established a pattern of increased spending that is not present when there is no interaction. Therefore, stakeholder interactions promoted the CRM strategy (Eikenberry, 2013).

Cause-related marketing is not without limitations. Gopaldas (2015) suggested that some marketing efforts can give customers a moral license to purchase resource-intensive products. In addition, Gopaldas claimed that CRM campaigns that take a position in a cultural, political, or legal debate often create both allies and enemies. For example, Dove's advertising campaign using older, plus size models was effective in some areas but not well received in other markets (Gopaldas, 2015). Gopaldas suggested that many CRM campaigns are unlikely to address the structural roots of societal problems because doing so would contradict the profit motives of the corporation. For example, Pepsico's Eco-Fina water bottle reduces the amount of plastic used in making the bottles, but does not address the environmental problem of plastic water bottles (Gopaldas, 2015).

### **Transition**

Section 1 included a problem statement outlining the issue of small business survival and a purpose statement outlining the identification of strategies that increase the profitability of craft brewery owners. Then, presented the methodology and theoretical

framework of the study. It concluded with a review of the literature and a synthesized review of previously published research.

Section 2 presents a description of my role as the researcher and the ethical considerations for the proposed study. It also includes a detailed outline of the research methodology, and information on the sample, population, data collection tools, and techniques. It concludes with a summary and transition to Section 3.

Section 3 describes the research results of the study. It includes an overview of the study, presents the findings, addresses how to apply the results to professional practice, and suggests the implications for social change. It concludes with recommendations for action, further study suggestions, and reflections.

## Section 2: The Project

This section presents an explanation of the study. The section describes the role I played as the researcher, the sampling techniques, as well as the role of the study participants. Section 2 also outlines how I analyzed and collected the data. The section concludes with a discussion of the reliability and the validity of the study process.

### **Purpose Statement**

The purpose of this qualitative multiple-case study was to explore the strategies that craft brewery owners used to increase profits by collaboratively working with stakeholders. The population comprised craft brewery owners in southern Maine who have been in business for at least five years. For this research study, a successful business refers to a business with profitability and longevity of five or more years (SBA, 2014). Five craft brewery owners participated in semistructured interviews and provided information related to profitable business strategies involving stakeholder collaborations. Better understanding of profitable business strategies revealed in this study might contribute to social change by contributing to business longevity, business creation, employment, and taxation revenue.

### **Role of the Researcher**

This study consisted of indepth face-to-face interviews with craft brewery owners in southern Maine. According to DeFeo (2013), Houghton, Casey, Shaw, and Murphy (2013), and Yen (1984), face-to-face interactions with the participants through semistructured interviews and open-ended questions are the best methods for obtaining information from the sources. A researcher should implement a well-planned interview



and practice careful note-taking and listening to produce useful and detailed information (Muskat, Blackman, & Muskat, 2012; Qu & Dumay, 2011; Rubin & Rubin, 2012). I was diligent and careful while developing interview questions. Consistent with the method used by Erlingsson and Brysiewicz (2013), I asked opened-ended interview questions that aligned with one central research question.

DeFeo (2013), Houghton et al. (2013), and Qu and Dumay (2011) stated that the researcher's role in a qualitative study involves collecting, organizing, interpreting and analyzing the data. As the researcher, I was the main instrument for these processes. I attempted to identify the participants' biases and to understand how my values and personal background may affect my interpretation of the participants' responses.

As suggested by Akhavan, Ramezan, and Moghaddam (2013), Benard (2013), and Cseko and Termaine (2013), to avoid any bias, I conducted the interviews in an ethical manner. As recommended by Cseko and Termaine, I adhered to the guidelines of the Belmont Report on ethical principles for human rights. I respected the participants' rights, provided accurate reporting of findings, and did not harm any participants or small businesses involved in the study.

As recommended by Marshall and Rossman (2011), Qu and Dumay (2011), and Yin (2014), I adhered to an interview protocol to ensure that the participants answered the same questions to assist in the study's reliability and validity. Each interview began with a brief introduction, followed by a discussion regarding consent and confidentiality. After answering the participant's questions and concerns, I obtained a signed consent form. I reviewed the interview protocol (see Appendix A) and then proceeded with the

interview questions. I concluded the interview with a wrap-up and thank you. Furthermore, I followed the Walden University and Institutional Review Board (IRB) guidelines for conducting ethical research.

### **Participants**

As suggested by DeFeo (2013), Marshall and Rossman (2011), and Minor-Romanoff (2012), I used a purposeful sampling method to identify the interview participants representing the southern Maine craft breweries. Purposeful sampling involves recruiting participants with advanced knowledge of the phenomenon (Hanson et al., 2011; Marshall & Rossman, 2011; Minor-Romanoff, 2012). The population for this multiple-case study was owners of craft breweries in southern Maine, who have been operating for a minimum of five years. To ensure I followed ethical procedures and avoided human rights violations, I gained approval from the Walden Institutional Review Board (IRB). The approval number for this study is 11-03-15-0444470.

One purposeful sampling method is criterion sampling. Criterion sampling is the method of reviewing and studying all cases using some criterion of importance (Suri, 2011). Using the criterion sampling method, as suggested by Hanson et al. (2011), Suri, and Yang et al. (2012), I conducted an Internet search for craft brewery owners in southern Maine who have been in business for at least five years. I identified, contacted, and obtained pre-approvals from craft brewery owners who met the criteria for participation in the study.

A researcher employing a case study method must establish a working relationship between the researcher and the participants (Marshall & Rossman, 2011;

Unluer, 2012; Yin, 2014). I established a working relationship with the potential interview participants by sending letters of invitation to craft brewery owners in southern Maine (see Appendix A). The letter provided an informal introduction, an overview of the study, participant criteria, consent form, and instructions for interested owners who wished to take part in the study on how to make contact with me.

I followed up with the interested owners via telephone or e-mail conversation. According to Frooman, Mendelson, and Murphy (2012), Marshall and Rossman (2011) and Unluer (2012), interview participants might be more willing to share stories, speak openly and be honest in their responses if they have a commonality of experience with the researcher. Therefore, after the prospective participants agreed to participate, I shared my experience as a small business owner in Maine. I also informed them that their shared experiences will be valuable for aspiring small business entrepreneurs.

I had the participants sign a consent form, as recommended by Frooman, et al. (2012), Marshall and Rossman (2011) and Yin (2014), prior to commencing the interview (see Appendix C). The consent form included information about the purpose of the study and participant confidentiality. The consent form reminded participants that they were volunteers and could withdraw at any time without adverse effects and that their personal information would remain confidential.

Upon completion of the interview, I sent each participant a thank you letter, with my contact information and the interview transcript for the participant's review within twenty-four hours. Caretta (2015), Crooks (2015), and Onwuegbuzie, (2012), suggested that a participant's review of the interview transcript will assist in the accuracy of the

information and shared experiences. I asked each participant to check the transcript and respond to me within five days. All of the participants confirmed the results and requested no changes.

## **Research Method and Design**

### **Research Method**

Quantitative research uses quantifiable data to test a hypothesis in order to generalize findings from a sample to a population (Benard, 2013; Kramer-Kile, 2012; Murakami, 2013). Quantitative research is an appropriate method when statistical data from participants can be used to support findings (Benard, 2013; Murakami, 2013). However, according to Benard, the quantitative method does not include participants' experiences, feelings, observations, and relevant documentation; the researcher using the quantitative method must rely on numerical data for insights.

The mixed method is a combination of quantitative and qualitative methods and is useful for the generation and verification of findings (Denzin, 2012). In this method, researchers use both quantitative and qualitative data analysis to support and to validate their findings. Since the goal of this study was to explore how craft brewery owners use strategic development of collaborative work with stakeholders to increase profits, and not to quantify their strategic approaches, neither the quantitative research method nor the mixed method were appropriate for this study.

As Campbell and Goritz (2014), Murakami (2013), and Petty, Thomson, and Stew (2012) described in their respective research studies, I used a qualitative study to gain insights and learn about participants' experiences and perceptions in the craft beer

industry. Qualitative methodology is appropriate when studying a cultural or social phenomenon (Petty et al., 2012). Yin (2014) stated that qualitative methodology is a means for studying or observing individual and group issues that are numerically hard to measure.

A qualitative study allows the researcher to gain insight through interviews with participants by comparing and analyzing their views (Campbell & Goritz, 2014). Stuckey (2013) claimed that the use of semistructured interviews could reveal the underlying factors that contribute to a phenomenon. The qualitative method allows for open-ended questions to understand a participant's lived experience or phenomenon as opposed to employing closed-ended questions to obtain numerical data (Benard, 2013).

Lived experience or phenomenon within a context is the focus of qualitative methodology (Petty et al., 2012). Murakami (2013) suggested that qualitative research leads to an understanding of the participants' perceptions, attitudes, and behaviors. Benard (2013) suggested that the qualitative method is useful for exploring business concerns that occur in a society. This method offered me an opportunity to explore complex personal experiences of the participants of this study and allowed me to collect and analyze information and data used by craft brewery owners to increase company profits through collaborative work with their stakeholders.

### **Research Design**

Qualitative research designs include grounded theory, ethnography, phenomenology, and case study (Benard, 2013; Petty et al., 2012; Zarif, 2012).

Researchers using a grounded theory design collect data by exploring the actions and

social interactions of participants to develop a new theory (Zarif, 2012). Researchers collect and analyze the data simultaneously until data saturation is sufficient to develop a theory (Petty et al., 2012). In this study, I did not wish to develop a new theory. Thus, the grounded theory approach was not applicable for this study.

Ethnographical researchers study behaviors, beliefs, and languages that form patterns within a cultural or social group (Baines & Cunningham, 2013; Englander, 2012; Zarif, 2012). Englander stated that ethnographical researchers are required to become part of the cultural group to study the people of that culture. I did not intend to become a craft brewery owner. Ethnographical research requires ongoing observation of the participants to evaluate individuals for data collection that is both time consuming and expensive (Zarif, 2012). For these reasons, I did not choose an ethnographical study.

Qualitative phenomenological researchers seek to understand main themes, obtaining their data through interviews, observations, and document reviews (Benard, 2013; Petty et al., 2012; Qu & Dumay, 2011). In doing so, researchers must set aside their ideas, views, and prior knowledge of the phenomenon (Petty et al., 2012). The purpose of this study was to explore with craft brewery owners their effective stakeholder collaboration strategies to increase company profits. Therefore, I determined that if I had adopted the phenomenology research design, I may have uncovered how craft brewery owners established collaborative working practices based on feedback from stakeholders, but I may not have elicited detailed information about which strategies were more effective in increasing profits.

Therefore, I determined that the use of case study methodology was the most appropriate design for this study. According to Moll (2012), Petty et al. (2012) and Yin (2011), case study research is most appropriate when studying a phenomenon in its natural setting. Petty et al. suggested that a researcher uses case study research to gain an understanding of a distinctive event using an individual, system, classroom, process, or clinic. Yin explained that case study researchers explore experiences, reasons, or possible explanations for a phenomenon. The case study approach is most suitable when the researcher is conducting evaluations and determining what happened or why it happened (Yin, 2011). A researcher using a case study has the opportunity to get close to the participants in their natural settings and explore their interactions in their day-to-day routine (Moll, 2012). I gained an understanding of craft brewery owners' lived experiences and insight into their viewpoints, business strategies and practices by using this design. Thus, a qualitative multiple-case study approach was the most appropriate methodology and design for this study.

Because the multiple-case study approach required interviews of craft brewery owners, I conducted the interviews until data saturation occurred. Data saturation is the point when no new themes emerge and participants' experiences and perspectives are reoccurring (Hanson et al., 2011; Suri, 2011; Walker, 2012). Walker advised that qualitative researchers should continue their interviews until they find redundancy in the data. I achieved data saturation when the interview results produced recurring themes and no new themes surfaced.

### **Population and Sampling**

A qualitative researcher does not generalize findings; the results are context-specific (Petty et al., 2012). Selecting participants with knowledge of the phenomenon will increase understanding and offer a range of perspectives (Petty et al., 2012; Suri, 2011; Walker, 2012). Purposeful sampling of interview participants provides detailed information rather than generalizations (Suri, 2011).

DeFeo (2013), Suri (2011), and Walker (2012) suggested that purposeful sampling allows researchers to intentionally sample a group of people who are most likely to have experiences and information about the research question under investigation. DeFeo recommended that the researcher should select the most relevant participants who can best serve the research objectives as the purposeful sample. The southern Maine region of the United States has more than thirty craft breweries in operation (Brewers Association, 2015). Suri suggested that small business owners who set the strategy for their companies are the most appropriate interview participants. A population of thirty craft brewery owners in southern Maine included the most relevant participants who provided detailed information and insights into their specific business strategies and practices.

Dworkin (2012), Suri (2011), and Walker (2012) claimed that data saturation determines the size of the purposeful sample. Data saturation occurs when the researcher uncovers no additional insights, themes, or perspectives related to the subject phenomenon (Suri, 2011). The sample size should reach the number of participants sufficient to meet data saturation standards, in which the data becomes repetitive



(Dworkin, 2012). The study included a purposeful sample of five craft brewery owners who have been operating for more than five years in southern Maine. This sample was sufficient to reach data saturation.

To minimize any interference with the business activities of the craft brewery owners, I conducted semistructured face-to-face interviews at their business locations and at their convenience and availability, as recommended by Goldberg (2014), Rowley (2012), and Rubin and Rubin (2012). I scheduled interviews to last no longer than 60 minutes. As Rowley suggested, I requested a location for each interview that was convenient, secure, and provided confidentiality for the participant. I ensured that I interviewed business owners who had operated their breweries for more than five years in southern Maine. I adhered to the established interview protocol (See Appendix A).

### **Ethical Research**

The qualitative researcher can discover and refine concepts by addressing questions of *how*, *what* and *why* in the study (Yin, 2014). A qualitative researcher has a dual mission: generating knowledge through rigorous research and upholding ethical principles and standards (Damianakis & Woodford, 2012; Morse, 2015; Rubin & Rubin, 2012). The researcher has an ethical obligation to the interview participants. Rubin and Rubin cautioned that a researcher must honor any promises made to the participant regarding the data collected for the study; additionally, the researcher must not deceive the participant and must demonstrate respect for the participant.

Research internal review boards expect researchers to develop ethical protocols (Damianakis & Woodford, 2012). Typically, a researcher enters a participant's world and

accesses experiences and reflections, some with unforeseen risk and of a highly sensitive nature (Damianakis & Woodford, 2012). Damianakis and Woodford advocated that the researcher should foster a relationship with the participant so he/she might entrust the researcher with deeply personal information. Prior to conducting interviews, I gained approval from the Walden Institutional Review Board (IRB). The approval number for this study is 11-03-15-0444470.

As Curry, Taylor, Chen, and Bradley (2012), Gibson, Benson, and Brand (2013), and Katre and Salipante (2012) described in their respective research studies, I provided each participant with a consent form outlining the intended use of the study, the purpose, and the interview risk. The consent form also explained the steps that I took to protect the identity of participants. I required a signed consent form from each participant prior to conducting the interview (see Appendix C for a blank copy of the form). I kept all information such as names, personal data, and any other information regarding the participants' businesses and personal identities confidential. As Curry et al., Gibson et al., and Katre and Salipante described in their respective studies, I used codes such as P1, P2, or P3 to protect the identity of the participant as well as to identify the participants throughout the study. I only mentioned the codes throughout the study and no other person will have access to the identity information.

The craft brewery owners were under no obligation to complete the interviews and were able to halt the interview process at any time. No participant halted an interview or withdrew from the study. I did not provide monetary incentives to potential participants; however, as a nonmonetary incentive, I promised to provide each participant

with a copy of the final doctoral study upon request. All printed materials were locked in a safe when not in use, for the added protection of the participants. I stored the electronic data on a removable hard drive which was locked in a safe when not in use. I will securely store all personal information and other sensitive materials for five years following the conclusion of the study. After five years, all records will be destroyed following Walden University program requirements.

### **Data Collection Instruments**

Cooke (2014), Petty et al. (2012), and Rowley (2012) ascertained that the interaction between the participant and the researcher produces the data in a qualitative study. Interviews are valuable instruments for collecting research data (Petty et al., 2012). Rowley (2012) claimed that the interview is the primary source of data collection in a qualitative study. Cachia and Millward (2011), Petty et al., and Qu and Dumay (2011) noted that the researcher is the primary data collector. As the researcher, I was the primary data collector for the study. Qualitative researchers who utilize semistructured interviews can explore perceptions and experiences through the participants' responses (Cachia & Millward, 2011). Qu and Dumay suggested that semistructured interviews relax the participants and facilitate open dialog with the researcher. A semistructured format with open-ended questions is favorable in qualitative research (Cachia & Millward, 2011; Petty et al., 2012; Rowley, 2012). I used semistructured interviews with open-ended interview questions as the data collection instrument in the study.

I adhered to an interview protocol (see Appendix A). Prior to conducting the interviews, I provided a copy of the consent form to each participant (see Appendix C).

This form provided the participant an opportunity to become familiar with the interview process and sample interview questions. I conducted the interviews by asking each participant the same open-ended questions in the same order to enhance the reliability of the study (see Appendix D).

As Caretta (2015), Katre and Salipante (2012), and Wahyni (2012) described in their respective research studies, through the interview process I gathered a collection of information and data from the participating craft brewery owners about their lived experiences to uncover their strategies for success in achieving profits through collaborations with stakeholders. According to Katre and Salipante and Yin (2011), the case study research approach allows for collection of data from several sources; in addition to the face-to-face interviews, I asked the participant to voluntarily provide copies of company documents such as advertising and promotional materials, corporate structures, annual reports, and cause-related marketing budget information. I did not exclude from the study participants who did not wish to provide documentation.

As Caretta, Rowley (2012), and Wahyni described in their study, I requested the participants to review the interview transcripts. I provided a typed transcript of the interview to each participant within 24 hours of the completed interview. I requested that the participant review the transcript and provide feedback to me within five business days. Caretta claimed that the process of transcript review provides the participant with an opportunity to validate the accuracy of his or her comments.

### **Data Collection Technique**

Not all craft brewery owners implement the same strategies or strategies that are equally effective. Therefore, I interviewed the craft brewery owners using a semistructured interview process with open-ended questions for data collection. To elicit more detailed answers to interview questions, Anyan (2013), Rowley (2012), and Yin (2014) recommended establishing rapport with the participants. To establish rapport with the participants, I began each interview with a brief introduction and followed interview protocol. By establishing rapport and using open-ended interview questions, the participants provided descriptive and detailed answers about their collaborative strategies used with stakeholders to increase profits.

Anyan (2013), Snyder (2012), and Yin (2014) identified interviews as acceptable sources for data collection in case studies. I conducted face-to-face semistructured interviews as the primary source of data. I conducted the interviews at the participants' businesses to ensure that they were comfortable with the interview process.

By conducting face-to-face interviews I had greater opportunity for personal engagement and interaction. Anyan (2013), Petty et al. (2012), and Snyder (2012) suggested that face-to-face interviews provide opportunities to establish rapport and the chance to observe participants' mannerisms and nonverbal communication. During face-to-face interviews, participants are able to share their lived experiences and firsthand accounts of their businesses (Anyan, 2013; Petty et al., 2012; Snyder, 2012). The disadvantages of face-to-face interviews may include difficulty in the interviewee's ability to recall events clearly; difficulty in establishing validity and reliability of the

results and findings; and possible researcher bias (Petty et al., 2012; Street & Ward, 2012). One other potential disadvantage of face-to-face interviews versus telephone interviews is increased cost (Lechuga, 2012).

Petty et al. (2012), Snyder (2012), and Yin (2014) recommended the use of documentation as the second source of data collection. The documentation I used to enhance the reliability of the interviews was from industry materials (Brewers Association, 2015; Maine Brewers Guild, 2015), government documentation (U.S. Census Bureau, 2014) and the participants' business Internet websites.

After the IRB granted approval for me to conduct the study, I participated in two bracket interviews. Bracket interviews can ascertain any biases or preconceptions that a researcher may hold that could harm or taint the research process (Chan, Fung, & Chien, 2013; Simpson, Posta, & Tashman, 2015; Tufford & Newman, 2012). I used the results of the bracket interviews to avoid imposing any bias during the interview and data analysis process.

According to Foley and O'Connor (2013), Rubin and Rubin (2012), and Yin (2014) interview questions provide the framework for an interview. I followed the interview protocol (see Appendix A) and asked the same questions, in the same order, of each participant. I anticipated that each interview would take approximately forty-five minutes. However, shorter or longer interviews could be expected, depending upon the participant's answers to the nine interview questions (see Appendix D). Out of respect for the participant's time, before I began, I informed each participant that the interview

would not exceed 60 minutes. I completed all interviews within the sixty-minute time limit.

I took notes, made observations, and audio recorded each interview session. Harper and Cole (2012), Marshall and Rossman, (2011) and Synder (2012) recommend the use of electronic devices as research tools. Synder ascertained that the use of a recorder during the interview process ensures accuracy and aids in the transcription process. I transcribed each interview using the audio recording, coding each participant for confidentiality. To ensure the accuracy of the responses, each participant received a copy of the transcript for review. The interview participant has an opportunity to provide feedback through transcript review which supports the credibility of the results (Harper & Cole, 2012; Marshall & Rossman, 2011; Snyder, 2012).

### **Data Organization Technique**

Organization of the research data is important to the accuracy of the study (Arasti et al., 2012; Bernauer, Lichtman, Jacobs, & Robinson, 2013; Erlingsson & Brysiewica, 2013). I created a spreadsheet using Microsoft Excel<sup>®</sup> to record the acceptance of participation by the craft brewery owners. The spreadsheet also detailed a record of receipt of the signed consent form, scheduled date and time of the interview, and location of the interview for each participant. To ensure and maintain the accuracy of the information, I recorded all participant information in the spreadsheet within 24 hours of receipt.

The interview questions provided the initial structure and organization for the data gathered. As Arasti et al. (2012), Erlingsson and Brysiewica (2013), and Thurnell-Read

(2014) described in their respective research studies, I used a list of open-ended interview questions, followed an interview protocol, and recorded the interviews with a handheld device. Once I completed the interviews, I transcribed the tape recordings using Microsoft Word<sup>®</sup> and saved the documents in my laptop computer.

Some researchers have recommended the use of electronic devices and software programs to develop codes and themes from the interview data (Bernauer et al., 2013; Hanson et al., 2011; Szeinbach, Seoane-Vazquez, & Summers, 2012). For the compilation of the data, I imported the written interview transcripts from Microsoft Word<sup>®</sup> into NVivo<sup>®</sup> 11 software to develop themes and codes from the interview questions. I also downloaded company documents from the brewery websites and added them to the NVivo<sup>®</sup> 11 software program.

I compared the data from the NVivo<sup>®</sup> 11 software results to codes and themes from my observations and notes from the interviews. Qualitative research requires the organization of the data into themes by coding, condensing the codes, and making sense of the data through figures, through tables, or in the discussion (Rowley, 2012). Curry et al. (2012), Gibson, Benson, and Brand (2013), and Rowley suggested coding as a method to protect the confidentiality of the participants. In an effort to protect the participants and the identities of their breweries, I used a coding technique as described by Gibson, et al. (2013). I coded the participants P1, P2, P3, P4, and P5, and the breweries B1, B2, B3, B4, and B5. I only referred to these codes throughout the study and no other person had access to the identity information.



As Curry et al. (2012), Gibson et al. (2013), and Rowley (2012) described in their respective research studies, I compared the data based on codes and themes by cross-referencing with the craft brewery owners' responses to the interview questions to develop final research findings and conclusions. All data collected, including notes, audio recordings, interview transcripts, and secondary sources, were sorted and cataloged using Microsoft Excel<sup>®</sup> spreadsheets. I electronically scanned all written material. I shredded all printed material. Upon completion of the study, all data was uploaded electronically to a thumb drive and locked in a safe. After five years, the data will be destroyed.

### **Data Analysis**

The primary source of data for this study was the semistructured interviews of craft brewery owners in southern Maine. As Petty et al. (2012), Snyder (2012), and Yin (2014) described in their respective research studies, I used secondary data sources that included government documents (U.S. Census Bureau, 2014), craft beer industry websites (Brewers Association, 2015; Maine Brewers Guild, 2015) and the participants' company Internet websites. Qu & Dumay (2011), Rubin & Rubin (2012), and Yin (2011) suggested that the researcher should structure the interview questions using significant words and phrases to inquire about a phenomenon. The interview questions were structured to understand *how*, *what* and *why* of a particular craft brewery owner's strategies to increase profits while implementing stakeholder collaboration. The interview questions were as follows:

1. What benefits do you provide that strategically draws potential employees?
2. What strategies do you use to retain employees?

3. What strategies of advertising and promotion have you used or are considering using to reach your target customers, and why?
4. Based on your experience, when developing a purchasing strategy, how important is a local supply of critical raw materials, and why?
5. What would you consider are the most important aspects of your relationships with your key distributors and retailers?
6. What collaborative strategies, if any, do you use with local distributors, retailers, suppliers, associations, charities, and nonprofit organizations (for example, event sponsorship, donation of product, advertising, print, logo on t-shirts)?
  - a. What are the benefits, if any, of those collaborative strategies?
  - b. What are the drawbacks, if any, of those collaborative strategies?
7. What strategies have you used or are considering using to obtain financial investment from lending institutions or investors?
8. What strategies involving stakeholders, such as employees, customers, retailers, suppliers, local community groups, and financial institutions, do you consider important for your brewery's long-term profitability?
9. What more can you add to assist in understanding the craft brewery strategies you use to improve profits?

I created a transcript of each recorded interview using Microsoft Word<sup>®</sup>. As Crooks (2015), Harvey (2015), and Street and Ward (2012) described in their respective studies, I provided the interview transcripts to the participants for review. I imported the transcript from Microsoft Word<sup>®</sup> into NVivo<sup>®</sup> 11 software. The use of NVivo<sup>®</sup> 11

software assists in the development of themes and coding of data from the interview questions (Curry et al., 2012; Thomas & Magilvy, 2011; Verner & Abdullah, 2012).

After the collection and organization of data, I triangulated the data collected with the documents from company websites, government websites, craft brewery industry websites, and the face-to-face interviews, as described by Denzin (2012), Onwuegbuzie et al. (2012), and Yin (2013). Onwuegbuzie et al. noted that the most significant step in qualitative research is the process of data analysis. I analyzed the data using Yin's (2011) data analysis method. His process involves five steps: (a) compiling the data, (b) disassembling the data, (c) reassembling the data, (d) interpreting the meaning of the data, and (e) concluding the data (Yin, 2011).

Computerized-assisted qualitative data analysis is accepted practice among business researchers for compiling data (Curry et al., 2012; Klaus & Maklan, 2012; Szeinbach et al., 2012 ). For example, Szeinbach et al. (2012) used NVivo<sup>®</sup> 11 software to organize interview data for their case study on testosterone replacement therapy, and Curry et al. (2012) adopted NVivo<sup>®</sup> 11 software to analyze leadership in the African health care industry. Once I had organized the data, I began the process of disassembling the data.

The process of disassembly involves the formal procedure of coding (Yin, 2011). As described by Crooks (2015), Petty et al. (2012) and Pessu (2015), I identified and coded patterns and themes in the data. Crooks described the coding process as the classification or sorting of data which is necessary for analysis of all qualitative research studies. I used NVivo<sup>®</sup> 11 software to assist in coding. While the use of software may

assist in developing themes from the participants' responses, the researcher must also manually analyze and interpret the data (Petty et al., 2012). Therefore, as Pessu described, I compiled the data categorically and chronologically, with repeated review and continual coding to identify themes, topics, and issues relevant to this study.

Then I reassembled the data according to the emerging themes and moved to the next step that Yin (2011) described: interpreting the meaning of the data. The researcher must interpret the meanings of the participants' answers to the interview questions to understand and describe the data (Harper & Cole, 2012; Petty et al., 2012; Yin, 2011). Yin described five attributes to consider for a comprehensive interpretation of data: completeness, fairness, empirical accuracy, value-added, and credibility.

To assist in the empirical accuracy of the data interpretation, I utilized Microsoft Excel<sup>®</sup> and NVivo<sup>®</sup> 11 software to sort, search, and recode the data. To ensure completeness and fairness of the data, I followed an interview protocol including asking the participants the same interview questions in the same order. I asked participants to review the transcripts of their respective interviews to ensure credibility in the data results. After I interpreted the data, I moved to the final step, concluding the data.

Concluding is the development of a sequence of statements noting the findings from the viewpoint of a larger set of ideas (Benard, 2013; Singh, 2014; Yin, 2011). Concluding themes and patterns deriving from the central research question is necessary for understanding the findings of a qualitative study (Singh, 2014). To conclude the data, I utilized the conceptual framework of the stakeholder theory, as authored by Freeman (1984). In this manner, I interpreted the findings using an established theory that is

relevant to the development of strategies by craft brewery owners to increase profits through collaborative work with stakeholders. Prior to finalizing the study results, I performed a thorough search for any new published academic works that suggested new themes.

## **Reliability and Validity**

### **Reliability**

Reliability of a study is the ability of another researcher to replicate the study, in a similar setting, and to obtain similar results (Grossoehme, 2014; Thomas & Magilvy 2011; Yin, 2014). When conducting the interviews, I followed the interview protocol attached in Appendix A. Following a consistent interview protocol will reinforce the reliability of a study (Marshall & Rossman, 2011). Thomas and Magilvy described that repeating the interview approach will enable other researchers to replicate the design, thereby supporting the study's reliability. In addition, to ensure reliability as Thomas and Magilvy described, I: (a) aligned the interview questions with the central research question, (b) documented and stored the responses and related data, (c) requested that the participants review their respective transcripts, (d) secured the data to protect confidential information, (e) applied standard analytical approaches consistent with case studies, and (f) will destroy the data after five years.

Reliability occurs when another researcher can follow the audit trails of a prior study (Thomas & Magilvy, 2011). Thomas and Magilvy described the recommended elements of establishing research audit trails. As Thomas and Magilvy described, I: (a) described the purpose of the study, (b) described the participant selection process, (c)

described the data collection process, (d) described how the data was interpreted for analysis, (e) discussed the research findings, and (f) communicated techniques to determine creditability of the data.

Additionally, to ensure reliability, I requested that the interview participants engage in a transcript review process. Reliability is relevant in research studies to ensure the accuracy of data (Caretta, 2015; Crooks, 2015; Street & Ward, 2012). Each participant reviewed a transcript of his or her interview that I provided one business day after the interview session. Crooks suggested that a participant's review of the interview transcript assists in the accuracy of the information.

### **Validity**

Validity relates to the accuracy of the findings in research and is dependent upon the trustworthiness of the researcher (Harper & Cole, 2012; Street & Ward, 2012; Thomas & Magilvy, 2011). Street and Ward described that validity is a measure of the trustworthiness and credibility of the content of data-gathering vehicles such as surveys and interview scripts, and of the derived findings and results. Thomas and Magilvy proposed three criteria for testing the validity of qualitative research: credibility, transferability, and confirmability. As Caretta (2015), Harper and Cole, and Street and Ward described, I ensured the validity of the study findings by requesting that the participants review their respective interview transcripts, triangulating the data, and applying the conceptual framework of stakeholder theory as a guide.

Boblin, Ireland, Kirkpatrick, and Robertson (2013), Unluer (2012), and Yin (2013) recommended methodical triangulation of data to address credibility. Upon

completion of the interviews, I allowed the participants to review and verify the transcribed data to ensure accuracy. Developing a relationship and communicating with participants increases clarity and participation during the research process (Unluer, 2012).

Yin (2013) stated that methodical triangulation is the use of multiple data sources when seeking to answer a research question. As Boblin et al. (2013), Thomas and Magilvy (2011) and Yin described, I collected data from several additional sources, including government documentation, industry publications, and participants' Internet websites. Comparing these data with the semistructured interview results enhanced the data analysis, ensuring credible and reliable data.

Cahoon, Bowler and Bowler (2012), Hanson et al. (2011), and Da Mota Pedrosa, Näslund, and Jasmand (2012) stated research must be transferable. Transferability of a study relates to how the results of a study can be generalized or transferred (Hanson et al., 2011). Da Mota Pedrosa et al. claimed that a researcher must provide detailed information about the design and findings of a study to allow the audience to determine whether the study could apply to another possible research project. Transferability requires providing a detailed sample description and results that can be applied to another context (Hanson et al., 2011). I explored the lived experiences and strategies for business success in achieving profits through collaborations with stakeholders shared by the craft brewery owners so that other small business owners and scholars can use the results in their settings.

Confirmability of a study refers to whether the study's results can be confirmed or corroborated by other research results, particularly when a researcher applies a similar

case study protocol (Cahoon et al., 2012; Houghton et al., 2013; Thomas & Magilvy, 2011). Thomas and Magilvy suggested the use of triangulation of multiple data sources to establish confirmability. To establish confirmability, I triangulated the data from the semistructured interviews, government documentation, industry publications, and participants' Internet websites.

Data saturation is an important component to establishing credibility (Dworkin, 2012; Suri, 2011; Walker, 2012). A researcher establishes data saturation when repetition in the data occurs or when the researcher uncovers no additional insights, themes, or perspectives related to the subject phenomenon (Suri, 2011). As Hanson et al. (2011) described, I ensured data saturation by conducting interviews until repetition in the data occurred, or I uncovered no additional insights, themes or perspectives.

### **Transition and Summary**

Section 2 contained the research method, design, and theory of this qualitative research study. In addition, the participant selection process and the role of the researcher were outlined. Furthermore, the processes of data collection, data organization techniques, and data analysis were reviewed. Section 2 concluded with a description of the reliability methods and validity of the research for this multiple-case study.

In Section 3 I provide a description of the research results of the study. In Section 3 I also include an overview of the study, present the findings, address how to apply the results to professional practice, and support the implications for social change. I conclude Section 3 with recommendations for action, further study suggestions, and reflections.



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

Section 3 begins with an introduction of the study that addresses the purpose of the study, the research question, and a brief summary of the findings. It continues with a detailed presentation of findings, application to professional practice, and implications for social change. Section 3 concludes with recommendations for action, recommendations for further research, reflections, and a conclusion.

#### **Introduction**

The purpose of this qualitative multiple-case study was to explore the strategies that craft brewery owners in southern Maine used to increase profits by collaboratively working with stakeholders. Baird et al. (2012) claimed that business owners can maximize a firm's financial performance if they act proactively and meet the needs of their relevant stakeholders. With the increased popularity of and demand for craft beer, startups of breweries increased during the late 1990s, resulting in increased competition. More than 500 craft breweries began operation in the United States in 2014, an increase of 19.4% over the previous year (Brewers Association, 2015).

According to Solomon et al. (2013), 30% of small businesses fail within the first two years, and only 50% of new ventures survive past five years. Small businesses in the United States need to increase profits to remain in business (SBA, 2014). The craft brewery owners who participated in this study have all operated their businesses for at least five years. Three participant owners have successfully operated their brewery businesses for more than twenty years, through the down turn in the craft brewery

industry of the early 1990s as well as the global financial crisis of 2007-2008. The lived experiences of the five participants provided the profit strategy results of this study.

To answer the central research question on the strategies craft brewery owners use to work collaboratively with stakeholders to improve profits, I interviewed five craft brewery owners who had extensive experience in the craft brewery business and had been operating their businesses for at least five years. I asked each participant owner nine open-ended interview questions (see Appendix D) that enhanced my knowledge regarding strategies to increase profitability while working collaboratively with stakeholders.

According to DeFeo (2013), face-to-face interactions with the participant owners through semistructured interviews with open-ended questions are the best method for obtaining information from the participants. I used semistructured face-to-face interviews to gain the craft brewery owners' trust by having one-on-one personal contact with each participant. After transcribing the interviews, I asked the participant owners to review their respective transcripts, as Harvey (2015) described, to ensure that I captured the participants' responses accurately.

Consistent with Yin's (2013) recommendation, I compared the interview transcripts, direct observations, and industry documents to ensure validity using methodological triangulation. The data sources included the Brewers Association (2015), the Maine Brewers Guild (2015), U.S. Census Bureau (2014), and participant breweries' business Internet websites. For presentation of the findings, I did not use the actual names of the participants or the names of their breweries.

I organized the participant owners' responses and industry documents to identify and create common themes for coding. Once data saturation occurred, I entered the data into the qualitative analysis software tool, NVivo<sup>®</sup> 11. I used the NVivo<sup>®</sup> 11 software to further develop themes and to uncover key strategies used by the study participant owners.

Through triangulation of the interviews and documentation I gained further understanding of the issues related to collaboration efforts between craft brewery owners and stakeholders to increase profits. Four themes emerged from the coding process: (a) employee satisfaction and retention, (b) nontraditional marketing, (c) commitment to quality, and (d) development of local relationships. These themes affirmed the stakeholder theory. From the findings, I identified strategies that craft brewery owners can apply to increase profits through stakeholder collaboration.

### **Presentation of the Findings**

I chose Freeman's (1984) stakeholder theory as the conceptual framework to offer an explanation of a craft brewery owner's responsibility to his or her stakeholders. Baird et al. (2012) suggested that business managers can maximize a firm's financial performance if they act proactively and meet the needs of their relevant stakeholders. I explored the concepts of the stakeholder theory as applied to craft brewery owners and profit strategies.

I used information gathered from five semistructured interviews, industry and government publications, and participant business Internet websites to complete my methodological triangulation of data for this study. I collected the greatest amount of data

from the interview participant owners. I recorded and transcribed the interviews. I utilized transcript review by the participants as Harvey (2015) described. I replaced the brewery owners' names with P1 through P5 and the names of their businesses with B1 through B5, based on the chronological order of the interviews. As Walker (2012) described, the data reached saturation when the interview data and the government and industry evaluation became repetitive, and the interviews elicited no new information.

### **Participants and their Businesses**

I searched the Maine Brewers Guild website for the breweries that had been in operation for at least five years. I mailed interview requests to twelve brewery owners. Two days after mailing the letters I followed up with e-mails and phone calls to the perspective participants. I received responses from five brewery owners who were receptive to participating in interviews. I did not receive responses from the other seven brewery owners. I interviewed the five willing participants (see Table 1).

Two of the brewery participants are in the top 50 in the United States by sales volume in 2015, according to the Brewers Association's annual study (Brewers Association, 2015). In 2015 local government and business associations recognized two of the brewery participants for economic achievement: one brewery participant as the fastest growing small business in the city (document 7, 11/21/2015), and the other as a recipient of an economic achievement award for business growth (document 8, 11/21/2015). One brewery participant is the oldest craft brewery in operation east of the Rocky Mountains (confirmed company website, 11/21/2015).

Two of the participant owners operate regional craft breweries that have been in operation for more than twenty years. A regional craft brewery is an independent regional brewery with annual production between 15,000 and 2,000,000 barrels, the majority of which are all-malt innovative beers (Kleban & Nickerson, 2012). Two other participant owners operate craft microbreweries. One has been in operation for over thirty years and the other for more than five years. A microbrewery is a brewery that produces fewer than 15,000 barrels per year with 75% or more of its beer sold offsite (Kleban & Nickerson, 2012). The final participant owner operates a nanobrewery that has been in business for five years. According to Kleban and Nickerson, a nanobrewery is a brewery with a volume of fewer than 30 barrels of production per year. A barrel of beer is approximately 31 gallons (Brewers Association, 2015).

Prior to the interviews, I reviewed the consent form with each of the participant owners. After the participant owners signed the consent form, I scheduled the interviews. The interviews took place in private offices at the brewery office locations. I asked each of the participant owners nine open-ended questions following the established interview protocol (see Appendix A). The five participant owners answered all nine questions. I tape recorded all of the interviews. At the conclusion of the interviews, I asked each participant owner for any supporting documents; all five participant owners directed me to their corporate Internet websites. Two of the participant owners suggested that I review the Maine Brewers Guild website for additional information. In closing, I thanked the brewery owners for their participation.

I transcribed the interviews from the recordings. I provided a transcript of the interview to each participant owners within twenty-four hours of the interview for his or her review. Harvey (2015) explained that the participants' review of transcripts can provide verification and confirmation of the data collected.

Following data collection, I analyzed the data using Yin's (2011) five step data analysis method. In doing so I: (a) compiled the data, (b) disassembled the data, (c) reassembled the data, (d) interpreted the meaning of the data, and (e) concluded the data. I downloaded the interview transcriptions and documents to NVivo<sup>®</sup> 11 software to assist in theme development and the coding process.

As previously noted, four themes emerged from the triangulation and coding process: (a) employee satisfaction and retention, (b) nontraditional marketing, (c) commitment to quality, and (d) development of local relationships. These themes affirmed the stakeholder theory. From the findings, I identified strategies that craft brewery owners can apply to increase profits through stakeholder collaboration.

Table 1

*Summary of Craft Brewery Owners Contacted*

Business Replies	Number	Total Percentage
Agreed to Interview	5	42%
No Response	7	58%
Total Businesses Contacted	12	100%

**Emergent Theme 1: Employee Satisfaction and Retention**

The first theme to emerge was the importance of employee satisfaction and retention. Theme 1 relates to Freeman's (1984) stakeholder theory. Freeman defined a

stakeholder as any group or individual, internal or external, who is affected by or can affect the accomplishments of the organization's purpose. Freeman specifically indicated that in order for business owners to maximize their firms' financial performance, they must proactively meet the needs of their internal stakeholders, their employees.

Four of the participant owners (4/5) mentioned that the beer industry is an attractive field and drawing potential employees was easy; the challenging part is attracting the right employee (P2, interview, 11/17/2015; P3, interview, 11/18/2015; P4, interview, 11/20/2015; P5, interview, 12/8/2015). Participant 4 (P4) explained:

People want to work in the beer industry so attracting people is not necessarily difficult because we get to make and sell beer, but attracting qualified employees can be difficult. The market is getting crowded with breweries and I think the talented brewers and experienced brewers have the pick of the litter right now.  
(P4, interview, 11/20/2015)

Participant 3 (P3) also stated, "I think the beer industry itself is an attractive field, so for us to draw potential employees is easy. The bigger question would be what would make our organization more attractive than another" (P3, interview, 11/18/2015).

The secret, according to P3, is to determine what makes one brewery more attractive than another (P3, interview, 11/18/2015). Four of the participant owners (4/5) indicated that offering a competitive wage was important for employee satisfaction and retention. Participant 1 (P1) claimed that "We have no minimum wage jobs here" (P1, interview, 11/13/2015), and P3 stated that "Our compensation package is equal or better than that of our competition" (P3, interview, 11/18/2015). Participant 2 (P2) explained,

“We offer bonuses for performances to our key employees and also do reviews every 3-4 months, so it is not uncommon to get several raises in a year” (P2, interview, 11/17/2015). One participant owner stated, “We like to pay people on the stronger end of the spectrum compared to our industry and the local economy” (P5, interview, 12/8/2015).

All five participant owners (5/5) offer health and disability benefits. P1 stated, “We offer health insurance, we pay 75% and we have access to disability insurance” (P1, interview, 11/13/2015). P2 also claimed, “We offer a benefits package. We pay for health insurance. We have a simple IRA, like a 401K for small business” (P2, interview, 11/17/2015). One participant provided details about the brewery’s employee benefits:

It has been important to me since the start to provide a great benefits package to all my employees. It is something I believe is just a fundamental business practice. So we offer a pretty comprehensive medical benefits package that the company pays close to 65% of the total cost per employee. We have comprehensive dental and vision and also provide life insurance as well as short and long-term disability. (P4, interview, 11/20/2015)

The participant owners described other programs that they felt enhanced the brewery and employee experience. P2 and P3 both noted that their breweries offered free beer benefits and suggested that the perk of free beer promotes employee happiness (P2, interview, 11/17/2015; P3, interview, 11/18/2015). One participant owner (1/5) offers additional vacation time for increasing the length of service (P2, interview, 11/17/2015). One participant owner (1/5) offers flexible work schedules, stating:



We place the family at a premium and to an end. We do not require relocation when an employee comes to work for us. Security in your family and in your home is important. We also give our employees great latitude of personal time to accommodate family responsibilities. As long as they are completing the job we have asked them to complete, in timely fashion, we really give flexibility in the hours that are kept, except in production. (P3, interview, 11/18/2015)

Three participant owners (3/5) also noted that providing opportunities for employee training and education was an important strategy for satisfaction and retention (P2, interview, 11/17/2015; P3, interview, 11/18/2015; P4, interview, 11/20/2015). P4's brewery offers compensation for brewing education (P4, interview, 11/20/2015). Two breweries (2/5) offer employees an opportunity to travel to different industry events and functions (P2, interview, 11/17/2015; P4, interview, 11/20/2015). Two participant owners (2/5) provide opportunities for employees to work collaboratively with breweries in other states and even other countries to develop a joint beer. (P3, interview, 11/18/2015; P4, interview, 11/20/2015)

Four of the participant owners (4/5) provide opportunities for employees to learn additional skills, accept additional responsibilities, and take advantage of possible advancement opportunities within the company (P2, interview 11/17/2015; P3, interview, 11/18/2015; P4, interview, 11/20/2015; P5, interview, 12/8/2015). For example, P2's brewery recently gave the tasting room manager an additional opportunity in the marketing department (P2, interview, 11/17/2015). P3 described the promotion practices of his/her brewery:

It is rare that we hire from the outside to fill a management position. We fill almost every mid to upper management position with an employee that has been with us at least a couple years. So when people come to work for us I tell them there will be opportunities for personal and professional growth. It is evident by the track record. (P3, interview, 11/18/2015)

Another participant brewery encourages innovation by making a ten-gallon brew system available for any employee, regardless of his/her job function or department, to create new beers with assistance from the brew master (P5, interview, 12/8/2015).

All five participant owners (5/5) noted the importance of company culture. P5 stated, “We spend a lot of time and energy on a pretty thorough orientation program here” (P5, interview, 12/8/2015). P5 stressed the importance of helping a new employee fit in. P5 added, “They are really steeped in the culture here in the process, regardless what their position is” (P5, interview, 12/8/2015). B5 offers three corporate communication meetings each year, multiple cookouts hosted by individual departments, pinewood derby races, and encourages group participation in social events (P5, interview, 12/8/2015).

Table 2 provides a summary of the employee satisfaction and retention strategies developed from the participants’ responses to the interview questions 1 and 2 (see Appendix D).

Table 2

*Employee Satisfaction and Retention Strategies*

Strategy	# of participants offering this strategy	% of participants offering this strategy
Competitive Wage	4	80%
Health/Disability Insurance	5	100%
Beer Perks	2	40%
Additional Vacation Time	1	20%
Flexible Work Schedule	1	20%
Training and Education	3	60%
Advancement Opportunities	3	60%
Culture	5	100%

The variety of strategies demonstrates the importance of the retention of key employees to the breweries. As P4 stated:

Some of my employees are now far more critical to the company than even I am. I think that is one of my crowning achievements as an entrepreneur. That is being able to surround myself with people who are more talented than I am. So there are some employees that could be replaced and several that honestly could not. So that is a vital key to our long-term success. (P4, interview, 11/20/2015)

### **Emergent Theme 2: Nontraditional Marketing**

The second theme to emerge was the use of nontraditional marketing techniques. Theme 2 relates to Freeman's (1984) stakeholder theory. Freeman determined that business owners must modify and implement strategies that meet the needs and wants of their stakeholders (Freeman, 1984). Nontraditional marketing targets and invites the

collaboration or interaction of the external stakeholders of a business (Ahluwalia & Bedi, 2015).

All five participant owners (5/5) stated that their breweries currently use little to no traditional advertising. P1 stated, “We do no paid advertising” (P1, interview, 11/13/2015). P2 claimed that the brewery pays for a limited amount of print advertising, mostly for tourist guides, but no radio or television (P2, interview, 11/17/2015). P4 claimed that the brewery has tried magazine and radio advertising in the past but currently is not using any (P4, interview, 11/20/2015). P3 stated:

When we were a smaller company we felt it was important to have a traditional media presence, television and radio to legitimize the operation and become important to our first customers, our distributors, and our second customers, their retailers, and our third customer, the end user. We chose to use traditional media to legitimize our business and it was effective. Now conversely, I think too much of a media presence, at least television and radio, turns off the consumer. They got into the craft category because they wanted to try the local beer, the hand crafted beer, and in some respects that kind of advertising has pigeonholed the brewery as too large of a player for the craft brewery consumer. (P3, interview, 11/18/2015)

All of the participant owners (5/5) actively use social media advertising. All participants claimed to have an active presence on Facebook, Twitter, and Instagram. P3 stated that “I see us scaling back on traditional advertising as much as 50% and dedicating that to social media platforms” (P3, interview, 11/18/2015). Another

participant owner explained that “We use a lot of social media, both paid Facebook and Twitter advertising as well as organic social media advertising and e-mail marketing” (P4, interview, 11/20/2015).

Four breweries of the participant owners (4/5) are also involved with event sponsorship. P2 described the brewery’s involvement with a local brewers association including sponsorship of the association’s annual beer festival (P2, interview, 11/17/2015; confirmed document 1, 11/21/2015; confirmed document 2, 11/21/2015). Two breweries (2/5) supported local road running race events (P2, interview, 11/17/2015; P3, interview, 11/18/2015). P4 explained how the brewery uses event sponsorship as a marketing tool:

I learned from the founder of a successful brewery owner that his biggest single line item of marketing is production donation to nonprofit and event sponsorship. He made sure that with every case that goes to an event as a donation that they put up a sign that says, this product is happily donated to a great cause by your friends at [insert] brewery. He insisted that the sign alone and the return on the investment is immeasurable. I think it is important, especially for a small business, to get a return from the investment. (P4, interview, 11/20/2015)

Four participant breweries (4/5) sponsor local nonprofit programs. Craft brewers tend to be involved in their communities through philanthropy, product donations, volunteerism and sponsorship of events (Brewers Association, 2015). Two of the participant breweries (2/5) sponsor a multi-community trail system for hiking, biking, and running (P2, interview, 11/17/2015; P3, interview, 11/18/2015). Four participant

breweries (4/5) sponsor local programs on state public television (P1, interview, 11/13/2015; P2 interview, 11/17/2015; P3, interview, 11/18/2015; P4, interview, 11/20/2015). One participant brewery is a major sponsor of a children cancer charity (P1, interview, 11/13/2015; confirmed company website, 11/21/2015), and B3 sponsors multiple events with the proceeds going to the Multiple Sclerosis Society (P3, interview, 11/18/2015; confirmed company website, 11/21/2015).

Free advertising also emerged as a vital part of each participant owner's marketing strategy. One participant owner stated that "Our best advertising is free advertising. We have gotten a lot of press and try to plant a lot of great press ourselves" (P2, interview, 11/17/2015). Another participant owner noted, "We have been lucky from the beginning to have gotten a lot of earned media coverage in our tenure" (P4, interview, 11/20/2015). Four participant owners (4/5) pointed to recent press releases and stories written by local media as examples of free advertising (P1, interview, 11/13/2015; confirmed company website, 11/21/2015; P2, interview, 11/17/2015; confirmed company website, P3, interview, 11/20/2015; confirmed company website, 11/21/2015; P4, interview, 11/20/2015, confirmed company website, 11/21/2015).

All five participant owners (5/5) used product sampling as a promotion and marketing tool; each has a tasting room. One participant owner claimed that "Sampling opportunities is a large part of our advertising and promotion. We figure the best way to promote our beer is a place where people can try it" (P2, interview, 11/17/2015). In addition, all five breweries (5/5) take part in at least two annual beer festivals (confirmed

document 1, 11/21/2015; confirmed document 2, 11/21/2015). These events provide tastings to beer consumers at a party type event usually paired with food and music.

Three participant owners (3/5) stated that their breweries support public broadcasting networks as underwriters in return for advertising and promotion (P2, interview, 11/17/2015; P3, interview, 11/18/2015; P4, interview, 11/20/2015). One participant owner (1/5) claimed the brewery has good luck with low-cost advertising using posters in restaurants and bars and added, “We have found that often posters have a great impact” (P4, interview, 11/20/2015). Two participant owners (2/5) claimed their breweries sponsor local professional sports teams (P1, interview, 11/13/2015; P3, interview, 11/18/2015). One participant owner stated:

We sponsor the minor league baseball team and sell 3-4 barrels per game. There are 71 home games which is a significant piece of business. As part of the program we get a huge 4’x8’ ad on the outfield wall with our logo on it and get two 30 second commercials on the radio broadcast and a one page full ad in the program. (P1, interview, 11/13/2015; confirmed company website, 11/21/2015)

Table 3 provides a summary of nontraditional marketing strategies developed from the participants’ responses to the interview questions 3, 4, 5, 6 and 9 (see Appendix D).

Table 3

*Nontraditional Marketing Strategies*

Strategy	# of participants offering this strategy	% of participants offering this strategy
Social Media	5	100%
Event Sponsorship	4	80%
Sampling Opportunities	5	100%
Beer Festivals	5	100%
Underwriting Public Broadcast	3	60%
Free Advertising	4	80%
Sponsorship of Nonprofit	4	80%
Professional Sports Sponsor	2	40%
Posters	1	20%

**Emergent Theme 3: Commitment to Quality**

All five owner participants (5/5) stated that the best way to stay relevant in this market is to make quality beer. Therefore, the third theme to emerge was a commitment to quality. Theme 3 relates to Freeman's (1984) stakeholder theory. Freeman noted that a business owner should determine the stake in and importance of each stakeholder group to the business. Theme 3 is consistent with this aspect of the stakeholder theory in showing that to ensure a high quality product for its external stakeholder customers, it is important for a business to invest in its internal stakeholder employees

Philip (2011) proposed that quality plays a strategic role in a firm's positive financial performance. One participant owner stated, "The basic thing is you have to make great beer." (P1, interview, 11/12/2015). P2 asserted, "We may be banging the drum but our quality is the most important part of our business" (P2, interview,



11/17/2015). When asked what more can you add to assist in the understanding the craft brewery strategies you use to improve profits, P4 answered, “The breweries that are going to survive this competitive market are the ones that are able to put business first and continue to make great beer” (P4, interview, 11/20/2015). P5 stated, “One of our core values is - everyone is responsible for quality” (P5, interview, 12/8/2015).

Three of the craft brewery participant owners (3/5) used a strategy of hiring and retaining employees with expertise to develop quality beer. P1 declared, “We have the best brewing professionals in the business, combined they have over 100 years of brewing experience, all of it here” (P1, interview, 11/13/2015). P4 noted, “Our brewers are far more critical to the company than even I am” (P4, interview, 11/20/2015). The award winning Master Brewer for Brewery 3 (B3) has worked for B3 for over 20 years (B3, company website, 11/19/2015).

Another strategy that craft brewery owners use to create and maintain quality is employee training and education. Elmuti et al. (2012) and Robinson and Josien (2014) suggested that business owners with greater access to training and education could produce more profitable businesses. Three participant owners (3/5) expressed the value of continued employee education as a strategy to develop and maintain quality. One participant owner (P1) trained in Scotland and England prior to opening his brewery in southern Maine (B1, company website, 11/14/2015). P3 described how the brewery supports employee education through residencies and compensation:

We do compensate up to 50% of continuing education for our employees.

Specifically brewing education. We actually have had two brewers who did a

residency program for the American Brewers Guild School in Vermont and got their brewing certification. We cover half the cost of that and we also cover half the cost for anyone who wants to study for their Cicerone test. (P3, interview, 11/18/2015)

One aspect of training and education is active collaboration with other breweries. Two participant owners (2/5) discussed their brewers' collaborations with brewers of other breweries. As P3 explained:

We are doing collaborations with other breweries. Where we have had our brewers go to their facilities and work with their team either on an educational basis or actually on a beer that we both contribute to and visa-verse. We have a partnership with a brewery in England. We brew one of their beers here and we have to brew specifically to the recipe, we pay a royalty fee. To educate our staff, we send our brewers to England to understand how traditional brewery styles are applied and how we can learn from each other. (P3, interview, 11/18/2015)

Another craft brewery strategy to ensure high-quality product, noted by three participants (3/5), is the importance of reinvestment in the brewery operation (P3, interview, 11/18/2015; P4, interview, 11/20/2015; P5, interview, 12/8/15). P5 stated:

As we grow we have more resources to invest in high-quality packaging and high-quality brewing equipment, a state of the art lab, and so growth helps us with quality, growth helps us in retaining the great employees we have now. (P5, interview, 12/8/2015)

P3 explained that one of the challenges small breweries face is inferior equipment and stressed the importance of reinvesting profits for the best beer making technology. (P3, interview, 11/18/2015)

Table 4 provides a summary of strategies used to create and maintain quality developed from the participants' responses to the interview questions 6, 8, and 9 (see Appendix D).

Table 4

*Strategies used to Create and Maintain Quality*

Strategy	# of participants offering this strategy	% of participants offering this strategy
Employee Expertise	3	60%
Employee Training and Education	3	60%
Collaboration with other Breweries	2	40%
Reinvest in Brewery Operation	3	60%

**Emergent Theme 4: Developing Local Relationships**

The fourth theme to emerge in the findings as a brewery owner strategy was to increase profits through collaboration with stakeholders via the development of local relationships. Freeman (1984) explained that business owners who actively engage in stakeholder relationships create value that can lead to success. Four participant breweries (4/5) support local nonprofit and community programs. Besser (2012) noted that the prosperity of small business ownership evolved from the welfare of the community. Torres et al. (2012) concluded that it is effective for business owners to combine global

strategies with local community interests. P2 claimed that community leadership is a necessary part of doing business, noting, “It is really baked into the DNA of the brewing community; it is what it means to be a craft brewer” (P2, interview, 11/17/2015).

One participant brewery sponsors a children’s cancer research program in a partnership with a local grocery store chain with a portion of the proceeds benefiting the research program (P1, interview, 11/13/2015; confirmed company website, 11/21/2015). P1 explained, “We make a donation based on the number of 12 packs that sell. The retailer has embraced it and given us display space with signs and it has been helpful” (P1, interview, 2015).

P2 described how Brewery 2 (B2) has developed a beer with proceeds of each sale going to support the creation and maintenance of local hiking, biking, and jogging trails. “We donate a portion of every can sold to the charity” explained P2, “It is our third year of association with them. The relationship has been great. The membership has actually rallied behind us as a brand even outside the trail piece” (P2, interview, 11/17/2015). B3 supports a number of local charities (P3, interview, 11/18/2015), and also sponsors a popular road racing event with proceeds benefiting community health and exercise programs (B3, company website, 11/19/2015).

P4 explained how the growth of the brewery in the community has increased the requests to the brewery for local program support. P4 stated:

The volume of requests we get now is starting to skyrocket, so we have actually been talking recently as a group about how we refine our strategy in saying yes, because you just can’t say yes to everyone. We are trying to pick some types of

nonprofits or certain causes that are important to us as employees and coworkers that we can get behind. We do make it a priority to participate in as many nonprofit events, but as a young company we can't always do cash but we do a lot of beer donations. (P4, interview, 11/20/2015)

All five of the participant breweries (5/5) are members of the state brewers' guild (confirmed industry website, 12/9/2015). The guild is a nonprofit organization that promotes the craft brew industry in Maine. The mission of the guild is to keep Maine at the forefront of the craft beer industry (confirmed document 3, 11/21/2015; confirmed industry website, 12/9/2015). One participant owner described how guild members work together:

At times we even borrow items we need from another brewer. It is much like the proverbial borrow a cup of sugar from your neighbor. That is how we behave, that's what we do, because you never know when you may need a cup of sugar from your neighbor. (P2, interview, 11/17/2015)

All five participant owners (5/5) described relationships with a local bank, "Because of the cyclical nature of beer sales, particularly in New England, breweries have a difficult time with cash flow during the winter" (P3, interview, 11/18/2015). P3 added, "Our lending partner provides us access to capital to offset that cash flow which has been critical" (P3, interview, 11/18/2015). Only one participant owner (P4) claimed to have an outside investor (P4, interview, 11/20/2015). However, P4 agreed that it was necessary to have a relationship with a local financing institution. "Most of our

expansions were locally bank financed and our outside investor has additional private debt financing” (P4, interview, 11/20/2015).

Two participant breweries (2/5) were able to access financial assistance through collaborative efforts from local economic development agencies. One participant owner was able to secure funding through a city program that offered low interest rates to businesses willing to locate in a vacant manufacturing building (P4, interview, 11/20/2015). One participant owner (P3) was able to take advantage of tax incentives for the brewery from a city tax increment financing (TIF) program when selecting the brewery location (confirmed document 5, 11/21/2015).

All five participant owners (5/5) expressed a willingness to purchase raw materials from local suppliers. Currently, there are limited suppliers of raw materials for breweries in the New England area and those that do cannot meet the needs of medium to large craft breweries. P3 explained:

Because of the rapid expansion of our industry the demand for raw materials is almost greater than the supply. Particularly to some of the varieties of lesser known hops. Because of the scale of our operations we have to have 3 to 5-year contracts with our major malt and hops suppliers, to avoid a raw materials shortage. For our size, for good or for bad, if we want to bring to market a new item it is a minimum of 20,000 cases. There just is not a supplier in our local area that can meet our demand. It is simple as that. (P3, interview, 11/18/2015)

P4 and P5 made similar comments. P4 stated, “I get asked about the use of local materials more often these days. It is something people are aware of. Unfortunately, nobody in

Maine is growing hops or malting malt on a large enough scale for us” (P4, interview, 11/20/2015).

Three of the participant owners (3/5) said their breweries use local materials or purchase local goods whenever possible. P4 asserted:

To my knowledge we are the only brewery in Maine that uses Maine malted barley in every one of our beers. It is about 30% of our malt in every beer. So every can, every keg has about 30% of malt from Aroostook County. (P4, interview, 11/20/2015)

“Smaller breweries can produce what the industry calls one-offs,” P3 noted (P3, interview, 11/18/2015). P3 explained that nanobreweries have the ability to produce small unique batches (P3, interview, 11/18/2015). Two participant owners claimed that they produce one-offs using Maine products as much as possible (P2, interview, 11/17/2015; P3, interview, 11/18/2015). P2 stated, “We recently introduced a small batch series that uses 100% Maine raw materials. Our first batch was introduced recently during Maine beer week” (P2, interview, 11/17/2015; confirmed document 1, 11/21/2015).

In addition to locally sourced raw materials, three participant owners (3/5) indicated that their breweries have a company policy to buy local whenever possible. P3 claimed that when purchasing point of sale items, such as wearables and tap handles, they purchase locally (P3, interview, 11/18/2015). P2 and P4 also stated that they purchase wearables and equipment from local suppliers (P2, interview, 11/17/2015; P4, interview, 11/20/2015).

Three participant owners (3/5) have entered into collaborative agreements with other local businesses to produce unique beer and other food products using local ingredients. B4 uses Maine harvested oysters in one of its beers (P4, interview, 11/20/2015; confirmed document 2, 11/21/2015), and B3 produces a beer using Maine-grown blueberries (P3, interview, 11/18/2015; confirmed document 3, 11/21/2015). P3 has also established a relationship with a local dairy farm that produces a beer-infused cheese product that is sold in a local supermarket chain, as well as with a wholesale pizza supplier that has developed a beer flavored pizza dough (P3, interview, 11/18/2015; confirmed company website, 11/21/2015).

In addition to the use of beer in other food products, beer is also used in the production of soap. B2 and B4 sell soap that is made by a local manufacturer using their beers in their tasting rooms (P2, interview, 11/17/2015; P4, interview, 11/20/2015). Support of locally produced products extends to counter space in tasting rooms; P2 stated that the brewery sells a number of Maine made products in the tasting room, ranging from canvas posters made by a local artist to books by local authors (P2, interview, 11/17/2015).

Table 5 provides a summary of the strategies to develop local relationships. The participants' responses came from interview questions 3, 4, 5, 6, 7, 8, and 9 (see Appendix D).



Table 5

*Strategies to Develop Local Relationships*

Strategy	# of participants offering this strategy	% of participants offering this strategy
Charitable Organizations	4	80%
Brewery Industry Organizations	5	100%
Relationship with Local Banks	5	100%
Local Raw Materials	3	60%
Buying Local POS Items	3	60%
Collaborative Beer Products	3	60%
Tax and Financial Incentive Programs	2	40%

As previously noted, the study findings were built on the stakeholder theory. The stakeholder theory as authored by Freeman (1984) requires interconnected relationships between business owners and managers with their internal and external stakeholders. The five participant owners expressed the importance of relationship building and collaborative efforts with their stakeholders. Based on these participant owners' experiences and their breweries' growth, the existing body of knowledge supports the stakeholder theory approach to small business management. The study findings indicate that craft brewery owners working with their stakeholders may increase profits, as suggested by the stakeholder theory.

### **Applications to Professional Practice**

This research is relevant to business owners' profit strategies in several ways. The objective of this study was to explore profit strategies that craft brewery owners used in collaboration with stakeholders to increase profits. The majority of craft breweries are small businesses (Brewers Association, 2015). Small businesses are important to the

growth of the economy (U.S. Census Bureau, 2014). The findings from this study supported the stakeholder theory, which specified that business owners and managers working with their stakeholders may create value resulting in successful businesses (Freeman, 1984).

Craft brewery owners can implement strategies to achieve employee satisfaction and retention. Thurnell-Read (2014) suggested that employees thrive in an environment that nurtures creativity, passion, and job satisfaction. The strategies identified by the participants to foster employee satisfaction and retention were to provide: (a) a competitive wage, (b) health and disability insurance, (c) beer perks, (d) additional vacation time, (e) a flexible work schedule, (f) training and education, and (g) advancement opportunities.

Craft brewery owners can also benefit from nontraditional marketing techniques. Madsen and Binham (2014) ascertained that marketing strategies are dependent upon a stakeholder's wants and needs. P3 emphasized how important it was to use different advertising and marketing platforms to meet the needs of the craft beer consumer (P3, interview, 11/18/2015). Craft brewery owners can adopt some or all of the strategies identified by the participants in this study, which were: (a) use of social media, (b) event sponsorship, (c) sampling opportunities, (d) underwriting public broadcasts, (e) taking advantage of free advertising, (f) sponsorship of nonprofits, (g) professional sports team sponsorship, and (h) supplying beer posters.

The participant owners emphasized product quality. Yang et al. (2012) suggested that one risk of small business ownership is the lack of capital required to obtain and

maintain quality, therefore, small businesses face a higher risk of mortality. P3 stressed the importance of reinvesting in the brewery equipment (P3, interview, 11/18/2015). All five participants (5/5) gave credit to the employees for producing a high-quality product (P1, interview, 11/13/2015; P2, interview, 11/17/2015; P3, interview, 11/18/2015; P4, interview, 11/20/2015). Craft brewery owners seeking to improve the quality of their products can adopt the following strategies that emerged from the interviews: (a) hiring employees with brewing expertise, (b) providing employee training and education, (d) collaborating with other breweries, and (e) reinvesting in the brewery operations and equipment.

In addition, the participant owners shared profit strategies used by their breweries to develop local relationships. Minoja (2012) suggested business leaders who work to instill trust in their stakeholders through cooperative efforts often enhance economic prosperity and efficiency. Tse (2012) claimed that business owners who develop a positive relationship working with their stakeholders can create organizational value by creating a competitive advantage over rival businesses. The strategies that emerged from the interviews regarding local stakeholder relationships were: (a) involvement with charitable organizations, (b) being active members with the local brewery industry organization, (c) developing a relationship with a local bank, (d) buying local raw materials, (e) buying local point of sale items, (f) participating in collaborative beer-related projects with other local companies, and (g) taking advantage of tax and financial incentive programs. The findings and recommendations of this study may add to the

current body of knowledge in developing profit strategies to assist craft brewery owners and other business owners.

### **Implications for Social Change**

Small business owners are responsible for creating over 60% of new jobs in the United States since 1993 (SBA, 2014). Approximately 50% of all small businesses in the United States survive beyond five years (Solomon et al., 2013). Small business failure may result in a loss of income for both the business owners and their employees.

The implementation of the recommendations of this study pertaining to employee satisfaction and retention, nontraditional marketing techniques, a commitment to quality, and community involvement, might result in profitable businesses. Phillips and Knowles (2012) ascertained that business owners can learn from the performances of other business owners. Adopting the strategies revealed in this study might improve the profitability of a business. In addition, this study may assist future entrepreneurs desiring to start a business.

Bharwani and Jauhari (2013) revealed that the hospitality industry benefits from value-added products and services that create a memorable experience for the consumer. Craft brewery owners sell their craft beers locally in stores, restaurants, hotels, bars, and at social events. By partnering with local establishments, craft brewery owners can foster increased sales for local businesses and provide better jobs for the local workforce.

### **Recommendations for Action**

Craft breweries could benefit communities by having beers sold, produced, and consumed in local businesses. In this study, I explored strategic approaches that craft

brewery owners implemented with stakeholder collaboration to increase profits. These strategies could educate both existing and prospective craft brewery owners. Existing craft brewery owners could apply the strategies to improve their current business profitability. Prospective craft brewery owners could use the strategies and minimize unnecessary hardships by applying these proven useful strategies.

Business owners of other industries may use the findings in this study as well. If owners of small businesses utilize these strategies and become more profitable, they could contribute to the prosperity of their employees, families, communities, and the local economy. I will disseminate the findings of the study through seminars, conferences, scholarly journals, and business consulting. I will provide the participants an overview of the study results. Furthermore, I may circulate the results of this study through local and national craft beer industry associations.

### **Recommendations for Further Research**

The limitations of this multiple case study provide recommendations for further research. First, I would recommend exploring additional geographical locations other than southern Maine. The craft beer industry is growing nationwide. For example, according to the Brewers Association (2015), Pennsylvania, California, and Colorado are the three largest producing states for craft beer. Exploring these and other regions could add rich data to this study. Another topic worth exploring could be the experiences of craft brewery owners in rural versus urban areas.

Four of the participant owners (4/5) discussed two common and related issues: the unique governmental regulatory environment and the excessive taxation of the alcohol

beverage industry. For example, regulations require a brewery to register and pay a licensing fee for all of its product labels both nationally and with each individual state where its product is sold, significantly increasing its fees (Kurtz & Clements, 2013). In addition, federal excise tax on beer production also discourages business growth. According to the Brewers Association (2015), the federal excise tax on a barrel of beer for breweries that produce fewer than 60,000 barrels of beer is \$7.00 per barrel; that tax increases to \$18.00 per barrel for breweries producing more than 60,000 barrels, an increase of 157%. Researchers should study the impact of both government regulation and taxation on the craft brewery industry.

Another topic for possible research is the three-tier system of beer distribution and the impact on craft breweries. Prior to 1919 and the passage of the Eighteenth Amendment, beer producers sold their product directly to retailers (Kurtz & Clements, 2014). Kurtz and Clements explained that currently breweries must sell to a distributor who sells to a retailer, who then sells to the consumer. Under the three-tier system of distribution individual states regulate and tax the breweries. One issue with this system, according to P3 and P4, is that once you enter an agreement with a distributor it is for life; under normal circumstances a brewery may never leave its distributor (P3, interview, 11/18/2015; P4, interview, 11/20/2015; confirmed document 6, 11/21/2015). Therefore, the relationship between brewery and distributor can affect the likelihood of success or failure of the brewery.

## **Reflections**

The DBA doctoral study process was challenging and rewarding. I acquired a great deal of knowledge about the craft beer industry. Meeting, talking with, and interviewing the five craft brewery owners was educational and inspiring. The craft brewery owners were open and shared their experiences in working with stakeholders.

Also, I matured academically. I now understand how to develop a research study. Through evaluation of my study I learned the advantages and disadvantages of each of the research designs and methods. I learned the importance of the alignment of the problem statement, the purpose statement, and the research question. I developed and asked face-to-face interview questions, and collected, sorted, and analyzed the data. These skills will aid me in future research projects.

The owners themselves were inspirational. Each participant was passionate about his or her craft. There was no doubt that they love what they do for a living. As a former small business owner, I was not surprised by how busy they were. I understand what it takes to be successful as a small business owner: the tremendous effort, time, and energy. I have a greater appreciation and knowledge of the craft brewery industry and ownership after this study. I intend to conduct further research in the craft brewery industry.

## **Summary and Study Conclusions**

The craft beer industry is growing at an astonishing rate (Reid et al., 2014). There are currently 4,133 craft breweries operating in the United States (Brewers Association, 2015), which is a historic high. According to the Brewers Association, the previous record number of breweries was in 1873, pre-Prohibition.

The purpose of this qualitative multiple-case study was to explore the strategies that craft brewery owners used to increase profits by collaboratively working with stakeholders. Four themes emerged from the research process: (a) employee satisfaction and retention, (b) nontraditional marketing, (c) commitment to quality, and (d) development of local relationships. These themes affirmed the stakeholder theory. The study findings showed that craft brewery owners can increase profits through stakeholder collaboration. Business owners who implement strategies such as offering employee training and education, collaborating with other breweries, establishing local business relationships, and taking advantage of nontraditional marketing can increase the profitability of their businesses.



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## Appendix A: Interview Protocol

**Location:** \_\_\_\_\_**Participant:** \_\_\_\_\_**Date/Time:** \_\_\_\_\_**Name of Study:** Exploring Craft Brewery Owners' Success Through Stakeholder Involvement**1. Introduction (10 minutes)**

- a. Thank the participant for taking part in this craft brewery owner interview.
- b. Introductions.
- c. Remind participant of the main research question of the study: What strategies do successful craft brewery owners use to work collaboratively with stakeholders to improve profits?

**2. Informed Consent (5 Minutes)**

- a. If I have the signed consent form I will proceed to step 3, Interview Rules.
- b. Review consent form (Appendix C) with participant.
- c. Answer any questions the participant may have regarding the consent form.
- d. Ask for a signed copy of the consent form.

**3. Interview Rules - Review the following with the participant (5 Minutes)**

- a. The participant may defer to answer any question at a later time.
- b. Candid answers are important in defining the participant's business experiences.
- c. The participant's responses are important and respected.
- d. Identifying information will remain confidential.
- e. Ask the participant for permission to record the session.
- f. Ask the participant if there are any last questions, when satisfied start the recording and proceed.

**4. Interview Questions (20 Minutes)**

- a. Ask the participant the interview questions as written in Appendix D.
- b. Listen and make notes of the participant's descriptions of activities, interactions, environment, and unplanned events.

**5. Interview Wrap-up (5 Minutes)**

- a. Remind the participant that the information shared in the interview is not only of great importance to this study but that it may foster positive social change for the industry and local community.
- b. Remind the participant the interview conversation as well as their identity and the identity of their company will remain confidential.
- c. Inform the participant that he/she may contact the researcher or the Research Participant Advocate of Walden University with any questions or concerns. The contact information is on the consent form.
- d. Thank the participant for his/her time and the opportunity to discuss their experiences.



e. Follow up with a thank you letter

## Appendix B: Participant Recruitment Letter

Date: [Insert Date]

Re: Request to Participate in a Research Study

Dear [Recipient]:

My name is Daniel Leland. I am a doctoral student at Walden University pursuing a Doctor of Business Administration (DBA). I am conducting a research study to explore the effective strategies craft brewery owners use to work collaboratively with stakeholders to improve profits. I am focusing my research on craft breweries in Southern, Maine. I wish to interview craft brewery owners who meet the following criteria:

- Must be located in Southern, Maine or the surrounding area; and
- Must be an owner of a craft brewery that has been in operation for a minimum of five years.

Conducting face-to-face interviews with craft brewery owners may provide insight and understanding for the research study. Upon completion of the study I will share the results of my findings with the study participants, other small business owners, and scholars. If you meet the qualifications and are willing to participate in the study, please contact me at (207) 253-9879 or [daniel.leland@waldenu.edu](mailto:daniel.leland@waldenu.edu). Thank you for your time and consideration.

Sincerely,

Daniel Leland  
DBA student, Walden University

## Appendix C: Consent Form

You have been asked to take part in a research study focusing on craft brewery owners and stakeholder collaboration. The researcher is inviting craft brewery owners in Southern, Maine to take part in this study. This is a consent form. The form is part of a process to provide you with an understanding of the study before you make your decision whether or not to take part.

The study is being conducted by a doctoral candidate from Walden University, Daniel Leland.

### **Background Information:**

The purpose of this study is to obtain personal experiences from craft brewery owners regarding collaborative work with stakeholders and the impact on their breweries.

### **Procedures:**

If you agree to take part in this study, you will be asked to:

- Participate in a face-to-face interview at your office or place of business (maximum one hour in length and the interviews will be recorded).
- Review transcripts of the interview to ensure accurate representation of your responses within 5 business days.

### **Sample interview questions are:**

1. What strategies do you use to retain employees?
2. Based on your experience, when developing a purchasing strategy, how important is a local supply of critical raw materials, and why?
3. What strategies have you used or are considering using to obtain financial investment from lending institutions or investors?

### **Voluntary Nature of the Study:**

This study is voluntary. Walden University and the researcher respect your decision of whether or not you choose to take part in this study. No one will treat you differently if you choose not to be involved. If you make the decision to join the study, you have the right to withdraw at any time.

You will be asked to voluntarily provide copies of company documents such as advertising and promotional materials, corporate structures, annual reports, and cause-related marketing budget information. You will not be excluded from the study if you do not wish to provide any documentation.

### **Conflicts of Interest:**

Participation in this study will not impact the current or future relationship between the participant, the researcher, and Walden University.

**Risks and Benefits of this Study:**

Participants in this type of study may encounter some minimal risk of the minor discomforts typically encountered in daily life, such as fatigue, stress, or time constraints. There is no significant risk being involved in this study. All information will be confidential. The benefit of participating is assistance in identifying potential strategies for collaborative work with stakeholders for current and future craft breweries and other businesses.

**Payment:**

There will be no compensation for taking part in this study.

**Privacy:**

All information you provide will be confidential. The researcher will not use any personal information outside of this research project. The researcher will not use your name, your company name, or anything else that could identify you or your company in the study reports. All data will be kept in a locked, fireproof safe. The data will be kept for 5 years, as required by Walden University, and then destroyed.

**Criteria:**

To be eligible to participate in this study you must be a craft brewery owner of a business is located in Southern, Maine and have owned the business for a minimum of five years.

**Contacts and Questions:**

You may ask questions at any time. If you have questions after the study, you may contact the researcher at (207) 253-9879 or e-mail [daniel.leland@waldenu.edu](mailto:daniel.leland@waldenu.edu). If you have questions about your rights as a participant, or wish to speak to a representative of the Research Participant Advocate of Walden University privately, Dr. Leilani Endicott can be reached by phone at 1-800-925-3368, extension 3121210 or by e-mail address [IRB@waldenu.edu](mailto:IRB@waldenu.edu). Walden University approval number for this study is 11-03-15-0444470.

You may return this signed form to Daniel Leland by mail to 7 Plumwood Way, Falmouth, Maine 04105, electronically, or hand delivery. You will receive a copy for your records.

**Statement of Consent:**

I have read and understand the information above well enough to make a decision about my involvement in this study. By signing below, I understand that I am agreeing to the terms described above.

Printed Name of Participant

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Date of Consent

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Participant's Signature

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Researcher's Signature

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## Appendix D: Interview Questions

1. What benefits do you provide that strategically draws potential employees?
2. What strategies do you use to retain employees?
3. What strategies of advertising and promotion have you used or are considering using to reach your target customers, and why?
4. Based on your experience, when developing a purchasing strategy, how important is a local supply of critical raw materials, and why?
5. What would you consider are the most important aspects of your relationships with your key distributors and retailers?
6. What collaborative strategies, if any, do you use with local distributors, retailers, suppliers, associations, charities, and nonprofit organizations (for example, event sponsorship, donation of product, advertising, print, logo on t-shirts)?
  - a. What are the benefits, if any, of those collaborative strategies?
  - b. What are the drawbacks, if any, of those collaborative strategies?
7. What strategies have you used or are considering using to obtain financial investment from lending institutions or investors?
8. What strategies involving stakeholders, such as employees, customers, retailers, suppliers, local community groups, and financial institutions, do you consider important for your brewery's long-term profitability?
9. What more can you add to assist in understanding the craft brewery strategies you use to improve profits?