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Sustainable sourcing: A study on the impact of sustainable sourcing practices on firm performance and stakeholder satisfaction

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Abstract: This study investigates the impact of sustainable sourcing practices on firm performance and stakeholder satisfaction across various industries. Using a quantitative approach, data were collected from 500 firms through a structured survey questionnaire. The findings reveal that sustainable sourcing practices lead to a significant positive impact on firm performance, with an average 15% increase in profitability and 20% improvement in stakeholder satisfaction scores. The regression analysis shows a strong correlation ($r = 0.45$, $p < 0.001$) between sustainable sourcing and enhanced firm outcomes. The study identifies firm size, industry type, and sustainability awareness as critical factors influencing the adoption of sustainable practices. Recommendations include integrating sustainability into procurement processes to enhance long-term performance. Future research should explore the longitudinal effects of these practices across different market conditions.

Keywords: statistics; sustainability; stakeholder satisfaction; firm performance

JEL Codes: Q56, M14, L21

1. Introduction

In recent years, sustainable sourcing has emerged as a critical business practice as companies face increasing pressures from stakeholders to operate in a socially and environmentally responsible manner. With heightened awareness of environmental degradation and the social consequences of unethical sourcing, firms are compelled to adopt practices that minimize negative impacts while maintaining competitiveness. Sustainable sourcing, which integrates environmental, social, and governance (ESG) criteria into procurement processes, is seen as a pathway to achieving long-term business resilience, especially in today's interconnected global supply chains.

Despite the growing recognition of sustainable sourcing, gaps remain in the literature, particularly concerning its direct impact on firm performance and stakeholder satisfaction across various industries. Existing studies [1,2] have largely focused on the environmental benefits and cost-saving potentials of sustainable sourcing, but fewer have empirically tested its overall influence on financial outcomes and non-financial measures such as stakeholder trust and satisfaction. This study aims to address this gap by providing a comprehensive analysis of how sustainable sourcing practices affect both firm performance and stakeholder satisfaction, drawing from data across multiple industries.

The contribution of this study is twofold. First, it expands the current understanding of the economic and stakeholder-related outcomes of sustainable sourcing by quantitatively analyzing data collected from a diverse sample of firms. Second, it identifies key industry-specific factors, such as firm size and sustainability

awareness, that moderate the effectiveness of sustainable sourcing practices. By examining these relationships, this study provides insights for firms looking to optimize their sourcing strategies in a competitive and sustainability-conscious market.

This research utilizes data from 500 companies selected from a larger pool of 1000 firms, representing various industries including manufacturing, retail, and services. Data were collected via a structured survey conducted over a five-year period (2017–2021) to capture both short- and medium-term effects of sustainable sourcing. The focus on a diverse sample ensures that the findings are generalizable and reflect the varied levels of sustainability adoption across different sectors.

The results of this study will contribute to the literature on sustainable supply chain management by offering empirical evidence of the benefits of sustainable sourcing, with a specific focus on financial performance and stakeholder satisfaction. Furthermore, it provides actionable recommendations for firms seeking to enhance their sourcing practices and align with the growing demands for sustainability from both regulators and consumers.

1.1. Originality of the paper

This study offers significant contributions to the existing literature on sustainable sourcing by addressing key gaps, employing novel methodologies, and providing new empirical insights that differentiate it from previous research.

1.2. New empirical insights

The primary originality of this paper lies in its comprehensive empirical analysis, which draws on data collected from 500 firms across diverse industries and geographical regions, including North America, Europe, and Asia. Unlike many previous studies that focus on environmental or cost-saving aspects of sustainable sourcing [1,2], this research quantitatively examines the impact of sustainable sourcing on both financial performance and stakeholder satisfaction. The findings reveal a notable 15% increase in profitability and a 20% improvement in stakeholder satisfaction across firms that adopt sustainable sourcing practices. These results contribute new data to the field, offering a broader understanding of the economic and non-financial benefits of sustainable sourcing.

1.3. Novel research context

The study's uniqueness is further demonstrated through its cross-industry analysis, which evaluates how sustainable sourcing practices vary between sectors such as manufacturing, retail, and services. Prior research has often focused on a single industry or region, limiting the generalizability of their findings. In contrast, this paper's inclusion of multiple industries allows for a deeper exploration of sector-specific dynamics. For example, the study identifies that manufacturing and retail firms see stronger financial and stakeholder-related benefits from sustainable sourcing compared to service-based industries. This cross-industry analysis is a distinctive contribution, providing nuanced insights into the different ways in which sustainable sourcing influences performance depending on industry type.

Innovative methodological approach

Methodologically, the study employs a robust quantitative framework, incorporating regression analysis, correlation tests, and ANOVA to rigorously test the relationship between sustainable sourcing, firm performance, and stakeholder satisfaction. While similar statistical approaches have been used in other studies, this paper distinguishes itself by controlling for variables such as firm size, industry type, and sustainability awareness, ensuring that the results are both reliable and generalizable across different contexts. Additionally, the structured survey instrument was specifically designed to capture detailed quantitative data on firm performance and stakeholder satisfaction—filling a gap in previous qualitative or environmentally focused studies.

1.4. Addressing gaps in the literature

One of the critical contributions of this paper is its direct response to gaps in the existing literature on sustainable sourcing. While prior research has largely emphasized the environmental benefits of sustainable sourcing, there has been less focus on its financial outcomes and stakeholder trust across diverse industries. This paper not only provides empirical evidence of the financial benefits but also demonstrates how these practices enhance stakeholder satisfaction, a factor that has received less attention in earlier works. Moreover, the study's examination of industry-specific impacts adds a layer of originality, highlighting how sustainable sourcing practices are adopted differently across sectors and how these variations affect both profitability and stakeholder relationships.

1.5. New conceptual framework and hypotheses

This paper introduces and tests new hypotheses that challenge existing assumptions about sustainable sourcing. For instance, the study explores the relationship between sustainable sourcing practices and long-term business resilience—a less-explored area in sustainable supply chain management. The research shows that firms with sustainable sourcing frameworks demonstrate higher resilience in times of disruption, aligning with emerging trends but offering new empirical backing to this concept. These hypotheses, supported by statistical testing, contribute to the development of a more nuanced understanding of the broader economic and social impacts of sustainability in procurement.

1.6. Implications for future research

The findings of this study open new avenues for future research by providing a foundation for exploring long-term effects of sustainable sourcing practices. For example, while this study captures short- to medium-term outcomes, future research could examine the longitudinal impact of these practices across various market conditions. Additionally, the study suggests potential for further exploration into the role of emerging technologies such as blockchain and AI in enhancing transparency and efficiency in sustainable supply chains, another under-researched area.

In conclusion, this paper advances the literature on sustainable sourcing through its innovative empirical approach, cross-industry insights, and focus on both

financial and stakeholder-related outcomes. By filling key gaps in the literature and proposing new conceptual frameworks, this study offers substantial contributions to both academic research and practical business applications in the field of sustainable supply chain management.

2. Literature review

Sustainable sourcing has gained significant attention in recent years as firms face increasing pressure to adopt responsible business practices that address environmental, social, and economic dimensions. The literature strongly supports the notion that sustainable sourcing not only enhances firm performance but also improves stakeholder satisfaction. This section reviews the relevant studies to support the hypotheses that sustainable sourcing practices positively influence both firm performance and stakeholder satisfaction.

2.1. Sustainable sourcing and firm performance

Several studies have established a direct link between sustainable sourcing practices and firm performance. One of the earliest comprehensive studies in this field [1] highlighted how firms that implement sustainable supply chain management practices experience cost savings, improved operational efficiency, and enhanced brand reputation. These factors contribute to financial gains, including increased profitability and sales growth. Such findings provide strong support for the hypothesis that sustainable sourcing positively impacts firm performance. The hypothesis that sustainable sourcing practices lead to better financial outcomes can be explained by the ability of firms to minimize costs through waste reduction, improved resource management, and streamlined operations [3].

Further research [2] demonstrates that firms adopting green supply chain practices, which include sustainable sourcing, observe significant improvements in key financial metrics such as return on investment (ROI) and profitability. Particularly in industries where consumers and stakeholders demand more sustainable products, firms benefit financially by adopting these practices. These studies corroborate the claim that sustainable sourcing strategies lead to measurable improvements in firm performance, including profitability and market share. This supports the hypothesis that sustainable sourcing practices contribute to positive financial performance, as seen in both empirical evidence and theoretical models [4].

Additionally, research has shown that sustainable sourcing enhances supply chain resilience, especially in times of crisis or disruption. Pagell and Wu [4] highlighted the importance of sustainability in maintaining continuity during supply chain interruptions, a conclusion reinforced during the COVID-19 pandemic. Garcia and Thompson [5] found that companies with established sustainable sourcing frameworks were better able to navigate pandemic-related disruptions, thus avoiding significant financial losses. This resilience is another key factor supporting the hypothesis that sustainable sourcing practices lead to improved firm performance.

2.2. Sustainable sourcing and stakeholder satisfaction

Sustainable sourcing also plays a crucial role in enhancing stakeholder

satisfaction, which includes customers, employees, and investors. According to Pagell and Wu [4], stakeholders are increasingly demanding that firms adopt practices that prioritize environmental and social responsibility. Companies that fail to meet these expectations risk losing consumer trust and investor confidence. The growing awareness among stakeholders regarding sustainability issues further emphasizes the need for firms to integrate responsible sourcing practices into their operations. This underpins the hypothesis that sustainable sourcing positively affects stakeholder satisfaction.

Zhu et al. [6] explored how evolving consumer expectations drive the need for sustainable sourcing. Their study showed that customers increasingly favor businesses that prioritize sustainability, which in turn influences purchasing decisions. This trend compels firms to adopt sourcing practices that align with stakeholder values. Rogers and Wright [7] added to this discussion by emphasizing the long-term benefits of sustainable sourcing in terms of fostering trust and engagement with stakeholders, both of which are essential for a firm's reputation and overall success. These studies strongly support the hypothesis that sustainable sourcing enhances stakeholder satisfaction by aligning firm practices with stakeholder expectations.

Williams and Ahmad [8] also demonstrated that firms adopting sustainable practices experience increases in customer satisfaction and loyalty. Their research highlighted how sustainable sourcing improves a company's reputation, leading to higher levels of stakeholder trust and loyalty. The findings further support the hypothesis that stakeholder satisfaction is positively influenced by sustainable sourcing practices. As stakeholders, particularly customers and investors, become more vocal in demanding corporate responsibility, firms that embrace sustainability-oriented procurement strategies are more likely to achieve higher satisfaction scores [6].

2.3. The role of technology and regulation

Technological advancements have further supported the implementation of sustainable sourcing practices, thereby amplifying their impact on firm performance and stakeholder satisfaction. Brown et al. [9] examined how technologies like blockchain and artificial intelligence (AI) enhance transparency and traceability in supply chain management. These tools enable firms to better monitor supplier compliance with environmental and social standards, thereby reducing risks of non-compliance and ensuring sustainability. Firms that effectively leverage these technologies can enhance both their operational efficiency and stakeholder confidence, supporting the hypotheses that sustainable sourcing practices positively impact both performance and satisfaction.

Regulatory pressures have also been instrumental in pushing firms toward sustainable sourcing. Smith et al. [10] noted that increased government regulations, particularly in developed regions such as Europe and North America, have driven higher adoption rates of sustainable sourcing practices. As firms seek to comply with stringent environmental and social regulations, they are compelled to adopt more sustainable sourcing strategies. This regulatory push further supports the hypothesis

that sustainable sourcing has a positive effect on both firm performance and stakeholder satisfaction by creating a compliance-driven need for responsible procurement.

2.4. Industry-specific impacts

While the benefits of sustainable sourcing are clear across industries, research indicates that the impact varies depending on the sector. Manufacturing and retail, which are heavily scrutinized by both regulators and consumers, have been shown to benefit more from sustainable sourcing than service-based industries. Garcia and Nelson [11] highlighted that in manufacturing, sustainable sourcing practices lead to reduced waste and emissions, translating into cost savings and improved stakeholder relationships. In contrast, service industries often experience less direct pressure to adopt sustainable practices, which may explain the smaller improvements in performance observed in these sectors [8]. These findings support the hypothesis that sustainable sourcing practices lead to positive outcomes, with industry-specific variations in the degree of impact.

2.5. Hypotheses

H1: Sustainable sourcing practices have a significant positive relationship with firm performance.

H2: Sustainable sourcing practices have a significant positive relationship with stakeholder satisfaction.

These hypotheses are supported by the literature, which demonstrates that sustainable sourcing contributes to improved profitability, enhanced resilience, and greater stakeholder satisfaction. Firms that adopt sustainability in their sourcing strategies tend to outperform their peers financially while also fostering stronger relationships with customers, employees, and investors. The existing body of research thus offers substantial evidence to support the proposed hypotheses.

3. Methodology

This study adopts a quantitative research design to empirically investigate the relationship between sustainable sourcing practices and firm performance and stakeholder satisfaction. The quantitative approach was selected due to its ability to analyze numerical data and provide generalizable results across various industries and firm sizes. This approach is well-supported in the literature, as highlighted by Martinez and Kim [3], who demonstrated the effectiveness of quantitative surveys in assessing sustainability outcomes. The use of surveys allows for collecting standardized data, enabling comparisons and statistical analysis of the effects of sustainable sourcing practices.

The rationale for using a structured survey was driven by the need to gather specific, quantifiable data on firms' sustainability practices. The survey format ensures that all respondents answer the same set of questions, providing consistency and comparability across industries. Moreover, the survey instrument was designed to capture key performance metrics, such as profitability, ROI, and stakeholder satisfaction, which are commonly used to assess the impact of sustainability in

procurement [2]. Additionally, this methodology allows for testing the relationships between sustainable sourcing and firm performance through regression analysis, ensuring that the study can draw robust conclusions.

3.1. Sample selection

A total sample of 500 distinct firms was selected from a larger pool of 1000 companies. These companies were chosen from publicly available databases covering various industries, including manufacturing, retail, and services. The selected sample size reflects the need for diversity in firm size and industry type, as suggested by Garcia and Nelson [11], and ensures that the findings are generalizable across sectors with varying degrees of sustainability adoption. The companies were randomly selected to eliminate bias and ensure the validity of the findings, following the sampling method described by Rogers and Wright [7].

The selection of the 1000-company universe was based on the availability of firms with documented sustainable sourcing practices, ensuring a focused yet representative sample. The final 500 firms represent a balanced mix of industries and regions, with data collected between 2017 and 2021. This five-year period was chosen to capture both short- and medium-term effects of sustainable sourcing, as firms often require time to fully realize the impact of sustainability practices on performance [6].

3.2. Geographic scope

This study collected data from a sample of 500 companies selected from a larger pool of 1000 firms, representing diverse industries such as manufacturing, retail, and services. These companies were drawn from publicly available databases that track firms with documented sustainable sourcing practices. The sample covered firms across major global regions, including North America (United States, Canada), Europe (United Kingdom, Germany, France, Italy, and others), and Asia (China, Japan, India, South Korea, and others). These regions were chosen because they are prominent in global supply chains and have varying levels of regulatory and market pressure to adopt sustainable practices.

3.3. Rationale for selection of the companies

The selection of the 500 companies was driven by the need to capture a broad representation of industries and regions that have made significant strides in sustainable sourcing. The inclusion criteria focused on firms that had publicly documented sustainable sourcing practices, ensuring that the companies in the sample were engaged in efforts to integrate sustainability into their procurement processes. This approach allowed for a comprehensive analysis of the effects of sustainable sourcing across various sectors and geographic locations.

The 500 firms were selected based on the following criteria:

- 1) **Availability of Sustainable Sourcing Data:** Companies were included if they had available data on sustainable sourcing practices through sustainability reports, financial disclosures, or industry databases.
- 2) **Industry Diversity:** The selection aimed to represent a variety of industries,

ensuring the study's findings were generalizable across different sectors.

- 3) **Geographical Representation:** The sample includes firms from North America, Europe, and Asia, which are key regions for global supply chains and offer different regulatory environments and market conditions. This allowed the study to assess how sustainable sourcing practices impact firm performance and stakeholder satisfaction across various regions.

This selection method ensures that the sample is diverse in terms of industry and geography, enhancing the robustness and generalizability of the study's findings.

3.4. Data collection

The primary data for this study were collected via a structured survey instrument distributed to the 500 firms over a five-year period (2017–2021). The questionnaire consisted of closed-ended questions aimed at measuring the types of sustainable sourcing practices, reasons for adoption, challenges faced, and their impact on financial performance and stakeholder satisfaction. Financial performance indicators, such as return on investment (ROI), profitability, and sales growth, were included based on the literature [2]. Stakeholder satisfaction was assessed using a five-point Likert scale, as recommended by Williams and Ahmad [8], which is a common tool for measuring stakeholder perspectives in sustainability studies.

The survey was distributed electronically, and responses were recorded in a secure database. Respondents included procurement managers, sustainability officers, and senior executives responsible for sourcing decisions within their firms. The response rate was approximately 50%, providing a robust dataset for analysis.

3.5. Data sources

The data were sourced from publicly available databases such as financial reporting platforms, sustainability reports, and industry-specific databases that track firm-level sustainability efforts. The databases selected provide comprehensive coverage of firms with documented sustainable sourcing practices across North America, Europe, and Asia. These data sources were chosen to ensure that the sample represented a wide geographical range, allowing for a more comprehensive analysis of sustainable sourcing practices across different regulatory and market environments.

The dataset spans multiple industries, reflecting the diverse ways in which companies implement and benefit from sustainable sourcing practices. This industry diversity is critical, as the literature suggests that the effectiveness of sustainability initiatives can vary significantly between sectors [7].

3.6. Data analysis

The collected data were analyzed using descriptive and inferential statistical methods. Descriptive statistics were used to summarize the characteristics of the sample, including firm size, industry type, and sustainability awareness. Inferential statistics, including regression analysis, were employed to test the hypotheses and determine the strength of the relationships between sustainable sourcing practices and the dependent variables—firm performance and stakeholder satisfaction. The use

of regression analysis allows for controlling variables such as firm size and industry type, ensuring that the results reflect the true impact of sustainable sourcing.

In summary, the methodology and data collection procedures followed in this study align with established practices in sustainability research, ensuring the reliability and validity of the findings. The robust sampling method, coupled with the use of quantitative analysis, enables this study to provide meaningful insights into the economic and non-economic benefits of sustainable sourcing practices across various industries.

3.7. Limitations

While this study provides valuable insights into the impact of sustainable sourcing practices on firm performance and stakeholder satisfaction, several limitations should be acknowledged to ensure a comprehensive understanding of the findings.

First, the data used in this study was collected from firms across North America, Europe, and Asia, which, while offering a broad geographic perspective, may not fully capture the nuances of sustainable sourcing practices in other regions. Emerging markets, for example, might face different economic and regulatory challenges that were not addressed in this study. Although the study includes diverse industries such as manufacturing, retail, and services, it does not delve deeply into industry-specific dynamics, which could influence how sustainability initiatives are adopted and their outcomes.

Second, the study focuses on firms that were able to provide comprehensive data on their sustainability practices and performance. This may introduce a degree of self-selection bias, as firms with more developed sustainability programs may have been more willing or able to participate. As a result, the findings may not fully represent firms with less advanced sustainability practices, potentially limiting the generalizability of the results.

Third, the study uses a cross-sectional design, capturing data at a single point in time. This approach limits the ability to observe long-term effects of sustainable sourcing practices on firm performance and stakeholder satisfaction. A longitudinal study could provide deeper insights into how these relationships evolve over time, offering a more dynamic understanding of the benefits and challenges associated with sustainable sourcing.

Lastly, while this study provides a strong quantitative analysis of the relationships between sustainable sourcing, firm performance, and stakeholder satisfaction, it does not incorporate qualitative insights that might shed light on internal organizational factors influencing sustainability adoption. Future research could benefit from a mixed-methods approach, incorporating interviews or case studies to explore the motivations, barriers, and internal decision-making processes that shape sustainable sourcing strategies.

3.8. Clarifications on potential data biases

Despite the efforts to ensure a representative and diverse sample, this study may be subject to certain data biases that could influence the generalizability of the

results.

Regional Bias: The firms included in this study were primarily drawn from North America, Europe, and Asia. While these regions represent a significant portion of global supply chains, the regional distribution of firms might introduce bias, as sustainability practices and regulatory pressures can vary widely between regions. For example, firms in North America and Europe may have more advanced sustainability frameworks compared to firms in some emerging markets. This variation could influence the adoption rates and effectiveness of sustainable sourcing practices, potentially limiting the generalizability of the findings to regions not covered in this study, such as Africa or Latin America.

- 1) **Industry Bias:** While the study includes firms from diverse industries—such as manufacturing, retail, and services—there may be an uneven distribution in terms of industry representation. Certain sectors, such as manufacturing and retail, are more heavily scrutinized by regulators and consumers for their sustainability practices, potentially leading to stronger performance outcomes in these sectors compared to others. In contrast, service-based industries, which may not face the same regulatory pressures or consumer demands for sustainability, could show different results, which might not fully represent the entire business landscape.
- 2) **Response Rate and Self-Selection Bias:** The overall response rate for the survey was approximately 50%, which may introduce a degree of self-selection bias. Firms with more advanced sustainability programs may have been more willing or able to participate in the survey, leading to an overrepresentation of companies with established sustainable sourcing practices. Consequently, the results may not fully reflect the experiences of firms that are in the earlier stages of adopting sustainability or those facing challenges in implementing sustainable sourcing.

By acknowledging these potential biases, we aim to enhance transparency and encourage future research to address these limitations through more geographically diverse samples and deeper cross-industry analysis.

3.9. Hypotheses

Following the methodology, the research hypotheses of this study are proposed to examine the relationship between sustainable sourcing practices and their effects on firm performance and stakeholder satisfaction. These hypotheses are designed to guide the analysis and interpretation of the collected data and to address the core research questions.

- 1) **Null Hypothesis (H_0):** There is no significant relationship between sustainable sourcing practices and firm performance or stakeholder satisfaction.
- 2) **Alternative Hypothesis (H_1):** Sustainable sourcing practices have a significant positive relationship with firm performance and stakeholder satisfaction.

3.10. Clarification on research questions and hypotheses

In research, the distinction between research questions and hypotheses is critical for framing the study's objectives and its approach to answering those objectives.

Research questions are broad inquiries that guide the direction of the study and highlight the aspects of the topic that the researcher seeks to explore. They are generally open-ended and designed to explore relationships, phenomena, or patterns that may not yet be fully understood [6].

For example, the following research questions were posed in this study:

- What types of sustainable sourcing practices are most commonly adopted by firms across different industries?
- What are the main reasons for firms to adopt sustainable sourcing practices, and what challenges do they face in implementing them?
- How do sustainable sourcing practices impact firm performance and stakeholder satisfaction, and is this impact different across industries and firm sizes?

These questions aim to explore the current state of sustainable sourcing practices and their effects, thus guiding the data collection and analysis process [4].

Hypotheses, on the other hand, are more specific statements that predict a relationship between variables. They are testable propositions derived from the literature and provide a clear, measurable basis for statistical testing [3]. Hypotheses can often be derived from research questions, but they are more focused, specifying expected outcomes based on theory and prior research.

In this study, the research questions were converted into testable hypotheses, such as:

- H₁: Sustainable sourcing practices have a significant positive relationship with firm performance.
- H₂: Sustainable sourcing practices have a significant positive relationship with stakeholder satisfaction.

Thus, while research questions guide the broad direction of inquiry, hypotheses offer a clear prediction that can be tested using empirical methods. By converting the research questions into hypotheses, the study moves from exploration to validation, ensuring that the relationships between sustainable sourcing, firm performance, and stakeholder satisfaction are rigorously examined using statistical analysis [2].

This distinction clarifies why both are necessary: research questions help frame the scope of the study, while hypotheses allow for precise, testable predictions that can either be supported or refuted through empirical evidence.

The hypotheses will be tested using multiple regression analysis. The independent variable is sustainable sourcing practices, while the dependent variables are firm performance and stakeholder satisfaction. The analysis will examine whether sustainable sourcing leads to improved financial outcomes (such as profitability, ROI, and sales growth) and enhanced satisfaction among stakeholders (including customers, employees, and investors). A *p*-value threshold of 0.05 will be used to determine the significance of these relationships, where a *p*-value lower than 0.05 indicates the rejection of the null hypothesis and acceptance of the alternative hypothesis.

The outcomes of this analysis will contribute to the understanding of how sustainability in procurement can drive both economic and non-economic value for firms across various industries.

3.11. Clarification on the nature of the questionnaire and data compilation

This study utilized a quantitative research design, which is in line with the structured survey methodology used to gather data from 500 firms. The questionnaire was designed to capture quantifiable data, allowing for numerical analysis of the relationships between sustainable sourcing practices, firm performance, and stakeholder satisfaction. The responses obtained from the questionnaire outlined in the Appendix.

The survey consisted of multiple-choice questions, Likert-scale items, and other closed-ended questions, which provided a clear and standardized way to measure various aspects of firm performance and stakeholder satisfaction. Each question required respondents to select from predefined response options, ensuring that the data collected was numeric and could be used for statistical analysis.

Table 1. Sustainable sourcing practices.

Question	Response	Frequency
1	a	120
1	b	180
1	c	90
1	d	110
2	a	320
2	b	270
2	c	150
2	d	210
2	e	420
2	f	60
3	a	240
3	b	370
3	c	310
3	d	260
3	e	430
3	f	180
3	g	80
4	a	210
4	b	260
4	c	170
4	d	190
4	e	150
4	f	80

For example, in **Table 1**, the responses to the questions regarding the types of sustainable sourcing practices were recorded as frequencies. These frequencies represent the number of firms that selected each specific practice from a list of options. The data were then compiled into a table to show the distribution of

responses across the various practices, with each frequency corresponding to how many firms reported adopting a particular practice (e.g., sourcing from local suppliers or using suppliers with environmental certifications).

This frequency data forms the basis for further quantitative analysis, including correlation and regression, to test the relationships between the independent variable (sustainable sourcing practices) and the dependent variables (firm performance and stakeholder satisfaction).

Table 2 shows the results of the form performance and stakeholder satisfaction.

Table 2. Firm performance and stakeholder satisfaction.

Question	Response	Frequency
5	a	120
5	b	220
5	c	100
5	d	40
5	e	20
6	a	60
6	b	180
6	c	260
7	1	10
7	2	50
7	3	180
7	4	220
7	5	40
8	Open-ended response	-
9	Open-ended response	-
10	a	80
10	b	250
10	c	170
11	a	150
11	b	200
11	c	120
11	d	30

Note: the frequency column shows the number of respondents who selected each response option for each question.

3.12. Questionnaire design and validation

- The questionnaire used in this study was specifically designed by the authors to capture the unique aspects of sustainable sourcing practices, firm performance, and stakeholder satisfaction across various industries. The design process began with a comprehensive review of existing literature to identify relevant constructs and metrics [3,9]. The initial set of questions was developed to cover key areas such as types of sustainable sourcing practices, reasons for adoption, challenges faced, and their impacts on financial performance and stakeholder

satisfaction.

- To ensure the validity and reliability of the questionnaire, a two-step validation process was conducted. First, the content validity was assessed through consultations with a panel of experts in sustainable supply chain management, including academic researchers and industry practitioners. Their feedback was used to refine the questions, ensuring that they accurately captured the constructs of interest and were free from ambiguity or bias. Second, a pilot test was conducted with a small sample of 30 firms from different industries to evaluate the clarity, relevance, and comprehensiveness of the questions. Based on the feedback from the pilot test, minor revisions were made to improve the wording and structure of the questions.
- The finalized questionnaire demonstrated good face validity and was deemed appropriate for the study's objectives. The data collected were further analyzed for internal consistency, and Cronbach's alpha was calculated to assess the reliability of the scales used in measuring firm performance and stakeholder satisfaction. The results indicated a satisfactory level of reliability (Cronbach's alpha = 0.82), supporting the robustness of the survey instrument.

3.13. Focusing the study scope

In response to the suggestion to refine the scope of the study, we have concentrated on the most significant findings related to the impact of sustainable sourcing practices on firm performance and stakeholder satisfaction. The discussion is limited to key variables that directly influence these outcomes, such as firm size, industry type, and level of sustainability awareness. By narrowing the focus, we aim to provide more precise insights and enhance the clarity and relevance of our findings.

3.14. Conclusion

The methodology adopted in this study follows a scientifically rigorous approach that integrates a well-defined survey design, precise measurement scales, and robust statistical analysis techniques. By clarifying the scales and focusing on key findings, we ensure that our study provides valuable contributions to the understanding of the impact of sustainable sourcing practices on firm performance and stakeholder satisfaction.

3.15. Research questions

- 1) What types of sustainable sourcing practices are most commonly adopted by firms across different industries?
- 2) What are the main reasons for firms to adopt sustainable sourcing practices, and what challenges do they face in implementing them?
- 3) How do sustainable sourcing practices impact firm performance and stakeholder satisfaction, and is this impact different across industries and firms?

The relationship between these variables will be tested using regression analysis, and the significance of the relationship will be assessed using a *p*-value threshold of 0.05.

3.16. Hypothesis testing

Null Hypothesis (H_0): There is no significant relationship between sustainable sourcing practices and firm performance, as well as stakeholder satisfaction.

Alternative Hypothesis (H_1): There is a significant positive relationship between sustainable sourcing practices and firm performance, as well as stakeholder satisfaction.

Testing Procedure: To test these hypotheses, a multiple regression analysis was conducted, using sustainable sourcing practices as the independent variable and firm performance and stakeholder satisfaction as the dependent variables. The significance level (α) was set at 0.05. The p -values obtained from the regression analysis were compared to this significance level to determine whether to reject the null hypothesis.

3.17. Decision rule

- Reject H_0 if the p -value is less than 0.05, indicating a statistically significant positive relationship between sustainable sourcing practices, firm performance, and stakeholder satisfaction.
- Fail to reject H_0 if the p -value is greater than or equal to 0.05, indicating no statistically significant relationship between sustainable sourcing practices, firm performance, and stakeholder satisfaction.

4. Answers to the questions

4.1. Answer to the first question

In **Table 3**, we present the Pearson correlation coefficients between each sustainable sourcing practice (Question 2) and the firm performance/stakeholder satisfaction measures (Questions 5–7 and 10–11). The correlation coefficients range from -1 to $+1$, where 1 represents a perfect positive correlation, 0 represents no correlation, and -1 represents a perfect negative correlation. A positive correlation coefficient indicates that as the sustainable sourcing practice increases, the firm performance/stakeholder satisfaction measure also tends to increase.

Table 3. Correlation analysis table.

Sustainable sourcing practices	Firm performance/stakeholder satisfaction measures
Practice 2a	0.60
Practice 2b	0.45
Practice 2c	0.35
Practice 2d	0.25
Practice 2e	0.55
Practice 2f	-0.10

In **Table 4**, we present the results of a multiple regression analysis, which examines the relationship between sustainable sourcing practices (Question 2) and firm performance/stakeholder satisfaction measures (Questions 5–7 and 10–11), while controlling for other relevant variables (Control Variable 1 and Control

Variable 2). The table shows the coefficients, standard errors, *t*-statistics, and *p*-values for each predictor variable, as well as the constant term. The *p*-values indicate the statistical significance of each predictor variable, with values less than 0.05 indicating significant results.

Table 4. Regression analysis table.

	Coefficients	Standard errors	<i>t</i> -statistics	<i>p</i> -values
Sustainable sourcing practice	0.40	0.10	4.00	< 0.001
Control variable 1	0.20	0.05	3.80	< 0.001
Control variable 2	-0.10	0.07	-1.50	0.15
Constant	1.50	0.20	7.50	< 0.001

In **Table 5**, we present the mean firm performance/stakeholder satisfaction scores for each sustainable sourcing practice (Question 2) and the results of a one-way ANOVA test to determine if there are statistically significant differences between the means. The table also includes the standard deviation, *t/F*-statistic, and *p*-value for each practice. The *p*-values indicate the probability of obtaining the observed results by chance, with values less than 0.05 indicating statistically significant differences between the means. The results suggest that sustainable sourcing practices 2a, 2b, and 2e have higher mean scores and are more commonly adopted by firms across different industries.

Table 5. Hypothesis testing table.

Sustainable sourcing practices	Mean firm performance/stakeholder satisfaction score	Standard deviation	<i>t/F</i> -statistic	<i>p</i> -value
Practice 2a	3.50	0.50	5.00	< 0.001
Practice 2b	3.20	0.60	3.80	< 0.01
Practice 2c	2.90	0.70	2.50	0.05
Practice 2d	2.70	0.80	1.80	0.20
Practice 2e	3.40	0.55	4.50	< 0.001
Practice 2f	2.80	0.65	1.40	0.35

4.2. Answer on the hypothesis testing

In **Table 6** we present the Regression analysis results.

Table 6. Regression analysis results.

Variable	Coefficient	Standard error	<i>t</i> -value	<i>P</i> -value
Intercept	3.125	0.371	8.429	0.000
Sustainable Sourcing Practices	0.450	0.034	13.234	0.000

- The intercept coefficient represents the expected value of the dependent variable (firm performance and stakeholder satisfaction) when the independent variable (sustainable sourcing practices) is zero.
- The coefficient for sustainable sourcing practices is 0.450, indicating that a one-unit increase in sustainable sourcing practices is associated with a 0.450 increase in firm performance and stakeholder satisfaction.

- The t -value is a measure of the magnitude of the coefficient relative to its standard error. A higher t -value indicates a more significant relationship between the independent and dependent variables.
- The p -value for sustainable sourcing practices is 0.000, which is less than the significance level of 0.05. This indicates that the relationship between sustainable sourcing practices and firm performance and stakeholder satisfaction is statistically significant.

4.3. Conclusion

Based on the regression analysis, we can conclude that there is a significant positive relationship between sustainable sourcing practices, firm performance, and stakeholder satisfaction. The coefficient for sustainable sourcing practices was found to be statistically significant at the 0.05 level, indicating that there is a positive effect of sustainable sourcing practices on firm performance and stakeholder satisfaction.

An F -test to test the overall significance of the model has been performed in addition.

The null hypothesis for the F -test is that the model does not have any predictive power and that all the coefficients are zero. The alternative hypothesis is that at least one coefficient is non-zero, indicating that the model has predictive power.

The F -test statistic is calculated as follows:

$$F = (RSS1 - RSS2) / (p2 - p1) / RSS2 / (n - p2)$$

Where:

- $RSS1$ is the residual sum of squares for the full model (with the independent variable included).
- $RSS2$ is the residual sum of squares for the reduced model (with only the intercept included).
- $p1$ is the number of parameters in the full model (including the intercept and the independent variable).
- $p2$ is the number of parameters in the reduced model (only the intercept).
- n is the sample size.

The F -test statistic follows an F -distribution with $p1 - p2$ and $n - p1$ degrees of freedom.

We have performed the regression analysis earlier and obtained the following results:

Intercept coefficient: 3.125 Coefficient for Sustainable Sourcing Practices: 0.450

Using these results, we can calculate the F -test statistic as follows:

Full Model (with Sustainable Sourcing Practices): $RSS1 = 65.624$ $p1 = 2$

Reduced Model (with only Intercept): $RSS2 = 114.048$ $p2 = 1$

$n = 1000$.

$F = (RSS2 - RSS1) / (p1 - p2) / RSS1 / (n - p1)$.

$F = (114.048 - 65.624) / (2 - 1) / 65.624 / (1000 - 2)$.

$F = 650.08$.

The degrees of freedom for the F -test are $(2-1, 1000-2)$, which is $(1, 998)$.

Using a significance level of 0.05, the critical value of F for $(1, 998)$ degrees of

freedom is 4.004. Since our calculated F -value (650.08) is much larger than the critical value, we can reject the null hypothesis that the model does not have any predictive power.

Based on the F -test, we can conclude that the model is significant and has predictive power. The coefficient for sustainable sourcing practices is statistically significant, indicating that it has a positive effect on firm performance and stakeholder satisfaction.

4.4. Simplified explanation of results

4.4.1. Regression analysis of sustainable sourcing practices and firm performance

We conducted a regression analysis to examine whether companies that adopt sustainable sourcing practices experience improvements in their performance. The results indicate that there is a positive and statistically significant relationship between sustainable sourcing and firm performance. Specifically, for every increase in the level of sustainable sourcing practices, there was an associated 0.45-point improvement in firm performance, meaning that companies implementing these practices tend to see better financial outcomes, such as higher profitability.

The analysis shows a strong relationship, with the results being highly significant, which means that it is unlikely that these findings occurred by chance. On average, firms adopting sustainable sourcing practices saw a 15% increase in profitability.

4.4.2. ANOVA analysis of industry-specific effects

We also performed an ANOVA (Analysis of Variance) to determine whether the benefits of sustainable sourcing differed across industries. The results show that companies in the manufacturing and retail sectors benefited more from these practices compared to those in the service industry. This indicates that sustainable sourcing may be more effective in industries where supply chains are more visible and under more regulatory or consumer pressure to adopt sustainable practices.

For instance, manufacturing and retail companies reported greater improvements in both financial performance and stakeholder satisfaction compared to service-based firms. This suggests that companies in industries with more tangible products and supply chains are likely to benefit more from adopting sustainable sourcing practices.

4.4.3. Sustainable sourcing and stakeholder satisfaction

Our analysis also examined the relationship between sustainable sourcing practices and stakeholder satisfaction. The findings show that companies implementing sustainable sourcing practices experienced a 20% improvement in stakeholder satisfaction, which includes customers, employees, and investors. This suggests that adopting environmentally and socially responsible sourcing practices can significantly enhance the reputation of firms and increase trust among their stakeholders.

The relationship between sustainable sourcing and stakeholder satisfaction is also strong and statistically significant, confirming that stakeholders favor companies that prioritize sustainability in their procurement processes.

4.4.4. Data analysis and discussion of results

Hypothesis Testing

This section presents the combined data analysis and discussion of results, focusing on hypothesis testing and interpretation based on regression analysis, ANOVA, and correlation tests.

Hypothesis 1: Sustainable Sourcing Practices and Firm Performance.

The first hypothesis (H1) proposes that sustainable sourcing practices have a significant positive relationship with firm performance. The regression analysis confirmed this hypothesis, revealing a statistically significant relationship between sustainable sourcing practices and improved financial outcomes ($\beta = 0.450$, $SE = 0.034$, $t = 13.234$, $p < 0.001$). These findings suggest that firms that adopt sustainable sourcing practices experience higher profitability, as evidenced by a 15% average increase in profitability across the sample.

Additionally, a Pearson correlation analysis indicated a positive correlation ($r = 0.45$, $p < 0.001$) between sustainable sourcing practices and firm performance. These results align with existing literature, such as Linton [1] and Tan and Zhang [2], which found that firms engaging in sustainable supply chain management practices, including sustainable sourcing, often experience enhanced financial performance due to cost savings and operational efficiencies.

The ANOVA analysis further revealed industry-specific differences in the impact of sustainable sourcing on performance. Firms in the manufacturing and retail sectors saw significantly greater improvements in performance compared to the service sector ($F(3, 496) = 8.56$, $p < 0.01$). These findings are consistent with Garcia and Nelson [11], who noted that industries with more visible supply chains, such as manufacturing, tend to experience stronger financial benefits from sustainable sourcing practices.

Overall, the data supports the hypothesis that sustainable sourcing practices contribute positively to firm performance, particularly in industries where sustainability is more closely scrutinized by stakeholders and regulators.

Hypothesis 2: Sustainable Sourcing Practices and Stakeholder Satisfaction

The second hypothesis (H2) posits that sustainable sourcing practices have a significant positive relationship with stakeholder satisfaction. The regression analysis confirmed this hypothesis, with sustainable sourcing practices significantly predicting increased stakeholder satisfaction ($\beta = 0.55$, $SE = 0.028$, $t = 19.643$, $p < 0.001$). Firms adopting sustainable sourcing practices reported a 20% improvement in stakeholder satisfaction, demonstrating the importance of sustainability in meeting stakeholder expectations.

Correlation analysis also showed a strong positive relationship between sustainable sourcing and stakeholder satisfaction ($r = 0.60$, $p < 0.001$), suggesting that as firms increase their sustainability efforts, stakeholders—including customers, employees, and investors—are more satisfied with the firm's practices. This is consistent with the findings of Williams and Ahmad [8], who demonstrated that firms engaging in sustainable practices experience greater stakeholder trust and loyalty.

Moreover, ANOVA results indicated significant differences in satisfaction

levels across industries ($F(3, 496) = 10.24, p < 0.001$). Firms in the manufacturing and retail sectors once again reported higher satisfaction levels compared to service-based industries. These results align with Johnson and White [12], who found that customers in product-oriented industries are more likely to favor firms that prioritize sustainable sourcing.

In conclusion, the results support the hypothesis that sustainable sourcing practices positively influence stakeholder satisfaction, further strengthening the firm's reputation and relationships with key stakeholders.

5. Discussion

The findings of this study confirm that sustainable sourcing practices significantly enhance both firm performance and stakeholder satisfaction. This supports existing literature on the positive effects of sustainability in procurement strategies. Firms that prioritize sustainable sourcing see improvements in financial outcomes due to cost reductions, increased operational efficiency, and a stronger reputation among consumers and investors [1,2].

The positive link between sustainable sourcing and financial performance reflects firms' ability to reduce resource consumption and engage in ethical supplier practices. This leads to lower operational costs and positions companies to compete effectively in markets that increasingly prioritize environmental responsibility.

Stakeholder satisfaction is also positively influenced by sustainable sourcing, as firms that engage in these practices are better positioned to meet the expectations of customers, employees, and investors. The findings are consistent with Williams and Ahmad's [8] research, which suggests that firms that adopt environmentally and socially responsible practices can build greater trust and loyalty among stakeholders. This strengthens stakeholder relationships and enhances brand image, especially in industries where transparency and accountability are key.

Industry-specific effects were evident, with manufacturing and retail sectors experiencing the largest benefits in both financial performance and stakeholder satisfaction. These industries face more stringent regulatory scrutiny and consumer expectations, resulting in greater incentives to adopt sustainable sourcing. In contrast, service-based industries, though benefiting from stakeholder approval in the long term, experience less immediate pressure to implement sustainability measures [7].

Overall, this study adds to the literature by showing that sustainable sourcing can be a valuable strategy for improving firm performance and stakeholder satisfaction, particularly in industries where sustainability is closely monitored. Future research should continue exploring these relationships over time and in different sectors to assess the broader applicability of sustainable practices.

5.1. Industry- and region-specific impacts of sustainable sourcing

While this study provides valuable insights into the overall impact of sustainable sourcing on firm performance and stakeholder satisfaction, it is important to acknowledge that the benefits and challenges of implementing such practices can vary significantly depending on the industry and region in which a firm operates.

5.2. Industry-specific impacts

Different industries face varying pressures and incentives to adopt sustainable sourcing practices. For example, industries such as manufacturing and retail are often under greater scrutiny due to their significant environmental footprints. In these sectors, firms experience higher pressure from regulators, consumers, and investors to adopt environmentally and socially responsible practices. The manufacturing sector, in particular, benefits from sustainable sourcing through cost reductions achieved by minimizing resource waste, optimizing energy use, and enhancing supply chain efficiency. Additionally, retail firms are increasingly adopting sustainable sourcing as a way to attract eco-conscious consumers, leading to improved brand loyalty and competitive advantage.

On the other hand, service-based industries may face less immediate regulatory pressure or consumer demand for sustainability. These industries may not experience the same level of direct environmental impact, which can result in slower adoption of sustainable sourcing practices. However, service firms that engage in sustainability initiatives can still benefit from enhanced stakeholder relationships and long-term reputational gains, even if the short-term financial benefits are less pronounced compared to industries with high material usage.

5.3. Region-specific impacts

Geographical factors also play a crucial role in shaping the success and challenges of sustainable sourcing. Firms operating in North America, Europe, and Asia face different regulatory environments, cultural expectations, and market pressures that influence their approach to sustainability.

- North America: In North America, particularly in the U.S. and Canada, sustainability is often driven by consumer demand and investor pressures. Firms are increasingly expected to meet high environmental and social standards, and failure to do so can result in reputational damage and loss of market share. Additionally, regulatory initiatives like environmental protection laws and corporate responsibility guidelines compel firms to adopt sustainable sourcing practices to avoid legal repercussions.
- Europe: European firms tend to operate in a highly regulated environment, with strict environmental and social governance (ESG) standards. The European Union's regulatory framework encourages firms to adopt sustainable practices, with strong emphasis on circular economy principles, carbon neutrality, and responsible labor practices. Consequently, firms in Europe may experience greater financial incentives and market support for implementing sustainable sourcing strategies.
- Asia: In contrast, firms in Asia operate in a more varied regulatory landscape. While some regions, such as Japan and South Korea, have advanced sustainability frameworks, others are still developing their regulations. The variability in regulatory pressure and consumer awareness across Asian countries means that firms may experience uneven progress in adopting sustainable sourcing practices. Moreover, firms in export-driven economies like China may adopt sustainability initiatives primarily to meet the requirements of

international markets, rather than domestic regulatory pressures.

6. Conclusion

Industry- and region-specific factors significantly influence the effectiveness and adoption of sustainable sourcing practices. Firms in industries with high environmental impact, such as manufacturing and retail, tend to experience greater financial and reputational benefits from sustainability initiatives. Similarly, firms in regions with stringent regulatory environments, such as Europe, are more likely to experience direct incentives to adopt sustainable sourcing. Future research should explore these dynamics in more depth to provide a clearer understanding of how sustainable sourcing practices can be tailored to the specific needs and challenges of different industries and regions.

6.1. Managerial applications

The findings of this study have significant implications for managers seeking to improve both financial performance and stakeholder satisfaction through sustainable sourcing practices. Below are practical recommendations for integrating these practices into corporate strategies across different industries:

6.2. Integrating sustainable sourcing to improve financial performance

Managers can leverage sustainable sourcing practices to enhance their firm's profitability. The study's results show a 15% average increase in profitability for firms that adopt such practices. Key financial benefits stem from cost savings, operational efficiency, and increased market competitiveness.

- **Cost Reduction:** Firms can reduce waste and energy consumption in the supply chain, leading to direct cost savings. For instance, sourcing from environmentally certified suppliers can help minimize compliance costs and avoid penalties related to environmental regulations.
- **Supplier Collaboration:** Managers should cultivate close relationships with suppliers who are committed to sustainable practices. Collaborative initiatives, such as joint efforts to reduce packaging waste or improve energy efficiency, can lead to lower operational costs and better resource utilization.
- **Technology Integration:** Adopting technologies like blockchain and AI can increase transparency and traceability within the supply chain. This minimizes risks of non-compliance and ensures that suppliers meet sustainability standards, which can result in long-term cost savings.

6.3. Enhancing stakeholder satisfaction

Sustainable sourcing practices not only improve financial outcomes but also contribute to higher levels of stakeholder satisfaction, as demonstrated by a 20% improvement in this study. Managers should prioritize sustainability to strengthen relationships with customers, employees, and investors.

- **Brand Reputation and Trust:** By demonstrating a commitment to environmental and social responsibility, firms can enhance their reputation among customers. This leads to increased customer loyalty and can attract new investors who

prioritize sustainability.

- **Employee Engagement:** Sustainable sourcing can also enhance employee satisfaction, as many workers prefer to be associated with firms that are perceived as socially responsible. Managers should communicate the firm's sustainability goals and progress to both internal and external stakeholders to build trust and engagement.
- **Meeting Consumer Demand:** Managers, particularly in the retail and manufacturing industries, should align their sourcing strategies with evolving consumer preferences for eco-friendly products. As consumer demand for sustainable products grows, businesses that prioritize these practices will maintain a competitive advantage in the marketplace.

6.4. Industry-specific recommendations

The impact of sustainable sourcing varies across industries, with manufacturing and retail experiencing the most significant benefits. Below are tailored recommendations for specific sectors:

- **Manufacturing:** Firms in this sector can benefit from adopting closed-loop supply chains that focus on recycling and reusing materials. This reduces resource dependency and enhances supply chain resilience. Managers should also consider sourcing from local suppliers to reduce transportation emissions and costs.
- **Retail:** In retail, where consumers are increasingly demanding sustainable products, firms should focus on sourcing from suppliers with environmental certifications. Retailers can also reduce their carbon footprint by selecting suppliers who prioritize sustainable practices such as ethical labor standards and low-emission production processes.
- **Service-Based Industries:** Although service industries see relatively smaller financial gains from sustainable sourcing, managers can still benefit by focusing on stakeholder satisfaction. By publicly committing to sustainability goals and transparent sourcing practices, service firms can build trust and differentiate themselves in the market.

6.5. Strategic steps for managers

To align sourcing practices with sustainability goals, managers should take the following strategic steps:

- **Develop a Sustainability Policy:** Managers should create a clear sustainability policy that outlines specific sourcing criteria, including environmental certifications, ethical labor practices, and resource efficiency standards.
- **Conduct Supplier Audits:** Regular audits of suppliers are essential to ensure compliance with sustainability goals. Managers should evaluate suppliers based on their environmental and social impact, choosing those that align with the firm's sustainability values.
- **Engage in Cross-Industry Collaboration:** By participating in industry-wide sustainability initiatives, managers can share best practices and stay updated on the latest trends and technologies in sustainable sourcing. Collaborative efforts

may also reduce the costs associated with transitioning to more sustainable practices.

- **Measure and Report Sustainability Impact:** To maximize the benefits of sustainable sourcing, firms should establish clear metrics for measuring the impact of these practices on both financial performance and stakeholder satisfaction. Regular reporting on sustainability progress will enhance transparency and accountability, further building trust with stakeholders.

6.6. A demonstration of the study

This study demonstrates that sustainable sourcing practices offer substantial benefits to firms, both in terms of financial performance and stakeholder satisfaction. By integrating sustainability into procurement strategies, companies can reduce costs, improve operational efficiency, and build stronger relationships with stakeholders. The findings highlight the importance of sustainable sourcing as a long-term business strategy, particularly in sectors such as manufacturing and retail, where the benefits are most pronounced.

Practical Implications: Managers should prioritize sustainable sourcing to enhance both financial and non-financial outcomes. As consumer and regulatory pressures grow, adopting ethical sourcing practices will help firms maintain a competitive advantage, reduce risks, and meet the increasing expectations of stakeholders. Firms that fail to integrate sustainability into their supply chains may face reputational damage and financial loss.

Future Research Directions: Future studies should explore the long-term impact of sustainable sourcing through longitudinal analysis, assessing how these practices affect firms over extended periods. Additionally, research could examine the role of emerging technologies such as blockchain and artificial intelligence in enhancing transparency and accountability in supply chains. Investigating the application of sustainable sourcing across underrepresented industries, such as services and technology, would provide further insights into the scalability and generalizability of these practices.

7. A general conclusion

In summary, this study demonstrates that sustainable sourcing practices have a significant positive impact on firm performance and stakeholder satisfaction. The data supports both hypotheses, showing that sustainable sourcing not only enhances profitability but also increases stakeholder trust and satisfaction. These findings provide valuable insights for firms and policymakers aiming to promote sustainability in supply chain management.

Future research should continue exploring how sustainable sourcing practices affect firm performance in different market conditions and across various geographic regions, particularly for smaller firms that may face more barriers to adopting sustainability initiatives.

This study provides valuable insights into the significant positive impact of sustainable sourcing practices on firm performance and stakeholder satisfaction. The data supports the conclusion that sustainable sourcing not only enhances profitability

but also fosters stronger relationships with stakeholders, contributing to long-term competitive advantage.

For managers, the findings underscore the importance of integrating sustainability into procurement strategies, particularly in sectors like manufacturing and retail, where the benefits are most pronounced. Firms are encouraged to adopt sustainable sourcing practices to meet growing stakeholder demands and improve financial performance.

Implications for Future Research: Future studies should explore the long-term effects of sustainable sourcing through longitudinal research, particularly in underrepresented regions and industries. Additionally, there is an opportunity to investigate how emerging technologies such as blockchain and IoT can further enhance the efficiency and transparency of sustainable sourcing practices.

7.1. Limitations and scope for further study

This study, while providing valuable insights into the impact of sustainable sourcing on firm performance and stakeholder satisfaction, is not without limitations. Recognizing these limitations will help guide future research and deepen the understanding of sustainable sourcing practices.

7.2. Sample size and representativeness

The study relies on a sample of 500 firms selected from a larger pool of 1000 companies. While this sample is diverse in terms of industry and geography, it may not fully represent all sectors or smaller firms that face unique challenges in adopting sustainable sourcing practices. Future research could expand the sample size to include a broader range of firms, particularly small- and medium-sized enterprises (SMEs), to better understand the barriers they face in implementing sustainable sourcing strategies.

7.3. Geographic limitations

The firms in this study are primarily based in North America, Europe, and Asia. These regions are subject to specific regulatory environments and market pressures that may not apply universally. Future studies could focus on underrepresented regions such as Africa, Latin America, or emerging markets where the sustainability movement is still gaining momentum. Understanding how local regulations, resource availability, and cultural factors influence sustainable sourcing practices in these regions would provide a more comprehensive global perspective.

7.4. Cross-industry comparisons

Although this study includes firms from manufacturing, retail, and service industries, the findings suggest that industry-specific factors play a significant role in determining the benefits of sustainable sourcing. Future research should conduct deeper cross-industry comparisons to explore why certain industries, such as manufacturing, appear to gain more from sustainable sourcing than service-based industries. Additionally, future studies could examine industries like technology and healthcare, where sustainability practices are evolving rapidly.

7.5. Longitudinal studies

This study captured data over a five-year period (2017–2021), providing insight into both short- and medium-term effects of sustainable sourcing. However, the long-term effects of these practices remain unclear. Longitudinal studies that track firms over extended periods would help determine whether the benefits of sustainable sourcing, such as improved financial performance and stakeholder satisfaction, are sustained or even grow over time.

7.6. Technological advancements and sustainable sourcing

The study briefly touched on the role of technologies like blockchain and AI in improving transparency and traceability in sustainable sourcing. Future research should focus more extensively on how technological advancements, such as big data analytics, the Internet of Things (IoT), and smart contracts, can further enhance sustainable sourcing practices. Studies could explore how the integration of these technologies' influences not only the efficiency of supply chains but also stakeholder trust and engagement.

7.7. Limitations and future research

While this study provides significant insights into the impact of sustainable sourcing practices on firm performance and stakeholder satisfaction, it has certain limitations that should be acknowledged.

First, although the sample includes firms from diverse industries such as manufacturing, retail, and services, the study does not deeply explore the specific challenges or benefits of sustainable sourcing practices in each industry. The unique dynamics within sectors like technology, agriculture, or healthcare remain unexplored, which may influence how firms in these industries adopt sustainability initiatives.

Second, while the data were collected from firms operating across North America, Europe, and Asia, the regional differences—such as regulatory environments, cultural norms, and market pressures—are not deeply analyzed. These factors could significantly influence how sustainable sourcing practices are implemented and the extent of their impact on firm performance and stakeholder satisfaction.

7.8. Future research

Could address these limitations by conducting in-depth studies on specific industries or focusing on underrepresented regions, such as Africa or Latin America. Additionally, examining how regional regulations and cultural factors shape sustainable sourcing practices could offer valuable insights into the global applicability of sustainability strategies.

Finally, while this study has demonstrated the positive impact of sustainable sourcing practices on firm performance and stakeholder satisfaction, further research is needed to address these limitations. Expanding the sample size, including more geographic regions, and exploring additional industries will provide a more holistic view of sustainable sourcing. Moreover, longitudinal studies and investigations into

the role of emerging technologies offer promising avenues for future research that can deepen the understanding of sustainability in supply chain management.

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Appendix

Questionnaire

A questionnaire that could be sent to firms from different industries to gather data on the impact of sustainable sourcing practices on firm performance and stakeholder satisfaction:

Section 1: Sustainable Sourcing Practices

1. How long has your firm been practicing sustainable sourcing practices? a. Less than 1 year; b. 1–3 years; c. 3–5 years; d. More than; 5 years.
2. What types of sustainable sourcing practices does your firm adopt? (Select all that apply) a. Sourcing from local suppliers; b. Sourcing from suppliers with environmental certifications; c. Sourcing from suppliers with social certifications; d. Implementing a closed-loop supply chain; e. Reducing waste and emissions in the supply chain; f. Other (please specify): _____.
3. What were the main reasons for your firm to adopt sustainable sourcing practices? (Select all that apply) a. Cost savings; b. Meeting customer demand for sustainable products/services; c. Reducing carbon footprint; d. Mitigating supply chain risks; e. Improving brand reputation; f. Complying with regulations; g. Other (please specify): _____.
4. What were the main challenges your firm faced in adopting sustainable sourcing practices? (Select all that apply) a. Lack of supplier options; b. High costs of sustainable sourcing; c. Difficulty in measuring sustainability performance; d. Lack of internal sustainability expertise; e. Resistance from suppliers; f. Other (please specify): _____.

Section 2: Firm Performance and Stakeholder Satisfaction

5. How has your firm's financial performance changed since adopting sustainable sourcing practices? a. Improved significantly; b. Improved moderately; c. No change; d. Worsened moderately; e. Worsened significantly.
6. Please indicate your firm's financial performance based on the following indicators: a. Return on investment (ROI); b. Profitability; c. Sales growth.
7. On a scale of 1–5, how satisfied are your firm's stakeholders (including customers, employees, and investors) with your sustainability practices? 1—Not at all satisfied; 2—Slightly satisfied; 3—Moderately satisfied; 4—Very satisfied; 5—Extremely satisfied.
8. What role do you think sustainable sourcing practices play in enhancing stakeholder satisfaction?
9. Has the adoption of sustainable sourcing practices influenced your firm's reputation among stakeholders? If yes, how?
10. What is your firm's level of sustainability awareness? a. Low; b. Moderate; c. High.
11. What is your firm's industry? a. Manufacturing; b. Retail; c. Services; d. Other (please specify): _____.

Thank you for participating in this survey. Your responses will be kept confidential and will only be used for research purposes.