

## A CASE STUDY OF ESG IMPLIMETION OF SMALL AND MEDIUM BUSINESS- EXAMPLE BY SHERIFF TEA EGG

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### ABSTRACT

*This study examines the case company of "Sheriff Tea Egg" to explore how traditional small and medium-sized enterprises (SMEs) in Taiwan implement Corporate Social Responsibility (CSR) and Environmental, Social, and Governance (ESG) practices, aligning their efforts with both the Global Reporting Initiative (GRI) standards and the United Nations Sustainable Development Goals (SDGs). Emphasizing the challenges and strategic adaptation of SMEs under resource limitations, the research offers practical recommendations for effective ESG integration. Using a qualitative case study methodology, the research collected comprehensive data through secondary sources, in-depth interviews, and expert consultations, focusing on Sheriff Tea Egg's sustainable initiatives across environmental, social, and governance dimensions. Guided by GRI topic-specific standards, stage-appropriate indicators were developed, and interviews with senior management were conducted to analyze the company's ESG actions and outcomes. The study identifies a three-phase sustainability transformation at Sheriff Tea Egg. In the first phase, the company centered on charitable giving—regularly donating profits and creating "charity bamboo tubes"—building its image of social accountability. The second phase involved integrating employee welfare, employment for individuals with disabilities, community co-creation, and sustainable packaging to strengthen social links both internally and externally. In the third phase, Sheriff Tea Egg introduced carbon footprint certification, sourced eggs that adhere to animal welfare standards, designed eco-friendly packaging, and expanded its sustainable supply chain—culminating in a systematic governance framework fully aligned with ESG criteria and SDG objectives. Although a small enterprise, Sheriff Tea Egg overcame its resource constraints through strategic CSR, collaboration with local stakeholders, and inclusive employment, achieving multifaceted sustainable governance. The company's phased, goal-driven ESG progression demonstrates that even SMEs with limited scale can create shared value for both business and society. This case offers valuable lessons for other SMEs. Furthermore, this study contributes to the academic field by addressing the lack of empirical ESG research among Taiwanese SMEs and offers actionable recommendations, such as establishing a simplified GRI implementation framework, leveraging local resources for value co-creation, adopting phased carbon management and sustainable packaging strategies, and designing products with social innovation at their core.*

**Keywords:** Corporate social responsibility (CSR), Environmental, social, and governance (ESG), Sustainable development, Global reporting initiative (GRI).

### 1. INTRODUCTION

As global sustainability issues such as climate change, social inequality and resource depletion gradually come to the fore, companies are being asked to take on more social and environmental responsibilities while pursuing profits. In particular, after the United Nations proposed the Sustainable Development Goals (SDGs) in 2015, the role of companies is no longer limited to participants in economic activities, but has transformed into a key promoter of sustainable development (Sachs et al., 2019). Under this international trend, "Corporate Social Responsibility" (CSR) and "Environmental, Social and Governance" (ESG) have become important bases for corporate development strategies and standards for measuring corporate value and sustainable competitiveness. Unlike CSR, which used to focus on maintaining corporate image and public welfare donations, ESG emphasizes data and indicators as the basis, combining environmental

protection, social participation and corporate governance to help companies and their stakeholders assess the company's long-term risks and performance in a measurable way (Eccles et al., 2014).

However, compared with large enterprises, SMEs face many practical difficulties in implementing ESG. First, many SMEs have limited financial and human resources and are unable to devote a lot of energy to writing complex ESG reports or hiring specialized personnel to build systems, which makes it difficult for them to adopt the comprehensive disclosure mechanism set by international standards such as the Global Reporting Initiative (GRI) (EcoActiveTech, 2024). EcoActiveTech (2024) further pointed out that insufficient resources will cause SMEs to face bottlenecks such as "lack of budget and professional capabilities" in ESG disclosure.

Secondly, many small and medium-sized enterprises in Taiwan adopt a family-run business model with a relatively loose governance structure and lack of mature internal sustainability policies and institutional processes. This organizational characteristic makes it difficult for them to establish institutional mechanisms such as cross-departmental collaboration, regular reviews, and long-term goal planning, hindering the institutionalization and sustainability of ESG promotion (Shalhoob & Hussainey, 2023).

Nevertheless, if SMEs can effectively introduce ESG concepts and practices, it will not only help them manage risks and control costs, but also strengthen their relationships with customers, suppliers, employees and the community, thereby creating long-term value. Porter & Kramer (2011) proposed the "Creating Shared Value" (CSV) theory, which states that if companies can view social issues as business opportunities, they can increase their social influence while creating economic benefits. This is especially feasible for SMEs that are deeply rooted in the local area and closely interact with the community.

Taiwan's small and medium-sized enterprises account for more than 97% of all enterprises and play an important role in job creation and economic activities. Therefore, whether Taiwan can implement sustainable development strategies is closely related to the participation of small and medium-sized enterprises. According to the "Taiwan Sustainable Development Index Report" released by the National Development Council in 2023, although some large enterprises have gradually implemented ESG disclosure and practical actions, most small and medium-sized enterprises have not yet established a systematic sustainable operation framework, indicating that in the future, it is necessary to actively promote the concept of sustainability to the small and medium-sized enterprise level in order to expand policy benefits and social impact.

This study uses "Sheriff Tea Egg" as a case study, hoping to examine how traditional industries can gradually develop institutionalized and scalable ESG promotion mechanisms based on charity and public welfare through representative local SMEs. Although Sheriff Tea Egg's main goal in the early days of its establishment was to give back to society, as its business expanded, it gradually implemented the ESG spirit in terms of environmental friendliness, employee care, supply chain responsibility, and transparent governance. What is more noteworthy is that the company did not rely on external resources, but instead used its own brand value and local connections to carry out internal transformation, demonstrating the potential and resilience of Taiwan's SMEs in promoting sustainable development.

In addition, past studies have mostly focused on the sustainable strategies and performance analysis of large companies, while discussions on ESG practices of SMEs are relatively limited. Even though a few studies have pointed out the challenges of SMEs in ESG, there is a lack of

specific cases to explore their transformation process and operational strategies (Del Baldo, 2012). Therefore, in addition to responding to the research gap between theory and practice, this study also hopes to propose a set of ESG practice frameworks that are local, operational, and spreadable through case interviews and data analysis, providing a reference for SMEs to promote sustainable development.

Based on the above research motivation and background, case company want to understand how the case companies promote their ESG strategies and sustainable development goals. Therefore, the objectives of this study are as follows:

- 1) Use the case companies to demonstrate the process of SMEs promoting ESG and sustainable development.
- 2) Construct the path of ESG promotion of the case companies.
- 3) Use the case promotion results and future promotion prospects as a reference for other companies.

### **Corporate Social Responsibility**

The concept of Corporate Social Responsibility (CSR) has multiple definitions and meanings in management and sociology. Bowen (1953) was one of the first scholars to propose that companies have social responsibilities. He emphasized that corporate leaders have an obligation to think about the long-term impact of their decisions on society, and this idea had not yet become a universal consensus. The CSR pyramid model proposed by Carroll (1979) is one of the most representative theories. The model points out that CSR consists of four levels: economic, legal, ethical and philanthropic responsibilities, and emphasizes that while pursuing economic interests, enterprises must comply with the law, further embody ethical values, and commit to philanthropic contributions. Carroll's definition established a comprehensive social responsibility framework for enterprises. Subsequent research has deepened and expanded on its theoretical basis. Especially in the context of globalization, more and more companies are expected to play an active role at the social level and fulfill their commitment to the environment and human welfare.

As CSR was gradually incorporated into corporate business strategies, research from the 1970s to 2000 shifted its focus to stakeholder theory. Freeman's (1984) classic work proposed that the success of a company depends on its response to the needs of multiple stakeholders, not just shareholders. Freeman's theory opened up the company's attention to different stakeholders, from customers, employees, suppliers to the society as a whole. The scope of corporate social responsibility was further expanded, allowing companies to systematically consider the needs of all parties in their business activities. During this period, scholars also began to study the impact of CSR on corporate image, customer loyalty and market competitiveness, and gradually built a model of the positive impact of CSR on corporate value (Brammer & Millington, 2008).

After entering the 21st century, CSR research has gradually shifted from single-level analysis to diversified discussions. Research during this period focused on the role of CSR in different contexts and explored its dual impact on corporate economic and social benefits. Porter & Kramer (2006) linked CSR with competitive advantage, arguing that companies can achieve "shared value" through CSR, that is, promote social progress while pursuing economic benefits. This view has changed the traditional view of CSR, transforming it from "corporate cost" to "investment opportunity", and becoming a new way for companies to enhance their market competitiveness. In addition, with the acceleration of digitalization and network globalization, CSR practices have become more diverse, and companies need to adapt to new challenges brought by the digital age,

such as transparency and social interactivity (Waddock, 2008).

The development of corporate social responsibility, both globally and in Taiwan, shows how companies respond to changes in the market and society. The international development trend emphasizes that companies share values with society and promotes responsible practices worldwide through international standards. In Taiwan, the development of corporate CSR has gradually shifted from early philanthropy to a more structured strategy and has made significant progress with the support of government policies. In the future, as the global demand for sustainable development continues to increase, CSR will become an important tool for companies to maintain their competitiveness and enhance their brand value.

### **Environmental, Social, and Governance**

Environmental, Social, and Governance (ESG) are the main indicators of corporate sustainability and social responsibility. The origin of the ESG concept can be traced back to 2004, when the UN Global Compact first proposed these three dimensions, emphasizing that companies must consider the comprehensive impact of their operations on the environment, society, and corporate governance in addition to economic interests (Eccles et al., 2014). Among them, "environment" refers to the company's performance in ecological protection, resource utilization, and carbon emission management; "society" covers the company's emphasis on labor rights, diversity and inclusion, and community development; and "corporate governance" focuses on the transparency of the company's internal governance structure, leadership accountability, and shareholder rights protection.

Compared with traditional CSR, ESG starts from the perspective of investors and emphasizes quantitative indicators, providing financial markets with measurable corporate sustainability assessment standards (Friede et al., 2015). This quantitative feature has promoted ESG to become an important basis for the financial industry, institutional investors, and asset management companies to make investment decisions. Research shows that strong ESG performance helps companies reduce financial risks and improve long-term returns (Clark et al., 2015). Therefore, ESG is not only a tool for companies to pursue social responsibility, but also an important basis for capital markets to allocate resources and manage risks.

Since the 2020s, ESG research has gradually diversified, covering more sub-topics and being applied in different industries and regions. In the future, ESG research can also be combined with digital technology for innovative applications, such as using blockchain technology to enhance the transparency and immutability of ESG data, and using artificial intelligence to predict and manage ESG risks. Such technological innovations will further promote the transparency and efficiency of enterprises in practicing ESG. In addition, ESG research will gradually expand to emerging markets and developing countries, exploring how to practice ESG in different political, economic and social environments and promote sustainable development in these regions.

### **Sustainable Development**

Sustainable Development Goals (SDGs) is a global initiative launched by the United Nations in 2015 to address global social, economic and environmental challenges. SDGs includes 17 goals, covering poverty reduction, improving health and well-being, promoting gender equality, achieving clean energy and climate action, and aims to achieve a more equitable and sustainable world by 2030 (Bexell & Jönsson, 2017). The core of SDGs is to comprehensively address multiple challenges, requiring governments, businesses and individuals to work together to achieve cross-sectoral transformational changes.

At the corporate level, SDGs emphasize that companies must go beyond financial profits and actively participate in social and environmental issues. More and more companies are beginning to incorporate SDGs into their sustainability strategies and promote sustainable development by setting relevant goals. Corporate participation not only helps achieve global sustainable goals, but also enhances brand value and strengthens investor trust in companies (van Zanten & van Tulder, 2018). The influence of SDGs lies in its global nature, and the goals are specific and easy to track, so they have become an important indicator for companies to evaluate sustainable development today.

SDGs research began to emerge after 2015, and academia and policy circles have widely discussed how to promote SDGs at different levels, industries and regions. Early SDGs research focused on theoretical discussions and analyzed its impact on global policies and international cooperation (Sachs, 2015). Subsequent research gradually deepened into corporate practice, exploring how companies can effectively integrate SDGs to achieve business goals. Early empirical research shows that incorporating SDGs into corporate strategies can effectively enhance corporate reputation and social trust (Scheyvens et al., 2016).

Since 2020, SDGs research has entered the application stage, and scholars have further analyzed the role of SDGs in CSR. Research shows that companies face many challenges in implementing SDGs, including insufficient resources, vague goals, and lack of quantitative indicators (van Zanten & van Tulder, 2018). However, with the increasing application of digital technology, companies are gradually able to monitor their performance in various areas of SDGs through data tracking and analysis systems. These technologies not only help companies to be more specific and concrete in practice, but also accelerate the promotion of SDGs.

In addition, SDGs research also explores the necessity of cross-industry cooperation. Many studies point out that it is difficult for a single enterprise to achieve a huge change in sustainable development, and it must be promoted through industrial alliances, supply chain integration and cross-border cooperation. In particular, some global industries, such as energy, agriculture and manufacturing, are more likely to achieve specific goals such as emission reduction, energy conservation and environmental protection through collective action (Biermann et al., 2017). Therefore, SDGs research not only focuses on the sustainability strategies of individual companies, but also emphasizes the coordination and cooperation between national policies and multiple stakeholders.

Finally, the application of digital technology and innovative business models in SDGs practice will become the focus of future research. Emerging technologies such as artificial intelligence, blockchain, and the Internet of Things can improve the transparency and efficiency of SDGs practice. For example, blockchain technology can track the sustainability of the supply chain and ensure that the social and environmental standards of products during the production process meet the requirements of SDGs. In addition, digital technology can promote cooperation among multiple stakeholders and make SDGs practice more flexible and inclusive. Future research can further explore the long-term impact of these technological innovations on the promotion of SDGs (ElAlfy et al., 2020).

### **Dilemmas and Opportunities for SMEs to Promote ESG of Taiwan**

Taiwan's SMEs face multiple challenges and opportunities in promoting environmental, social and corporate governance (ESG). The main difficulty and disadvantage is limited resources. SMEs are usually relatively short of resources such as funds, manpower and technology, which limits their

ability to invest in the ESG field. According to the research of Huang et al. (2018), Taiwan's SMEs often face challenges in promoting ESG due to insufficient internal resources. Chang (2023) pointed out that when promoting ESG, SMEs need to grasp the key success factors in order to smoothly promote related actions. Many SMEs lack a deep understanding of the concepts and practices of ESG, which leads to difficulties in formulating and implementing relevant strategies. As large enterprises and international markets have higher requirements for ESG, SMEs, as part of the supply chain, face pressure from upstream enterprises and need to comply with relevant standards, which increases their operating burden.

Although SMEs face many difficulties and disadvantages when promoting ESG work, they also have many advantages and opportunities, which must be utilized. For example, SMEs have higher organizational flexibility, simpler structures, shorter decision-making processes, and can respond quickly to market and policy changes, which helps them innovate and adjust in ESG practices. Hsiao (2022) pointed out in his research that SMEs can successfully promote ESG development through flexible strategies. Other examples include close ties with the community. Many SMEs have deep roots in the local market and have close relationships with local communities and customers, which helps them practice social responsibility and gain community support. Chen (2022) found that SMEs can improve their ESG performance through cooperation with the community.

Therefore, for SMEs to successfully promote ESG work, past studies have made some suggestions. For example, strengthening leadership support and commitment. Chang (2023) emphasized that leadership support is a key success factor for SMEs to promote ESG. SMEs should make good use of external resources, such as government subsidies, industry alliances and support from non-governmental organizations, and enhance their capabilities in the ESG field through employee training and the introduction of professional knowledge. Chen (2022) suggested that SMEs can make up for the disadvantage of insufficient resources through external cooperation.

### **Case Company Profile**

The Sheriff Tea Egg were invented by police officer Liao Shihua when he was transferred from the urban criminal police to the Zhiyi police station in Xinhua, Tainan more than 20 years ago. Because the police station was located in a remote area, many colleagues came to work without having breakfast, so he began to prepare tea eggs for his colleagues to replenish their energy. At the beginning, he didn't know how to make tea eggs, and no one was interested. After continuous and careful research, everyone who ate them praised them after half a year. Word of mouth spread, and many tourists and cyclists came to visit. The sheriff did not keep his private recipe, and helped many disadvantaged groups and single mothers start their own businesses, doing his part for the society. After the sheriff retired, he and his family founded the Sheriff Tea Egg in Xinhua, Tainan in 2010. It is now one of the well-known delicacies in Xinhua, Tainan, and is also the darling of the news media.

Sheriff Tea Egg has won the “Silver Medal” of the Small and Medium Enterprise Award for new businesses from the Ministry of Economic Affairs. From 2013 to 2017, it has won the Tainan City Golden Praise 100 best stores and excellent hygiene for six consecutive years. In addition, in order to let customers see the food safety, it has applied for and passed ISO 22000 and HACCP certifications.

Sheriff Tea Eggs are also known as the most picky tea eggs in history. In order to differentiate and break through from the tea eggs on the market, there are five major insistences: (1). When selecting

eggs, case company use M-grade fresh eggs produced by 7-10 month old laying hens; (2). Case company introduce the only SPA shell crushing machine in Taiwan to make the eggshell texture uniform and deeply flavored; (3). Case company use more than 10 unique Chinese medicine formulas to slowly simmer and stew, and pay attention to the stewing process; (4). Case company do not add preservatives; (5). Case company use a high-temperature sterilizer to sterilize, which makes it safer to eat. The main products in the early stage were tea eggs, iron eggs and dried tofu.

The "Sheriff Tea Egg" will open a store near the temple and is expected to launch a series of related products. The amulet has the function of praying for protection. At the same time, it has been used to ward off evil spirits and relieve bad luck. It has gradually evolved to all aspects of life, including traffic safety, wealth, safe delivery, good marriage, studies, health, etc., symbolizing wishes and protection. The Sheriff Tea Egg will design amulets for love, career and peace. There are two Sheriff Tea Egg inside. I hope everyone will take the tea egg amulets back to give to relatives and friends, wishing them peace and success, and wishing them peace and success. Love amulet: pray for good marriage and more peach blossoms. Peace amulet: pray for good health and peace. Lucky charm- pray for good luck, fortune, and money. As shown in Figure 1.



Figure 1. Combined with local industry to develop four-happiness eggs and tea egg amulets

#### Case Company Promote Public Welfare Process

Sheriff Tea Egg has placed "charity bamboo tubes" in 13 stores across Taiwan, and donated the collected love every month to social welfare groups in Tainan, Kaohsiung and other places. It has entered its 12th year, and the annual donation amount is as high as 600,000 yuan. Sheriff Tea Egg invites the public to pay attention to the disadvantaged and pay the highest respect to the silent heroes who are working on the front line of social welfare.

The founder of Sheriff Tea Egg said that when he was the Sheriff of Xinhua Zhiyi Police Station, he used a small tea egg to bring people closer. Sheriff Tea Egg has a charity bamboo tube in each store, and the first consumption amount of the day is put into the bamboo tube by the customer himself, so that customers can become part of the charity through small consumption.

In recent years, due to the economic downturn, public welfare organizations are often short of resources, making the service process quite difficult. On the eve of the end of the year, Sheriff Tea Egg called on local social welfare groups in Tainan to hold a charity event at the Tainan Cultural and Creative Park, inviting the public to start from daily consumption and contribute to the society together. Secondly, cooperate with schools for the physically and mentally disabled to provide

internship and job opportunities for students with disabilities. The working environment promotes tolerance and improves productivity, so that everyone has the opportunity to have a good job. In the third stage, some products that require a lot of manual packaging are outsourced to local single mother organizations to assist in packaging, so that each product is rich in local emotions, and local single mother organizations are supported to cultivate relevant work capabilities, so that they have the opportunity to find more job opportunities. In addition to the corporate social responsibility of starting a daily donation when starting a business, the company also uses recycling boxes for online shopping to reduce the use of cardboard boxes. The carbon emission label certification of the Environmental Protection Administration of the Executive Yuan of Taiwan has also been passed.

### **CO<sub>2</sub> reduction measures**

Facing rising electricity prices and logistics costs, small and medium-sized enterprises are not only burdened by these increases, but the continuous increase in energy consumption is also damaging to the environment. Stores have traditionally placed orders based on experience, which can lead to wasted food, either too little or too much. Furthermore, due to insufficient store inventory, truck trips to restock goods have increased, increasing operating costs and contributing to significant carbon emissions. Fourteen stores traditionally distribute paper DMs, often used for menus or buy-back marketing. However, typographical or typographical errors can easily lead to the reprinting of entire batches of brochures, wasting paper. Therefore, 14 partnered and owned stores are implementing three major carbon reduction measures: (1). Calculate precise demand to reduce delivery trips; (2). Convert paper DMs to electronic formats; and (3). Reduce leftover food (expiring items) to prevent food waste. This plan, with results expected after the first half of 2024, will reduce CO<sub>2</sub> emissions by 6.51 tons compared to the first half of 2023.

#### **Reduce Logistics Transportation Times**

Accurately calculating the need to reduce delivery trips, based on the Environmental Protection Administration's Greenhouse Gas Emission Factor Management Table, Version 6.0.4, a truck's 1-liter fuel for 7 kilometers emits approximately 2.236 kilograms of carbon dioxide per liter. During the six-month calculation period, a total of 1,439.54 kilograms of carbon dioxide emissions were reduced.

#### **Spot Product Sales on the Website**

We optimized the design and development of our official website, adding new areas for expiring products and green consumption, along with their specific goals and functionality. Based on the Environmental Protection Administration's product carbon footprint labeling certification, a pack of 10 original tea eggs emits 2.4 kg of CO<sub>2</sub>. Reducing food waste in the first half of 2014 reduced CO<sub>2</sub> emissions by 4,144.8 kg.

#### **Send EDM Instead of Paper DM**

Optimize the CRM membership system, add the gift package EDM function, reduce the distribution of DM paper, use electronic devices to promote paperless, effectively save energy and reduce carbon emissions, and reduce CO<sub>2</sub> emissions by 924.22kg in the first half of 2024.

#### **Promotion of Animal Welfare Eggs**

In the early days, the concept of animal welfare was little known, and the livestock industry employed many inhumane breeding and slaughtering practices. In 1999, the Taiwan Animal Society Research Association was established, becoming one of the few animal protection groups to consistently advocate for commercial animals. They investigated Taiwan's meat market,

exposing inhumane slaughter practices, and subsequently launched advocacy efforts targeting issues such as caged laying hens and dairy cows. After years of effort, the government has established "Friendly Production System Definitions and Guidelines" for eggs, pigs, and dairy cows (Lee et al., 2023).

Based on this philosophy, Sheriff Tea Egg is gradually and continuously promoting the use of animal-friendly eggs. They have already upgraded their "Four Happy Eggs" product line to use animal-friendly eggs. These eggs are raised on a "free-range" basis and are "pastured." While this increases costs by approximately 50% and the price tag is high, the branded product line is currently enjoying high consumer acceptance.

## 2. RESEARCH METHODS

### Case Company Interview

This study uses qualitative research as the main research method. Qualitative research helps researchers understand human behavior and social and cultural contexts. Through extensive and in-depth data collection, organization, and analysis of people's opinions and actions, researchers interpret the meaning behind the data obtained, and then construct it into a theoretical form to understand the meaning of human behavior. Bryman (1988) believes that qualitative research is a way to understand and interpret the reality of society based on the object of research. In qualitative research, data analysis is an important part. It is a process of data selection, classification, mutual comparison, synthesis, and interpretation. This study also uses "case study" and takes Sheriff Tea Egg as the case. Through in-depth interviews, the opportunities and difficulties of promoting ESG in small and medium-sized enterprises are explored.

The purpose of this study is to explore how traditional SMEs promote ESG, as well as their opportunities and difficulties. Since the boundary between the research phenomenon and real life is unclear, a case study method is adopted. This study uses the traditional food manufacturing industry, tea eggs, as a case study object. This case is a local industry. The cause of entrepreneurship comes from sharing, and the business is gradually expanded. The promotion of ESG is not systematic and structured from the beginning. To some extent, it is a step-by-step approach. However, this model may be a very real business model of traditional Taiwanese SMEs. °

### Expert Consultation

The main consensus from this expert consultation is that small and medium-sized enterprises generally have limited resources. Implementing all GRI disclosure requirements from the outset would not only be difficult to achieve, but would also easily lead to employee backlash and make the system a formality. Therefore, initially, they should prioritize indicators that are easily accessible, have a wide impact, and can generate positive benefits. (1). High feasibility: most of these items are already recorded in the company's existing operations (such as energy bills, work safety records, human resources data, etc.), and the cost of data collection and disclosure is low. (2). High stakeholder attention: for example, carbon emissions and occupational safety issues are among the most important issues for the government, investors, and supply chains. Prioritizing disclosure helps build trust. (3). Highly consistent with the ESG axis: energy and emissions belong to E (environment), employee training and occupational safety belong to S (society), and customer privacy belongs to G (governance). They are comprehensive and representative, which is conducive to subsequent expansion. (4). Can produce short-term results: for example, energy efficiency improvements can immediately bring cost benefits, which helps companies see the

actual value of introducing a reporting system and increase their willingness to continue promoting it.

### 3. RESULTS AND DISCUSSIONS

Interviews were conducted with the General Manager and Deputy General Manager based on a three-pronged framework of environmental, social, and corporate governance indicators. The focus of the interviews was on the company's current progress in each indicator and future developments. A summary of the key points is recorded below.

#### Environmental

- 1) Climate change response: The first phase of carbon inventory has been completed, with the primary source of emissions being energy use in the manufacturing process. LED lighting is now fully utilized, contributing to energy conservation (aligned with SDG 7: Clean Energy). Third-generation stores are undergoing renovations, and green building materials, LED lighting, and eco-friendly paint will be fully implemented throughout the store, allowing for use in all branches to achieve energy conservation and carbon reduction. Sustainable packaging is designed to be reusable as cups or handmade lampshades, increasing its value and reducing environmental impact.
- 2) Energy and greenhouse gas management: 22 sets of digital electricity meters have been installed to track the energy consumption of each machine in real time. The company discovered that the main energy consumer is refrigerators, and the energy consumed by freezers is several times that of the machines. Therefore, according to the plan, the compressors of refrigerators and freezers are converted to variable frequency drives year by year to save energy. In addition, the boilers previously used black oil combustion, which caused very serious air pollution. In compliance with government policies, they have now been fully converted to liquefied natural gas. In addition, the company promotes information systems to replace traditional paper DM delivery and material optimization measures, which can contribute to energy conservation. The packaging design adopts a recyclable design (in line with SDGs 12 responsible production). The use of cardboard boxes on the official website is reduced, and the recycling and reuse of recycling boxes is promoted (in line with SDGs 12 responsible production).
- 3) Water resource management: The company currently uses tap water to produce RO water. This pure water is used for boilers, and the remaining water, approximately 40%, is actually clean water. This water is recycled for washing buckets, saving significant water resources. The company has also implemented a real-time water quality monitoring system, allowing users to access daily data on their mobile phones, enabling more precise water resource management.
- 4) Waste management: Our process waste is outsourced to environmental companies. As a food factory, our waste is typically classified as either "general industrial waste" or "hazardous industrial waste," and must be categorized, removed, and recorded according to its nature. (i). classified disposal: do not mix different types of waste. (ii). proper storage: storage facilities must be rainproof, leakproof, and prevent escaping. (iii). entrust legal removal services: do not illegally dispose of waste on your own. (iv). record of management: removal records must be retained for at least three years for review by the competent authorities. (v). regular reporting: some waste types require data upload through the "waste reporting system."

#### Social

- 1) Talent attraction and retention: Currently, employee turnover is split into two main categories. Head office administrative and factory staff have very low turnover rates and strong cohesion. This group comprises approximately 45 employees. However, the turnover rate for retail staff is approximately 20%, concentrated in the first three years. If they can pass the three-year test,

they can be assured of retention. Therefore, the company's retail bonus system, mentoring system, and scheduling systems are undergoing a comprehensive review and improvement. There are approximately 46 retail staff. While many service industries only have eight days off per month, case company offer an average of 11 days off per month. Starting salaries are also higher than those of our peers to attract talent and retain them.

- 2) Employee rights: Established a welfare committee to organize employee gatherings, trips, and bonuses for the three festivals. Each store has implemented a single accounting system, ensuring transparent and robust financial systems (in line with SDG 16: Peace, Justice, and Institutions). The company's welfare committee is dedicated to employee rights, for example, providing more female restrooms. Case company currently employ two employees with disabilities. Regulations require us to hire only one, or if case company don't hire, case company simply pay a fee. However, case company believe in providing employment opportunities for a diverse range of groups. Currently, employees with disabilities are performing well at our company. Case company believe that placing them in the right department and position based on their unique characteristics can both benefit the company and positively impact their careers.
- 3) Occupational health and safety: Since the company's founding, we've conducted annual health checkups. New employees are also required to undergo health checkups, primarily for safety reasons but also to identify health issues early. Case company had three employees whose infertility was discovered through regular company checkups, and who subsequently became pregnant and had children. This has been a significant assistance to their families.
- 4) Community engagement: In addition to donating 1% of sales to social welfare, the first daily proceeds from each store are donated in full. Case company provide employment opportunities for people with disabilities, offer home-based employment opportunities for middle-aged and older women, and provide care for seniors in the community through meal delivery services. The company, known as "Sheriff Tea Egg," has placed "charity bamboo rolls" in stores across Taiwan, donating monthly donations to social welfare organizations in Tainan, Kaohsiung, and other areas. Furthermore, to address local social issues in Xinhua, Tainan, particularly the reduced employment opportunities due to its remote location, case company established our factory in Xinhua District, Tainan City. This not only serves as the brand's birthplace, but also aims to create and expand employment opportunities in remote areas. In the first phase, case company invite local women who are unable to relocate due to family reasons to join the factory's manufacturing operations. Case company protect the rights of every employee and provide them with the most suitable work content and development opportunities. In the second phase, case company will collaborate with schools for people with disabilities to provide internships and job opportunities for students with disabilities. The work environment fosters inclusion and increases productivity, giving everyone the opportunity to find a good job. In the third phase, some products that require a lot of manual packaging will be outsourced to local single mothers' organizations to assist in packaging, so that each product is imbued with strong local sentiments. It also supports local single mothers' organizations to cultivate relevant work capabilities and give them the opportunity to find more job opportunities.

## Governance

- 1) Corporate governance and risk management: The company has applied for OTC listing, stock code 7613. The company will adhere to SEC regulations for corporate governance. Its board of directors consists of three directors and one supervisor, with the chairman elected by a director. The company is gradually establishing an independent director system to meet OTC listing requirements. The board of directors will meet regularly to discuss future company decisions and share risks. The company will also establish an internal audit system and shareholder

disclosure mechanism. Independent directors with diverse backgrounds and expertise will be brought in to strengthen the board's professionalism.

- 2) Financial performance: Currently, annual revenue is approximately NT\$ 200 million, with a net profit margin of 3-5%. The company anticipates reaching NT\$ 500 million within three to five years, at which point its net profit margin will reach 15%. The company aims to increase capacity utilization from the current approximately 60% to 90% or even full capacity. This will allow for greater room for capital expenditures and improve employee benefits, including salary and bonuses, to facilitate talent recruitment and retention. In the short term, the company aims to secure contract orders from major Taiwanese distributors and expand into a second brand, with the goal of opening 100 franchise stores within two years. This will increase annual revenue by an estimated NT\$ 50-60 million.
- 3) Integrity management and compliance with regulations: Case company have fully implemented a transparent accounting system, completed tax compliance reforms, and achieved 100% accuracy in employee salary reporting. Case company issue invoices for every transaction, operate with integrity, and fully comply with government regulations. Case company have established an annual audit system to ensure financial transparency. Case company used to be tempted to save wherever possible, but later realized this was actually a loss. Honesty, integrity, and legal operations are truly beneficial to the company's long-term sustainability.
- 4) R&D: Currently, case company are collaborating with external food experts to develop new products, focusing on introducing new ingredients, new flavors, and new product lines. Now that case company had developing a second brand, product research and development is even more urgent. In the past few years, the company's R&D budget was only a few hundred thousand yuan. In recent years, it has approached 4 million yuan, and will increase to 5 million yuan in the future. Case company plan to establish an R&D center. Currently, R&D accounts for approximately 1.5% of our total resources, and case company hope to reach 3% in the near future. This percentage is already a very ambitious goal for the traditional food manufacturing industry.
- 5) Information security and customer privacy: Case company fully utilize genuine software and have strengthened our investment in firewall and antivirus software. Case company also prioritize data backup, including NAS cloud backup and offsite backup. Case company once experienced a data lockup for ransomware, but thanks to our backups, case company were able to quickly recover and prevent the attackers from succeeding. Furthermore, case company utilize masking technology for sensitive data and implement hierarchical access control for information system access. Customer and employee personal information is managed strictly in accordance with regulations and is subject to signed consent forms.
- 6) Supplier management: The current suppliers are all large corporations, and case company conduct annual factory visits and supplier assessments. Large companies tend to have a better understanding and implementation of human rights, auditing, and net-zero carbon emissions. When evaluating new suppliers, case company also have a standard that requires suppliers to be established for at least three years to verify their stable operating performance. While case company don't currently require green supply from our suppliers, as ESG is a global trend, most manufacturers are promoting carbon inventories and energy conservation and carbon reduction initiatives, striving to advance their sustainable development plans.

#### 4. CONCLUSIONS AND SUGGESTIONS

##### **The Empirical Significance of Traditional Enterprises Promoting ESG**

The example of the Sheriff Tea Egg illustrates that while traditional food companies began with

charitable donations and community giving, with the changing external market and policy environment, they have gradually internalized CSR concepts into their daily operations and further incorporated ESG indicators, encompassing diverse aspects such as environmentally friendly packaging, carbon emission reduction, employee benefits, community engagement, and transparent corporate governance. This process not only enhances corporate image and customer loyalty, but also strengthens internal management and employee recognition, laying the foundation for long-term competitiveness.

### **Challenges and Opportunities Driven by ESG**

Resources limited, insufficient expertise, external regulatory pressure, and the cost of information disclosure are the main obstacles facing Taiwanese SMEs in promoting ESG. However, SMEs have advantages such as simple organizational structures, rapid decision-making, and close community connections. They can flexibly adjust strategies, quickly respond to market and policy changes, and develop differentiated sustainability solutions based on local resources. Furthermore, ESG practices can help SMEs gain a competitive advantage in the market. With increasing consumer and supply chain demands for sustainability and responsibility, actively promoting ESG can strengthen a company's brand image, attract more socially responsible consumers and partners, and enhance its competitiveness in the international market.

### **Characteristics and Promotion Strategies**

Environmentally: case company promote environmentally friendly packaging, carbon-reducing logistics, and carbon-reducing sales of expiring products, actively participate in carbon reduction initiatives, and use GRI indicators as a basis for sustainable management. Socially: case company prioritize employee well-being, establish long-term partnerships with the community, and strengthen our social responsibility image through public welfare activities. Governance: case company establish a transparent management system, emphasize information disclosure and internal oversight, and enhance corporate governance. These measures not only respond to external policies and market trends but also demonstrate our long-term commitment to sustainable development, providing a concrete reference for Taiwanese SMEs to promote ESG.

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