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Stakeholder Engagement Practices and Corporate Reputation of Telecommunication Firms in Nigeria

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Abstract

Corporate reputation is a subject of concern both in the academic and business environment. These concerns about corporate reputation by stakeholders in both the internal and external environment has posed a challenge for organizations. These concerns range from managing corporate reputation to also effectively and efficiently engaging stakeholders through practices that aid in enhancing corporate reputation. This is because stakeholders are crucial to the way an organization is being perceived both internally and externally. The aim of this paper is to provide a conceptual framework for comprehending the impact of stakeholder engagement practices on corporate reputation of telecommunication firms using stakeholder theory. Also, it suggests a direction for all stakeholders of the telecommunications industry.

Keywords: Stakeholders, Stakeholders Engagement Practices, Corporate Reputation, Telecommunication Firms.

Introduction

Corporate reputation is an intangible asset that is a judgment of a company's excellence and credibility (Greenwood & Van Buren, 2010). Although, the concept of corporate reputation is not new, its importance has been on the rise and has impacted the way organizations approach their strategic management. This is because a favorable reputation is not only a valuable asset to every organization, but it is especially important in driving public awareness and enhancing business sustainability. The management of corporate reputation has over the years become a key business driver in organizations worldwide (Green, 2010). Camilleri (2017) stated that corporate reputation has a significant impact on consumers' decisions to use a company's products and services, investors' decisions to purchase stock, and regulators' decisions to issue operating licenses, all of which help companies recruit and retain the finest talent. This is because how an organization is being perceived by its stakeholders is far more important than what that organization does. Corporate reputation therefore has a significant effect on employees, investors, partners, analysts, vendors, media, government and influencers of all

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kinds. As a result, this has propelled most organizations to increasingly invest in enhancing their corporate reputation (Jiang, 2019).

The examination of the concept of corporate reputation has shown that corporate reputation is largely treated as a consequence of the relationship between stakeholders and the organization (Biraghi & Gambetti, 2018). According to the views of the aforementioned scholars, an organization should not only achieve good organizational success but also build a positive corporate reputation in terms of stakeholder relations. Freeman (1984) expressly stated that stakeholders can be categorized as any individual or group that can influence or is influenced by an organization's achievement of its goals. Corporate reputation therefore is affected by the way in which various stakeholders behave towards an organization, influencing, for example, their perception of corporate social responsibility, value for money, quality of products and services, emotional appeal and work environment. No wonder, business owners and managers alike see corporate reputation as a valuable intangible asset (Montagnon, 2017). This is because a favorable reputation encourages stakeholders to invest in a company, attracts competent staff, retains customers and correlates with superior overall returns. Therefore, the effective and efficient engagement of an organization's stakeholders is not only beneficial but also necessary for the successful achieve of its goals and objectives.

Stakeholder engagement as a concept can be defined as those practices which an organization undertakes to involve stakeholders in a positive manner in organizational activities (Greenwood, 2010). It refers to the process by which a company interacts, involves, consults, informs and empowers its stakeholders in order to attain set objectives as well as enhance accountability, profitability and sustainability of the organization amongst other benefits. Today, the growth, development, stability, sustainability and future success of an organization is largely dependent on how organizations build and maintain strategic relationships with their stakeholders. Stakeholder engagement is of great importance and is rising rapidly on the agenda of organizations largely as a consequence of real-time media and emerging ways of marketing, advertisement, and public relations. Stakeholders Engagement is not an easy task in today's information rich environment, and can be described as complicated (Blackburn et.al, 2018). The idea of engaging stakeholders materialized to help businesses create greater confidence with social groups that may affect the delivery and success of their business strategy effectively and efficiently. Most organizations are still looking for new ways to improve their communication processes in order to address potential challenges and contribute to the creation of more inclusive communities (Freeman, Kujala, Sachs & Stutz, 2017).

The inclusion of stakeholders in the telecommunications industry in any given situation could play various roles that is internally or externally aligned with the environment. This is because it provides insight into the thoughts of the various stakeholders involved and is relevant in proffering solutions to problems that may arise in a manner that is acceptable to all those involved. Stakeholder engagement is therefore critical and has consequences for organizational practices, sustainability and corporate reputation even in the telecommunications industry. This is because the use of social media platforms like whatsapp, facebook, instagram and other social media applications can be both beneficial and destructive to corporate reputation if not properly controlled. These applications have empowered stakeholders beyond imagination as there is now increased access to information with little or no control measures over their authenticity. This has also ensured that the roles of stakeholders are no longer limited to that of employees alone, but via social media sites, they are assuming roles as citizen editors, reporters, writers, recipients, and translators of their own communication content. As such they can become reputation ambassadors or demolishers in the corporate environment (Tran, Smith & Buckman, 2019).

A collaboration between stakeholders and telecommunication firms enables the firms to decrease corporate reputational risk, increase access to resources, proffer solutions to problems, attain organizational objectives and facilitate certain business processes aimed at improving the telecommunication industry (Krstic, 2018). Belluci and Manetti (2018) confirmed that a successful long-term business depends on the responsible relations between the organization and its stakeholders. He further stated that responsibility in the relationships defines how financially successful and sustainable the organization will be in the long run as well as if it will earn a favourable corporate reputation or not. In order to earn a favourable reputation, the organization must be able to engage in subtle relationships and to manage a feedback between the organization and stakeholders on the ground of a two-way communication (James, 2016). Effective stakeholder engagement can be attained by informing, involving, empowering and collaborating with relevant stakeholders which can ensure efficiency of performance and a conducive environment for businesses to operate even when a crisis strikes (Lawrence, 2017). When relationships between stakeholders and the company are one-sided and lack responsibility, openness, and accountability, corporate integrity is jeopardized.

This paper conceptualizes the associated effects of stakeholder engagement practices as a tool for enhancing corporate reputation. Since corporate reputation, being an intangible and complex notion, depends on how stakeholders perceive an organization's behavior and their relationships with stakeholders. It also addresses the conceptual model of both variables, as well as the framework's theoretical and practical implications.

Literature Review

A review of the stakeholder theory suggests that effective and efficient stakeholder engagement practices is highly associated with the perceptions that all stakeholders form of an organization. This is because an organization's behavior towards all its stakeholders has a direct or indirect impact on the experiences and kind of interactions or relationships that exist between the stakeholders and the organization. This in turn has an effect on how these stakeholders rate such an organization on their corporate reputation index. For instance, an organization that considers the interests of its stakeholders in alignment with that of the organization tends to enjoy a more favorable reputation as opposed to organizations that do not. A few studies have revealed the direct impact of stakeholder engagement on corporate reputation.

However, drawing from existing literature on stakeholder engagement and corporate reputation, the proposed conceptual model integrates interacting, involving, consulting, informing and empowering stakeholders as parameters for measuring stakeholder engagement while outlining corporate social responsibility, perceived value for money of products and services, quality of products and services, emotional appeal and work environment as parameters for measuring corporate reputation (Fombrun, 2000; Helm, 2005). The problems associated with measuring the effect of stakeholder engagement on corporate reputation has not attracted adequate research attention. The restricted use of substitute metrics to assess the impact of stakeholder engagement activities on corporate credibility is one aspect of the issue. Another aspect of the issue is the development of a realistic, appropriate measurement methodology for evaluating the effect of stakeholder engagement on corporate credibility, which can be economic or non-economic, as it relates to the achievement of telecommunication firms' vision, mission, goals, and objectives in Nigeria.

Most previous research that used a fairly robust model to examine the effect of stakeholder engagement activities on corporate reputation used globally accepted methods. However, since different models are intended for different stakeholder groups, the global measure may not adequately capture the impact of stakeholder engagement practices on corporate reputation from the standpoint of all the stakeholder groups involved.

Objectives of the Study

The primary objective of this paper is to examine the relationship between stakeholder engagement practices and corporate reputation in line with the propositions listed below;

1. Interacting with stakeholders positively impacts on Corporate Social Responsibility
2. Involving stakeholders positively impacts on perceived value for money of products and services
3. Consulting stakeholders has a positive effect on quality of products and services
4. Informing stakeholders has a positive effect on emotional appeal
5. Empowering stakeholders has a significant impact on work environment

The Use of Stakeholder Engagement Practices as a Tool in Enhancing the Corporate Reputation of Telecommunication Firms in Nigeria

Telecommunication firms in Nigeria have to constantly seek ways to engage with their stakeholders if they are to effectively and efficiently carry out their operations and also achieve their set goals and objectives. This is because all stakeholders are key to the successful attainment of the vision and mission of the firm. Freeman (1984) postulated the stakeholder theory which is premised on the notion that those groups or individuals who can affect or are affected by the decisions and activities of an organization's objectives should also be involved in the decision making processes. As such the benefits associated with stakeholder engagement practices in enhancing corporate reputation includes;

1. It helps in building trust and improving relations between the telecommunication firms and their stakeholders
2. Effectively and efficiently engaging stakeholders can aid in the reduction of existing tensions between telecommunication firms and their stakeholders
3. It helps in minimizing risks by creating a conducive environment for telecommunication firms to operate
4. Effectively and efficiently engaging with stakeholders creates room for telecommunication firms to recognize their strengths and weaknesses as well as identify those opportunities and threats associated with their operations
5. Through effective stakeholder engagement practices, telecommunication firms can garner enough resources which can be financial, material, human or otherwise to achieve their objectives

As such the effective and efficient engagement of stakeholders is very essential for enhancing corporate reputation.

Interacting with stakeholders has a significant effect on corporate social responsibility

The idea behind interacting with stakeholders is to gain an insight into the minds and thoughts of stakeholders as regards corporate social responsibility initiatives of telecommunication firms and how it affects them. For instance, there has been a growing awareness among consumers world-wide on the need for business organizations to show greater responsibility towards the society beyond their economic interests. Corporate social responsibility [CSR] initiatives have become a hot topic in the Nigerian society, attracting the attention of all stakeholders, including the government, the industry, and the general public. One of the most common and well documented failures in the telecommunications industry is stakeholder's dissatisfaction with managerial performance as it relates to corporate social responsibility (Tapang & Bassey, 2017). They further stated that the basic challenge associated with CSR is that regardless of the huge revenues generated by these telecommunication firms, they are unresponsive to the interests and demands of their stakeholders and have failed to interpret public preferences as well as formulate courses of action intended at implementing these preferences even before government action stipulates what should be done.

Telecommunication companies are faced with growing demands for CSR and are allegedly accountable for environmental problems arising from their activities (Rothenhoefer, 2019). Despite all efforts by telecommunication firms to render corporate social responsibility to its stakeholders, it has not flourished in fashioning favorable conditions to earn stakeholders admiration and respect. However, effectively and efficiently engaging with relevant stakeholders by interacting with them creates room for telecommunication firms to understand both the positives and negatives associated with their operations environmentally, socially, financially or otherwise. This in turn allows the organization to take necessary steps to address those issues that may be seen as negative while improving on the positive aspects of their operations.

Involving stakeholders and its effect on perceived value for money

The practice of involving all relevant stakeholders in the decision making processes especially those decisions that has a direct or indirect impact on the perceived value for money provided by these stakeholders is highly essential for the continued success of telecommunication firms. Goodluck (2020) Stated that subscribers of GSM services claim that telecommunication firms across the nation have failed to provide sufficient value for money being remitted by subscribers. According to the NCC (2020), billing complaints account for 51 percent of the total number of complaints received from subscribers during the year, while complaints about value added services (VAS) and call setup account for 14 percent and 8.4 percent of the total number of complaints received by the Commission, respectively. Charges for unauthorized services, charges for unsuccessful calls, charges for undelivered SMS, inability to adjust tariff plan, deduction for virtual top-up deducted but not received, and other billing-related grievances include deductions from activations of unsolicited value added services and telecom promotions and goods, over deductions or incorrect charges, charges for unauthorized services, charges for unsuccessful calls, charges for undelivered SMS, inability to change tariff plan, and charges for caller ring back tunes that have not been downloaded, as well as inadequate internet/call systems, as well as other concerns such as poor internet/call services among other complaints like poor customer service care are issues raised by relevant stakeholders (NCC, 2020).

However, practicing effective stakeholder engagement by involving all relevant stakeholders in the decision making process allows telecommunication firms to take note of stakeholders concerns, critically analyze these concerns and ensure that actions are taken to proffer solutions to these concerns. This is because involving all relevant stakeholders gives them a sense of satisfaction and allows them to work towards the success of the firm by pointing out those grey areas rather than engage in destroying the reputation of the firm. Krstic (2018) and Greenwood (2010) posited that an organization that fails to provide sufficient value for money for its stakeholders will be perceived in a negative light as such more likely than not to be accorded a bad corporate reputation.

Consulting stakeholders and its influence on quality of products and services

Consulting stakeholders is a very effective and efficient way of enhancing corporate reputation especially stakeholders that possess the right qualifications, skills and experience. This is because they have an extensive knowledge of the subject matter and are well positioned to give recommendations based on their understanding of the subject matter. For instance, The NCC (2020) indicated that poor service quality ranging from call services to internet services was a major complaint by subscribers of the four GSM operators in Nigeria comprising MTN, Globacom, Airtel and 9mobile. This has posed a serious threat to the growth, development and sustainability of this firms as it is detrimental not only to their objective of profit maximization, customer satisfaction amongst others but also and very importantly to the perceived reputation of the firm by its subscribers.

Alabar, Ode and Gbande (2017) also stated that although the telecommunication companies in Nigeria are highly competitive, one of the major challenges they face is poor quality of their products and services. They concluded in their

study that quality of service, network accessibility, and coverage of global system for mobile communications (GSM) in Nigeria are unpredictable and inadequate which is detrimental to the firm's reputation. Previous studies have shown that quality of products and services is a huge determinant of an organization's corporate reputation. Organizations that provide quality products and services tend to have a very high level of customer retention and satisfaction among other benefits which has a positive impact on the perceived reputation of the organization (Shafiq, Shafiq, Din & Cheema, 2019). Therefore, telecommunication firms in a bid to enhance their corporate reputation should constantly seek ways to engage with their stakeholders by consulting them regularly in order to have a more informed insight on the subject matter.

Informing stakeholders and its effect on emotional appeal

The practice of engaging stakeholders effectively and efficiently by informing them about those actions, decisions or activities that may affect them positively or negatively is essential in promoting trust and transparency between stakeholders and telecommunication firms. This is because informing stakeholders of these decisions tends to appeal to their emotions allowing them to evaluate, understand and voice their concerns about those actions and decisions. This in turn enhances the corporate reputation of the firms while also promoting good and cordial relations between the firms and their stakeholders where these stakeholders are also willing to assume part of the responsibility associated with the operations of these telecommunication firms when things go wrong.

Empowering stakeholders and its impact on work environment

The logic behind empowering stakeholders is to encourage them to take responsibility in discharging their duties effectively and efficiently especially in those areas that may affect them directly or indirectly. Olunifesi and Isola (2013) suggested that Nigerian telecommunications firms like other firms require a conducive and an enabling working environment for its operations to succeed. This is because despite the volatile growth since its formation in 2001 and the huge revenue generated for certified operatives including the government in form of taxes and license fees, the market has encountered numerous challenges over the years (Nkordeh, Bob-Manuel & Olowononi, 2017). Irrespective of how innovative the industry has been, the fundamental issues that prevail include a fallible infrastructural base, inefficient power supply, tariff regulations, security and vandalism among others which have created an unsuitable work environment for telecommunication firms to operate (Nkordeh, Bob-Manuel & Olowononi, 2017). Also, there have been numerous complaints by subscribers about the lack of adequate infrastructure to accommodate subscribers at the various customer service centers resulting to long queues and congestion at the centers. These effects have had a negative effect on stakeholders' perception of the organization as such on the reputation of the firm as a whole (Emelifeonwu & Valk, 2018). Fombrun, Gadberg and Server (2000) cited work environment as a very important element in measuring a firm's corporate reputation. He stated that the kind of environment in which an organization operates has a direct impact on stakeholder's perception and thus the corporate reputation of that organization.

Methodology

The methodological approach for this paper involved a review of related literature on stakeholder engagement and corporate reputation of telecommunication firms. This approach is mainly the collection of secondary data from prevailing sources such as academic publications, internet sources, the media, investigative and empirical reports as well as statistical publications among others.

Conclusion

This paper presents a conceptual model where stakeholder engagement practices can be used as a tool to enhance corporate reputation. The model provides evidence that the effective and efficient use of stakeholder engagement practices can play a vital role in building trust and improving relations with stakeholders which in turn has an effect on stakeholder's perception of the organization's corporate reputation. These practices include interacting, involving, consulting, informing as well as empowering as a means of engaging all relevant stakeholders.

However, the use of stakeholder engagement practices in enhancing corporate reputation may be limited. This is because regardless of how much effort telecommunication firms may put in enhancing their corporate reputation, they do not have total control of how the various stakeholder groups choose to perceive the firm. Also, because the interests of all stakeholders vary as the need arises, it is therefore impossible to balance those interests evenly.

Suggestions for Further Studies

Previous literatures on stakeholder engagement practices and corporate reputation have failed to lay much emphasis on negotiating, listening and communicating as parameters for measuring stakeholder engagement practices while neglecting

customer satisfaction and value satisfaction as parameters that can be used to measure corporate reputation respectively. However, if these parameters are to be given as much attention in literature as other established parameters it may also aid in enhancing corporate reputation.

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