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Corporate Reputation and Performance of Telecommunication Companies in Enugu State, Nigeria

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Abstract

The study x-rayed the effect of corporate reputation on performance of telecommunication companies in Enugu state, Nigeria but specifically accessed the relationship between managerial reputation and employee retention and the relationship between product/service reputation and customer satisfaction. The study was anchored on resource-based theory by barney (1991). A correlation research design was adopted to ascertain the relationship between dependent and independent variables. The sample size of 121 was obtained using the Taro Yamane formula from the total population of 176. Pearson product-moment correlation coefficient was utilized to test the hypotheses. The result reveals that there is a significant positive relationship between managerial reputation and employee retention. The study, therefore, recommended that the organization should build a strong managerial reputation among its stakeholders and current and potential employees to attract good job candidates and ensure retention of employees.

Keyword: Managerial Reputation, Product/Service Reputation, Corporate Reputation, And Performance

Background of the Study

Corporate reputation has been subjected to series of scholarly studies in management and allied social science research. Many scholars and professionals posit that the reputation of an organization remains its critical point of appeal to different stakeholders, its personality and social esteem, its most important asset, the content of its character, as well as its current realities as a consequence generated from its past actions. It is generally held by scholars and professionals that corporate reputation constitutes the nucleus intangible properties that define how an organization will fare in a competitive market (Adoro & Eguruhin, 2000**),** the quality of support it gets from its stakeholders during a crisis (Domen, 2003), Its foray into new market or industry (Allen-Bach, 2000) and most importantly, the quality of talents it attracts and retains over a long period**.** corporate reputation is directly connected to the corporate identity of an organization. It is viewed as ethos, aspirations, values, and goals that drive a sense of commonness and alignment among the organization's stakeholders.

The critical role of corporate reputation in building and sustaining the optimal performance of an organization across all fronts cannot be undermined. Performing companies place a vital premium on corporate reputation, hence the huge investments that are lavished on initiatives that are targeted at developing and managing competitive corporate reputation (Adoro & Eguruhin, 2000), According to (Ozerali, 2004), Corporate reputation affects corporate behavior, the strategic direction of an organization and the observable corporate traits in which an organization undertake the process of decision-making and planning manner especially concerning critical issues that are vital to its survival, growth, and profitability. Research evidence shows that corporate reputation has significant implications on a variety of organizational and business issues including costs (Deephouse, 2000) and pricing policies (Rindova et al., 2005).

Although reputation is an intangible concept, research universally shows a good reputation demonstrably increases corporate worth and provides sustained competitive advantage. A business can achieve its objectives more easily if it has a good reputation among its stakeholders, especially key stakeholders such as its largest customers, opinion leaders in the business community, suppliers, and current and potential employees. (Ozerali, 2004) argue that corporate reputation enables an organization to attract superior talents that deliver on critical corporate capabilities such as innovation, effective internal processes, and innovation**.** A good reputation is seen as including higher customer retention rates and associated increased sales and product selling prices (Shapiro, 1983), and reduced operating costs (Podony, 1993). Despite widespread belief in this 'reputational advantage', the empirical evidence from management research supporting the proposition that reputation positively influences a firm's future performance is inconsistent. The study, therefore, argued that a strong corporate reputation is a panacea for business sustainability, performance, improve market outlook and achieve competitive advantage.

Objectives of the Study

The study explores the effect of corporate reputation on organizational performance of telecommunication firms in Enugu state, but specifically seeks to:
1)Investigate the relationship between managerial reputation and employee retention
2)Ascertain the relationship between product/service reputation and customer satisfaction

Research Questions

1)What is the relationship between managerial reputation and employee retention?
2)What is the nature of the relationship between product/service reputation and customer satisfaction?

Hypotheses

1)There is a significant relationship between Managerial reputation and employee retention

2) There is a significant relationship between Product/ service reputation and customer satisfaction

Conceptual Clarifications

There is no consensus on one definition" of corporate reputation. But, the most popular definition was given by Fombrun (1990) who defined "*corporate reputation* as the overall estimation in which an organization is held by its internal and external stakeholders based on its past actions and probability of its future behavior. According to Walker (2010) "Corporate reputation can be defined as the collective perception of the organization's past actions and expectations regarding its future actions, because of its efficiency with the main competitors". Corporate reputation implies a long-lasting, cumulative assessment comprised over a long period of the business organization (Gioia, Schultz & Corley, 2000; Ou & Abratt, 2006). Pauland (2015) suggests that reputation is a "collective representation of diverse stakeholders' perception of organization behavior and culture built up over time. Brown (2006) defines corporate reputation as the set of corporate associations that individuals and bodies outside attribute to the organization. Corporate reputation is categorized into three major areas as Managerial reputation, Financial reputation; and Product reputation according to (Martin de Castro,2006). In the context of this study corporate reputation was decomposed into managerial reputation and product/services reputation while performance indicators include employee retention and customer satisfaction.

Managerial reputation: Karia & Hasmi, (2006) in their study of quality management practices in Malaysia found that they were positively correlated with employees' work-related attitudes such as job involvement, job satisfaction, career satisfaction, and organizational commitment. Ranganathan, (2008) found that quality management substantially increases customer satisfaction across diverse industrial and cultural settings. Cua et al., (2001); Douglas and Judge, 2001; Kaynak, (2003) found a positive association between quality management practices and organizational performance.

Product/service reputation: is a perception about product quality and future behaviors demonstrated to its customers, employees, investors, business partners, and the general public. In today's competitive environment, quality is the key to an organization's success and survival. Quality is a complex and multifaceted concept. In its broadest sense, product quality is the ability of a product to meet or exceed customer's expectations (Waters & Waters, 2008). Khan and Ahmed (2012) affirm that " product quality is a critical determinant of consumer satisfaction " Ehsani (2015), argue that "quality of the product is the customer's perception of the overall quality or superiority of the product or service, concerning its intended purpose, relative to the alternative. Quality service products play an essential role in establishing customer satisfaction which invariably depicts that the more qualified the product and the services provided, the higher the customer satisfaction.

Employee retention: The term "employee retention" first began to appear with regularity on the business scene in the 1970s and early '80s. Employee retention is a process in which the employees are encouraged to remain with the organization for the maximum period or until the completion of the project. Zineldin, (2000) viewed retention as "an obligation to continue to do business or exchange with a particular company on an ongoing basis". Panoch, (2001) asserts that organizations take great care in retaining their valuable employees and good employees are increasingly becoming more difficult to find. Effective employee retention strategy helps the company to ensure better performance by properly utilizing employee capital. Das and Baruah (2013) and Ampomah and Cudjor (2015) corroborate that the health and long-term success of any organization depends on employee retention. Walker (2001) argue that managing and retaining promising employees' is an important fundamental mean of achieving competitive advantage among the organizations.

Customer satisfaction: the concept of customer satisfaction is not a new one. It hit the business sectors in the early 1980s where some researchers considered that customer satisfaction is the best window into loyalty. Customer satisfaction is the sense of contentment that consumers experience when comparing their introductory expectations with the actual quality of the acquired product (Krivobokova, 2009). Customer satisfaction is determined by the quality and price of the products desired by the customer, as stated by Bei and Chiao (2001) that "Consider product quality and price as the foundation to build up consumer satisfaction". Improving insights into the quality of goods motivates customer satisfaction (Cameroon, Moizer, & Pettiniccbio, 2010). Increased customer satisfaction can provide company benefits like customer loyalty, extending the life cycle of a customer expanding the life of merchandise the customer purchase, and increases customers' positive word of mouth communication. Customer satisfaction consists of several indicators, namely loyalty, satisfaction, repurchase interest, small desire to make a complaint, the willingness to recommend the product, and the reputation of the company (Kotler and Keller, 2012).

Conceptual Framework

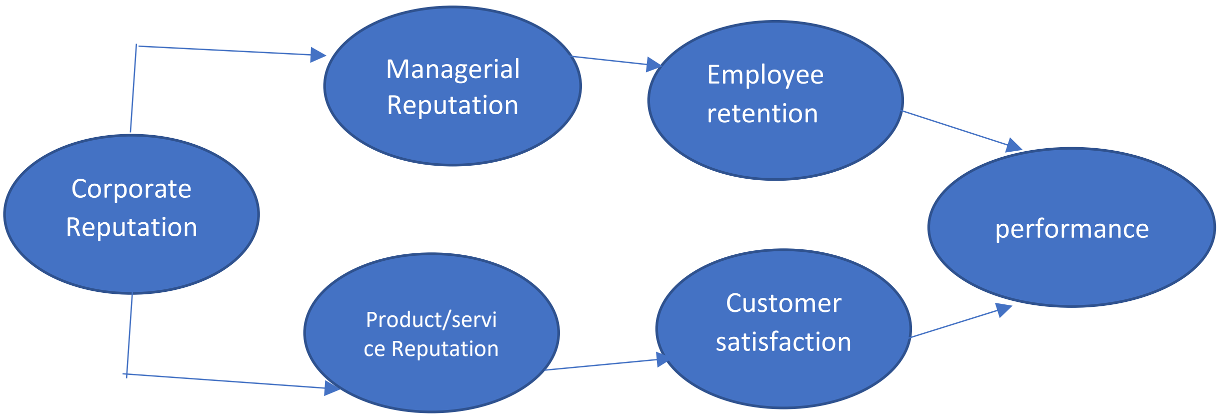

Figure2.1 Conceptual Model. Researcher (2020)

The model in figure 2.1 shows the relationship between corporate reputation which was proxies with managerial reputation and product/service reputation and performance indicators include employee retention and customer satisfaction. The model establishes the relationship between managerial reputation and employee retention as stated in hypothesis one and the relationship between product/service and customer satisfaction in hypothesis two.

Theoretical Framework

The study is anchored on Resource-based theory credited by Barney, J. B. (1991). The theory contends that the possession of strategic resources provides an organization with a golden opportunity to develop competitive advantages over its rivals. The resource-based theory also states that the possession of resources is valuable, difficult to imitate, rare, and cannot be substituted. The resource-based theory suggests that organizations should look inside the company to find the sources of competitive advantage through the use of their resources. Competitive advantage is an advantage that a firm has over the competitors that allow it to generate sales or margins and/or retains more customers than the competition. A firm's competitive advantage evolves from the resources that the organization has. These competitive advantages in turn can help the organization enjoy strong profits. In the resource-based theory model, resources are given the major role of assisting companies in achieving higher organizational performance and competitive advantage. This theory is relevant to the study, reputation is a vital asset used to achieve competitive advantage and improve financial performance and overall performance of the organization. Corporate reputation is intangible and valuable resources that provide the organization with a sustainable competitive advantage and improve performance which is rare, valuable, and difficult to imitate.

Literature Review

The literature on Corporate reputation has been increased the attention of academicians in the field of strategy, economics, and management (Zhang, 2009, Jeng, 2011). Corporate reputation shapes the future behavior of both customers and employees toward the firm (Brown & Dacin, 1999), it can reduce transaction cost(Dunne & Sdewitze, 2005), create greater loyalty among customer(Sirfeshmukh, Singh & Sabol, 2000), and result in greater commitment among employees (Dirk & Ferrin, 2002). Aqueveque & Ravasi (2006) argues that corporate reputation is a strategic asset that generates trustworthiness from the stakeholder and influences positively on business performance. Mahon (2002) reported that reputation is a socially complex intangible resource that is valuable and non-transferable, which history plays a substantial role in its creation. Carmeli & Tisher, 2005, Roberts & Dowling, (2002) has proven that corporate reputation leads to persistent performance differences.

Reputation serves as a point of reference when judging the firm’s contribution to stakeholders' own & the public’s welfare (Lewis, 2001). A strong corporate reputation suggests that the product and services being offered by the firm are of higher quality (Cameli & Tisher, 2005) and that the firm is responsible and will treat its customer well. Inglis & Morley (2006) advocated that a positive reputation can be a major factor in sustaining competitive advantage as it is developed over a long period that cannot be easily shortened by competitors.

Empirically, studies have shown that corporate reputation positively impacts firm performance. The study conducted by Li, Chen, & Ma, (2016). investigated the mediating role of innovation legitimacy between corporate reputation and enterprise growth in China. The results reveal that corporate reputation has a significant positive relationship with enterprise growth. Also, a significant relationship was found between innovation legitimacy on enterprise growth. Aminu and Mustaph (2014) examined the influence of corporate reputation on the performance of banking industries in Kano state North-West of Nigeria. The model shows corporate reputation that is a reflective construct that has a significant direct effect on performance. Inglis, Morley, and Sammut, (2014) Explored the effect of corporate reputation on financial performance and the result reveals that there is a significant relationship between corporate reputation and return on investment capital, customer loyalty, and satisfaction. Hisham, mar, and Abu (2015) x- rayed the effect of corporate reputation on consumer brand preference and found a positive significant relationship between brand preference and corporate reputation dimensions. Pribanus and Muhammad (2019) examined the effect of price and product quality on satisfaction and loyalty and the results reveal that product quality has a significant and positive impact on customer satisfaction.

Methodology

The study is a correlational survey that determines the relationship between dependent and independent variables. The sample size of 121 respondents was drawn from the target population of 176 using the Taro Yamane statistical formula. Three telecommunication companies operating in Nigeria were randomly selected on the fact that they are respected, and seen as the most popular and oldest telecommunication companies in Nigeria, they include MTN Nigeria, Globacom, and Airtel Nigeria. The Cronbach Alpha Coefficient was 0.78 which indicates that the instrument (questionnaire) was reliable. The instrument was structured using a five-point Likert scale, hence 5 (SA), 4 (A), 3(N), 2(D), 1(UD). The hypotheses were tested using the Pearson Product Moment Correlation Coefficient to ascertain the relationship between dependent and independent variables.

Results and Discussion

Correlations

		MANAGERIAL REPUTATION	EMPLOYEE RETENTION
MANAGERIAL REPUTATION	Pearson Correlation	1	.838**
	Sig. (2-tailed)		.000
	N	121	121
EMPLOYEE RETENTION	Pearson Correlation	.838**	1
	Sig. (2-tailed)	.000	
	N	121	121

**. Correlation is significant at the 0.01 level (2-tailed).

The table above shows that the p-value is (.000) which is less than 0.01 at 2 tailed tests meaning that managerial reputation has a significant positive relationship on employee retention with the correlation coefficient of .838. This implies that with the increase of managerial reputation, employee retention will also increase. We, therefore, accept the alternate hypothesis that states thus, there is a significant positive relationship between managerial reputation and employee retention (r = .838, P<.05).

Correlations

		PRODUCT/SERVICE REPUTATION	CUSTOMER SATISFACTION
PRODUCT/SERVICE REPUTATION	Pearson Correlation	1	.649**
	Sig. (2-tailed)		.000
	N	121	121
CUSTOMER SATISFACTION	Pearson Correlation	.649**	1
	Sig. (2-tailed)	.000	
	N	121	121

**. Correlation is significant at the 0.01 level (2-tailed).

The Pearson correlation analysis was tested to ascertain the relationship between product/service reputation and customer satisfaction. The correlation table shows the correlation coefficient of .649 at the magnitude of 64% with the probability value of P = 0.000. Since the P-value is 0.000 which is less than 0.05 level of significance used at 2 tailed tests we, therefore, reject the Null hypothesis and accept the alternative that states, thus there is a significant positive relationship between product service reputation and customer satisfaction which implies that increase in product/service reputation will amount to increase in customer satisfaction.

Discussion of the Findings

The study establishes a significant positive relationship between managerial reputation and employee retention. This primarily entails that an increase in managerial reputation will lead to an increase in employee reputation and vice versa. The finding concurs with the work done by Karia & Hasmi, (2006) they advocated that quality management practices in Malaysia were positively correlated with employees' work-related attitudes such as job involvement, job satisfaction, career satisfaction, and organizational commitment. Ranganathan, (2008) argues that quality management substantially increases customer satisfaction across diverse industrial and cultural settings. Cua et al., (2001); Douglas and Judge, 2001; Kaynak, (2003) found a positive association between quality management practices and organizational performance.

The second hypothesis revealed that there is a significant positive relationship between product/ service reputation and customer satisfaction. This implies that customer satisfaction is closely linked to product and service quality which invariably means that a higher level of product/ service quality results in greater customer satisfaction. The finding is inconsistent with the study of Pribanus and Muhammad (2019) their result reveals that product quality has a significant and positive impact on customer satisfaction. Khan and Ahmed (2012) affirm that " product quality is a critical determinant of consumer satisfaction " Ehsani (2015), argue that "quality of the product is the customer's perception of the overall quality or superiority of the product or service

Conclusions and Recommendations

Good reputation demonstrably increases corporate worth and provides sustained competitive advantage which in turn enhances organizational performance. It provides the organization with a basis for sustaining competitive advantage given its valuable and hard to imitate characteristics and stimulates the consumers' expectation regarding the company's offerings. The study, therefore, recommends that manger should develop a positive reputation by communicating to customers certain features that relate to product/service offering because customers consider quality and unique product/service as an important contributor to the reputation of the organization. The organization should build a strong managerial reputation among its stakeholders and current and potential employees to attract good job candidates and ensure the retention of employees.

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