EFFECT OF CORPORATE REPUTATION MANAGEMENT STRATEGIES ON PERFORMANCE OF OIL MARKETING COMPANIES IN KENYA

BY

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DECEMBER, 2017
DECLARATION

This research project is my original work and to the best of my knowledge has not been submitted for the award of a degree in any other institution.

Signature: ………………………………. Date: ………………………

HELLEN ADHIAMBO OMONDI
D61/80981/2015

This research project has been submitted for the award of degree of master of business administration with my approval as the University Supervisor.

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ACKNOWLEDGEMENTS

I am grateful to God for giving me the grace and strength to complete this project. My sincere gratitude goes to my supervisor Dr Jackson Maalu whose consistent guidance and encouragement enabled me to successfully do this research project. I am also indebted to my friends and family for their patience, understanding and all the encouragement they gave me when I needed it most.

May God bless you all.
DEDICATION

This research project is dedicated to my dad; the late Mr. John Omondi, my mum; Mrs. Patricia Omondi, My 3 wonderful children; Princess, Ricky and Robyn, my husband and all my friends and family members
ABSTRACT

In the 21st century, businesses operate in complicated and dynamic conditions controlled by several elements including globalization, recurrent undetermined reform, ever increasing usage of machinery and scientific know-how. Most managers are pre-occupied with the responsibility of successfully attaining the desired performance in the current competitive environment with slow economic growth rate. Intellects and philosophers are constantly trying to establish new ways of gaining competitive edge. Corporate reputation has been recognized as a vital tool in confronting the forces arising due to competition in the oil market environment and as a major tool of improving the performance of these firms. The paper intended to establish how corporate reputation strategies affected performance in Kenya’s oil marketing companies. Study population was the oil companies in Kenya based on information acquired from Petroleum Institute of East Africa which were all surveyed. Primary data was collected and analyzed to derive conclusion. Outcome was that majority of the companies had an already documented strategy to manage their reputation, the study also found out that most respondents agreed to the fact that corporate reputation management strategies very highly contribute to the success of the company. The study further established that the companies adopted reputation management strategies such as the various forms of assertive and defensive strategies that were key in not only protecting an already built image but also defending a firm’s reputation. The study concludes that variations in performance of oil marketing firms can be well explained by variations in response to the strategies including responding to negative cues, assertive strategies and auto-communication. Therefore, many oil companies would strive to create a good corporate image and sustain it through corporate campaigns. The study further concludes that the strategies adopted by the oil firms included assertive and defensive strategies, auto-communication and responding to negative cues. The most widely applied assertive and defensive strategies were indicated to be equal opportunity employment and charity contributions. The firms employed corporate campaigns and confirming of corporate image as forms of auto-communication. The firms also used rewards and discounts. Finally, from the findings, it’s important that a company manages its reputation in a continuous manner by effectively responding to any negative comments. Organizations are able to achieve their strategic objectives by maintaining a good relationship with key stakeholders. Therefore reputation management is recommended for all type of businesses if they want to maintain their position as market leaders.
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<td>CR</td>
<td>Corporate Reputation</td>
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<tr>
<td>OMCs</td>
<td>Oil Marketing Companies</td>
</tr>
<tr>
<td>CRM</td>
<td>Corporate Reputation Management</td>
</tr>
<tr>
<td>KPC</td>
<td>Kenya Pipeline Company</td>
</tr>
<tr>
<td>KPRL</td>
<td>Kenya Petroleum Refineries Limited</td>
</tr>
<tr>
<td>PIEA</td>
<td>Petroleum Institute of Eastern Africa</td>
</tr>
<tr>
<td>ERC</td>
<td>Energy Regulation Commission</td>
</tr>
<tr>
<td>GAPCO</td>
<td>Gulf Africa Petroleum Corporation</td>
</tr>
<tr>
<td>BSC</td>
<td>Balanced Scorecard</td>
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<td>ROI</td>
<td>Return on Investment</td>
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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Modern day companies need sustainable performance and ability to compete effectively. This can be achieved through maintaining good corporate reputation. Good corporate reputation has an effect on the relationship between the company and its stakeholders, ability for the company to retain its employees, the extent of how customers are satisfied and their loyalty levels. This explains why corporate reputation is considered to be of strategic value to a company (Institute of Directors, 1999). Good corporate reputation leads to increased investment in a company and helps a company to retain customers (Markham 1972). Corporate reputation equally correlates with superior overall returns (Vergin & Qoronfleh, 1998). Some of the corporate reputation strategies include assertive and defensive strategies (Dukerich and Carter, 2000), auto-communication (Christensen, 1997) and responding to negatives cues (Dukerich & Carter, 2000). Others could include the use of reputation-monitoring tools and offering customers chances to vent. The argument is that when an organization employs good strategies to manage its reputation, stakeholders tend to view the organization positively irrespective of the actual situation on the ground (Dukerich & Carter, 2000). Therefore, all stakeholders should be actively engaged in the problem-solving process to foster comprehensive, positive, systematic change.

This study was guided by stakeholder theory, corporate branding theory and legitimacy theory. Phillips (2003) asserts that stakeholder theory provides a vehicle for connecting ethics and strategy. Corporate branding theory is of the view that through corporate identity, people tend to recognize the existence of an organization (Balmer, 2001). Lastly, Suchman (1995) is of the view that based on
legitimacy theory, how an organization operates can be seen to be appropriate if it is in agreement with the values and beliefs held by the society. According to legitimacy theory, companies should therefore implement and develop strategies of meeting the demands of the society as part of being good corporate citizen. Legitimacy theory is built on the assumption that business have agreements with the society.

Kenya heavily depends on imported petroleum products to meet its energy needs. The Kenyan oil sector has over 30 companies that import and market oil comprising of Total, Kenol/Kobil, Shell, Oil Libya, Chevron, and others. Approximately 85.3 per cent of market share of Oil industry is controlled by major oil companies while the remaining is controlled by new entrants and independent owners (Government of Kenya, 2017). The petroleum sector underwent through liberalization in 1994 after which there was realization of increased growth and improved quality and great service levels. The main players in the petroleum sector include the Kenya Pipeline Company (KPC), KPRL and the Oil Marketing Companies. The emphasis is that oil is a major driver of the economy and therefore, by default, receives a lot of attention from media and stakeholders, more so the government (Slater & Olson, 2001). The oil marketing companies have therefore been put on the spotlight especially by regulatory bodies such ERC and have to employ efficient strategies to manage their reputation if they want to maintain their performance in the industry.

1.1.1 Corporate Reputation Strategies

According to Zyglidopoulos (2001), corporate reputation means; know-how and emotional biases held by different groups of individuals about a company. Fombrun (1996) posits, perception based on past behaviour as well as its future propositions that creates some form of emotional appeal in the market comparatively. Black and Carnes (2000) are of the view that corporate reputation has the
ability to generate goodwill to the firm making it of importance to an organization. Fombrun (1996) also states that through corporate reputation, company stakeholders become knowledgeable of the goods and services that they should buy from the company. He is further of the view that corporate reputation communicates and justifies high prices, lead to reduced cost of operations, increased levels of loyalty and high levels of commitment from employees.

Companies improve their reputations using proactive strategies as well as dealing with and effectively corresponding to any negative public information about the company. According to Dukerich and Carter (2000), the two approaches are known as assertive and defensive strategies. Assertive strategies apply where the company is aiming to protect an already built good name. Defensively, companies get involved in making press statements and communication to shareholders through letters (Dukerich and Carter 2000). To defend their reputation, companies equally engage in communications with its stakeholders to affirm its value-systems and basis of doing business (Christensen, 1997).

1.1.2 Organization Performance

Lebans and Euske (2006) posit that performance consist of financial and non-financial indicators that explains the extent to which a company has achieved its set goals and objectives. Companies are therefore said to achieve higher performance as compared to their competitors when they are in a position to maintain market leadership and sustain competitive advantage (Kenneth, Anderson & Eddey, 2011). Firms are able to maintain competitive advantage by establishing rare capabilities through corporate reputation management. Rose & Thomasen (2009) assert that good reputation gives a company high capability compared to competitors.
Corporate performance measurement is based on finance and non-finance related indices. This can involve application of a balance score card through alignment of business operations with the company’s vision and approaches. This facilitates monitoring as well as the passing of information regarding the performance of the company to the various stakeholders (Johnson, Schools & Whittington, 2008). The model considers performance indicators using four perspectives. Finance-related measures consist of financial performance assessment variables such as growth of revenue, increased size of the relative market share and the rate of allocation of company’s earnings to shareholders while customer-based measures include level of customer complaints, inquiries, repeat purchases and rate of conversion of inquiries to actual customers. Internal business process variables contain measurement of key operational procedures used by the company to provide services to stakeholders especially the customers and finally learning and growth variables deals with the rate at which the company exercises innovation especially in the development of new products and how processes are improved (Kaplan & Norton, 2001).

1.1.3 Oil Marketing Companies in Kenya

Oil marketing firms in Kenya face serious market dynamism and high levels of competition. This means that the companies must adopt approaches to achieve and maintain their roles as market leaders. After liberalization of the industry, competition levels increased leading to reduced profits as companies struggled to stay afloat. The main stream companies include Chevron which was later acquired by Total Kenya Limited, a subsidiary of Total, Shell, ExxonMobil, Kenol Kobil; a regional organization and National Oil Corporation; fully under the Kenyan government. A growing number of smaller distribution companies such as Gulf Energy, Galana Oil, Hashi Energy, Hass Petroleum emerged after 1994 when the sector was liberalized. Overall, we have about 35 oil-marketing firms trading in Kenya per PIEA August 2017.
Techtarget (2007) posits that to be a market leader, a company must improve its market share as well as profit levels. Market share can be determined by looking at the sales volume or the value of the goods sold. It’s important to note that the independents have all along used pricing as a competitive tool, a factor that has to some extent enhanced their customer base and market share growth at the expense of the major firms in the sector. However, we see a shift in this perception to corporate reputation which has seen Total and Kenol/Kobil scoop large market share over the years.

1.2 Research Problem

Hall (1992) is of the view that corporate reputation provides a company with ability to remain competitive over a long period of time. He further asserts that it is an effective tool for the measurement of how the company performs in the market and then even the use of profit measurements. The current trend by many companies is that they undertake effective communication and invest in public relations initiatives. A survey by Hutton, Goodman, Alexander, and Genest’s (2001) reported an average spending up to $21.6 million by individual companies in corporate communications budgets. However, almost none of the companies is seen manage their corporate reputation in a proactive way. The increased interest in reputation management is based on the heightened public distrust of corporations accompanied by increased regulation and demand for transparency. Companies therefore have to invest in corporate reputation management strategies.

Oil is a major driver of the economy and therefore, by default, receives a lot of attention from stakeholders, more so the government (Slater & Olson, 2001). Data from the Petroleum Institute of East Africa (PIEA) shows that in June 2016, Total recorded the largest market share drop of 9.7% followed by Vivo (Shell) which declined by 8% while that of Kenol dropped by 2.9%. Surprisingly, they still retained their position as the top oil marketers, in that order. Bakri on the other hand was
among the small dealers to grow its market share which doubled to 2.6% from 1.3%. Reduced profit margins, increased competition and official price caps forced some of the majors to exit the industry. ExxonMobil Kenya Limited led the others in leaving the Kenyan market in 2006 when it was purchased by Libya Oil Kenya Ltd followed by Chevron, was purchased by Total Kenya Limited in 2008. Shell Kenya Limited was also acquired by Vivo Energy Kenya Limited in 2012. Studies show that among the ten firms that face high levels of criticism, five of them are companies in the energy sector. Shell had been one of the biggest and most respected brands for close to a century until 2016 when it was listed by ERC in their report amongst many petroleum companies involved in the criminal sale of spiked fuel to customers. Shell (Vivo) was found to have mixed diesel with kerosene for higher profits. The argument is that, concern should be concentrated on the company’s image than customer’s trust and confidence in the form, a move that clearly depicts the value of corporate reputation. Later, Shell announced a heavy decline in annual profits largely attributed to the negative publicity surrounding the company.

Several relevant research have been conducted on the concept of managing corporate reputation. Eberl and Schwaiger (2005) studied on how corporate reputation affects how companies perform financially. Their finding was that issues regarding reputation management affect how companies perform financially in future. The study however focused on the financial performance with a contextual emphasis on German firms. Agyei and Kilika (2014) conducted a study regarding how corporate image relates to loyalty of customers in mobile telecommunication sector in Kenya. They found out that good corporate image influence how loyal customers can become to an organization. This research however focused on customer loyalty which is just one aspect of organizational performance. In another study, Apungu (2003) carried out a survey of factors that influence customer choice of petrol station and from his analysis he concluded that product quality and security were the
two major factors considered by the consumers. Product quality is an aspect of corporate reputation management though it is a narrow view on organizational performance. This study leaves a gap on how corporate reputation affect the performance of the oil marketing companies. The study by Ngige (2006) on strategic responses of petroleum importing and marketing companies to changes in Government legislation only focuses on one environmental factor, the Government and does not bring out corporate reputation management strategies as one of the ways of staying competitive in the industry. Oduol (2012) on the other hand conducted a study on the approaches that are adopted by companies that market oil lubricants to remain competitive. This study left out the major players in the oil industry and did not tackle on the issue of corporate reputation management strategies. The only close study that offers an insight into possible strategies of corporate reputation management strategies in the industry is that by Isaboke (2001) who investigated approaches used by the big oil companies in Kenya to deal with problems caused by new companies entering the industry. The study however does not clearly bring out corporate reputation as a key strategic asset for these oil companies and further leaves out the smaller players in the industry.

The above analyzed studies therefore confirmed the existing gap and the need for a study on corporate reputation management strategies in the current marketplace characterized by an influx of messages particularly the oil marketing industry which attracts both media and citizens. Again, the marketing environment has changed drastically as a result of introduction of price regulation through Energy Regulatory Commission (ERC) in the last few years and therefore necessitating the need for a study on other factors affecting performance of companies in this industry. The study sought to address the current gap by responding to the question: “What is the effect of Corporate Reputation Management strategies on performance by Kenya’s Oil Marketers?”
1.3 Research Objective

To establish effect of corporate reputation management strategies on performance of oil marketing companies in Kenya.

1.4 Value of the Study

The concept of reputation management will add value to the main arguments on the stakeholder theory and hence increase the existing knowledge on the key assets of a company. The study will also add valuable knowledge to the strategic management argument relating to performance. It will help create debate regarding the key drivers of performance particularly in the Oil Marketing Companies in Kenya.

For practice, this study helps in sharing information for application by other relevant companies and sectors. The study will help managers particularly in the oil marketing industry in coming up with better strategies to directly address problems or challenges of corporate reputation. This will also help firms understand and concentrate in managing their corporate reputation as a measure of improving how they can sustain performance over a period of time.

Finally, policy makers will apply the study findings to come up with universally applicable corporate reputation management strategies. The government of Kenya will use the findings of this research to get pragmatic approach and will realize the benefits of corporate reputation management and its significant role in the petroleum industry in Kenya.
CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction
The segment discloses theories applied and opinions advanced by various writers, authors and scholars of Strategic Management. It also outlines the various areas of corporate reputation management strategies and performance by different scholars.

2.2 Theoretical Foundation of the Study
The segment explores theories with respect to corporate reputation management strategies as a basis of achieving high performance in oil marketing companies. This study was based on three theories discussed below:

2.2.1 Stakeholder Theory
This was advanced by (Freeman, 1984) where he proposed that organizations needed to focus way above shareholder theory of profit maximization into broader sections of shareholders. According to Freeman (1984), stakeholders refer to any group or individual who may influence or is directly involved in the attainment of company goals. This theory argues that for long-term sustainable success, there must exist a reciprocated relationship between the business and its stakeholders (Jones, 1995). It revolves around groups or individuals who may influence the organization, and the managerial responses to the groups and individuals (Freeman, 1984). Therefore, organizations must bear in mind their surrounding and its components. The theory further argues that the company is linked to a great number of interrelated individuals through a chain of relationships which are key to the prosperity and continuity of the firm. These relationships should be handled properly (Post, Preston and Sachs, 2002).
Logsdon and Wood (1997) posits that stakeholder theory may contribute to an organization’s performance and shape the firm by emphasizing on measurable values. The ownership of the internal upstanding rights by stakeholders creates related duties for the organizations. The boldness of various stakeholders affects an organization’s interactions with its stakeholders usually manifested in the survival of an organization and its structures (Madsen & Ulhoi, 2001). This indicates that organizations should have distinct character among various stakeholders (Bromley, 2000). Stakeholders judge an organization’s reputation differently depending on their assumptions of the responsibilities of an organization. Customers demand high level delivery of goods and services, financiers demand for good return on their investment, whereas environmental bodies would for example look for feasible actions within the environment. Jensen (2001) however, argues that interests of individual groups compete within the theory of stakeholders thus managers are left to deal with a challenge in making purposeful decisions. Managers may slowly become unaccountable for their actions as they try to fulfil the demands of different stakeholders. In addition, the demands of stakeholders are constantly evolving and are likely not to remain the same over time (Hanson and Stuart, 2001).

2.2.2 Corporate Branding Theory

This theory involves different stakeholders collaborating with numerous staff across several sections within the organization (Mitchell, 1997). Good corporate branding calls for uniformity in communicating a brand’s identity to all shareholder groups to ensure favorable reputation. This further calls for internal consistency and collaboration necessary for successful external communication of brand image (Abratt, 1989).
It needs a comprehensive way of handling brand management whereby; every member of the firm assumes the desired behavior in line with the brand. Outstanding management of available brand resources results in a favorable brand reputation. Fombrun and Rindova’s (1996) posits that a brand’s reputation refers to a joint illustration of a brand’s past activities which outlines possibility of acquiring desirable results for various shareholders. Brown and Saxton (1998) posits that good corporate reputations increases consumers’ purchase decision, attitudes and brand loyalty. Corporate reputation is believed to have great influence on consumers’ brand attitude that further influences their satisfaction, purchase intention, and perceived company performance (Spreng & Page Jr., 2001). Managers therefore need to be well polished to achieve a good match between identity and reputation.

2.2.3 Legitimacy Theory

Brown and Deegan (1998) argues that legitimacy theory is an assumption that firms continuously try to operate within approved norms and customs of their communities of operation. This theory suggests that organizations should ensure they conduct their activities within the value system of their environment (Gray, Owen and Adams, 1996). The theory is built on the assumption that business have agreements with the society. To legitimize the business, they have to satisfy this agreement with the society (Mathew, 1997). Legitimacy therefore has direct influence; provea firm’s obligation to society in addition to continuous support of constituents (Ashforth and Gibbs, 1990).

However, Lindblom (1994) points out that Legitimacy is progressive in that relevant publics constantly assess output, methods, and goals against dynamic expectations. In corporate reputation management, more environmental information is disclosed at times of increased public pressure where legitimacy threat might be visible or perceived (Cho and Patten, 2007). With positive
revealed, it is possible to repair an organization’s legitimacy thereby enhancing the company’s reputation.

2.3 Corporate Reputation Management Strategies and Organization Performance

Fombrun and Rindova (2001) asserts that corporate reputation management strategies are a series of competitive approaches developed by companies to offer and handle what the stakeholders expect and increase the likelihood that the same stakeholders would favor company activity and process outcomes. According to Dukerich and Carter (2000) corporate reputations is about how stakeholders perceive the activities of the organization and the organization in general. Performance on the other hand means the extent to which a company achieves its goals and objectives (Lebans & Euske 2006).

The need to assess corporate reputation arises from circumstances of high competition and the need to improve the company’s performance through increased market share (Liengjindathaworn, Saenchaiyathon & Hawat, 2014). The implication is that when companies understand the needs of stakeholders, it improves how the company relates to them. Roberts and Dowling (2002) found out that corporate reputation positively affect profitability of companies while Lange, Lee and Dai (2011) are of the view that it helps in the attraction of new employees and customers as well.

Companies currently relate to and do business directly or indirectly with numerous individuals, groups and firms (Dukerich & Carter, 2000). According to Schultz, Hatch, and Larsen (2000) the relationship with these stakeholders must be sustainable for the benefit of the organization. In addition, Roberts and Dowling (1997) are of the view that companies that maintain good corporate reputation experience positive financial performance. Dowling (2002) posit that firms that have good corporate reputation can maintain for a long time good profit levels. Roberts and Dowling (2002)
further assert that good corporate reputation means companies can always recover from poor performance faster as compared to those with poor reputation.

Several research in relation to corporate reputation management have been in different sectors. Davis (2007) studied Wal-Mart’s corporate reputation management to explore essential actions that can be applied across the world. The study objective was to examine corporate reputation management strategies and actions by Wal-Mart Stores in defense of the company’s reputation against attacks. Data was collected though survey of various materials including websites and various third parties. The firm also employed quasi-quantitative analysis of its ability to deal with issues and eventually the public perception of Wal-Mart and to clearly establish the role and importance of reputation management across the globe. The paper concluded that management of corporate reputation should be a continuous process within organizations. This study suggested that to endure the turbulence of negative events, companies such as Wal-Mart should focus on building images and trustworthiness in a continuous manner rather than occasional problem solving.

Mwenda (2016) studied factors that determine motorists’ choice of a petrol station in Kenya; particularly in Thika. The paper focused on service quality, accessibility, brand preference, promotion and price. A descriptive research method was adopted and data collected through administration of questionnaires. The findings revealed that service quality, accessibility, brand preference and promotion greatly influenced the choice of a petrol station by motorist in Kenya while price had no influence on motorists’ choice of a petrol station.

Karuppu (2011) studied on managing reputation and maintaining legitimacy with focus on gaining more information on company’s responses to sustainability. The study sought to explore how management of reputation and legitimacy influence company responses to short-term feasibility
issues. A thorough case study in a foreign subsidiary of a large multinational organization operating in an environmentally sensitive industry was done. The findings of the study indicated these concepts were defined through actions and external reporting outcomes. This study was closer to the current study but still did not touch on reputation management strategies and performance.

A study in Nigeria’s banking industry was done in 2014 on performance and reputation by Gorondutse, Ahmad and Nasidi. The study involved a survey with 384 qualified observations from financial institutions’ customers in Kano. Partial Least Squares (PLS-SEM) was used to ensure flexibility in terms of model complexity and relationship specification. This model indicates a reflective construct of corporate reputation with direct influence on performance. The results contributed to a better understanding of banking customer in Kano which had previously not been proved.

In another study, Kim (2013) looked at how public relations and corporate reputation affect return on investment. This paper sought to establish the unconventional relationships that exists in variables likes’ organization complexity and size, public relations department size and formality, and corporate reputation, looking keenly on how the variables affect economic ROI. The study involved a survey of top 300 South Korean companies. The findings indicated that corporate reputation and public relations affected ROI positively. It showed a positive interdependence between organization complexity, and the size and formality of a public relations department. In addition, it indicated that smaller corporations are likely to enhance their reputation and ROI through a well-established public relations or strategic communication department.
2.4 Summary of Empirical Review and Study Gaps

Given the critical role that corporate reputation plays in an organization, identifying relationship between reputation management strategies applied by firms and the organization performance. None of the previous researchers as highlighted above studied particularly on the effect of reputation management strategies on performance of oil marketing companies in Kenya. This gap in knowledge thus necessitated the current study.

The current research was to respond on; “Effect in corporate reputation strategies in performance of marketers in oil industry?” In addition, the current study has responded to the shortcomings identified in the earlier research by exploring the potential that intangible resources have on overall performance improvement particularly, the underlying strategies for managing reputation. Furthermore, senior executives are seen to have an obligation to manage, maintain and improve an organization’s corporate reputation (Hall, 1992).
CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction
The section discusses methods, target population, data type and sources. It also explains how the data was analyzed.

3.2 Research Design
A descriptive research design is appropriate in cases where the problem is clear and the researcher has specific issues that the respondents are expected to give response on. The use of descriptive method assists in the collection of primary data from various targeted people. As discussed in the previous chapters, the key issue to be addressed was relationship between reputation strategies and performance. This current research problem therefore called for a descriptive survey research design to allow in depth analysis of Corporate Reputation Management Strategies adopted by oil marketing firms in Kenya and arrive at conclusions with the help of statistical tools.

3.3 Target Population
Petroleum sector has 35 known oil-marketing firms trading in Kenya per PIEA August 2017. This study therefore involved a census of all the firms because of the small number. The firms were categorized in three levels based on their market share as follows: Major companies, the six firms whose individual market share is above 4%; Medium sized companies comprising the eleven companies whose individual market share is between 1% and 4% and the Small companies whose individual market share is less than 1%.
3.4 Data Collection

The researcher, focused on non-secondary method to acquire relevant data for accurate analysis of the objectives of the study. The primary data collection employed a structured questionnaire. Data was obtained through survey of the respondents which was used to collect factual information.

Questionnaire is suitable for a study like this, which is descriptive in nature because of the less cost involved and sample accessibility. The questionnaire administered by drop-and-pick later method targeted the CEOs, business development managers, marketing managers and managers in charge of research and development drawn from the oil marketing firms in Kenya. The Business development managers, the Marketing managers and Managers in charge of Marketing Research were the main respondents for each of the major and the medium-sized firms, while for the small firms the CEOs were the main respondents.

3.5 Data Analysis

Raw data obtained were organized, cleaned and entered into SPSS which generates tabulated report, charts, and plots of distributions. In order to test the relationships between corporate reputation management strategies and performance, data coded were extracted using factor analysis method to reduce the information obtained before carrying out a regression analysis using regression model.
The strength of the relationship between corporate reputation management strategies and performance was measured using correlation coefficient. The regression model was in the form of:

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon \]

Where:

- \( Y \) = Performance
- \( \beta_0 \) = Constant term
- \( \beta \) = Beta coefficient
- \( X_1 \) = Assertive and defensive strategies
- \( X_2 \) = Auto-communication
- \( X_3 \) = Responding to negative cues
- \( \varepsilon \) = Error term
CHAPTER FOUR
DATA ANALYSIS, RESULTS AND DISCUSSIONS

4.1 Introduction

The section gives study results on effect of corporate reputation management strategies adopted by oil marketing firms in Kenya on their performance.

The researcher distributed questionnaires to 42 respondents comprising CEOs, business development managers and the marketing managers of oil marketing firms. 35 responses were obtained. This accounts to 83% respondents that is greater than the recommended 70% by Mugenda and Mugenda (2010).

4.2 Demographic Characteristics of the Organization

The researcher collected general information on the oil firms participating in the study. This included information on the type of ownership of the firm, the number of countries where the company was present and number of years of operation in the Kenyan market. The findings are presented in this section.

4.2.1 Number of Countries where the Company Operates

Globalization has led to companies expanding their operation in many countries; a common practice in different industries. Many oil companies are not an exception to this practice and have since become international in both context and practice. This subjects the companies to a wider range of publics and constant image check by its stakeholders. Such companies are greatly affected by reputation issues. The policies, culture and practices of one country for example may not be...
acceptable in another thus may affect the perception of a firm’s stakeholders if implemented similarly across their countries of operation.

Respondents were asked to indicate the number of countries where their company had operation. The question was structured in intervals of 5 i.e. companies present in between 1 to 5, 6 to 10 and over 10 countries. Table 4.1 represents the distribution of the companies in different countries.

**Table 4.1 Number of Countries where the Company Operates**

<table>
<thead>
<tr>
<th>Number of countries</th>
<th>Frequency</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>1 – 5</td>
<td>12</td>
<td>34.3%</td>
</tr>
<tr>
<td>6 – 10</td>
<td>10</td>
<td>28.6%</td>
</tr>
<tr>
<td>Over 10</td>
<td>13</td>
<td>37.1%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>35</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

*Source: Research Data (2017)*

The results show majority of oil firms under study represented by 37.1% were spread in many countries, while 28.6% operated within 6 to 10 countries and 34.3% operated in at most 5 countries. These findings indicate that many oil companies are exposed to a wider range of publics thus greatly susceptible to reputation issues.

**4.2.2 Company’s Ownership Structure**

A company’s owners are identified by equity owners which largely affect the decisions of a firm. The aspects of reputation and performance are also dependent on firm’s strategic decisions influenced by management.

The researcher sought to establish the ownership structure of the firms under study to
identify how many were public limited, chain subsidiaries, government owned or sole owned. The results are as represented below.

**Table 4.2 Company’s Ownership Structure**

<table>
<thead>
<tr>
<th>Ownership</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Limited Company</td>
<td>7</td>
<td>20</td>
</tr>
<tr>
<td>Chain Subsidiary</td>
<td>20</td>
<td>57.1</td>
</tr>
<tr>
<td>Government Owned</td>
<td>2</td>
<td>5.7</td>
</tr>
<tr>
<td>Sole Ownership</td>
<td>6</td>
<td>17.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>35</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

*Source: Research Data (2017)*

The study results indicate majority of firms in the study represented by 57.1% were chain subsidiaries, followed by 20% public limited company, 17.1% sole ownership and the least was government owned that accounted for 5.7%. The oil marketing industry is therefore dominated by chain subsidiaries which operate under multiple policies and practice affecting the way they relate with stakeholders. Such companies must maintain high corporate reputation that can withstand competition from across the globe.

**4.2.3 Number of Years of Operation in Kenyan Market**

Some companies have been in the Kenyan Market longer than others. The number of years of operation shows their experience with the business environment which greatly influence their internal policies and strategies.
Researcher sought to establish the length of period that the firms have been operating in the Kenyan Market. Data was grouped in intervals of five for easy illustration of findings and analysis. Table 4.3. shows the findings of the study.

Table 4.3 Number of Years of Operation in Kenyan Market

<table>
<thead>
<tr>
<th>Number of years of operation in Kenya</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - 5 years</td>
<td>2</td>
<td>6%</td>
</tr>
<tr>
<td>6 - 10 years</td>
<td>7</td>
<td>19%</td>
</tr>
<tr>
<td>11 years and above</td>
<td>26</td>
<td>75%</td>
</tr>
<tr>
<td>Total</td>
<td>35</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Research Data (2017)

The results show that most firms represented by 75% have been occupying the market for many years. Only a small number of companies represented by 6% were 5 years and below in the market while 19% had been in market for 6 to 10 years. Companies with greater length of period of existence are deemed to have well developed systems and processes. These results thus show that the oil firms had been in operation for a long time to enable the respondents give meaningful information on the corporate reputation management strategies.

4.3 Corporate Reputation Management Strategies

Corporate reputation management is supposed to engender positive perception of the company from its critical publics namely employees, customers, distributors, suppliers, contractors, bankers, regulatory agencies, the media, the community, top government officials and opinion leaders. This is why corporate reputation is regarded as an invaluable intangible company asset (Alsop, 2004).
The oil companies suffer so much reputation defects from constant negative media publicity. Various issues including hostile communities, environmental degradation, pollution, oil spillages, gas flaring, incessant labour unrests, alleged poor welfare packages, youth restiveness, kidnapping of oil workers, pipeline vandalization and problems with regulatory agencies have continued to generate negative headlines in national newspapers and airwaves (Azaiki 2008). This calls for proper plan on how to proactively manage their reputation.

The researcher sought to establish whether the oil firms in the study had any documented corporate reputation management strategy. Respondents were asked to respond to whether the company had documented corporate reputation management strategy by agreeing (YES), disagreeing (NO) or indicating lack of awareness (Don’t know). Table 4.4 shows the study findings:

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>19</td>
<td>54.3</td>
</tr>
<tr>
<td>No</td>
<td>11</td>
<td>31.4</td>
</tr>
<tr>
<td>Don’t know</td>
<td>5</td>
<td>14.3</td>
</tr>
<tr>
<td>Total</td>
<td>35</td>
<td>100.0</td>
</tr>
</tbody>
</table>

**Source:** Research Data (2017)

Table 4.4 indicates majority of companies represented by 54.3% had an already documented strategy to manage their reputation. 31.4% lacked documented strategy while 14.3% were not sure of whether a documented strategy existed. The findings illustrate how much reputation management issues are keenly monitored and that firms are striving to proactively manage their reputation through already documented plan.
4.3.1 Corporate Reputation Management Strategies and Success of the Companies

There are constant discussions on whether corporate reputation management strategies have direct link with success of companies. To contribute to this discussion through factual data, the researcher sought to know how the corporate reputation management strategies adopted by the studied organizations contributed to their success. The responses were categorized into; very high, high, moderate and low and findings given in Table 4.5.

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Low</td>
<td>7</td>
<td>20.0</td>
</tr>
<tr>
<td>Moderate</td>
<td>8</td>
<td>22.9</td>
</tr>
<tr>
<td>High</td>
<td>7</td>
<td>20.0</td>
</tr>
<tr>
<td>Very high</td>
<td>13</td>
<td>37.1</td>
</tr>
<tr>
<td>Total</td>
<td>35</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Research Data (2017)

Findings indicate 37.1% respondents indicated that corporate reputation management strategies very highly contribute to the success of the company while 22.9% indicated that corporate reputation management strategies moderately lead to the success of the companies. Only 20% were of the view that corporate reputation management contributed to performance to a lower extent. These findings prove the importance of applying various reputation management strategies if the company wants to achieve business success just as show by majority of respondents (57.1%)
4.4 Corporate Reputation Management Strategies

Oil marketing firms face high level of dynamism and competition. They must therefore employ effective strategies to differentiate themselves from competition. Different companies apply different strategies to manage their reputation.

The researcher sought to identify the relevant strategies for oil marketing firms in managing their reputation. The category of strategies that the research focused on include assertive and defensive strategies, auto-communication and responding to negative cues. The analysis is given below:

4.4.1 Assertive and Defensive Strategies

Assertive strategies apply where the company is aiming to protect an already built good name while defensively, companies get involved in making press statements and communication to shareholders through letters (Dukerich and Carter 2000). To defend their reputation, companies equally engage in communications with its stakeholders to affirm its value-systems and basis of doing business (Christensen, 1997).

Respondents were presented with several forms of assertive and defensive strategies and asked to indicate using a scale of 1 to 5, the extent of application of the strategies.
Table 4.6: Assertive and Defensive Strategies

<table>
<thead>
<tr>
<th>Strategies</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Achieving equal opportunity employment</td>
<td>35</td>
<td>3.4286</td>
<td>1.11897</td>
<td>1</td>
</tr>
<tr>
<td>Charity contributions</td>
<td>35</td>
<td>3.4286</td>
<td>1.33473</td>
<td>1</td>
</tr>
<tr>
<td>Adoption of green technology</td>
<td>35</td>
<td>2.7429</td>
<td>1.03875</td>
<td>6</td>
</tr>
<tr>
<td>Creating philanthropic foundations</td>
<td>35</td>
<td>3.2000</td>
<td>1.27879</td>
<td>3</td>
</tr>
<tr>
<td>Verbal accounts through press conference</td>
<td>35</td>
<td>3.1429</td>
<td>1.11521</td>
<td>4</td>
</tr>
<tr>
<td>Policy changes within the company</td>
<td>35</td>
<td>3.1143</td>
<td>.96319</td>
<td>5</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>35</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Research Data

From the Table 4.6, the study established that equal opportunity employment and Charity contributions had the highest mean of 3.4286. This shows that the two strategies were widely employed by the firms to promote and defend their reputation. Adoption of green technology had the lowest mean of 2.7429 implying that oil companies were less concerned with the environment. Other strategies such as creating philanthropic foundations, verbal accounts and policy changes within the company had means ranging from 3.1 to 3.2. This implies that most forms of assertive and defensive strategies were key in not only protecting an already built image but also defending a firm’s reputation.

4.4.2 Auto-communication Strategies

Corporate reputation is about how stakeholders perceive the activities of the organization and the organization at large (Dukerich and Carter, 2000). To defend their image, companies engage in
communication with its stakeholders to affirm its value-systems and the basis of doing business (Christensen, 1997).

Respondents were presented with two forms of auto-communication strategies and asked to indicate in a scale of 1 to 5, the extent to which the strategies were adopted. Finding are shown by table 4.7.

<table>
<thead>
<tr>
<th>Strategies</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Confirming own Images, Values and Assumptions</td>
<td>35</td>
<td>3.0857</td>
<td>1.14716</td>
<td>2</td>
</tr>
<tr>
<td>Corporate Campaigns</td>
<td>35</td>
<td>3.4571</td>
<td>1.03875</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: Research Data (2017)

Findings indicates, among the two auto-communication strategies, the most widely used strategy is corporate campaigns which had the highest mean of 3.4571. This could be one way that firms use in managing and defending their reputation. Confirming company’s image had the lowest mean of 3.0857 further implying that many oil companies would strive to create a good corporate image and sustain it through corporate campaigns as opposed to confirming its own image, values and assumptions.

4.4.3 Responding to Negative Cues

Firms in oil marketing industry receive a lot of attention from publics especially the government (Slater & Olsen, 2001), since oil is a major driver of the Kenyan economy. These firms are constantly being put on the spotlight by energy regulatory bodies such as ERC. This generates lots of comments and opinions from the larger public including negative information about the companies.
The researcher sought wanted to find out ways companies responded to negative content. Respondents were presented with three ways of responding to negative cues that is; offering rewards, giving discounts and tightening regulations to rate the application using a scale of 1 to 5. Table 4.8 shows the finding.

**Table 4.8: Responding to Negative Cues**

<table>
<thead>
<tr>
<th>Strategies</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offering rewards</td>
<td>35</td>
<td>3.4857</td>
<td>.91944</td>
<td>1</td>
</tr>
<tr>
<td>Giving discounts</td>
<td>35</td>
<td>3.4286</td>
<td>1.17036</td>
<td>2</td>
</tr>
<tr>
<td>Tightening regulations</td>
<td>35</td>
<td>3.2000</td>
<td>1.13241</td>
<td>3</td>
</tr>
</tbody>
</table>

*Source: Research Data (2017)*

Results shown in Table 4.8 illustrate that most of the respondents indicated that firms were offering rewards (Mean=3.49) and giving discounts (Mean=3.43). Tightening regulations had lower mean of 3.20 implying that oil companies pay less emphasis on tightening regulations as a way of managing their corporate reputation. From the findings, it’s important that a company effectively respond to any negative comments about the organization.

**4.5 Relationship between Corporate Reputation Management Strategies and Performance**

To determine how corporate reputation management strategies, affect organizational performance, a regression analysis was conducted regarding the independent variables assertive and defensive strategies; auto-communication strategies and responding to negative cues against dependent variable organizational performance. The result of the analysis are as follows;
Table 4.9: Model Summary of Relationship

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.472a</td>
<td>.223</td>
<td>.148</td>
<td>.53812</td>
</tr>
</tbody>
</table>

a. **Predictors:** (Constant), Responding to negative cues, Assertive Strategies, Auto-communication

b. **Dependent Variable:** Organizational performance

**Source:** Research Data (2017)

In Table 4.9, the adjusted $R^2$ of 0.148 means that 14.8% of the variations in organizational performance can be explained by variations in response to negative cues, assertive strategies and auto-communication. This means that 85.2% of the variations in organizational performance of oil companies is explained by variations in other strategies not studied in the current research. R of 0.472 shows that the relationship between the variables moderately strong and is positive. These findings further indicate that application of various reputation management strategies are positively and moderately related to performance.
In analysis of variance, Table 4.10 shows a $F$-value of 2.961. With $P=0.047$ which is less than 0.05, it shows the model is acceptable and can be relied upon. It means that the corporate reputation management strategies reliably predict variations in organizational performance.

Table 4.11: Regression Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>95% Confidence Interval for B</th>
<th>Correlations</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td>t</td>
<td>Sig.</td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>1.177</td>
<td>.982</td>
<td></td>
<td>1.198</td>
<td>.240</td>
</tr>
<tr>
<td>Assertive Strategies</td>
<td>.095</td>
<td>.177</td>
<td>.087</td>
<td>.538</td>
<td>.594</td>
</tr>
<tr>
<td>Auto-communication</td>
<td>.194</td>
<td>.114</td>
<td>.278</td>
<td>1.706</td>
<td>.098</td>
</tr>
<tr>
<td>Responding to negative cues</td>
<td>.454</td>
<td>.172</td>
<td>.424</td>
<td>2.645</td>
<td>.013</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Organizational performance

Source: Research Data (2017)
Below equation was established from the findings;

\[ Y = 1.177 + 0.095X_1 + 0.194X_2 + 0.454X_3 \]

From the equation, the study found that holding the independent variables constant, organizational performance index (dependent variable) would be 1.177. The findings indicate that there is a direct relationship between the use of defensive and assertive strategies, auto-communication and responding to negative cues and organizational performance. The study however shows that only the strategy of responding to negative cues is significant. This means that adoption of strategies to respond to negative cues would reliably predict organizational performance of the oil companies.

### 4.6 Discussion of study results

The findings indicate that majority of the organizations had an already documented strategy to manage their reputation. These findings are in agreement with Karuppu’s study, (Karuppu 2011) where he concluded that reputation ought to be defined in terms of actions and external reporting outcome. With clearly defined strategies companies are able to adopt defined actions to promote and defend their corporate reputation.

This study revealed that many oil companies achieved high performance by creating a good corporate image and sustain it through application of various reputation management strategies such as corporate campaigns. This is agreeable with the outcome of a study by Roberts and Dowling (1997) who established that companies that maintain good corporate reputation experience positive financial performance. Roberts and Dowling (2002) further argued that good corporate reputation means companies can always recover from poor performance faster as compared to those with poor reputation.
The study also found out that the top oil companies have strongly embraced several types of reputation management strategies to proactively promote their brand image to the customers. This agrees with Davis study on Wal-Mart’s corporate reputation management, (Davis 2007) and further indicates that regardless of the industry, companies must manage their reputation in a continuous way to be able to withstand turbulence of negative events.

Further to this, it was also established that organizational competitiveness derived from good corporate reputation supports service firms in providing perceived high service quality to its customers. The effect of reputation management strategies on organizational performance was that the companies strive to achieve larger market share, attract customers, gain customer recognition and have a strong competitive position in the industry, and that positioning as a key factor involves brand differentiation to gain competitive advantage. This confirms the findings of Mwenda, (Mwenda 2016) where he concluded that brand preferences and promotion were among the factors that influence choice of petrol stations by customers particularly the motorists.

Gorondutse, Ahmad, Nasidi (2014) who studied on corporate reputation and performance of banking industries in Nigeria established that corporate reputation had direct influence on performance. The results this study indicated existence of a direct relationship between the use of reputation management strategies (i.e. defensive and assertive strategies, auto-communication and responding to negative cues) and organizational performance hence confirming the findings of Gorondutse, Ahmad and Nasidi.

The study concludes that corporate reputation management strategies reliably predict variations in performance and the strategies adopted included assertive and defensive strategies, auto-communication and responding to negative cues. The most widely applied assertive and defensive
strategies were indicated to be equal opportunity employment and charity contributions. The firms employed corporate campaigns and confirming of corporate image as forms of auto-communication. The firms also used rewards and discounts. The result of application of these strategies was low employee turnover, increased customer satisfaction and retention and high customer lifetime value.
CHAPTER FIVE
SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The section gives summary of results, study conclusion and areas for further studies. Study summary are obtained from results of this research on corporate reputation strategies and performance in oil marketing companies in Kenya.

5.2 Summary of Study Results

This paper sought to determine the general information on the companies under study with regards to the type of ownership of the firm, the number of countries where the company was present and number of years of operation in the Kenyan market. Regarding number of countries where the company operate, the study found out that most companies operated in many countries making them more prone to reputation issues. The results on the company’s ownership structure indicate that the oil marketing industry is dominated by chain subsidiaries. Regarding number of years of operation in the Kenyan Market, the study found out that most companies had occupied market in longer periods. These findings reflect good understanding of dynamism of the business environment and further indicate the ability of the firms to provide meaningful information on corporate reputation management strategies.

Regarding corporate reputation management strategies, the findings indicate that majority of the organizations had an already documented strategy to manage their reputation, the study also found out that corporate reputation management strategies very highly contribute to the success of the company. In addition, the study established that the companies adopted reputation management strategies. These companies adopted various forms of assertive and defensive strategies that were
key in not only protecting an already built image but also defending a firm’s reputation. The study concluded that many oil companies would strive to create a good corporate image and sustain it through corporate campaigns. Finally, from the findings, it’s important that a company effectively respond to any negative comments about the organization in a continuous manner.

The findings indicated that the variations in performance of oil marketing firms can be explained by variations in response to the strategies including responding to negative cues, assertive and defensive strategies and auto-communication. This further means that the corporate reputation management strategies reliably predict variations in performance of oil marketing firms in Kenya. The following regression equation was therefore established from the study findings.

\[ Y = 1.177 + 0.095X_1 + 0.194X_2 + 0.454X_3 \]

The equation means that holding the independent variables constant, organizational performance index (dependent variable) would be 1.177. The findings demonstrate existence of a direct relationship between the use of defensive and assertive strategies, auto-communication and responding to negative cues and organizational performance. The study however shows that it’s only the strategy of responding to negative cues that is significant. This means that adoption of strategies to respond to negative cues would reliably predict organizational performance of the oil companies.

5.3 Conclusion of the Study

There is far-reaching debate as to the value of corporate reputation management strategies on business performance. The value of maintaining good corporate reputation is widely known. However, challenges are still being experienced in terms of quantifying and measuring the gains. Waddock and Graves (1997), advanced that in order to meet the constantly increasing demands of stakeholders, it calls for a proactive approach to issues, addressing them before they become
problems. In addition, organizations with good corporate image and reputation tend to captivate proficient personnel and have less instances of negative cues.

The study established that oil firms employed various strategies to manage their reputation in a largely competitive market. The study concludes that the strategies adopted by the oil firms included assertive and defensive strategies, auto-communication and responding to negative cues. The most widely applied assertive and defensive strategies were indicated to be equal opportunity employment and charity contributions. The firms employed corporate campaigns and confirming of corporate image as forms of auto-communication. The firms also used rewards and discounts. Low employee turnover, increased customer satisfaction and retention and high customer lifetime value was achieved through proper management of the company’s reputation. The researcher also concluded that verbal accounts and creating philanthropic foundations were also widely used.

This study concludes that strategic reputation management is at the heart of differentiation and competitive schemes of top five oil companies thus key to the overall market plan. Brand distinction by the oil companies include distinguishing themselves through application of the various strategies that enhance customer life time value and reduce customer turnover rate. The study also concludes that the top oil companies have strongly embraced several types of reputation management strategies to promote their brand image to the customers. Finally, it was also concluded that organizational competitiveness derived from good corporate reputation supports service firms in providing perceived high service quality to its customers. The effect of reputation management strategies on organizational performance was that the companies strive to achieve larger market share, attract customers, gain customer recognition and have a strong competitive position in the industry, and that positioning as a key factor involves brand differentiation.
5.4 Recommendations of the Study

It was observed that top oil firms do differentiate themselves in the market and make use of the various reputation management strategies especially now that the petroleum prices are being regulated to acquire a competitive advantage that will lead to increased profits, notwithstanding the effectiveness of the Kenyan energy sector and ensure high customer life time value accompanied by low customer turnover rate. Corporate reputation management strategies are recommended for all organizations if they want to maintain good performance.

Although corporate reputation is an intangible concept, proper management of reputation will result in high customer retention, low customer churn rate, low employee turnover, higher returns and eventually a sustainable competitive advantage. Organizations are able to achieve their strategic objectives by maintaining a good relationship with key stakeholders.

5.5 Limitations of the Study

It was difficult to get some of the CEOs, business development managers and the marketing managers of oil marketing firms making the process of data collection a bit longer in terms of timeline. Some of the targeted respondents were not reached and some were unable to respond at all resulting in a less than perfect response rate. The study had also financial implications, which were solely met by the researcher hence

5.6 Suggestions for Further Research

Whereas the oil firms in the study were spread across a number of countries, the current study focused on their operations in Kenya. Future studies should attempt to check for the reputation management strategies employed in the various countries that the firms operate.
The study found out that a large percentage of organizational performance could be explained by variables other than the ones in the study. Future research could focus on other specific factors that affect performance of firms in the oil marketing industry other than the studied factors that is corporate reputation management strategies.

The researcher used primary data in this study. A similar study should therefore be done using secondary data from oil manufacturing companies in Kenya to allow for analysis of past company events and reputation practices. This will give a broader view of aspects of reputation management and enhance the contributions of the current study.

Finally, this study suggests more research to be done on corporate management strategies employed by firms in other industries other than the oil marketing industry. This will help bring out a broader picture of the implications of corporate reputation management strategies used by firms across the different industries on their performance. This will further draw a conclusive view that corporate reputation management strategies affect organization performance irrespective of the industry of operation.
REFERENCES


39


### APPENDICES

#### APPENDIX I: LIST OF COMPANIES

<table>
<thead>
<tr>
<th></th>
<th>Company Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Kenol Kobil</td>
</tr>
<tr>
<td>2</td>
<td>Vivo</td>
</tr>
<tr>
<td>3</td>
<td>Total</td>
</tr>
<tr>
<td>4</td>
<td>Gulf</td>
</tr>
<tr>
<td>5</td>
<td>Oil Libya</td>
</tr>
<tr>
<td>6</td>
<td>Petro</td>
</tr>
<tr>
<td>7</td>
<td>National Oil Corporation of Kenya</td>
</tr>
<tr>
<td>8</td>
<td>Hass</td>
</tr>
<tr>
<td>9</td>
<td>Gapco</td>
</tr>
<tr>
<td>10</td>
<td>Bakri</td>
</tr>
<tr>
<td>11</td>
<td>Fossil Fuel</td>
</tr>
<tr>
<td>12</td>
<td>Aspam</td>
</tr>
<tr>
<td>13</td>
<td>One Petroleum</td>
</tr>
<tr>
<td>14</td>
<td>Royal</td>
</tr>
<tr>
<td>15</td>
<td>Oryx</td>
</tr>
<tr>
<td>16</td>
<td>Galana Oil</td>
</tr>
<tr>
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<td>Stabex</td>
</tr>
<tr>
<td>18</td>
<td>Tosha Energy</td>
</tr>
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<td>19</td>
<td>Tristar</td>
</tr>
<tr>
<td>20</td>
<td>Hashi</td>
</tr>
<tr>
<td>21</td>
<td>Ainushamsi</td>
</tr>
<tr>
<td>22</td>
<td>Engen</td>
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<td>23</td>
<td>Eagol</td>
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<td>Olympic</td>
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<tr>
<td>25</td>
<td>Mogas</td>
</tr>
<tr>
<td>26</td>
<td>Rivapet</td>
</tr>
<tr>
<td>27</td>
<td>RH Devani</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
|---|---
| 28 | Trojan  
| 29 | City Oil  
| 30 | Dalbit  
| 31 | Afrioil  
| 32 | Fine Jet  
| 33 | Texas  
| 34 | Banoda  
| 35 | Ranway  

APPENDIX II: LETTER OF INTRODUCTION

TO WHOM IT MAY CONCERN

The bearer of this letter HELIEN ADHIAMBO OMONDI

Registration No. D6120991 2015

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

PATRICK NYABUTO
SENIOR ADMINISTRATIVE ASSISTANT
SCHOOL OF BUSINESS
APPENDIX III: QUESTIONNAIRE

PART A: BACKGROUND INFORMATION

1. Please indicate the name of your organization _________________________

2. Your Gender
   I. Male  
   II. Female  

3. For how long have you been working in your organization?
   I. 1 - 5 years
   II. 6 - 10 years
   III. 11-15 years
   IV. 16 – 20 years
   V. Above 20 years

4. What is your position in the organization?
   I. Top Executive  
   II. Reputation Manager and Other Executives 

5. Number of countries the company is present
   I. 1 - 5  
   II. 6 - 10  
   III. 11 - Above  

6. Number of retail outlets
   I. 1 - 50  
   II. 51 - 100  
   III. 101 - Above  


7. Number of years of company’s operation in Kenyan market
   I. 1 - 5
   II. 6 - 10
   III. 11 - Above

8. Please indicate the ownership structure of your organization.
   I. Public limited company
   II. Chain subsidiary
   III. Government Owned
   IV. Sole ownership

PART B: CORPORATE REPUTATION MANAGEMENT STRATEGIES
1. Do you have a documented corporate reputation management strategy in your organization?
   I. Yes
   II. No
   III. Don't know

2. How have the corporate reputation management strategies adopted by your organization contributed to its success? Please tick.
   I. Low
   II. Moderate
   III. High
   IV. Very high

3. How important is corporate reputation management to the success of your organization?
   I. Not Important at all
   II. Less Important
   III. Moderately Important
   IV. Important
   V. Very Important
The following are some of the strategies adopted by different firms to manage their reputation. Using a scale of 1 to 5 where 1 = Very low, 2 = Low, 3 = Moderate, 4 = High, 5 = Extremely high, please indicate what extend your organization has adopted each of them.

<table>
<thead>
<tr>
<th>Strategies are used to manage your reputation?</th>
<th>Very Low</th>
<th>Low</th>
<th>Moderate</th>
<th>High</th>
<th>Extremely High</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Assertive and defensive strategies</td>
<td></td>
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<tr>
<td>Achieving equal opportunity employment</td>
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<td>Charity contributions</td>
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<td>Adoption of green technology</td>
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<td>Creation of philanthropic foundations</td>
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<td>Verbal accounts through press conference</td>
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<td>Policy changes within the company</td>
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<td>B Auto-communication</td>
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<td>Confirming your own images, values and assumptions by sending external messages</td>
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<tr>
<td>Corporate campaigns</td>
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<td>C Responding to negatives cues</td>
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<td>Offering Rewards</td>
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<td>Giving discounts</td>
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<td>Tightening regulations within the company</td>
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</tbody>
</table>
PART C: CORPORATE REPUTATION MANAGEMENT STRATEGIES AND PERFORMANCE

The following is a list of key performance indicators. Please indicate your level of agreement regarding whether corporate reputation management would lead to achievement of each of them by using the scale of 1-5 where 1 = Not at all; 2 = Small extent; 3 = Moderate extent; 4 = Great extent & 5 = Very great extent.

<table>
<thead>
<tr>
<th>Does corporate reputation Management lead to improved performance?</th>
</tr>
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<tbody>
<tr>
<td>Not at all</td>
</tr>
<tr>
<td>-----------</td>
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<tr>
<td>Increase in percentage of market share</td>
</tr>
<tr>
<td>Increase in Profit</td>
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<tr>
<td>Reduced Cost of operation</td>
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<tr>
<td>Day Sales Outstanding</td>
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<tr>
<td>Growth in Sales by Region</td>
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<tr>
<td>High Customer Lifetime Value</td>
</tr>
<tr>
<td>Increased Customer Satisfaction &amp; Retention</td>
</tr>
<tr>
<td>Low Employee Turnover Rate</td>
</tr>
<tr>
<td>Low Customer turnover rate</td>
</tr>
</tbody>
</table>

Do you have recommendations to make regarding corporate reputation management strategies and the general environment of the oil marketing business in Kenya?

Please list ________________________________________________________________