An Understanding of How Stakeholder Relationships May Affect the Reputation of a Corporation

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ABSTRACT: This study aimed to examine the relationship between stakeholder relationships and a company's reputation in the field of public relations. Responses from industry stakeholders in public relations were analyzed using an interview-based qualitative research technique. There were a few particular aspects that were examined in terms of corporate reputation, such as stakeholder management, stakeholder communication, stakeholder power analysis, corporate reputation, mutual trust, and reputation and stakeholders. From the study, it was discovered that trust between the corporation and its stakeholders creates value and loyalty for better and stronger strategic decision-making.

KEYWORDS: Stakeholder relationships; stakeholder communication; corporate reputation; strategic decision-making

1. Introduction

A company used to work with its stakeholder groups just to raise profits, expand its customer base, and improve market share. However, ever since these communication technologies, public relations (PR) professionals have been more mindful of the reputation of companies, which has led them to modify their approach to stakeholders. Organizations and stakeholders have been shown in the study to be intertwined for mutual benefit and risk. However, stakeholder power on organizations is greater than the reverse [1]. By conducting extensive interviews with PR experts, the relationship between stakeholders and company reputation was analyzed. Stakeholders and the company's reputation were examined in depth through interviews with PR experts. In the PR environment, we are all stakeholders, and this technique shows not just a comprehensive but also an understandable examination of how stakeholders influence a corporation's reputation. For this study, several open-ended and closed questions as well as, ideas and opinions on how stakeholders can properly impact a company's reputation were investigated.

2. Stakeholder Management

If you believe that stakeholders and corporate reputation are two distinct and distinct concepts, we can assure you that you are completely incorrect. Corporate reputation is ultimately determined by how stakeholders evaluate the company, and if PR professionals' strategy and

decisions are not coordinated with stakeholders, the corporate reputation may suffer [2]. Stakeholder groups refer to parties or individuals who are impacted by and have the potential to influence an organization's operations [3]. This means that the first step in stakeholder management is to classify stakeholders according to their relative importance and varying levels of interest in the organization. While communication with all stakeholder groups is critical, the manner in which they are communicated should be tailored to their level of interest and stake. Because both primary and secondary stakeholders have an impact on the company's reputation, it is critical to consider all stakeholders.

2.1. Relationship with stakeholders

According to respondent A, we need a strong relationship with our stakeholders in order to truly understand their needs. As a result, if we do not know who our stakeholders are, our company's strategies may be ineffective or ineffective. As evidenced by the response above, emphasizing the importance of a strong corporate reputation enables a growing organization to grow sustainably while also attracting new stakeholders. In other words, the relationship between stakeholders and corporate reputation remains ambiguous, depending on the extent to which the organization understands its stakeholders. It is predicated on stakeholder perceptions of the organization.

Interacting with stakeholders, as defined by Grunig and Hunt's communications theory [4], may be seen as a two-way symmetrical communication that is vital for all companies since it can:

- Improve decision-making by gaining a deeper grasp of the issue at hand
- Build a positive image for the company
- Improve the knowledge of various stakeholders
- Maintain close contact with key stakeholders

2.2. Stakeholder Power Analysis

The Power Interest Matrix is a matrix used in successful and effective management that classifies stakeholders and assigns value to each one based on their distinct interests [5]. As indicated by respondents A and B, our products or services would suffer significantly if we failed to identify all stakeholder groups that could influence or benefit from them. For instance, while students are the primary stakeholders in higher education, some parents may have a significant influence or interest in the final choice, necessitating that Public Relations specialists consider parents when developing a strategy. Another example is the use of discussion boards as a tool for learning at a university; while students and professors benefit most, other university departments such as ICT may have a significant impact on the discussion board's reputation as an effective tool for university students [6].

With regard to the first example, because current parents and students are considered "critical stakeholders" and "keep satisfied" groups, it is obvious that universities should prioritize their satisfaction. To enhance current students' educational experiences, the university should establish additional learning facilities and host an annual event such as a graduation ceremony that includes their parents, allowing them to participate in their children's education and growth. This type of engagement with stakeholders may result in them spreading favourable word of mouth about the university.

	Keep satisfied - Current university students who have been enrolled for several years	Key stakeholders - The parents of students currently attending university
Power ↑	Minimum effort - Families and students who have chosen against attending university	Keep informed - Parents and students who haven't yet made up their minds about where they want to continue their education
	Interest ➡	

Figure 1. Power Interest Matrix for students and parents wishing to enrol in university

3. Corporate Reputation

As previously stated, in order to develop a positive reputation, an organization must be able to manage delicate relationships with stakeholders and the feedback generated by those relationships. This long-term engagement between an organization and its stakeholders may result in improved performance, thereby laying the groundwork for mutual trust [7]. This is critical because mutual trust among stakeholders has the potential to immediately contribute to a company's reputation development. This enables the company to protect its market dominance and existing stakeholders through the use of its stellar reputation [8].

3.1. Mutual Trust

According to respondent C, the value of mutual trust cannot be overstated; however, establishing it is difficult. It only takes one blunder for stakeholders to lose confidence in the process. Indeed, he believes that this has occurred frequently in the industry. Trust in corporate reputation, on the other hand, is a very "narrow" improvement in the public relations sector. This is because trust in public relations is a "double-edged" sword, as even minor flaws in goods, services, or decisions can have a significant impact on the corporate reputation, and regaining stakeholder confidence is a lengthy process. As a result, to avoid stakeholders losing trust, the organization or public relations professionals should actively seek feedback from stakeholders about their interactions with the company in order to redesign corporate reputation strategies that are more effective at establishing trust with stakeholders. Additionally, public relations professionals can gather information by actively monitoring the environment for information about issues that may affect the relevant stakeholder groups [9].

Respondents C gave an example and stated that *"It is likely that you will receive a large number of messages from MKN with the most recent information about Covid-19 if you are a resident of Malaysia. I doubt if this communication method would be able to reach a significant number of people, particularly Malaysian youths"*

Mutual trust is also related to the communication channel employed by the company with its stakeholders. To achieve a quick development in corporate reputation, investing in **one** successful communication channel is far preferable to spending money on a large number of

unproductive and pointless communication media. However, if you have a wide range of stakeholders, it's best to invest in Multiple platforms.

3.2. Internal stakeholders and reputation

According to respondents A and D, their organizations invest significantly more in the well-being of their internal stakeholders, particularly management and employees. Numerous businesses devote an inordinate amount of resources to marketing activities such as branding and advertising, which results in the majority of them neglecting their internal stakeholders. Businesses wishing to maintain or improve their business reputation should be concerned about this occurrence.

While a company's reputation is unquestionably critical to its success, its workers or employees are critical to maintaining and improving it. It also makes no difference what position the employees hold within the corporation; any errors or illegal acts committed by them will have a negative impact on the business, even if the behaviours are unrelated to the corporation and occur outside of the workplace [10]. It simply demonstrated that, while spending significant resources on marketing and advertising would undoubtedly garner attention from external stakeholders, assisting the corporation in remaining competitive, internal stakeholders, particularly employees, have the final say in preserving a solid corporate reputation.

As a result, organizations must focus their efforts on internal stakeholders in order to ensure their well-being. When employees feel more informed and appreciated, and their physiological, physical, and financial needs are met, they are more likely to work in ways that benefit, or at the very least do not harm, the company's reputation [11].

4. Conclusion

As a public relations professional, it was fascinating to see how different approaches could be used for audiences with varying levels of interest. Additionally, the interviewees contributed to the expression of their thoughts and ideas. In this COVID-19 epidemic environment, it was safer and more convenient for me to connect with the interviewers via Google Meet. We had a productive discussion about this issue via Google Meet. In conclusion, it is not sufficient for a company's reputation to be defined solely by its words and deeds; it must also be defined by its involvement in the activities of its stakeholders, which fosters trust and confidence and enables both the company and its stakeholders to make more informed strategic decisions.

Competing Interest

The authors declare no financial or non-financial competing interests.

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