

The Contribution of Corporate Governance to Improving the Reputation of Organizations - Comparative Research in Telecommunication Companies

¹ Farah Q. Mohammed; ² Prof. Dr. Sadoon Al-Rebiawi

Abstract

This research sought to identify the extent to which corporate governance contributes to improving the reputation of the organization by using the method of comparison between the communications companies in the private sector represented by the Scope Sky Company and the public (government) company represented by the General Company for Communications and Informatics. In particular. The research problem lies in the lack of awareness of public sector administrations of the concept of corporate governance and the challenges they face in competing with private sector goods and services. The importance of the research is that it contributes to assisting the management of organizations in applying corporate governance by applying the principles of fairness and transparency and fighting financial and administrative corruption. Research to clarify how to build a good reputation of the organization. The aim of this research is to know the reality of applying corporate governance in the public and private sectors. The research found that corporate governance contributes and improves the reputation of organizations.

Keywords: corporate governance, organizational reputation, comparative research, telecom companies

Introduction

Over the past 15 years; corporate governance has become one of the most substantive issues in business; financial and scientific research; as corporate governance is the system through which business organizations are guided and controlled; as the corporate governance structure sets out the rules and procedures for making decisions about organizations; and by doing so they also provide the structure through which the organization's objectives are defined.

The need for corporate governance arrangements for any organization is important to improve the reputation of the organization; as research and studies confirm that the organization's reputation is a strategic asset of great value; and this research has shown that good reputation is a great help to organizations in their pursuit of outstanding performance and sustainability; as the same principle applies to government services provided by government ministries and organizations.

Research Methodology

1. The Problem of Research

The research problem represented by the following questions:

A. What is the extent of corporate governance applied in The General Telecommunications and Informatics Company and Scope Sky Company?

B. Does The General Communications and Informatics Company and Scope Sky Company have a good reputation ?

^{1,2} College of Administration and Economics, University of Baghdad, Iraq.

C. How well does corporate governance contribute to improving the reputation of The General Telecommunications and Informatics Company and The Scope Sky Company with good reputation.

2. Research Hypotheses

- The first main hypothesis: there is a statistically significant correlation between corporate governance and the organization's reputation for The General Telecommunications and Informatics Company and The Scope Sky Company.
- The second main hypothesis: There is a statistically significant impact relationship for corporate governance in the organization's reputation of The General Telecommunications and Informatics Company and The Scope Sky Company.

3. The Research Sample

The research sample consisted of a group of employees in the two companies ; the General Company for Communication and Informatics and Scope Sky Company ; which numbered (198) by (108) in the General Company for Communications and Informatics and (90) in the Scope Sky Company.

The researcher adopted the questionnaire as the main source of access to data related to the practical aspect, as it is a key tool suitable for obtaining data and facts within the limits of current research.

Some Studies and Prior Cognitive Efforts

This research is specialized in presenting some previous studies, research and knowledge efforts of researchers that address the topics of corporate governance and the reputation of the organization to benefit from their efforts, and to find out the points of agreement and difference between this research and previous research.

The study (**Ljubojević&Ljubojević, 2008**) aimed to show that corporate governance design works to improve a company's reputation and test the perceived relationship between corporate governance and corporate reputation.

The study (**Vitezić, 2011**) aimed to analyze the importance of the characteristics of the proposed companies according to the perspective of the company and the customer and to explore the relationship between corporate reputation and social responsibility (CSR) in selected large Croatian companies.

The study (**Bravo et al., 2015**) aimed to test the relationship between the characteristics of the board of directors and the reputation of the company.

The purpose of the study (**Matuleviciene & Stravinskiene, 2015**) was to demonstrate the importance of stakeholders to corporate reputations of companies.

The study (**Chege, 2015**) aimed to study the impact of corporate governance on the quality of service provided by the Ruiru provincial sub-government and providing the basis for the formation, configuration and development of management and governance policies to provide consistent and flexible quality-based services.

The study (**Kumaran&Thenmozhi, 2016**) aimed to demonstrate the impact of corporate governance on the company's reputation and to test the relationship between corporate governance and the reputation of the company.

The study (**Sipos & Ionescu, 2017**) aimed to determine the potential impact of corporate governance on corporate innovation activities and explain the relationship between corporate governance and corporate innovation activity in emerging countries.

Theoretical Framework

The Concept of Corporate Governance

The concept of governance comes from the Greek word Kybernan, which means experimentation or directing, and (Oxford Online Dictionaries, 2011) describes governance as 'the act or method of governing a state or organization. That may define the traditional use of governance as synonymous with government, and to clarify the distinction between the two concepts, explain (Stoker, 1998) that 'the term government refers to the formal institutions of the state and its monopoly on legitimate

coercive power while governance refers to a complex set of organizations and actors derived from the Government but also outside it' (Boadu, 2013).

Cadbury Code (1992) introduced a definition of corporate governance, defining it as 'the system by which business organizations are directed and controlled, but Margaret Blair has a broader view of corporate governance and indicates that it is' a whole set of legal, cultural and institutional arrangements that define what Publicly traded companies can do it and who controls it, how they exercise this control, and how risks and returns are allocated from the activities they undertake '(Sun et al., 2011).

While the Organisation for Economic Co-operation and Development (OECD) defined corporate governance in 2015 as 'not an end in itself, but rather a means of creating market confidence and business integrity, this in turn is essential for organizations that need access to equity capital for long-term investment' (Aluchna & Idowu, 2017).

Corporate governance has also been known as 'a means of the organization's own policies and as such is a means of managing the organization as a sovereign State that channels its customs, policies and laws to its employees from the highest to the lowest levels' (Sarah, 2017).

The Concept of the Reputation of the Organization

The term 'organization reputation' is a relatively new term, it has grown in marketing sources over the past four decades, but only in the past ten years in the public relations literature, there is much discussion regarding the term, this term has been used frequently in scientific sources without Specific criteria, and confusion occurs when the term is used interchangeably with the image of the organization, and the term 'organization reputation' has been used to refer to perception, attitude and traits, evaluation and appreciation, credibility and impression, liking and appreciation (De Carvalho, 2005).

(Fombrun, 1996) defined an organization's reputation as 'a perceptual representation of the organization's past actions and future expectations that describe the organization's overall attractiveness for all its major components when compared to other leading competitors' (Mikola, 2016).

'The organization's reputation is a comprehensive assessment of the organization's stakeholders over time and this assessment is based on the immediate experiences of stakeholders with the organization, and any other form of communication and symbolism that provides information about the organization's actions and/or comparison with the actions of other major competitors' (Tafesse, 2012).

(Cornelissen, 2014) defined the organization's reputation as 'the overall evaluation of the organization (as opposed to its nearest competitors), leading to favouritism and preference" (Kero, 2018).

(Schreiber, 2011) emphasized that there are two reputational perspectives: the organization's perspective and the stakeholder perspective, from the organization's perspective, 'reputation is an intangible asset that allows the organization to better manage the expectations and needs of various stakeholders, creating differentiation and barriers for its competitors', but from the stakeholder's perspective 'reputation is the intellectual, emotional and behavioral response to whether the organization's communications and actions are appropriate to their needs and interests' (Bass, 2018).

Test Research Hypotheses

1- The correlation relationship between corporate governance and the reputation of organizations

Table (1) The relationship of corporate governance correlation with the organization's reputation in the General Company for Communications and Informatics and Scope Sky Company

The reputation of the organization	The reputation of the organization
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Corporate governance	The General Company for Communications and Informatics	Scope Sky co.
governance Corporate	**0.715	**0.431

(**) Correlation with statistical significance at (0.01)

Correlation with statistical significance at (0.05) (*)

The relationship between corporate governance and the reputation of organizations in the General Company for Communications and Informatics; that, Table (1) shows there is a positive correlation relationship with strong statistical significance; between the independent variable (corporate governance); and the dependent variable (organization reputation) in the General Company for Communications and Informatics; and that the correlation relationship between them amounted to (0.715 **) and (sig.) It reached (0.000), i.e. with a significant level of (0.01) and (0.05), and this expresses the existence of a statistically significant relationship and a function that strongly explains the relationship between them, which indicates the acceptance of the first hypothesis and the existence of a statistically significant correlation for corporate governance in improving the reputation of the organization.

While the relationship between corporate governance and the reputation of organizations in the Scope Sky Company was a positive correlation with a rather weak statistical significance between the independent variable (corporate governance) and the dependent variable (organization reputation) , and that the correlation relationship between them amounted to (0.431 **) and (sig). It reached (0.000), that is, with a significant level of (0.01) and (0.05), which indicates a relationship of medium and somewhat weak statistically significant correlation between corporate governance and the reputation of the organization in Scope Sky Company.

2- The impact relationship between corporate governance and the organizations reputation

Table (2) Relationship to the impact of corporate governance with the organization's reputation in The General Telecommunications and Informatics Company and Scope Sky

The reputation of the organization Corporate governance	The reputation of the organization			
	The General Company for Communications and Informatics		Scope Sky co.	
governance Corporate	0.715	0.511	0.186	0.431
	110.829	indication	20.116	indication

The impact relationship between corporate governance and the organizations reputation in the Public Company for Communications and Informatics; that, Table (2) shows the effect between the independent variable (corporate governance) and the dependent variable (the reputation of the organization), and it became clear that there is a significant effect, as the value of (sig.) Reached (0.000), that is, at a significant level (0.01) and (0.05), also, the calculated value of (F) of (110.829) is greater than the tabular (F) of (1.96), which confirms the significance of the impact test, and this result supports the second main research hypothesis.

While the impact relationship between corporate governance and the reputation of organizations in the Scope Sky company was between the independent variable (corporate governance) and the dependent variable (organization reputation), and it became clear that there was a significant effect, as the value of (sig.) Reached (0.000), that is, at a significant level (0.01), and (0.05), as the calculated value of (F) reached (20.116), which is greater than the tabular

value of (F) of (1.96) at a level of significance (0.05), meaning that corporate governance has an effective and influential effect on the organization's reputation in the Scope Sky Company.

Conclusions

In this study, we review a presentation of the most prominent conclusions of the research:

1- Through the answers of the main variable, it was found that The General Company for Communications and Informatics and Scope Sky company are committed to the application of corporate governance, and this confirms that there is a serious interest on the part of the two companies to adhere to the standards of the Board of Directors, mechanisms, principles and evaluation of corporate governance, but Scope Sky company tends more to apply and commit.

2. With regard to the reputation of the organization, it has emerged that the two companies are interested in this variable, but Scope Sky is more interested than The General Company for Telecommunications and Informatics with the reputation of the organization, because it is a modern company and is trying to increase its market share.

3- It was found that corporate governance contributes and improves the reputation of organizations, as it turns out that corporate governance and the reputation of the organization are positively linked in the general company for communications and informatics, forcing the general Telecommunications Company to create a favorable climate to enhance reputation through corporate governance, while Scope Sky found that corporate governance and reputation are linked to them on a medium basis, forcing Scope Sky to effectively use corporate governance to improve the reputation of the organization.

4- It turns out that there is an impact on corporate governance in improving the reputation of organizations, as it has emerged that The General Company for Communications and Informatics, has a higher impact than The Scope Sky Company, as the company's management does not directly affect the quality of service provided, and does not have innovative services and a strong brand in the competition market.

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