

LEAN DISTRIBUTION AND CORPORATE REPUTATION: EVIDENCE IN EXTANT LITERATURE

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Abstract

This treatise explored the concept of lean distribution and its relevance to corporate reputation. Following a comprehensive literature review, it was revealed that lean distribution impact customer satisfaction and corporate social responsibility, hence, corporate reputation. The review also revealed that corporate social responsibility initiatives enhance corporate reputation by demonstrating a commitment to sustainable business practices and community engagement. Based on these insights from literature, the discourse concluded that lean distribution is essential to corporate reputation building and management. Recommendations were those made based on our conclusion, with emphasis on adoption of lean distribution, and prioritization of customer satisfaction and corporate social responsibility. This paper contributes to existing body of knowledge by providing insights into potentials of lean distribution to enhance corporate reputation.

Keywords: Corporate reputation, corporate social responsibility, customer satisfaction, lean distribution

Introduction

Firms in today's dynamic and fiercely competitive landscape continually seek innovative ways to enhance efficiency and improve their corporate reputation. One salient approach firms are increasing taking is lean distribution. Adopting lean principles in distribution enable firms streamline operations, optimize resource allocation, deliver value to stakeholders and uphold positive reputation (Trotta & Cavallaro, 2012).

Adelopo and Sagagi (2019) highlights that lean practices positively impact customer perception. Notably, implementation of lean techniques foster a culture of excellence and empower employees to deliver superior service (Oke & Oyewunmi, 2021). Implementation of lean distribution aligns with the ethos of corporate social responsibility (CSR) by reducing environmental impact and promoting sustainable practices.

The aim of this treatise was to clarify the concept of lean distribution and its impact on corporate reputation of companies. Thus, the discourse delved into the concept of lean distribution and explored its impact on corporate reputation. Fig. 1 provides the conceptual framework that guided the treatise.

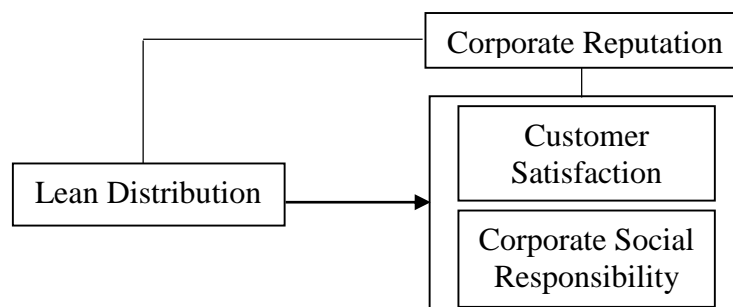


Fig. 1: Conceptual framework of Lean distribution and corporate reputation.

Stakeholder Theory

Stakeholder theory (Freeman, 1984) provides the theoretical basis for this study. Stakeholder theory is a fundamental framework in organizational studies that emphasize the importance of prioritizing the interests of various stakeholders in business decision-making processes (Freeman, 1984). It suggests that organizations should not focus only on maximizing shareholder wealth but should also consider the expectations of other stakeholders (employees, customers, suppliers, communities, and investors).

A stakeholder approach recognizes stakeholders as essential contributors to business success (Freeman, 1984). Stakeholders have legitimate interests in the operations and outcomes of a company, and their concerns must be integrated into strategic decision-making processes (Freeman, 1984).

Thus, stakeholder theory challenge the notion of shareholder primacy, and advocates for a broader perspective that encompasses the interests of all stakeholders affected by business activities. Other scholars including Elkington (1997) and Donaldson and Preston (1995), have contributed to the development and refinement of stakeholder theory, and have offered nuanced perspectives on stakeholder engagement and management.

In emerging markets like Nigeria, companies navigate relationships with regulators, local communities, environmental groups, shareholders, and other stakeholders while addressing issues of resource extraction, environmental impact, and community development. Stakeholder theory inform corporate governance practices and stakeholder engagement strategies in this contexts.

The adoption of stakeholder theory underscores the importance of transparency, accountability, and responsible management practices. By considering the interests of diverse stakeholders, companies build trust, mitigate risks and enhance corporate reputation. In this study of lean distribution and corporate reputation, stakeholder theory provides a comprehensive framework for understanding how a firm's decisions and actions with respect to lean distribution influence stakeholders' perception of a the firm.

Concept of Lean Distribution

Lean distribution, also known as lean logistics has evolved over time with varying definitions, reflecting different aspects of scholars. Fernie and Sparks (2009) describe lean distribution as the systematic elimination of waste from the distribution process, aiming to streamline operations, reduce costs, and improve overall efficiency. This definition emphasizes the core principles of lean, such as eliminating non-value-adding activities and optimizing resource utilization within the distribution system.

In the view of Narasimhan and Talluri (2009), lean distribution strategies is “a set of principles and practices focused on minimizing inventory, reducing lead time, and improving distribution network flows. This definition highlights the emphasis on flow efficiency and responsiveness to customer demand as key components of lean distribution.

In essence, lean distribution apply lean principles to all aspects of distribution management, including warehousing, transportation and order fulfillment; with a view to achieving operational excellence and customer satisfaction (Bertolini et al., 2014). It thus aligns with lean thinking in the distribution processes, and leverages value stream mapping, and virtual management to achieve flow efficiency (Sarkar & Mohapatra, 2021; Tommelein et al., 2020).

Lean distribution encompass a set of principles and practices aimed at optimizing distribution processes to improve efficiency and enhance customer satisfaction. Scholars have explored this concept from different perspectives, highlighting traditional approaches and contemporary trends. In the traditional sense, lean distribution is traceable to principles of lean manufacturing. According to Womack and Jones (2003), lean is about creating more value for customers with fewer resources, focusing on continuous improvement, waste reduction, and efficient flow of materials and information.

In recent years, scholars have expanded the scope of lean distribution to incorporate digital technologies and advanced analytics. Christopher and Peck (2004) argue that lean distribution should embrace digitalization to enhance visibility, agility and responsiveness. This view underscore the integration of Industry 4.0 technologies such as IoT, AI, and blockchain to optimize distribution processes and adapt to dynamic market conditions (Bertolini et al., 2014).

Despite its benefits, implementing lean distribution strategies comes with challenges, especially in complex industries. Amaeshi et al. (2006) identify challenges such as cultural resistance, inadequate infrastructure, and regulatory constraints that hinder the adoption of lean distribution. Overcoming these challenges requires organizational commitment, leadership support, and tailored solutions adapted to the local contexts (Oke & Oyewunmi, 2021). Solutions to these challenges often involve comprehensive training and development programs to build lean capabilities among employees (Sarkis et al., 2010).

Corporate Reputation

Fombrun and Van Riel (2004) suggests that corporate reputation is the overall estimation of a company held by its internal and external stakeholders based on their perceptions and experiences. This view underscores reputation as a form of relationship capital that influences stakeholder interactions and organizational outcomes. Corporate reputation is also the level of trust and positive regard, stakeholders have of a company (Rindova et al., 2005). This view emphasize emotional and cognitive aspects of reputation, reflecting stakeholders' confidence in a company's integrity and competence (Balmer, 2008).

Dowling (2001) highlight the role of corporate communication in reputation management, framing reputation as the overall impression held by stakeholders about a firm, shaped by its communication efforts and behaviours. This perspective underscores the proactive role of firms in shaping and maintaining their reputation through strategic communication.

Corporate reputation has evolved in recent years with the proliferation of digital media and heightened stakeholder expectations. Thus, Gardberg and Fombrun (2006) aver that corporate reputation is increasingly seen as a dynamic and complex construct influenced by stakeholder interactions, social media engagement, and corporate responsibility initiatives. This implies that reputation management in the digital age must be anchored on active engagement and interactions with stakeholders; and must be built on ethical behaviour, corporate social responsibility (CSR), transparency, and commitment to social and environmental responsibility (Barnett et al., 2006).

Despite its significance, managing corporate reputation poses several challenges. Companies often face reputational risks related to environmental impact, community relations and regulatory compliance (Amaeshi et al., 2006). To address these challenges, scholars advocate proactive reputation management tailored. Balmer (2008) emphasizes the importance of stakeholder engagement, crisis preparedness, and transparent communication in safeguarding corporate reputation.

Corporate reputation is a dynamic and multifaceted concept influenced by companies' behaviour, stakeholder perceptions and external factors. Thus, reputation management requires strategic alignment with sustainable practices, ethical conduct, and effective communication to navigate challenges and capitalize on emerging trends in a rapidly evolving business landscape. Thus, this discourse adopted customer satisfaction and CSR to represent corporate reputation.

Customer Satisfaction

Anderson and Sullivan (1993) define customer satisfaction as customers' fulfillment response, encompassing feelings of pleasure or disappointment resulting from comparing a product's perceived performance in relation to expectations. Building on previous models, Zeithaml et al. (1996) propose a multi-dimensional view of customer satisfaction, encompassing product quality, price fairness, and corporate image (Zeithaml et al., 1996). This comprehensive framework recognizes different aspects that contribute to satisfaction.

Homburg et al. (2005) on their part define customer satisfaction as customers' subjective response to the perceived performance of a product, and which influences their behavioral intentions. This definition emphasizes the link between satisfaction, emotions, and loyalty behaviors. Hence, customer satisfaction is a complex and dynamic construct influenced by pre-purchase expectations, post-purchase experience, relational interactions, perceived value, and emotional responses (Anderson & Sullivan, 1993; Oliver, 1980).

Corporate Social Responsibility

CSR is a strategic approach that integrates social, environmental, and economic considerations into business operations (Carroll, 1991); and is described as policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates (Porter & Kramer, 2011). In the view of Matten and Moon (2008), CSR is a by a business to contribute to sustainable economic development, working with employees, their families, the local community, and society at large to improve their quality of life.

In sum, CSR encompass ethical obligations to stakeholder engagement and sustainable development. It encompasses economic, legal, ethical, and philanthropic responsibilities; even as recent trends in CSR emphasize stakeholder engagement, sustainability initiatives, and corporate governance practices (Matten & Moon, 2008). Firms adopt responsible business practices that create shared value for stakeholders by implementing CSR initiatives, including environmental impact, community relations, regulatory compliance, and transparency (Ite, 2010; Amaeshi et al., 2006).

Investing in renewable energy projects, promoting local content development, and supporting education and healthcare, stakeholder engagement, capacity building, and collaboration with local communities are key CSR initiatives undertaken by companies to shape corporate reputation (Amaeshi et al., 2006). Positive CSR practices contribute to enhanced brand image, trust, and legitimacy (Doh & Guay, 2006).

Lean Distribution and Corporate Reputation

Vig et al. (2017) examined impact of reputation on corporate financial performance in Croatia; and observed that reputation loss is a major risk for business executives. They aver that reputation accounts for over 25 per cent of a company's market value and total market capitalization of S&P500 companies. This report emphasizes the importance of reputation risk within corporate business strategy, and provide motivation for firms to prioritize reputation management.

Abushaikh et al. (2018) examined the relationships among warehouse waste reduction, warehouse operational performance, distribution performance, and business performance. The results obtained from the study indicated a positive relationship between warehouse waste reduction and warehouse operational and distribution performance. Although no direct relationship was found between warehouse waste reduction and business performance, mediation analysis revealed that warehouse operation and distribution performance mediated this relationship.

Ariadi et al. (2021) examined impact of lean and agile supply chain strategies on financial performance, with strategic supplier integration and strategic customer integration serving as mediating variables in the bottled drinking-water industry in Indonesia. The study contribute to existing literature on lean and agile supply chain strategies by explaining how strategic supplier integration and strategic customer integration positively influence the relationship between lean/agile supply chain strategies and financial performance.

Dwiedienawati et al. (2021) confirmed the influence of transformational leadership style, communication quality, and crisis team effectiveness on organizational reputation. The study revealed that transformational leadership, crisis management team effectiveness, communication quality, and frugal innovation type positively impacted crisis management effectiveness, ultimately influencing corporate reputation.

Sarfraz et al. (2022) investigated the impact of CSR perceptions on customer loyalty in the banking sector. The findings of the study revealed a positive relationship between CSR and customer loyalty. The study identified that customer satisfaction, corporate image, and service quality play crucial roles in shaping customer-business relationship.

Nguyen and Duong (2022) investigated the application of lean manufacturing in Vietnam's manufacturing enterprises to enhance productivity, quality, cost efficiency, and delivery performance. The study focused on systematically eliminating waste and non-value-added activities from production processes. This research underscore the significance of lean initiatives to organizational performance.

Ayough et al. (2022) developed a distribution management system aimed at achieving lean distribution through teamwork in one of the largest distribution companies in the Middle East. The results highlighted the importance of strategic focus on leadership and integral architecture of information, distribution, and transportation channels for achieving a competitive position. The study showcased the novel approach of integrating lean distribution principles with operational initiatives, emphasizing the significance of lean strategies in enhancing strategic alignment and achieving maximum order winners.

Alzoubi et al. (2023) assessed the impact of lean and agile operational strategies on improving order winners in the food service industry in the UAE. Results indicated a significant direct impact of lean strategies on order winners, with agile strategies also positively impacting order winners. Both lean and agile strategies significantly influenced order winners, highlighting their importance in enhancing strategic alignment and achieving maximum benefits in the food service industry.

Agyabeng-Mensah et al. (2023) investigated influence of supply chain knowledge, non-supply chain learning, and corporate reputation on green innovation. The findings indicated that supply chain knowledge positively relates to non-supply chain learning, corporate reputation, and green innovation. Additionally, corporate reputation was found to have a positive impact on green innovation and acted as a partial mediator between supply chain knowledge and green innovation.

Summary, Conclusion and Recommendations

This discourse focused on exploring the concept of lean distribution and figuring out its relevance to corporate reputation. The methodology adopted in the discourse is systematic literature review. The review spanned studies that explored lean distribution and other lean practices, and how they affect corporate reputation and other organizational outcomes. The review revealed that scholars use corporate reputation as both a treatment variable and as an outcome variable.

On the concept of lean distribution, the review revealed that while studies on lean practices abound, those specifically touching on lean distribution are few, and none of them related lean distribution to corporate reputation. Ariadi et al. (2021) investigated how lean and agile supply chain strategies influence financial performance.

Agyabeng-Mensah et al. (2023) focused on impact of supply chain knowledge and non-supply chain learning on green innovation and corporate reputation. Sarjiman et al. (2023) examined issues related to subsidy distribution and lean management adoption in Malaysia's agricultural sector. Alshurideh et al. (2023) studied the effects of lean and agile operational strategies on order winners within the UAE food service industry.

These studies underscore the importance of lean practices to corporate reputation, supply chain knowledge, innovation, leadership, crisis management, CSR, in shaping organizational outcomes across different contexts. It is evident that organizations need to prioritize reputation management, supply chain knowledge enhancement, innovation adoption, effective leadership, crisis preparedness, CSR initiatives, and operational strategies like Lean to achieve sustainable business success and competitiveness.

The literature review also showed that lean distribution has the potential to influence customer satisfaction and CSR, hence, corporate reputation. Through timely delivery and superior service, companies enhance overall customer experience. Satisfied customers engage in repeat purchase, recommend the company to others, and maintain long-term relationships with the brand, thereby bolstering the company's reputation in the marketplace.

In conclusion, the comprehensive literature review on lean distribution and corporate reputation underscores the intricate interplay between customer satisfaction and CSR. Evidence in literature attests that implementing lean distribution brings about significant improvements in operational efficiency, service delivery, and overall customer experience. Literature highlight the positive impact of lean distribution on customer satisfaction. By prioritizing customer value and delivering products of superior quality, companies can foster stronger relationships with customers, secure their loyalty, and repeat purchases.

Consequently, the following recommendations are made:

- i. Companies should prioritize the adoption of lean principles in their distribution operations.
- ii. Companies should embed CSR initiatives into distribution activities to enhance corporate reputation; and also engage in sustainable business practices, support local communities, and demonstrate a commitment to environmental stewardship.
- iii. Researchers should conduct empirical studies to validate the relationship between lean distribution and corporate reputation in different industries and in different economies.

By implementing these recommendations, companies can enhance their reputation, and achieve sustainable growth and success in the competitive marketplace.

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