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## **Stakeholder Management Practices and Customer Satisfaction in the Public Sector in Rwanda: A Case of Rwanda Water and Sanitation Corporation**

**Donator Nderitu Muthoni & Dr. Nkechi Eugenia Irechukwu**

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# Stakeholder Management Practices and Customer Satisfaction in the Public Sector in Rwanda: A Case of Rwanda Water and Sanitation Corporation

<sup>1</sup>Donator Nderitu Muthoni & <sup>2</sup>Dr. Nkechi Eugenia Irechukwu

<sup>1</sup>Student, Mount Kenya University

<sup>2</sup>Research Coordinator, Mount Kenya University

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## Abstract

Stakeholder management plays an important role in organizational management. The study examined the influence of stakeholder management practices on customer satisfaction in the public sector in Rwanda. The specific objectives included to establish the influence of stakeholder mapping on customer satisfaction, to examine the influence of defensive stakeholder management practice on customer satisfaction and lastly to ascertain the influence of offensive stakeholder management practice on customer satisfaction in public sector in Rwanda case of WASAC. This study employed a case study and descriptive research design to explore issues of stakeholder management and how it influences customer satisfaction. The population size was 172,184 people constituting of external customers and internal customers of WASAC mainly employees, heads of directorates and board of Directors. A sample size of 399 respondents was computed using Yamane's formula though 324 respondents are the ones who returned questionnaires. The sampling technique used in identifying respondents was stratified, purposive and simple random sampling. Data was collected through interviews and structured questionnaires and analysed using IBM SPSS Version 22. The data was presented in tables. Descriptive statistics findings did indicate 55%-100% of respondents in support of implementation of stakeholder mapping and defensive stakeholder management practices at WASAC. However, 20% and below supported the implementation of offensive stakeholder management practice at WASAC. Pearson correlation coefficient was found to be 0.560, 0.685 and -0.620 for stakeholder mapping, defensive stakeholder management practice and offensive stakeholder management practice respectively. Additionally, beta coefficients were 0.132, 0.235 and -0.211 with corresponding p values of 0.038, 0.001 and 0.024. The study therefore concluded that stakeholder mapping and defensive stakeholder management practices positively and significantly influence customer satisfaction while offensive stakeholder management practice negatively and significantly influence customer satisfaction. The study recommended managers of WASAC to conduct stakeholder analysis to identify all stakeholders, their characteristics and how they relate with the

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company, companies to adopt transparency and fairness in decision making process involving selection and recruitment, and lastly democracy and inclusivity should be practiced by companies and avoid any form of corrupt deals and practices for better performance and customer satisfaction.

**Keywords:** *Stakeholder management practices, customer satisfaction, public sector, stakeholder mapping, defensive stakeholder management, offensive stakeholder management*

## 1. Introduction

Public sector is regarded as critical sector in any country globally. The sector is responsible for provision of essential public goods and services. To speed up the rate of industrialization and economic growth, countries all over the world created the public sector corporations which are organizations which are owned and financed by the government and provide essential goods and services to the public which cannot be efficiently provided by the private sector (Atandi & Wanyonyi, 2016). Some of the notable factors that limits the private sector from providing these essential services are the need to achieve equity in resource provision, pricing, high capital requirement among others. Therefore, since the private sector is profit motivated, the need to introduce the public sector through corporations where the public is able to access the essential services and goods without bias is necessary across all countries all over the world (Atandi & Wanyonyi, 2016).

Customer satisfaction is critical for organizations both in the private and public sector corporations. According to Hudleston, Whipple, Mattick and Lee (2013), customer satisfaction is a marketing term that measures the extent to which company's products and services meet or exceed the customer specifications and demands. One of the determinants of customer satisfaction is the stakeholder management. Companies need to map their key stakeholders and the role they play towards the success of the organization in the public sector. Stakeholder management has become a concern in most countries globally who aims to streamline their public sector and improve performance through customer growth. Stakeholders can be both internal and external and both are critical towards the success and competitiveness of the companies and corporations. (Dohnalova & Zimola, 2014).

In East Africa, the performance of public sector corporations is gaining momentum and countries within EAC are restructuring their public sector to improve service delivery to the citizens. These institutions are undergoing several transformations right from technological, human resource among others stakeholder management not left behind (Kinyua *et al*, 2016). All these efforts are aimed at improving the performance of the public sector whose key stakeholder are the customers and do away with the historical belief that the service delivery in the public sector is poor as reported in Tanzania (Luvanda & Lee, 2016). Several reforms in the public sectors such as health, education, road infrastructure among others are becoming increasingly eminent within the EAC countries in a bid to enhance performance and customer satisfaction through better service delivery. Identification of key stakeholders and adoption of stakeholder management strategies is key towards achieving success in public sectors.

The public sector corporations in Rwanda are one of the booming sectors that are contributing immensely to the nation's development agenda. This sector provides essential services, generates revenue and provides employment to many people in the country. One such important organization is the Rwanda Water and Sanitation Corporation (WASAC), which distributes water in the country (WASAC, 2022).

Successful running of public sector corporations in Rwanda is dependent on how the different stakeholders are engaged and how the variant interests of the stakeholders are met while delivering on organizational goals. The proposed research looks into the stakeholder management practices in the public sector corporations in Rwanda. This is achieved through focusing on WASAC, which is one of the oldest public sector organizations in Rwanda. The research explores how management of various stakeholders in public sector corporations in Rwanda influences organizational outcomes. This study is driven by need to identify best stakeholder management practices, which public sector managers can adopt towards becoming more responsive to the needs and expectations of its key stakeholders.

### 1.1 Problem Statement

Reviewed literature shows that stakeholder management research is more pronounced in a project management setting thus bulk of research on stakeholder management has projects as its focus (Alvarez *et al.*, 2016). The unique attribute of projects is that they have a time scope, which distinguishes them from corporations, which are going concerns. Stakeholder management in corporations has to take a different dimension from stakeholder management in a purely project setting.

Public corporations are coupled with a myriad of challenges that leads to inefficiency in their operations hence affecting negatively their customers' satisfaction. For example, WASAC which is a public corporation in Rwanda in charge of water supply was reported to be undergoing financial challenges, water wastage, dry taps hence customers are not able to get water regularly, customers complaining of wrong billings and high cost of access to water and slow actions taken to address customers' grievances (Rwanda Today, 26<sup>th</sup> September, 2021). Indeed, it was reported that 41% of water supplied by WASAC goes to waste. All these challenges have a direct negative impact on customer satisfaction since the customers are not able to get better services expected.

For corporations to function optimally there is need for a strategic approach to stakeholder management that take into account the complex short term and long term variants in a multi-stakeholder setting (Freeman *et al.*, 2010). Thus, corporations have to do strategic stakeholder analysis, determine the stake of each stakeholder and engage in stakeholder management practices that support organizational objectives (Harrison *et al.*, 2019).

Rwanda, as a country, has been in the process of reengineering its public sector corporations. As an empowerment concern but also a moral concern, there is need to move towards greater stakeholder engagement so that the reality or input of stakeholder matter when it comes to operations of the organizations. Kariuki *et al.* (2018) pointed out the categories of stakeholder management practices as offensive and defensive. Whether offensive or defensive, the practices can further take the form of direct or indirect, negotiation or manipulation, accommodation or resistance, single approach or multi-faceted approach.

However, the study of Kariuki *et al.* (2018) did not focus on the stakeholder management practices in public sector in Rwandan Water and Sanitation Corporation. Therefore, there is need to explore the peculiarities of the public sector corporations in Rwanda towards suggesting practical stakeholder management practices that would ensure customer delight in terms of the effect of offensive, defensive and stakeholder mapping on Customer satisfaction in Water and Sanitation Corporation in Rwanda.

## 1.2 Objectives of the study

- i. To establish the influence of stakeholder mapping on customer satisfaction among public sector corporations in Rwanda.
- ii. To examine the influence of defensive stakeholder management practices on customer satisfaction among public sector corporations in Rwanda.
- iii. To ascertain the influence of offensive stakeholder management practices on customer satisfaction among public sector corporations in Rwanda.

## 1.3 Research hypothesis

- H0<sub>1</sub>: stakeholder mapping does not have significant influence on customer satisfaction among public sector corporations in Rwanda.
- H0<sub>2</sub>: defensive stakeholder management practices do not have significant influence on customer satisfaction among public sector corporations in Rwanda.
- H0<sub>3</sub>: offensive stakeholder management practices do not have significant influence on customer satisfaction among public sector corporations in Rwanda.

## 2. Literature Review

### 2.1 Stakeholder mapping and customer satisfaction

A study was conducted in Indonesia by Teddy (2013) to determine the influence of stakeholder analysis on customer loyalty using both quantitative and qualitative approach. The stakeholder analysis involved identification of all people who have interest in the company and their characteristics. The study did find that stakeholder analysis is very critical and contribute positively towards customer loyalty. The study recommended the need for companies to undertake stakeholder analysis approach to decision making in order to improve loyalty among customers.

Marthur, Austin and Price (2007) conducted a study in Pakistan on stakeholder mapping for urban sustainability. The study did indicate that stakeholder mapping is very important to achieve urban sustainability. The study identified those that are affected by the project, those affecting the project and others with interest on the project. The mapping and identification of stakeholders was achieved through snowballing technique, systematic and power interest techniques. These techniques were recommended to be useful in identifying stakeholders' hence successful engagement and sustainability of urban projects.

In Nigeria, Agwu (2019) conducted a study to assess the importance of stakeholder analysis on performance of organizations particularly those dealing with finance. The study adopted descriptive survey design with target population of financial sector players. The study findings did indicate that stakeholder analysis plays a critical positive role in the performance of financial organizations.

A study was conducted in Kenya by Kakumu (2016) to determine the role of stakeholder mapping on the successful implementation of land reforms. The study adopted survey design targeting various stakeholders in the ministry of land. Mapping of stakeholder characteristics and locations was one of the stakeholder analysis tools that was found very useful in achieving successful implementation of land reforms. The study did recommend the need to identify the stakeholders by mapping their characteristics as far as land reforms are concerned.

Kwizera (2017) in Rwanda conducted a study to determine customers' expectations after sale services and their satisfaction level. The study adopted a comparative study design targeting customers of MTN and TIGO communication companies. The study did find that most customers use TIGO instead of MTN because of their loyalty. The study did recommend the need to conduct customer mapping to identify their feelings, emotions and beliefs which will act as a motivation hence improving the customers base.

## 2.2 Defensive Stakeholder Management Practices and Customer Satisfaction

Lim, Lee and Ahn (2008) in Korean healthcare IT Industry did a case based reasoning approach to formulating strategies for stakeholder management in companies. Among the strategies that were formulated is the defensive strategy. The study reported the usefulness of stakeholder management strategies in propelling companies towards success. The study did recommend that companies should endeavour their stakeholder management strategies for better performance in their operations.

Kariuki *et al* (2018) conducted a study in Kenya to determine the influence of stakeholder management strategies on performance of smallholder tea firms in Kenya. The study adopted survey research design which provided both quantitative and qualitative data for analysis. The study looked at the role of defensive and swing management strategies for managing stakeholders. The findings indicated that defensive movement strategy has a positive significant influence on performance of smallholder tea firms hence it was recommended that the firms adopt defensive management strategies and enhance engagement to achieve performance improvement.

Šmakalova (2012) in Czech Republic conducted a study on generic stakeholder strategy in the area of marketing. The study adopted case study design. The study findings did reveal that most companies adopt defensive marketing strategy and this enhance their performance in decision making and profitability. The study further revealed that offering attention to clients is very important to a company since it will enable the company to avoid mistakes in decision making that may derail the achievement of its objectives.

A study was conducted by Kinyua *et al* (2016) to ascertain the influence of stakeholder management strategies on performance of deposit taking SACCOS in Kenya. The study adopted survey design with quantitative and qualitative research approaches. The target population was deposit taking SACCOS in Kenya. The study findings did indicate a positive significant relationship between defensive stakeholder management strategies and performance of deposit taking SACCOs. The study recommended the need for managers of DTS to incorporate appropriate stakeholder management strategies in their strategic plans and also practice corporate social responsibility.

Isike (2017) in Nigeria analysed stakeholder management as a core management function. The study adopted a survey design with a focus on business in Delta region of Nigeria. The study found that most business in Delta region take stakeholder engagement as add on function rather than core management function and this negatively affected their performance. The study did opine that during hostile crisis management, organization should adopt defensive stakeholder management strategy to successfully engage stakeholders and bring change. Defensive strategy of stakeholder was reported to be crucial in the engagement of stakeholders in organizations which ultimately leads to business success.

Mukamana & Kalimba (2022) conducted a study in Rwanda on influence of stakeholder participation on project performance. The study employed descriptive design. The findings did indicate that stakeholder participation in project identification, planning and monitoring and evaluation significantly and positively influences project performance in terms of stakeholder satisfaction improvement.

### **2.3 Offensive stakeholder management practices and customer satisfaction**

A study was conducted by Kinyua *et al* (2016) to ascertain the influence of stakeholder management strategies on performance of deposit taking SACCOS in Kenya. The study adopted survey design with quantitative and qualitative research approaches. The target population was deposit taking SACCOS in Kenya. The study findings did indicate a positive significant relationship between offensive stakeholder management strategies and performance of deposit taking SACCOs. The study recommended the need for managers of DTS to incorporate appropriate stakeholder management strategies in their strategic plans and also practice corporate social responsibility.

Murwanashyaka and Shukla (2015) conducted a study in Rwanda to determine the effect of stakeholder management practices on construction projects performance. The study adopted descriptive research design targeting workers and contractors of Kigali-Gatuna road rehabilitation project. The study found that stakeholders' management practices particularly contract, communication and conflict positively significantly affect project performance. The study did recommend that managers of the road projects need to practice prudent stakeholder management in order to enhance performance of the projects.

Indivisible resources and unequal levels of stakeholder saliency constrain managers' efforts to balance stakeholder interests. Resource divisibility also influence whether managers use a within-decision or an across-decision approach to balance stakeholder interests (Rausch, 2010).

Mishra and Suar (2010) did a research that examined whether strategy towards primary stakeholders and their salience influences corporate social responsibility towards the corresponding stakeholders. The research findings showed that the favorable strategy towards stakeholders increases the corresponding corporate social responsibility towards them. The salience of all stakeholder groups also enhances the corresponding corporate social responsibility (Mishra & Suar, 2010). When salience and strategy are considered, the salience of a particular stakeholder group suppresses the effect of strategy fully or partially on corporate social responsibility (Mishra & Suar, 2010). What this means is that corporate social responsibility is a function of how important or vital given stakeholders are considered to be. Therefore, corporate social responsibility contributes to the general stakeholder management strategy.

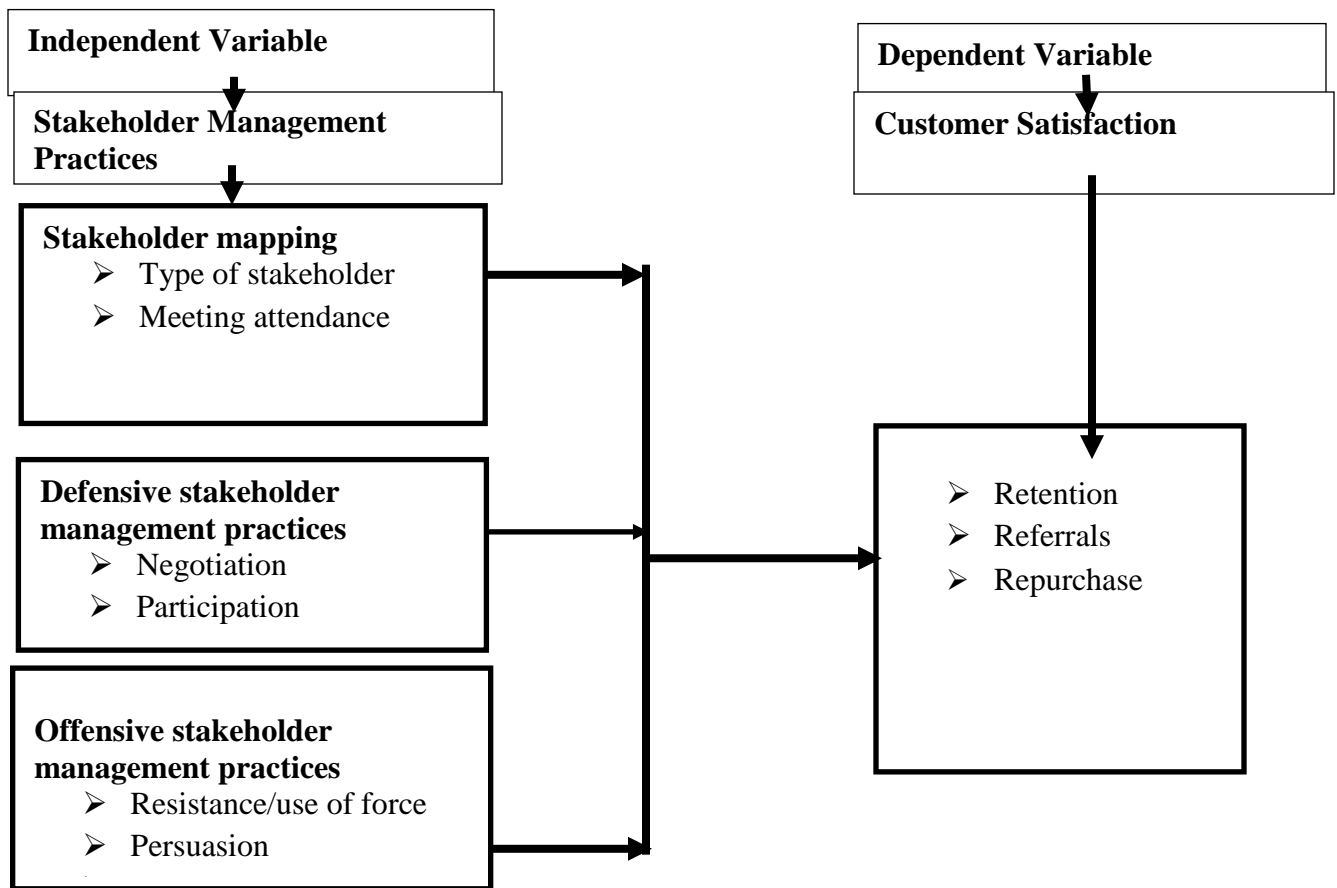
### **2.4 Critical Review and Research Gap Identification**

Stakeholder management is important for the success of an organization be it in public or private sector. The strategies of stakeholder management enables managers to come up with sound decisions and implement appropriate strategic plans that propels the organization to prosperity in terms of customer satisfaction. The literature analysed in the previous section supports the greater role that stakeholder management strategies play towards achieving customer satisfaction and organizational performance. Defensive and offensive strategies have been found to significantly influence customer satisfaction and organization success (Kinyua *et al.*, 2016). Additionally,

studies have also found that stakeholder mapping influence success of an organization or project as it promotes inclusivity and engagement within the organization translating to better performance (Marthur *et al*, 2007). However, despite the critical role that stakeholder management practices play in organizational success, studies are still very few and the ones that have analysed defensive and offensive stakeholder management and customer satisfaction in Rwanda are minimal according to researcher’s knowledge. This is crucial gap that the study seeks to explore.

Studies in Rwanda on stakeholder management have focused on project management and success while studies on customer satisfaction are scanty (Umamaheswari *et al*, 2022). Additionally, the need for stakeholder mapping is also not well explored in Rwanda despite being important element of stakeholder management and analysis. Studies that have analysed stakeholder management strategies in Rwanda have overlooked stakeholder mapping (Kwizera, 2017, Mukamana & Kalimba, 2022).

**2.5 Conceptual Framework**



Source: Researcher, 2023



### 3. Materials and Methods

The study adopted descriptive and case study designs. A case study involves an in-depth study of a selected case, which is representative of all other cases (Saunders *et al.*, 2011). In this study, Rwanda Water and Sanitation Corporation, was used as a case study to represent all public sector corporations in Rwanda. Descriptive study design aimed to describe the various stakeholder management practices employed in the public sector in Rwanda and the state of customer satisfaction in public sector was quantitatively and qualitatively analysed. Calculation of means, percentages and other descriptive statistics was done on quantitative data to determine distribution and relationships between variables. Correlation analysis and regression was relied upon to determine which stakeholder management practices influence customer satisfaction.

The population of the study consisted of customers of WASAC Kigali Rwanda, which is public corporation providing services of water supply. Considering customers, there are internal and external customers to a corporation. The external customers include 172,000 stakeholder connected to water supplied by WASAC (WASAC Annual Reports). The internal customers include 169 corporation employees that serve under six different directorates (development directorate, commercial directorate, finance directorate, support service directorate and the rural supply directorate), seven corporation managers constituting of heads of directorates and 8 board of directors. Hence, the total population size was 172,184 customers. A sample of 399 customers was attained using Slovincs formula. The study employed stratified, purposive and simple random sampling techniques to select the sample respondents.

**Table 1: Population and Sample Frame**

Population Category	Population Size	Sample Size
Corporation customers	172,000	215
Corporation employees	169	169
Corporation Management (CEO and heads of Directorates)	7	7
Board of Directors	8	8
<b>Total</b>	<b>172,184</b>	<b>399</b>

**Source: Researcher, 2022**

Primary data was collected using mixed questionnaires and secondary data was sourced from the records of WASAC. Validity and reliability of the instrument was ascertained before used for data collection. Data was analysed using IBM SPSS version 22 which involved computation of both descriptive and inferential statistics such as means, frequencies, percentages, person correlation coefficient and beta coefficients. The findings were presented in form of tables and graphs. The regression equation used to analyse the effects of stakeholder management practices and customer satisfaction was

Where: = Customer satisfaction; = Value of when are zero; , , , are regression coefficients.;  $X_1$  = stakeholder mapping;  $X_2$  = defensive stakeholder management practice;  $X_3$  = offensive stakeholder management practice, is the error term

#### 4. Findings and discussion

##### 4.1. To establish the influence of Stakeholder mapping on customer satisfaction

**Table 2: Stakeholder Mapping Practices at WASAC**

Statement	SA	A	N	D	SD	M	Std Dev
I am major stakeholder at WASAC	45%	55%	0%	0%	0%	4.4	0.49
WASAC calls regular meetings in which all stakeholders attend	20%	35%	20%	25%	0%	3.7	0.35
Management intentionally excludes some stakeholders in decision making	0%	10%	20%	40%	30%	2.1	0.13
WASAC practices effective communication to stakeholders	30%	45%	15%	10%	0%	4.1	0.43
All stakeholders belong to a particular group	32	58%	10%	0%	0%	4.3	0.45

**Source: Primary data, 2023**

Descriptive statistics findings in Table 2 indicated that all respondents did agree that they are major stakeholders at WASAC, 55% agreed that regular meetings are always held and all stakeholder do attend while 25% disagreed. Additionally, 10% of respondents did opine that WASAC management intentionally excludes some stakeholders in decision making while 70% disagreed. Moreover, 75% of respondents did indicate that WASAC practices effective communication to stakeholders while only 10% had an opposite opinion. Lastly, 90% of respondents indicated that all WASAC stakeholders belongs to a particular group whereas 10% remained neutral. The mean values respectively were 4.4, 3.7, 4.1 and 4.3 for being a major stakeholder, regular meetings organized and all stakeholders attend, effective communication practised to all stakeholders and stakeholders belonging to a particular group an indication that the respondents supporting that indeed they are practised at WASAC. The mean for management intentionally excluding some stakeholders in decision making was 2.1 with standard deviation of 0.13 an indication of disagreement with the statement. The corresponding standard deviations were all less than one (Table 2). These findings indicate that stakeholder mapping is widely practised at WASAC as higher percentage of respondents did support most of the stakeholder mapping practices.

Stakeholder mapping is very crucial for the success of the organization in that it identifies all categories of people associated with a company or an enterprise in one way or another. Being a major stakeholder in a company implies that an individual has vested interest in the company and is aware of company inside affaires and therefore can actively take part in decision making process of organization. It is important that stakeholders actively take part in company affairs for better cooperation, motivation and smooth decision making leading to better performance of the organization. Regular meetings which involves all stakeholders is important for the better performance of the company since through the regular meetings, stakeholders get updated of the activities and their contribution is certain. Those meetings also important as they can act avenue of discussing any upcoming issues or challenges that various stakeholders face over time and find amicable solutions for the better performance of the organization. Effective communication demands that the stakeholders be informed of any upcoming meeting or issue on time for better

preparation, participation and sound decision making which ultimately results to better performance. As Kwizera (2017) opines, mapping of stakeholders is important as it act as motivating factor, encourages involvement and honesty among stakeholders in an organization. Organizations deal with various stakeholders hence their categorisation is important as this means their relationship needs with the organization differ (Marthur, 2007). Sometimes organization needs may call for a particular group of stakeholders hence the need to classify them is important for solving various stakeholder problems. Side lining of some stakeholders may demoralize them and their involvement in company affairs diminishes which can negatively affect performance through reduced customer satisfaction. Therefore, companies should conduct stakeholder mapping to ensure that they are involved and participates actively in company affairs to enhance their satisfaction.

Correlation analysis was conducted to determine the strength and direction of association between stakeholder mapping and customer satisfaction. The findings did indicate a Pearson correlation coefficient of 0.560 with significance value of 0.035 (Table 3).

**Table 3: Relationship between Stakeholder Mapping and Customer Satisfaction**

		<b>Customer satisfaction</b>
<b>Stakeholder mapping</b>	Pearson Correlation	<b>.560</b>
	Sig. (two tailed)	.035
	N	324

**Source: Primary data, 2023**

Table 3 indicate that there is positive significant association between stakeholder mapping and customer satisfaction. An increase in stakeholder mapping efforts leads to an increase in customer satisfaction. Identification of stakeholders and their characteristics enables the organization to understand the problems of customers and respond accordingly hence enhancing customer satisfaction. According to Kwizera (2017) through stakeholder mapping, all stakeholders are able to be identified and classified according to their varied characteristics hence it becomes easy for organization to respond to their needs and this act as motivator, they become transparent and committed to the organization improving their loyalty and satisfaction.

The researcher conducted regression analysis to examine the influence of stakeholder mapping on customer satisfaction. The findings did indicate that the beta coefficient was 0.132 with a p value of 0.038 (Table 4).

**Table 4: Model Coefficients for Stakeholder Mapping**

<b>Model</b>	<b>Unstandardized Coefficients</b>		<b>Standardized Coefficients</b>		
	<b>B</b>	<b>Std. Error</b>	<b>Beta</b>	<b>T</b>	<b>Sig.</b>
Constant	.526	.349		1.507	.001
Stakeholder Mapping	.132	.075	.081	1.760	.038

**Dependent variable: Customer Satisfaction**

**Source: primary data, 2023**

From the findings in Table 4, *ceteris paribus*, 1% increase in stakeholder mapping leads to 13.2% increase in customer satisfaction. Additionally, the p value was less than 0.05 ( $0.038 < 0.05$ ) necessitating rejection of null hypothesis of no significant influence of stakeholder mapping on customer satisfaction. Therefore, there was significant positive influence of stakeholder mapping on customer satisfaction.

Customers are the driving force of an organization as they determine the financial stability of an organization. Increased customer base in an organization largely signifies financial stability. Therefore, an organization needs to find ways of increasing customer base of which customer mapping is crucial. It enables identification of various customers of the organization and their characteristics. This aids in responding to various customer issues promptly and appropriately hence enhances customer participation and satisfaction. Customers have a unique trait of expanding their territory through snowballing technique whereby they pass information from one to another about a certain organization products or services. Therefore, when a customer feels satisfied with an organizations services or products will pass the same information and bring in more customers for the organization. The organizations customer base is set to increase the more they offer quality services. Through effective communication and involvement of customers in organization affairs, they will feel part of the organization hence improved satisfaction.

These findings concur with the findings in the study by Teddy (2013) in Indonesia who assessed the contribution of stakeholder analysis on customer loyalty and found that stakeholder analysis contribute positively to customer loyalty. Additionally, the study findings support those of Agwu (2019) in Nigeria and Kakumu (2016) in Kenya who found that stakeholder analysis is very important for financial performance of organizations in Nigeria and in successful implementation of land reforms in Kenya. The linear equation describing the influence of stakeholder mapping on customer satisfaction was fitted as follows

#### 4.2 To examine the influence of defensive stakeholder management practices on customer satisfaction

**Table 5: Defensive Stakeholder Management Practices at WASAC**

Statement	SA	A	N	D	SD	M	Std Dev
Recruitment and selection of suppliers and employees for WASAC is transparent, competitive and merit based	40%	50%	0%	10%	0%	4.2	0.87
Information on WASAC operations is updated and circulated by Managers to all stakeholders	30%	45%	5%	20%	0%	4.0	0.75
There is participation from all core stakeholders in the decision making processes at WASAC	40%	30%	15%	15%	0%	3.9	0.68
Decision making at WASAC is often democratic; it involves consultation, negotiation and compromise	20%	50%	10%	20%	0%	3.8	0.62
Stakeholders views and contributions are taken care of in decision making process	20%	55%	10%	15%	0%	4.0	0.74

The findings on descriptive statistics as per Table 5 indicated that 90% of respondents did support that recruitment and selection of suppliers and employees for WASAC is transparent, competitive and merit based while 10% did not support, 75% opined that information on operations is always updated and circulated to all stakeholders by managers while 20% were of a contrary opinion. Concerning participation of all core stakeholders in decision making process, 70% did support while 15% did not. Moreover, 70% of respondents opined that decision making is always democratic involving negotiation, consultation and compromise while 20% disagreed. Lastly, 75% of respondents supported that the views of stakeholders are taken care of in decision making while 15% did not support (Table 5). The mean for the five cases was between 3.8 and 4.2 with standard deviation of less than 1 an indication that defensive management practises exist at WASAC.

Defensive stakeholder management involves negotiation, involvement and participation of stakeholders in company affairs. Transparency in all company activities is the hallmark of defensive practices. For example, recruitment and selection of employees and suppliers should be competitive and merit based to ensure that qualified employees who possess the right skills and competence are recruited who will serve the customers adequately and makes them satisfied. An organization dealing with qualified suppliers is in the right track towards success through customer satisfaction since there will be timely supply of quality raw materials and other supplies, better communication and professionalism as some of the qualities of competent suppliers that the organization will be able to enjoy hence assuring customers of their satisfaction. Ng'ang'a (2014) did indicate that transparent supplier selection process leads to improved supply chain performance enhancing organization performance. Timely communication of information is very crucial in an organization as it keeps the stakeholders updated on company affairs. Customers' needs to be communicated on time so that they are able to plan and respond accordingly. Anduaem (2019) opines that effective communication is crucial for customer satisfaction as it makes customers open to the organization improving cordial relationship between customers and the organization employees. Therefore, there is need for timely communication of information to the customers for customer satisfaction which is one of the tenets of defensive stakeholder management practice. Participation of stakeholders in decision making is important as it encourages transparency and motivates stakeholders towards achieving organization goals. Stakeholders feel involved and their efforts appreciated if they are given room to participate in company affairs. Additionally, conducting wide consultations in decision making ensures that quality decisions are made which are less of risks when implemented hence improved customer satisfaction (Smakalova, 2012). Customers are key stakeholders in an organization and consulting them will make organization understand their problems, incorporate them in decision making process improving the quality of decisions made which are geared towards customer satisfaction.

Correlation analysis was conducted to determine the relationship between defensive stakeholder management practice and customer satisfaction. Findings did indicate Pearson correlation coefficient of 0.685 with a significance value of 0.012 (Table 6).

**Table 6: Relationship between Defensive Stakeholder Management Practice and Customer Satisfaction**

		<b>Customer satisfaction</b>	
<b>Defensive stakeholder management practice</b>	Pearson Correlation	<b>.685</b>	
	Sig. (two tailed)	.012	
	N	324	

**Source: Primary data, 2023**

The findings in Table 6 indicate that there was high positive significant association. An increase in defensive stakeholder management practice leads to an increase in customer satisfaction. Defensive practice to stakeholder management advocates for consultation, negotiation and involvement of stakeholders which act as a motivation to stakeholders and quality decision making which ultimately improves customer satisfaction. Through defensive decision making, the stakeholders get the chance to participate in decision making process and their contributions are considered which is critical in improving customer satisfaction. Customers feel satisfied if they are involved in company affairs so that they are able to be have the opportunity to express their views and complements and feel part and parcel of organization. The study by Smakalova (2012) did reveal that offering attention to clients is very important to a company since it will enable the company to avoid mistakes in decision making that may derail the achievement of its objectives. Additionally, Kinyua (2016) did also indicate a positive significant relationship between defensive stakeholder management practice and performance of deposit taking SACCOS in Kenya.

To determine the influence of defensive stakeholder management practice on customer satisfaction, the researcher conducted regression analysis which revealed beta coefficient of 0.235 and p value of 0.001(Table 7).

**Table 7: Model Coefficients for Defensive Stakeholder Management Practice**

<b>Model</b>	<b>Unstandardized Coefficients</b>		<b>Standardized Coefficients</b>		
	<b>B</b>	<b>Std. Error</b>	<b>Beta</b>	<b>T</b>	<b>Sig.</b>
Constant	.526	.349		1.507	.001
Defensive stakeholder management Practice	.235	.049	.126	4.796	.001

**Dependent variable: Customer Satisfaction**

**Source: primary data, 2023**

Table 7 indicates that 1% increase in defensive stakeholder management practice leads to an increase of 23.5% in customer satisfaction keeping other factors constant. The null hypothesis of no significant influence of defensive stakeholder management practice on customer satisfaction was rejected since the p value was less than 0.05 (0.001<0.05) hence defensive stakeholder management practice had a positive significance influence on customer satisfaction.

Through negotiation and consultations, better decisions can be made which improves customer satisfaction. Additionally, through competitive selection of suppliers and employees, the organization is able to have skilled and competent employees who are able to serve customers

with dignity and professionalism, communicate effectively with customers enhancing better customer organization relationship and ultimately customer satisfaction. qualified suppliers are time conscious, quality oriented and effective communicators which translates to better supply chain which guarantees customers continuous and efficient supply of service or product hence higher customer satisfaction (Andualem, 2019).

Defensive approach to stakeholder management ensures that decision making process is fair and inclusive of all stakeholders, free from any form of manipulation and or use of force or corruption deals hence improves customer trust in the company. The findings of the study are in agreement with those of Šmakalova (2012) in Czech Republic who conducted a study on the application of stakeholder strategy in marketing and reported that defensive strategy to marketing enhanced performance in decision making and profitability. Additionally, the study also concurs with those of Kariuki *et al* (2018) in Kenya who reported that defensive stakeholder management strategy positively affected performance of smallholder tea firms in Kenya. The linear equation describing the influence of defensive stakeholder management practice on customer satisfaction was fitted as follows

#### 4.3 To ascertain the influence of offensive stakeholder management practices on customer satisfaction

**Table 8: Offensive Stakeholder Management Practices at WASAC**

Statement	SA	A	N	D	SD	M	Std Dev
Management uses coercive approaches to ensure submission by other stakeholders	20%	4%	56%	20%	2.3	0.16	
Management often engages police or law enforcement officer to help manage some stakeholders	10%	5%	20%	65%	1.8	0.08	
Management uses threat of force to ensure compliance from stakeholders	15%	15%	50%	20%	2.4	0.18	
Corrupt deals and favoritism characterize how management handles stakeholders	10%	5%	20%	65%	1.8	0.12	
Kickbacks and bribes are necessary for quick and efficient service from WASAC	10%	0%	50%	40%	1.6	0.08	
No transparency in recruitment and selection of suppliers and employees at WASAC	5%	0%	30%	65%	1.4	0.06	

**Source: Primary data, 2023**

Descriptive statistics findings in Table 8 did indicate that 20% of respondents supported that management uses coercive approaches to ensure submission by other stakeholders while 76% did not support. Management often engages police or law enforcement officer to help manage some stakeholders was supported by 10% of respondents while 85% did not support. Additionally, the 15% of respondents opined that management uses threat of force to ensure compliance by other stakeholders while 70% were of contrary opinion, 10% also did agree that corrupt deals and favouritism characterise how management handles stakeholders while 85% did not agree. Kickbacks and bribes being necessary for quick and efficient service from WASAC was

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supported by 10% of respondents while 90% disagreed. Lastly, only 5% of respondents did support that no transparency in recruitment and selection of employees and suppliers at WASAC while 95% did not support. The means for all the cases of offensive stakeholder management were between 1.4 and 2.4 an indication of disagreement with the statements. The standard deviations were also less than 1 in all cases (Table 8). This indicates that offensive stakeholder management to a greater extent is not practiced at WASAC.

Offensive stakeholder management practice involves use of force, coercion and manipulation in the management of stakeholders. Managers who use coercive approaches risk failing as this causes fear among employees and therefore feel demotivated and not able to work hard towards achievement of organization goals. Engagement of law enforcement officers to manage employees is not the best way to solve problems as this may make things even worse for the organization since it results into fear among employees who will not be open and contribute their views to the organization which results into poor decisions hence failure. Customers’ risks getting poor services from demoralised and dishonest employees who are not interested in company activities. This trend will make the customers to slowly run away from the company services since they do not get better services hence dissatisfaction. Corrupt deals, kickbacks and bribery for better services is recipe for downfall of a company since it leads to poor services from unqualified employees, which leads to customer dissatisfaction. Lack of transparency in recruitment and selection leads to unqualified and incompetent staff in an organization who are not able to give quality services to the customers resulting into poor customer satisfaction. Additionally, unqualified staff will not be able to communicate effectively with the customers, arrogance and late communication will dominate which creates unhealthy relationship between employees and customers resulting to dissatisfaction (Andualem, 2019). Lack of transparency in selection and recruitment of suppliers’ results into poor suppliers being recruited who will not be able to deliver the orders on time, delayed services and shortages may occur. This will culminate to customers not getting better services as they will also not able to get quality services from the organization leading to their dissatisfaction and running away to other competing firms.

The researcher also conducted correlation analysis to determine the degree and direction of association between offensive stakeholder management practices and customer satisfaction. The findings did indicate that the Pearson correlation coefficient between the two was -0.620 with corresponding significance value of 0.046 (Table 9).

**Table 9: Relationship between Offensive Stakeholder Management Practice and Customer Satisfaction**

		<b>Customer satisfaction</b>
<b>Offensive stakeholder management practice</b>	Pearson Correlation	<b>-.620</b>
	Sig. (two tailed)	.046
	N	324

**Source: primary data, 2023**

This was an indication of a high negative significant relationship between offensive stakeholder practices and customer satisfaction. An increase in offensive stakeholder practices like manipulation and coercion of stakeholders, corrupt deals and kickbacks and use of force to make stakeholders submissive reduces customer satisfaction. This is eminent since offensive practices causes fear among stakeholders for example employees, dishonesty arises among stakeholders,



feeling of not being recognised in company decisions leading to poor decision making which ultimately demoralises customers due to poor services from employees. However, Kinyua *et al* (2016) did report a positive relationship between offensive stakeholder management practices and performance of deposit taking SACCO'S in Kenya.

Lastly, regression analysis was conducted to determine the influence of offensive stakeholder management practice on customer satisfaction. The findings did indicate beta coefficient of -0.211 with a p value of 0.024 (Table 10).

**Table 10: Model Coefficients for Offensive Stakeholder Management Practice**

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	T	Sig.
Constant	.526	.349		1.507	.001
Offensive stakeholder management Practice	-.211	.069	.153	-3.058	.024

**Dependent variable: Customer Satisfaction**

**Source: primary data, 2023**

The beta coefficient as shown in Table 10 indicated that 1% increase in offensive stakeholder management practices leads to 21.1% fall in customer satisfaction, *Ceteris Paribus*. Additionally, the p value of 0.024 was less than 0.05 ( $0.024 < 0.05$ ) hence the null hypothesis of no significant influence offensive stakeholder management practice on customer satisfaction was rejected hence a conclusion that there was negative significant influence of offensive stakeholder management practice on customer satisfaction.

These findings were against those of Kinyua *et al* (2016) in Kenya who found that offensive stakeholder management strategies positively influence performance of deposit taking SACCOS in Kenya. Additionally, Lim, Lee and Ahn (2008) also found positive influence of offensive stakeholder management style on the performance of Korean healthcare IT Industry hence contradicted the findings of this study. The linear equation for offensive stakeholder, management practice and customer satisfaction was fitted as follows

**Model Summary**

The model summary contains the R squared value, which tells us the percentage of changes in dependent variable that can be explained by the independent variables in the study.

**Table 11: Model Summary**

Model	R	R Square	Adjusted Square	R Std. Error of the Estimate
1	.750	.563	.522	.3280

**Source: Primary data, 2023**

From the findings the R squared value was 0.563 equivalent to 56.3% (Table 11). This implies that 56.3% of changes in customer satisfaction is explained by the three independent variables in the study namely stakeholder mapping, defensive stakeholder management practices and

offensive stakeholder management practices. This means that the remaining 43.7% of changes in customer satisfaction is explained by other factors influencing customer satisfaction that are not captured in the study.

### ANOVA

The Analysis of Variance test for the significance of the model used in the study. The F statistics was found to be 330.653 with 0.000 significance value (Table 12).

**Table 12: ANOVA**

Model	Sum of Squares	Df	Mean Squares	F	Sig.
Regression	68.346	3	22.782	330.653	.000
Residual	22.035	321	0.0689		
Total	90.381	324			

### Dependent variable: Customer Satisfaction

#### Source: Primary data, 2023

The F statistics value is large and the significance value is less than 5% implying that the multivariate regression model adopted in this study to analyse the influence of stakeholder management practices on customer satisfaction was appropriate.

### 5.1 Conclusion

First, the study concluded that stakeholder mapping had a positive significant influence on customer satisfaction. The study rejected the null hypothesis of no significant influence of stakeholder mapping on customer satisfaction since the P value of 0.038 was less than 0.05. Enhanced stakeholder mapping leads to improved customer satisfaction. Customers are the driving force of an organization as they determine the financial stability of an organization. Increased customer base in an organization largely signifies financial stability. Therefore, an organization needs to find ways of increasing customer base of which customer mapping is crucial. It enables identification of various customers of the organization and their characteristics. This aids in responding to various customer issues promptly and appropriately hence enhances customer participation and satisfaction. Customers have a unique trait of expanding their territory through snowballing technique whereby they pass information from one to another about a certain organization products or services. Therefore, when a customer feels satisfied with an organizations services or products will pass the same information and bring in more customers for the organization. The organizations customer base is set to increase the more they offer quality services. Through effective communication and involvement of customers in organization affairs, they will feel part of the organization hence improved satisfaction.

Secondly, the study concluded that defensive stakeholder management practices have significant positive influence on customer satisfaction. The study rejected the null hypothesis of no significant influence of defensive stakeholder management practice on customer satisfaction since the P value of 0.001 was less than 0.05. Through negotiation and consultations, better decisions can be made which improves customer satisfaction. Additionally, through competitive selection of suppliers and employees, the organization is able to have skilled and competent

employees who are able to serve customers with dignity and professionalism, communicate effectively with customers enhancing better customer organization relationship and ultimately customer satisfaction. qualified suppliers are time conscious, quality oriented and effective communicators which translates to better supply chain which guarantees customers continuous and efficient supply of service or product hence higher customer satisfaction (Andualem, 2019).

Defensive approach to stakeholder management ensures that decision making process is fair and inclusive of all stakeholders, free from any form of manipulation and or use of force or corruption deals hence improves customer trust in the company.

Lastly offensive stakeholder management practices have negative significant influence on customer satisfaction. The null hypothesis of no significant influence of offensive stakeholder management practices on customer satisfaction was rejected since the p value of 0.024 is less than 0.05. An increase in offensive stakeholder practices like manipulation and coercion of stakeholders, corrupt deals and kickbacks and use of force to make stakeholders submissive reduces customer satisfaction. This is eminent since offensive practices causes fear among stakeholders for example employees, dishonesty arises among stakeholders, feeling of not being recognised in company decisions leading to poor decision making which ultimately demoralises customers due to poor services from employees. Offensive stakeholder practices also lead to selection of unqualified suppliers who may not be dependable on their delivery of services, poor communicators and poor quality product delivery which ultimately interfere with customer satisfaction. Additionally, unqualified employees recruited through offensive practices will not be able to have better relationship with customers hence causing dissatisfaction.

## 6.1 Recommendations

From the above conclusions, the study came up with some recommendations for improved performance of corporations and other organizations.

Managers should conduct stakeholder analysis to identify all stakeholders of the company, their characteristics and how they relate with the company. They should further be engaged in decision making process of a company and their participation and contributions be taken into consideration.

Companies should practice transparency and fairness in their decision making process involving recruitment and selection of employees and suppliers as this contributes positively to customer satisfaction. The recruitment and selection process should be open and void of any corrupt deals and practices.

Democracy and inclusivity should be the hallmark of decision making process in companies. The process should be full of negotiations, discussions and criticisms for quality decisions to be made which propels the company towards improved customer satisfaction.

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