

## IMPACT OF REPUTATIONAL RISK MANAGEMENT ON SUSTAINABLE PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES

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### *Abstract*

*This study integrates reputational risk management and performance based on Small and Medium firms in Bangladesh. This study attempted to investigate the relationship of reputational risk management barrier and interpret how reputation risk management influences the performance of small and medium firms. This study is quantitative in nature, and use of both descriptive and inferential analysis can be found. A survey was conducted on a total of 150 respondents consisting of executive members of manufacturing, export import oriented and local based SMEs in Dhaka, Khulna and Noapara city who were contacted using only direct survey method and convenient sampling technique was followed. Standard Multiple Regression and correlation analysis techniques were used for the purpose of hypothesis testing. The study found that reputational risk management consists of some sub-variable which explains how sustainable performance is influenced by reputational risk management characteristics. It was also found that reputational risk management is positively connected with sustainable performance. It demonstrates well management of reputational risk accelerates the speed of sustainable performance of business firms. This research is an attempt to explore and explain sustainability performance measurement (SPM) based on reputational risk management values and indicators. This study contributes to understanding reputational risk management and its effect on sustainable performance of SMEs.*

**Keywords:** Risk Management, Sustainable, Enterprises, Reputational

### INTRODUCTION

“How much is your organization sustainable or does your product or service really gain sustainable maturity?” Very few can respond this question definitely. To answer this question requires measuring various factors of sustainability. Whereas Schaltegger and Gualandris stated that firm’s sustainable performance is not straightforwardly measurable because of its multi-dimensional concept which needs a set of indicators to be weighted (Stefan, Gualandris, Golini, & Kalchschmidt, 2014). To keep sustainable, these multi-dimensional concept differs from corporation to corporation depending on its size, capital, employee involvement, competition etc. For being simple in organizational activity, SMEs, unlike large firms, are considered supplier and quicker at responding and adapting to adjust (Lavia & Hiebel, 2014). But along with SMEs have to face with major challenges to sustain. Factors which are measured more importantly for business success are also considered more challenges to sustain. In this respect reputational risk is now being considered one of the major challenges as it bears firm’s competitive advantage.

Reputation is simply the perception of the customers, suppliers, employees and other interested parties of the company such as potential investors. As both interior and exterior parties’ views are related with reputation it holds long term impression on business success and provides license for a company to operate in the community and helps to guarantee long term survival. According to a study by World Economics, a company’s reputation bears more than 25% its market value. (Simon, 2012).

But nowadays it becomes more risky to make balance of reputation for a long period and rather appears as risk and for its nature it is considered as a hidden danger that can pose a warning to the progress of the firm especially for the SME. Primarily SMEs were local based enterprise where local reputation influenced much but now-a-days SMEs are going to internationalize and online based. In online sector SMEs are now showing the same importance on reputational risk with as on cyber risk (ZURICH). Reputational risk is raised when performance is going down or it holds gap with expectations. Ultimately, companies' expectations and presentation related to its prestige extremely determines whether their value is created or destroyed. Though it is seemed non-economic factor and considered as an intangible asset it has much influence on tangible value.

As said earlier firms are doing business through online specially for internationalization and even in local area, they are now globally connected and to this extent reputation can make a firm billion dollar growth and along with reputational risk can put a company in danger even in an instant due to the globally connected business world and high speed spread through social media channels. For this reputation is very vulnerable though it takes so hard to build up. That is why reputation is regarded one of the most important assets along with the toughest asset to protect. Warren Buffet suited his speech with those words mentioned here in the best way -

"It takes twenty years to build a reputation and five minutes to ruin if you think about that, you will do things differently."

### **OBJECTIVES OF THE STUDY**

The aim of this study is to find out the relationship between reputational risk management and sustainable performance of SMEs.

In order to deeply study this topic, it was chosen to study it from three aspects:

- 1) To examine the factors those are related with reputational risk and reputational risk management;
- 2) To find out the relationship between reputation risk management factors and sustainable performance of SMEs;

The scope of the study has been limited for a few certain purposes. The study will be significant to small and medium enterprises. The study will enable SMEs to understand the significance of reputational risk management on its performance. The study will help to identify the factors to measure the reputational risk and manage reputational risk which will further help to grow sustainable performance.

First, the amount of literature available on reputational risk management related with SMEs' performance is in very little amount.

Second, SMEs are not aware of reputational risk as large companies which has made it difficult to collect primary data.

### **LITERATURE REVIEW**

A number of previous studies have been conducted on reputational risk management and its influence on sustainable performance. At a conceptual level there is a common understanding and agreement among the researchers regarding what is meant by reputational risk. Definitions of reputation and reputational risk management are provided by many authors which are broadly consistent with Kossovsky's (Kossovsky, 2014) definition as a road map to analyze gaps among expectations and to reduce reputational risk (Michael, 2004) (O'callaghan, 2007) (Aula, 2013) (Hovener, 2015) (Lizarajaburu,

2014). Along with measurement of sustainable performance has also been developed in various ways (Epstein, Marc, & Marie-josse, 2003)(Hernandez, 2015) but still no fixed measurement policy is being used. An understanding of the reputation risk management elements and their influence on firms' sustainable performance could enhance strategic decision maker of a firm to enhance the market reputation to attain advantages over competitors. However very few scholars worked with reputational risk management and SMEs. A few number of researches have been done on SMEs with overall risk management but only on reputational risk management is very few. Therefore, here exists a big gap that calls for research. So, here lies the big opportunity to explore whether there is any influence of reputation risk management on sustainable performance of SMEs or not.

As the competition is growing, companies of the fore most business countries take global population expansion and environmental pressures as challenges by adopting a promise to "sustainability"(Hart, 1997).Among many approaches triple bottom line approach is considered one of the easiest and most familiar methods for measuring corporate sustainability which incorporates three dimensions.

- Environmental- make us think about footsteps, greenhouse gases and ecosystems and measure the impact on resources: air, water, ground and waste management (baumgartner & Ebner, 2010)
- Social- focus on maintaining equally favorable relationship with employees, customers and the community and on human rights and ethical behavior, health and safety, human resource development etc.
- Economic- focus on business efficiency, productivity, and profit and measure the company's economic success for example, innovation and technology, process and sustainability reporting.

To attain the triple bottom-line benefits, the materialization of sustainability was established as corporate strategy and made a fundamental part of company's business strategy (Epstein M. j., 2008). So, SPM has to include several factors based on the economic, ecological and societal issues. To create social impact and economic value corporate philanthropy takes momentum which may also improve long term business scenario(Porter & Kramer, 2003)

To keep sustainable growth, it requires originality and technology which have to meet public expectations and to meet these expectations firms may sometimes break the requirements ordered by the law(Tebo, 2005). What the organization offers to the market with different aspect refers product innovation, in effect, this is what the customer observes(Bessant, Lamming, Noke, & Phillips, 2005). To keep sustainable growth, it's not necessary to focus always on increasing its profit rather does some corporate social responsibility. Malini argues that in promising economics, considering universal norms and values are very needed to lead the transformative potentiality of CSR as a movement(Malini, 2006). To some cases it called that CSR is the future of business but with some contradictory claims. In Vogel's research "reasons firms engage in CSR activities" he examined market activates and concluded that - as a defense prospective strategy CSR does matter to many firms (Vogel, 2005). So, the relationship of firm financial in sustainable growth is a complex series of intervening variables.

A firm's sustainability is firmly related with its credit risk management. Where a company's balance sheet is a quantitative indicator of a firm, management skills to manage the credit risk is a qualitative indicator(Caouette, Altman, & Narayanan, 1998). Credit risk is mainly subjectiveto the reputation of the firm, the capability ofrepaying, future earnings. Broadly, reputation is cross disciplinary concept which leads to examine the company's reputation in a broad range of areas (Hernandez, 2015). Jorge Cachinero developed a typology depending on where the reputation risks coming from where he showed natural risks, leadership risks, entrepreneurial risks and operational risks as the source of reputational risk

(Bonime-Blanc, 2014)

Reputational risks also bear the breadth of supply chain. Reducing the greentrack of supply chain improves environmental sustainability whereas profit earned and economic benefit realized are the economic dimensions of the supply chain (Handfield, Walton, Sroufe, & Menlynk, 2002). Epstein and Roy's nine principle of sustainability performance is a fair instruction which may be incorporated into day-to-day managerial judgment.

#### DATA & METHODOLOGY

Quantitative as well as descriptive research design has been adopted for this study which enables to describe the existing relationship by using observation and interpretation methods. At the same time it has given a clear overview how reputation risk management has been used by several SMEs.

The population selected for this study is all the registered SMEs in Bangladesh. After identifying the population, sample has been selected for the study. SMEs from Khulna city are the most targeted samples. Data were collected from 120 local based SMEs, 20 internationalized SMEs and 10 online based SMEs by using the convenience sampling method under the non-probability sampling technique. The study was conducted by taking employees, risk managers if have and owners of these SMEs. They responded in accordance with their own opinion about their respective organization.

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Non-probability convenient sampling technique has been used to choose the samples.

All the collected data has been stored in SPSS and available calculations have been made from there. The findings have been presented in the form of charts, tables and pie charts. Analysis has been performed with SPSS 22 software. The hypotheses are developed to find out the relationship between the independent variables and dependent variables. Multiple regression analyzing, Correlation and other analyzing methods have been used to find the deeper relationship between variables.

#### PROPOSED HYPOTHESES

This paper has analyzed the impact of reputational risk management on sustainable performance of SMEs. From the literature review above discussed it can be inferred that corporate awareness is an important element for managing reputation. Awareness of reputational risk gained important comparative to other risks and organizations which have awareness for its reputation are more likely to manage its reputation (Dinah & Nadine, 2017). To find the influence of awareness over sustainable performance of SMEs it's to be discovered if there is any positive relationship between awareness and sustainable performance of SMEs. As an element of reputational risk management, this element might have a potential influence over sustainable performance. Thus, we can hypothesize that, 'awareness is significantly related with sustainable performance of SMEs.

**H<sub>1</sub>: There is a significant relationship between awareness and sustainable performance of SMEs.**

A firm may work in the market for a long period and naturally before buying or consuming a product

consumer never holds any kind of belief or reputation on the organization but after consuming the product or receiving the service customers start to take a position or view on the firm and so, a long period oriented firms may manufacture high quality products or provide best quality service for maintaining their reputation for future sales (Klein & Leffler, The Role of Market Forces in Assuring Contractual Performance, 1981). So, we can hypothesize that product or service quality significantly influences on performance.

**H<sub>2</sub>: Product or service quality significantly influences on sustainable performance of SMEs.**

Firm's performance is largely dependent on customer purchase behavior and customer growth and the number of their repetitiveness depends how much they are satisfied with the quality of the product or service in a word with the firm and therefore customer satisfaction is used as an indicator in internal performance measurement (Cristopher & David, 1998). Customers feedback metrics which totally depend on their satisfaction are precious in foretelling firm's sustainable performance (Neil & Lopo, 2006). So, we can hypothesize that-

**H<sub>3</sub>: Customer satisfaction significantly influences on sustainable performance of SMEs.**

Superior firm performance is the outcome of superior corporate governance and well governed firms should perform healthier than inferior governed firms (Lawrence & Marcus, 2004). Many countries see better corporate governance exercises as a way to get better economic alacrity and thus perk up overall economic performance (Claudiu). So, we can hypothesize that-

**H<sub>4</sub>: Corporate governance significantly influences on sustainable performance of SMEs.**

MNCs and other large firms are very attentive to attain CSR activity and now SMEs are taking a strong position to fulfill the social demand (Aymen & Gabriel, 2014). Social Responsibility is considered as an important factor for the reduction of firm risk and financial performance as a variable influencing social responsibility (Jean, Alison, & Thomas, 1988). So, we can hypothesize that-

**H<sub>5</sub>:** There is a significant relationship between Corporate Social Responsibility and sustainable performance of SMEs.

## ANALYSIS AND FINDINGS

### ***Impact and relatedness of Reputational Risk Management on Sustainable Performance of SMEs***

In this study it is proposed that there is a significant relationship between reputational risk management factors (Awareness, Quality of Product or service, Customer satisfaction, Corporate Governance and Corporate Social Responsibility) and SMEs' Sustainable Performance. In order to check the correlation, Spearman Correlation method was applied using SPSS software and the result is illustrated in the following table. The Spearman correlation coefficient is used because this coefficient is non-parametric and can also be used for ordinal variables (Huizingh, 2012). The Spearman correlation provides insight in the correlation between variables. A negative value indicates variables are negatively correlated and vice-versa. A value of zero indicates no correlation between variables. The detailed result is presented in table while the summary is provided in the table below.

**Correlation table among Independent and Dependent variables goes here**

**Correlations**

			Zscore(Awareness)	Zscore(Product Quality)	Zscore(Customer Satisfaction)	Zscore(Corporate Governance)	Zscore(CSR)	Zscore(Performance)
Spearman's rho	Zscore(Awareness)	Correlation Coefficient	1.000	.462**	.516**	.255**	.323**	.543**
		Sig. (2-tailed)	.	.000	.000	.002	.000	.000
		N	150	150	150	150	150	150
	Zscore(Product Quality)	Correlation Coefficient	.462**	1.000	.370**	.239**	.294**	.512**
		Sig. (2-tailed)	.000	.	.000	.003	.000	.000
		N	150	150	150	150	150	150
	Zscore(Customer)	Correlation Coefficient	.516**	.370**	1.000	.229**	.235**	.510**
		Sig. (2-tailed)	.000	.000	.	.005	.004	.000
		N	150	150	150	150	150	150
	Zscore(Governance)	Correlation Coefficient	.255**	.239**	.229**	1.000	.151	.503**
		Sig. (2-tailed)	.002	.003	.005	.	.064	.000
		N	150	150	150	150	150	150
	Zscore(CSR)	Correlation Coefficient	.323**	.294**	.235**	.151	1.000	.334**
		Sig. (2-tailed)	.000	.000	.004	.064	.	.000
		N	150	150	150	150	150	150
	Zscore(Performance)	Correlation Coefficient	.543**	.512**	.510**	.503**	.334**	1.000
		Sig. (2-tailed)	.000	.000	.000	.000	.000	.
		N	150	150	150	150	150	150

\*\* . Correlation is significant at the 0.01 level (2-tailed).

In the correlation table above it's observed that all the independent variables are positively correlated with the dependent variable. According to Cohen (1998) the strength of a relationship can be judged by the value of r (correlation coefficient). A value of r = .10 to .29 suggests a small strength, a value of r = .30 to .49 suggests a medium strength and a value of r = .50 to 1.0 suggests a large strength(Cohen, 1988).

In these results, the Spearman's rho correlation between Awareness and Sustainable Performance is 0.543, which indicates that there is a strong positive relationship between the variables. The relationship between these variables is positive, which indicates that, as Awareness increases, Sustainable Performance increases.

The Spearman's rho correlation between Product or Service Quality and Sustainable Performance is 0.512, which indicates that there is a moderate positive relationship between the variables. The relationship between these variables is positive, which indicates that, as Product or Service Quality increases, Sustainable Performance increases.

In these results, the Spearman's rho correlation between Customer Satisfaction and Sustainable Performance is 0.510, which indicates that there is a strong positive relationship between the variables. The relationship between these variables is positive, which indicates that, as Customer Satisfaction increases, Sustainable Performance increases.

The Spearman's rho correlation between Corporate Governance and Sustainable Performance is 0.560,

which indicates that there is a strong positive relationship between the variables. The relationship between these variables is positive, which indicates that, as Corporate Governance increases, Sustainable Performance increases.

The Spearman’s rho correlation between Corporate Social Responsibility and Sustainable Performance is 0.153, which indicates that there is a small positive relationship between the variables. The relationship between these variables is positive, which indicates that, as Corporate Social Responsibility increases, Sustainable Performance increases with a very little amount.

Multiple Linear Regression analysis has been conducted using SPSS software. This is a useful method for evaluating the effect of independent variables over dependent variables and assessing the relative importance of five variables. The result of Multiple Regression analysis is provided in the following table.

**REGRESSION ANALYSIS**

**MODEL SUMMARY**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.721 <sup>a</sup>	.519	.503	.70519453	.519	31.124	5	144	.000

a. Predictors: (Constant), Zscore(Governance), Zscore(CSR), Zscore(Customer), Zscore(Quality), Zscore(Awareness)

The R square value tells that how much of the dependent variable can be explained by the independent variables. In the 2<sup>nd</sup> row of table presented above, R Square value .519 which indicates that 51.9% of the dependent variable is explained by the independent variables. It can be inferred that awareness, product quality, customer satisfaction, corporate governance, corporate social responsibility can explain 51.9% of the SMEs sustainable performance which is statistically significant at the alpha value .000.

Each of the independent variables included in the model contributes different percentage of dependent variable. The coefficient table explains the beta coefficients of the independent variables. The study has taken the ‘standardized’ means that these values for each of the different variables have been converted to the same scale so that you can compare them.

In this part of the study, the effectiveness of independent variables over dependent variable is measured. The coefficient table shows whether the variable is contributing uniquely to the equation or not. If the sig. value is less than 0.05 then it is providing statistically unique contribution to the equation (Kreyszig, Advanced Engineering Mathematics, 1979). And the higher the beta value is the more the contribution is. In the table below the results are shown.

**COEFFICIENT STATISTICS**

**COEFFICIENTS<sup>A</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	
	B	Std. Error	Beta			
1	(Constant)	4.035E-16	.058		.000	1.000
	Zscore(CSR)	.105	.061	.105	1.722	.087
	Zscore(Awareness)	.183	.070	.183	2.608	.010
	Zscore(Quality)	.285	.067	.285	4.285	.000
	Zscore(Customer Satisfaction)	.168	.065	.168	2.572	.011
	Zscore(Governance)	.329	.062	.329	5.341	.000

a. Dependent Variable: Zscore(Performance)

In the table, the significance level of all the variables except CSR are less than .05. So, all the of the independent variables except CSR are contributing uniquely to the equation. The summary is given in a tabular format for better understanding.

Independent Variables	Standardized Coefficient Beta	Significance
Awareness	.183	.010
Product or Service Quality	.285	.000
Customer Satisfaction	.168	.011
Corporate Governance	.329	.000
CSR	.105	.087

The first hypothesis of this study was about the relationship between awareness and sustainable performance of SMEs. In this study, the correlation analysis shows that the correlation coefficient between awareness and sustainable performance was found 0.543 which denotes a strong positive relationship between these two constructs. Here the significance level is 0.010 which is below 0.05, so awareness is contributing uniquely to the equation and this also indicates to the rejection of the null hypothesis stating there is no significant relationship between awareness and sustainable performance of SMEs. So, we take the alternative hypothesis to be proved. In addition, the beta value for awareness is found 0.183 which indicates that for every 1-unit change in awareness, sustainable performance will change by 0.183 units in the same direction.

The proof of this hypothesis indicates that in the SMEs of Bangladesh awareness plays an important role for their sustainable performance. The greater an SME can enhance its awareness the greater the possibility to increase performance. So as the alternative hypothesis ( $H_1$ ) is accepted we can conclude that, There is a significant relationship between awareness and sustainable performance of SMEs.

The second hypothesis of this study was about the relationship between product or service quality and sustainable performance of SMEs. In this study, the correlation analysis shows that the correlation coefficient between product or service quality and sustainable performance was found 0.512 which denotes a strong positive relationship between these two constructs. Here the significance level is 0.000 which is below 0.05,so product or service quality is contributing uniquely to the equation and this indicates to the rejection of the null hypothesis stating Product or service quality doesn't significantly influences on sustainable performance of SMEs.

So we take the alternative hypothesis to be proved. The beta coefficient for product or service quality is



0.285. It has the second highest beta, so it can be inferred that it has the second highest impact over sustainable performance of SMEs. It indicates that for every 1-unit change in quality, sustainable performance will change by .285 units in the same direction.

The proof of this hypothesis indicates that in the SMEs of Bangladesh product or service quality plays an important role for their sustainable performance. The greater an SME can enhance its quality the more the possibility to increase its performance. So as the alternative hypothesis ( $H_{12}$ ) is accepted we can conclude that, Product or service quality significantly influences on sustainable performance of SMEs.

The third hypothesis of this study was about the relationship between customer satisfaction and sustainable performance of SMEs. In this study, the correlation analysis shows that the correlation coefficient between customer satisfaction and sustainable performance was found 0.510 which denotes a strong positive relationship between these two constructs. Here the significance level is 0.011 which is below 0.05, so customer satisfaction is contributing uniquely to the equation and this indicates to the rejection of the null hypothesis stating customer satisfaction doesn't significantly influences on sustainable performance of SMEs.

So we take the alternative hypothesis to be proved. The beta coefficient for product or service quality is 0.168. It indicates that for every 1-unit change in customer satisfaction, sustainable performance will change by 0.168 units in the same direction.

The proof of this hypothesis indicates that in the SMEs of Bangladesh customer satisfaction plays an important role for their sustainable performance. The greater an SME can enhance customer satisfaction level the greater the possibility to increase its performance. So as the alternative hypothesis ( $H_{13}$ ) is accepted we can conclude that,

Customer satisfaction significantly influences on sustainable performance of SMEs.

The fourth hypothesis of this study was about the relationship between corporate governance and sustainable performance of SMEs. In this study, the correlation analysis shows that the correlation coefficient between customer satisfaction and sustainable performance was found 0.503 which denotes a strong positive relationship between these two constructs. Here the significance level is 0.000 which is below 0.05, so corporate governance is contributing uniquely to the equation and this indicates to the rejection of the null hypothesis stating corporate governance doesn't significantly influences on sustainable performance of SMEs.

So, we take the alternative hypothesis to be proved. The beta coefficient for corporate governance is 0.329. It has the highest beta, so it can be inferred that it has the highest impact over sustainable performance of SMEs. It indicates that for every 1-unit change in corporate governance, sustainable performance will change by 0.329 units in the same direction.

The proof of this hypothesis indicates that in the SMEs of Bangladesh corporate governance plays an important role for their sustainable performance. The greater an SME can enhance corporate governance the greater the possibility to increase its performance. So as the alternative hypothesis ( $H_{14}$ ) is accepted we can conclude that,

Corporate governance significantly influences on sustainable performance of SMEs.

The fifth hypothesis of this study was about the relationship between corporate social responsibility and

sustainable performance of SMEs. In this study, the correlation analysis shows that the correlation coefficient between corporate social responsibility and sustainable performance was found 0.334 which denotes a moderate positive relationship between these two constructs. Here the significance level is 0.087 which is above 0.05, so corporate governance is not contributing uniquely to the equation and this also indicates to the acceptance of the null hypothesis stating corporate social responsibility does not significantly influences on sustainable performance of SMEs.

This result can be interpreted as there is a positive relation between corporate social responsibility and sustainable performance of SMEs although the calculation is insignificant to be proven. So as the null hypothesis ( $H_{05}$ ) is not rejected we can conclude based on the finding in this study that,

There is no significant relationship between Corporate Social Responsibility and sustainable performance of SMEs.

## FINDINGS

The primary purpose of this study was to determine the impact of reputational risk management barriers overcoming factors towards the sustainable performance of SMEs. To measure this five ways of overcoming the reputational risk barriers were selected as an independent variable. Reliability analysis was conducted to examine the data set and justify the samples. Five main hypotheses were developed for later examining. Correlation analysis was done using SPSS software to find the relationship among constructs. Afterwards multiple regression technique was used to test the hypotheses.

With the previous literatures discussed in previous chapters, the results support the validity of the hypothesis except one. The alternative hypotheses assert sustainable performance is determined and influenced by awareness, product quality, customer satisfaction, corporate governance and corporate social responsibility. The results support most of the formulated alternative hypothesis. The model developed in this study explains approximately 52% of the variance in overcoming the barriers of reputational risk management in the sustainable performance of SMEs. This significant as the value of  $R^2$  is above 25% which demonstrate a highly acceptable prediction level in empirical research (Arlinghaus & Griffith, 1995).

Consistent with previous studies, the results of this study show that corporate governance is the key predictor of sustainable performance of SMEs ( $\beta=0.329$ ) it is relevant with V. kumaran 2015 study where it is shown that better corporate governance is a condition for better corporate reputation (Kumaran & Thenmozhi, 2015). Indeed, the significance of corporate governance in previous literature is found enormously highlighted. It has been found in Joshua Abor and Charles K.D. Adjasi study that organizations with better corporate governance have a good growth rate regarding their performance and poor governance could be indicative of a business failure (Joshua & Charles, 2007). This implies that SMEs should concentrate on their governance. A consistent track record of good governance will let the firm achieve its objective.

The results also show that product quality has a great impact on the sustainable performance of SMEs ( $\beta=0.285$ ). According to Stuart Landon and Constance Smith Product quality has impact on sustainable performance and it may take considerable time for SMEs to establish reputation for a firm (Stuart & Constance, 1998). The result proves the previous literature. So, SMEs should control better product quality as customers perceive.

Awareness among the SMEs to overcome the barriers of reputational risk management has been the prime concern in previous literatures. It has also shown in this study. Awareness is contributing uniquely to the

equation and has a beta value of 0.183. So it is affecting the sustainable performance of SMEs. Awareness among the Bangladeshi SMEs must be increased to get better result.

Customers satisfaction has impact on sustainable performance of SMEs as the beta value of customers satisfaction is 0.168. The result also proves the previous literature. According to ViktorijaSkvarciany customer satisfaction is one of the vital elements of sustainable performance of SMEs(Viktorija, 2014). Therefore, to keep sustainable SMEs of Bangladesh should focus on their customer satisfaction.

In this study it is found that there is a positive relationship between corporate social responsibility (CSR) and sustainable performance of SMEs but it is also found that CSR has no influence on sustainable performance as the p value is 0.087. This result can be interpreted as there is a positive relation between CSR and sustainable performance of SMEs although the calculation is insignificant to be proven. This is an unexpected result as in previous researches indicate that CSR does have a significant positive influence over sustainable performance of SMEs. Therefore, a number of different paper suggest that CSR influenced sustainable performance of SMEs depends on several other factors. But this result also indicates similarity to (Xiping, Jingshua, Hongliang, & Wenlan, 2014) and (Johan, 2017) research findings.

**Results of the hypotheses testing goes here**

Hypotheses	Beta	P value (sig)	Decision
There is a significant relationship between awareness and sustainable performance of SMEs (H <sub>11</sub> ).	0.183	0.010	Null hypothesis is rejected
Product or service quality positively and significantly influences on sustainable performance of SMEs (H <sub>12</sub> ).	0.285	0.000	Null hypothesis is rejected
Customer satisfaction positively and significantly influences on sustainable performance of SMEs (H <sub>13</sub> ).	0.168	0.011	Null hypothesis is rejected
Corporate governance positively and significantly influences on sustainable performance of SMEs (H <sub>14</sub> ).	0.329	0.000	Null hypothesis is rejected
There is a significant relationship between Corporate Social Responsibility and sustainable performance of SMEs (H <sub>15</sub> ).	0.105	0.087	Null hypothesis is not rejected

Correlation statistics proves that there is strong relatedness among awareness, product quality, customer satisfaction and corporate governance and little relatedness of corporate social responsibility with sustainable performance of SMEs. The results reflect the previous literature’s findings also but with a little variance. So, all the variables have positive relatedness with dependent variable though CSR has no influence over dependent variable.

**CONCLUSION**

This study provides the better understanding on sustainable performance of Bangladeshi small and medium enterprises in terms of reputational risk management factors such as awareness, product quality, customer satisfaction, corporate governance and corporate social responsibility. The surveys indicated that the sampled 150 respondents were characterized by their gender, age group, investment differences to the firm, awareness to manage reputation, governance to manage reputation, their contribution to social job in regard to the firm etc. The study also revealed that the majority SMEs rely on the corporate governance, awareness and product quality to make themselves sustainable.

Results of this study indicate that dimensions of reputational risk management have a direct impact on sustainable performance that reputational risk management can be divided into a subset of awareness,

product quality, customer satisfaction, corporate governance and corporate social responsibility and this subset also has a great impact on sustainable performance of SMEs. This factor will be strengthened by corporate social responsibility. Although this study has failed to draw any statistically significant influence of corporate social responsibility on customer purchasing decision, it's theoretically proved that CSR is an important factor of reputational risk. SMEs can raise reputation among consumers through comparative executions that spell out the positive attributes of their system versus other SMEs. From the study, it is suggested that the SMEs should focus more on their reputation. This can be achieved by moderating the factors continuously discussed earlier along with should do advertising more on internet, newspapers and social-media. It is important to produce more studies in this topic for the development of Bangladesh as small and medium enterprises play an important role in developing the country's GDP. The information revealed by this research is important for both academics and practitioners. The academics can further design their research with the basic principles provided by this research. On the other hand, practitioners SME owners can make their strategies in a better way focusing on the factors of reputational risk management that affect their sustainable performance which are explored by this research.

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