REPUTATION RISKS: CAUSES, EFFECTS AND STRATEGIES TO
OVERCOME REPUTATION RISKS:
A CASE STUDY OF ACACIA MINING

BY

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A Dissertation Submitted in Partial Fulfillment of the Requirements for the
Degree of Master of Business Administration in Corporate Management
(MBA-CM) of Mzumbe University
2017
CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University, a thesis entitled; *Reputation Risks: Causes, Effects and Strategies to Overcome Reputation Risks: A Case Study of Acacia Mining*, in partial fulfillment of the requirements for Award of the Degree of Master of Business Administration in Corporate Management (MBA-CM) of Mzumbe University.

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ACKNOWLEDGEMENTS

I comprehend my sincere gratitude to God, Lord for his pure grace, wisdom, might and love, since the genesis of this research till the end.

I wish to thank my Supervisor, Dr. Joseph Sungau for his ultimate understanding and leniency towards my constant questions, his guidance, constructive criticism and suggestions to all errors I have encountered, and his moral support to get me learn every process of this research.

This research has found its roots in Acacia Mining. My appreciation goes to Mr. Deo Mwanyika, Mr. Asa Mwaipopo, managers and all staff for allowing me to develop and conduct this study in their organization.

I extend special appreciation to my parents and family of Mr. and Mrs. Yesaya Ndossi, my friends and people who encouraged me during the whole period of conducting this study. May God bless all for the entire support.

It is not possible to mention everyone, but the few mentioned here are true representative of the others. Despite of that valuable support, any errors found in this report are my only responsibility.
DEDICATION

To my family, lovely people ever lived.
<table>
<thead>
<tr>
<th>Abbreviation</th>
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<tr>
<td>CEOs</td>
<td>Chief Executive Officer</td>
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<tr>
<td>ERM</td>
<td>Enterprise Risk Management</td>
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<td>EMACT</td>
<td>Environmental Management Act</td>
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<tr>
<td>FTSE</td>
<td>Financial Times Stock Exchange</td>
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<td>GBP</td>
<td>Great Britain Pound</td>
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<tr>
<td>IFRS</td>
<td>International Financial Reporting Standards</td>
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<td>MU</td>
<td>Mzumbe University</td>
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<td>NGOs</td>
<td>Non-Governmental Organization</td>
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<td>Tanzania Revenue Authority</td>
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ABSTRACT

This study aimed at studying the reputation risks regarding its causes, effects and strategies to overcome them using a case study of Acacia Mining. It developed three specific objectives which were: to identify the causes of reputation risk at Acacia; to identify the effects of reputation risk; and to suggest strategies to overcome reputation risk at Acacia. The study opted for the qualitative and quantitative research design, applying a case study approach involving 36 respondents whereby 20 were normal staff while 16 were top managers. The data was collected through questionnaire, interview and documentary review methods and analyzed through qualitative content analysis for data collected through interview and quantitative data analysis, particularly through the aid of SPSS, for the data collected through questionnaire. Then data were presented into tables, graphs and pie charts.

The study results indicated that reputation risk at Acacia was caused by cultural, managerial and external factors. It also found that the cultural factors were among of the factors that cause reputation risks categorized into legal and ethical risks. The managerial risks included operational and executive risks as the factors lead the company into reputation risks. The external factors that causes reputation risks to the company were such as environmental and association risks.

The effects to reputation risks were found to be devaluation of the goodwill and image of the company, devaluation share price, loss of revenue and profits, loosing association from other partners, weaken loyalty from employees, hard to hire good replacements, lowed attitude in decision making, and lowered the bargaining power.

With regards to the strategies recommended for the company to overcome reputation risk, were developing an effective risk assessments team; extensive review of the prevailing operating conditions; the media engagement plan, education and awareness to the overall general public, map out high level reputational risks; improving the areas relating to the execution of stakeholder relationship; engage consistently with members of the public and the government; and employ an in-house company crisis manager.
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CHAPTER ONE
GENERAL INTRODUCTION

1.1 Introduction
This chapter presents the background of the study, statement of the problem, general objective of the study, specific objectives research questions, of the study, significance of the study, scope of the study, as well as the organization of the dissertation.

1.2 Background of the Study
Reputation is the goodwill that the company has achieved through a formidable approach to enhance its credibility as a reputable company (Fombrun, 1996), whereby reputation of an organization is an intangible asset that is considered as “rare, difficult to imitate or replicate, complex and multi-dimensional, which needs a lot of time to accumulate, specify, difficult to manipulate by the firm, with no limits in its use and does not depreciate with use” (Fombrun and van Riel, 1997). Therefore, reputational risk is the potential that negative publicity regarding an organization’s business practices, whether true or not, will cause a decline in the customer base, costly litigation, or revenue reductions (Board of Governors of the Federal Reserve System, 2004).

While reputation risk management is regarded to gain such weight, reputational risk has gained it’s ‘red flag’ ranking in most boardrooms across the globe (Spring, 2012). However, many researchers and practitioners alike have already investigated on corporate reputation regarding the cause, effects and its strategies to reputation risk management in developed countries (e.g. Bromley, 2002; Chun, 2005; Helm, 2007; and Frooman, 1999) than in developing countries, particularly in Africa.

By having such kind of isolation on that subject matter, companies in African countries, Tanzania in particular, may be victims of operational losses and deterioration which may finally lead to high financial losses (Cummins et al., 2006; Fiordelisi et al., 2013; Fiordelisi et al., 2014; Gillet et al., 2010; Karpoff et al., 2008; Perry and de Fontnouvelle, 2005; Sturm, 2013), due to the negative company reputation risk events. Hence, by having that exiting isolation companies may fail to
yield a positive company reputation, for instance, positive effects on the financial performance in general (Gatzert, 2015), raising of capital (Fombrun et al., 2000a), as well as simplicity when negotiating with suppliers or local governments, or when building customer relationships (Walsh et al., 2009; Fombrun and van Riel, 2004). Consequently, this may weaken the ability of the companies to compete in the existing global competition. Therefore, this study opted to employ a case study of Acacia plc to study reputation risks, particularly their causes, effects as well as their prospects in African environment.

Acacia plc is a UK public company that is headquartered in London. The company is the largest gold miner and producer of gold in Africa. In Africa continent the company operates in Mali, Kenya, Burkina Faso and Tanzania. In Tanzania the company has three producing mines located in north-west Tanzania which are North Mara, Bulyanhulu and Buzwagi. The company is a portfolio of exploration projects in Tanzania. It is also listed on the London Stock Exchange with a secondary listing on the Dar es Salaam Stock Exchange (Acacia Mining plc, 2017).

Acacia’s business strategy includes the ongoing implementation of operational reviews, as well as risks factors and hazards associated with the business of mineral exploration, development, mining and production (Acacia Mining plc, 2017). Despite of the company and its subsidiaries’ business code of conduct and ethics to be built on a foundation of personal, professional integrity and commitment to excellence, without forget being considering itself as kind of company that conduct its business with the highest standards of honesty, integrity and ethical behavior such as rules, laws and all applicable regulations (Acacia Mining plc, 2017), the company has been involved in various risks and ramous in regards to illegal business conducts, which had been dominating in various local and international media. However, it reacted by switching from African Barrick Gold to current Acacia, its reputation has remain at risk, despite of also spending more than $1m in marketing to improve its reputation to the public (Acacia Mining plc, 2017). The failure might be due to the environment and time the strategies in place are applied to deal with reputation risks.
One of the biggest differences today versus even three or four years ago, is that, the speed of risks is so much greater now, and as a result the companies have to be more prepared as faster to respond than it was in the past (Rogers, 2013). Despite of such difference, currently, the reputation risks, causes, effects, and strategies to overcome such risk has started to be widely emphasized by the existing academic and business literature (Yilmaz and Kucuk, 2010) in developed countries (e.g. See; Bromley, 2002; Chun, 2005; Helm, 2007; and Frooman, 1999) as compared to the developing countries particularly in Africa. This is due to the fact that reputation is strategic risk for companies and it should be manage all the time so as to stay sustainable and competitive in globally warmed business environment (Yilmaz and Kucuk, 2010).

1.3 Statement of the Problem
Reputation risk is the potential that negative publicity regarding an organization’s business practices, whether true or not, will cause a decline in the customer base, costly litigation, or revenue reductions (Board of Governors of the Federal Reserve System, 2004). Therefore a company must be fully engaged in reputation risk strategy that is aware of, and sensitive to, evolving needs and demands of a growing local and international community of stakeholders (Spedding, 2013).

However, Acacia’s strategy claim that they work towards zero harm; additional focus on Government dialogue; delivery on community commitments; and enhanced public relations profile (Acacia Mining plc, 2017), the company has been involving of various risks and ramous in regards to illegal business conducts, which had been dominating in various media. For instance, it has been reported by the Guardian that Acacia mining Company has been meeting with the Tanzania Revenue Authority about their tax evasion (Tanzania Business Ethics, 2017)

One among the media reported that:

“Acacia Mining uses their huge power and money to bully and oppress small people. They send strong lawyers from overseas to scare and intimidate in order to achieve their goals”.”

In regard to such situation, the President of United Republic of Tanzania, Dr. Magufuli, stood up in public and talked against corruption, fraud and tax evasion in the country, and made his point publicly and blatantly about Acacia Mining conducts (Tanzania Business Ethics, 2017). He was quoted by the Media saying:
“I don’t know what’s worse: People who lie, or people who think I am stupid enough to believe their lies.”  (Researcher’s Translation)

Apart from that the company has been involving in North Mara mine chaos that created a terrible relationship with locals, when its two open pits attracted illegal miners and trespassers, resulting in violent clashes between security staff, local police and villagers.

Despite of the switch from African Barrick Gold to Acacia as one of the reliefs in maintain and serving it from reputation risk, the mining industry was perceived very poorly in Africa. For instance, one of the famous media in Europe and worldwide known as (Telegraph UK, 2017) quoted Brad Gordon, Chief Executive of Acacia Mining recalls being disheartened by the attitudes African leaders and governments have towards the company reputation. The source quoted him saying:

At one of the forums there were about 34 mining ministers in a room with half a dozen mining CEOs. I was quite shocked by what was said in that meeting. It became too obvious to me that the mining industry was perceived very poorly by African leaders and governments, more so than in any other continent I’d worked in.” The meeting gave Gordon the resolve to make a difference. “I thought: here’s an opportunity for someone to… change the way mining is done in Africa. (Telegraph UK, 2017).

More than switching from African Barrick Gold to Acacia, the company has been spending more than $1m in marketing to improve its reputation (Acacia Mining plc, 2017) despite of such efforts the company is still perceived very poorly publicly.

Therefore, these kinds of risks situation calls for a strong risk strategy operational focus, since without strong risk management strategies, a company is susceptible to the effects such as embarrassing control breakdowns, which could totally diminish its reputation (Spedding, 2013). As cited by Buffet and Sachs, that:

It takes twenty years to build a reputation and five minutes to destroy it.” “If you lose dollars I will understand. If you lose reputation, I will be ruthless” (Warren Buffet). “Our assets are our people, capital and reputation. If any of these are ever diminished, the last is the most difficult to restore” (Goldman Sachs) (Opoku-Adarkwa, 2011).

Due to such value reputation, managing risk effectively has always been a touchstone of the most companies, and still hard for executives to have confidence that their
strategies will play out as expected (Rogers, 2013). For that reason it is recommended that, strategies should be taken regarding the causes and effects, and assess its preparedness for reputational risk (Spring, 2012), since the impact from reputation risk events can be even more damaging with long-term consequences (Dey, 2013). Therefore, this study aimed at studying the reputation risks regarding its causes, effects and strategies to overcome them using a case study of Acacia Mining.

1.4 Objectives of the Study
The objectives of the study comprised of the general objective and specific objectives:

1.4.1 General Objective of the Study
The general objective of this study was aimed at studying the reputation risks regarding its causes, effects and strategies to overcome them using a case study of Acacia Mining.

1.4.2 Specific Objectives of the Study
The following were the specific objectives of the study:

i. To identify the causes of reputation risk at Acacia;

ii. To identify the effects of reputation risk to Acacia; and

iii. To suggest strategies to overcome reputation risk at Acacia.

1.3 Research Questions
The following were the research questions for the study:

i. What are the causes of reputation risk at Acacia?

ii. What are the effects of reputation risk to Acacia?

iii. What are the strategies to overcome reputation risk at Acacia?

1.5 The Significance of the Study
The significance of the present study is revealed in a number of areas. It is valuable to the business organizations, policy makers, as well as academicians.
To Organizations
The recommendations made in this study can help risk managers mitigate risks associated with their operations, since it covers the effect, causes and strategies to overcome reputation risks.
This study is also important to mining industry management firms as it shows the value of having and implementing reputation organization risk management measures in their organizations for better operation of the organization.

To Policy Makers
Policy makers can access knowledge of the mining industry management, since they can obtain guidance on how to design appropriate organization reputation risk management requirements and policies that may regulate the industry.

To Academicians
This study is of importance to academicians as well since it enriches the Theory of Organization Risks Management and how such practices are important in enhancing smooth operations of organizations.

The study can provide information to potential and current scholars on organization reputation risk management, particularly in Tanzania. They can use the study as a guide of furthering future research on reputation risk management in mining industry.

1.7 Scope of the Study
The concept organization reputation risk cuts across every kind of firm or industry. Amongst such industries are banks and non-bank financial institutions, finance houses, investment banks, insurance companies and other financial intermediaries. Therefore the study focused on assessing the reputation risks on mining industry organization. However, there are number of mining companies operating in Tanzania, this study used Acacia as a case study. In regard to such case study, it limited itself to the causes, effects, and its prospect.
1.8 Organization of the Dissertation

This dissertation comprises six chapters. The first chapter covers the introduction of the study. The chapter introduces the background of the study, statement of the problem, research questions, objectives of the study, scope, and organization of the study.

The second chapter focuses on literature review. The chapter presents the review of theoretical literature review, conceptual literature review, empirical literature review, and the conceptual literature review.

The third chapter focuses on research methodology. It presents the research design, research approach, area of the study, population of the study, sampling procedures, sample size, data collection methods, validity and reliability, data analysis methods and ethical consideration.

The fourth chapter deals with data analysis and presentation. In this chapter, all data of the present study are summarized in the table, figures and sequentially analyzed with the descriptive and inferential analysis.

The fifth chapter presents discussion of findings from the data analysis, derived from the major themes, categories and sub-categories which emerged from the data and which are linked to the research questions and specific objectives.

The sixth chapter presents the summary of the study, conclusion and recommendation of the study.
CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction
This chapter presents the theoretical literature review, empirical literature review as well as conceptual framework.

2.2 Theoretical Literature Review
2.2.1 Reputation
Reputation is the goodwill that the company has achieved through a formidable approach to enhance its credibility as a reputable company (Fombrun, 1996). It may also be defined as a perceptual representation of a company’s past actions and future prospects that describe the firm’s overall appeal to all of its key constituents when compared with other leading rivals (Walker, 2010). Not only that, it may also be defined as a collective assessment of a company’s attractiveness to a specific group of stakeholders relative to a reference group of companies with which the company competes for resources” (Fombrun, 2012). This study regards reputation as a goodwill that the company has achieved through a formidable approach to enhance its credibility as a reputable company (Fombrun, 1996).

2.2.2 Risk
Risk refers to as a measure of the timing and magnitude of unanticipated changes, which is evaluated relative to expected changes in variables (Oxelheim and Wihlborg, 1997). Risk is the possibility that something that is unpleasant or unwelcome will happen (The Oxford Dictionary, 1989). It is the probability of loss (Horcher, 2005). Risk is inherent in business, not only because an organization operates in a risky environment, but also because the business itself is continuously changing. Certain risks relate to variability in returns caused by factors that are unique to the company, such as the type of industry in which the company operates, and the product that it sells (Gitman, 1994). In this study we define risk as the likelihood of losses occurring from the exposure to the market and changes within the market, since every organization exists to provide value for its stakeholders (Eikenhout, 2015).
2.2.3 Reputation Risk
Reputation risk can be defined as reputational loss as the deterioration of the perceptions of stakeholders or the consequent change in the behavior of the stakeholder (Tonello, 2007). Reputation risk may also be defined as the risk arising from negative perception on the part of customers, counterparties, share-holders, investors or regulators that can adversely affect a bank’s ability to maintain existing, or establish new, business relationships and continued access to sources of funding (e.g., through the interbank or securitization markets) (Basel Committee on Banking Supervision, 2009). In this study we regard reputation risk as a goodwill that the company has achieved through a formidable approach to enhance its credibility as a reputable company (Fombrun, 1996).

2.2.4 Company Reputation Risks
Despite of the general agreement upon the importance of organization reputation and its crucial role in company’s future performance, the academic and business community has not concluded on common interpretation of reputation risk. Organization reputation is still understood as a concept of a multi-disciplinary richness and broad meanings and continues to be variously defined (Balan, 2015). For instance, organization reputation risk can be defined as any action, event or circumstance that could adversely or beneficially impact an organization’s reputation” (Rayner, 2003). Despite of significance, measuring reputation risk is however a difficult issue because of the many differing definitions. We therefore, define company reputational risk as the potential that negative publicity regarding an institution's business practices, whether true or not, will cause a decline in the customer base, costly litigation or revenue reductions (Pagach and Warr, 2009).

2.2.5 Causes of Reputation Risks
An analysis of reputation damage to corporations over recent years yields a categorization of causes under the headings: cultural, managerial and external. This classification was tested and found to be valid (Strategic Risk Magazine, 2006).
2.2.5.1 Cultural risks

These risks include legal and ethical risks. They are risks which tend not to be identified as they are embedded in the culture of an organization and relate to workplace practices and policies. In short, these relate to codes of conduct and rules of operation, some of which are imposed by a third party as mandatory and some are discretionary or volitional codes which are self-imposed. These are risks that can be avoided and should be identified.

Legal risks as part and parcel of cultural risks relate to regulator imposed rules and codes, for example reporting regulations, company law, statute law, professional negligence or legislative compliance. Financial organizations have systems and procedures but these alone do not provide reputation protection.

Ethical risks on the other hand relate to self-imposed standards via a professional institute or association to advise member son behavioral norms and ethics. They are intra-company and involve different departments or business units that espouse contradictory values and risk the reputation of the organization as a whole. Ethical risk occurs in organizations that demonstrate some inconsistency between what they say and what they do. These risks lie in value misalignment with the company core values. Therefore in here, the codes of conduct are expected to reflect and reinforce on trust and should not be viewed as an impediment. In short, is a behavioral risk in the procedures and supervision that can damage an organization.

2.2.5.2 Managerial risks

These risks include executive and operational risks. These are risks that are frequently identified as they fall under the radar of the risk or internal audit committee. The fact that these risks still present substantial reputation damage only goes to show how important it is to have a handle on operational risk. It is not enough just to have systems and procedures in place, they must also work effectively, while risks that cannot be avoided or transferred and so must be managed.
Executive risk
Executive risks are about performance indicators, meeting financial targets and satisfying clients. These are regarded to be easy enough to control but equitable life is a proof that this is sometimes less if the right questions are left unanswered by shareholders. Apart from incompetence this type of risk can arise from arrogance.

Operational risks
Operational risk is about performance expectation and how well the ‘product’ works. For manufacturers this is simply a matter of quality control and distribution, yet mistakes happen and batches need to be recalled. The reputation damage depends on the way this is handled.

2.1.5.3 External risks
These are risks to the organization from the outside. They can be quite close in the form of a partner, supplier, agent or contractor or distant in the form of a natural disaster on the other side of the world. The common threat is that, these risks can neither be controlled nor avoided; so they must be mitigated. These include environmental and association risks.

Environment risk
Environmental risks can be from the natural or commercial environment such as a new technology. New technology alters the marketplace or a new competitor from overseas to enter the market. Business continuity can be insured but not when the viability of the business comes into question. Sometimes insurance is not enough and the risks from the marketplace need to be recognized. Reputation damage from the environment is very difficult to anticipate.

Association risk
Association risk is where part of company product or service is delivered by a third party on whom it may rely. It may be referred to as inter-company and involve partner organizations with which an entity operates jointly and represent a contamination risk where their behavior may impact its reputation. The risk here is in the case of the values of the people and organizations with which it works showing
little or no alignment with its own. In some cases there may be a value conflict. This misalignment may need to be identified and recognized as a reputation risk. This might be on a permanent or temporary basis but firm reputation depends on its standards of client service meeting its standards. The poor supervision of sub-contractors may lead to a critical safety issue that destroyed investor confidence. There are risks in using sub-contractors which cannot be directly managed but threaten to contaminate your reputation. Outsourcing has been popular but it offers an association risk.

2.2.5.4 Effects of reputation risk to an organization

The effects of reputation risks may differ from one company to another. However, most of the company may face most of the following effects: weakening of the loyalty from employees, failure to hire good replacements, lower latitude in decision making, lower bargaining power, devalue of firm goodwill, loss of revenue and profit, and losing association from advertisers, sponsors or other partners.

2.6 Strategies to Overcome Reputation Risks

The strategies to overcome reputation risks can be categorized into four parts which are transfer of risk, avoiding risk, managing risk and mitigating risk.

Transfer of Risks

Some risks can be transferred through insurance or other vehicles such as securitization. The financial crisis which became the ‘Credit Crunch’ was caused by excessive risk transfer. Some risk can be transferred but only if the party taking it on is fully aware of the extent of the financial liability and probability of exposure.

Avoiding Risks

Avoiding risk is how most risk managers see their roles in business. Risk management as a discipline is fast becoming one of managing the avoidance of risk not actually one of managing risk itself. Much of what passes for company risk management is in reality a system for identifying and avoiding risk which can have a negative impact.
As a behavioral risk, reputation risk can and should be avoided but the risk can sometimes seem too obvious to notice.

**Managing Risks**

Executive risk is expressed as the quality of decision making by the board or management team. Any shortfall in performance can usually be dealt with by shareholders or institutional investors through changing Chair or CEO with the remit to shake up the team. Some risk has to be managed because it cannot be outsourced or transferred to a third party, it is inherent within the operation of the organization, such as employee relations, human capital and people risk. The sub-categories, executive and operations, both of which are normally fully accounted for under the remit of internal audit or risk management teams within any organization. Failure at either level can usually be traced to failure of quality process or internal vigilance. Damaging risk to reputation is rare within the category of managerial risk. This is because the systems are normally already in place and the fault can easily be traced and remedied.

- **Mitigating Risks**

Some risks lie outside the organization’s direct control yet the nature of business and its dependence on suppliers, agents, contractors and other third parties means that the organization has no choice in accepting the risks. For these risks the strategy must be reduction or mitigation as the organization has no direct control over them. External risks can come from a business relationship or a natural hazard in the environment. Natural hazards such as fire and flood usually cause less reputation damage than actual physical damage. Customers and suppliers are usually sympathetic to a business hit by fire or flood (unless of course the cause is believed to be negligence). The financial damage of a flood or fire can be covered by insurance but the reputation damage from closure is more difficult to cover.
2.2 Conceptual Literature Review

2.2.1 Effect of Reputation Risks
A company is advised to have a structured policy that will manage reputational risks, since if reputational risks is not properly managed, the consequences can be: reduced revenue, increased expenses (including lawsuits and settlements) and liquidity issues; lower security prices, reduced agency ratings, and unavailability of investor funding; deterioration in partnerships and relationships with suppliers and customers; and inability to attract and retain high-quality employees (Mayer and Settar, 2003). Other factors, which can also impact reputations, are: poor performance directly connected to a product and/or services; poor performance with respect to achievement of relevant aims of a company; value conflicts or violation of specific values, public relations crises and fundamental ideological rejection (Green, 1992).

2.2.2 Causes of Reputation Risks
The risk to reputation is said that it can arise from many sources. The major drivers are; financial performance and profitability; poor corporate governance and unethical behavior; employees and corporate culture; product/professional liability; major adverse event/publication; product recall and litigation; marketing innovation and customer relations (Rayner, 2003).

Mayer and Settar (2003) developed five main different factors that have a direct impact on the reputation of an organization. Those factors are management, risk of associating with companies or products, reinvention or merger, physical accidents, and the media. Firstly, is management, refers to the approach, integrity and ethical compliance of management with regards to enhancing the reputation of a company; secondly, the risk of associating with companies or products that could have a negative impact on the reputation of a company; Thirdly, reinvention or merger: the purpose here is to highlight situations wherein companies try to introduce new products, and completely sidetrack their primary goals; this directly impacts the company’s earnings, as the company will be unable to compete successfully with the obvious, more experienced, competitors in the field. Consequently, the company could be perceived as being totally inexperienced, thereby negatively impacting the
reputation of a company; fourthly, physical accidents. Accidents are created through intentional or unintentional means. Intentional means occur when someone purposely tries to destroy the company’s image by tainting the product of the company. Unintentional means occur when damage is incurred as a result of external factors; lastly, the media, due to the fishbowl effect, it is difficult for companies to squash rumors effectively, without the media creating a proverbial media event with the story. This, therefore, creates the factor of publicity, which could seriously impair the reputation of a company, if it is not handled correctly. The risk is created by the media not allowing the company sufficient time to correct the situation, before it reaches the point of damaging a company’s reputation.

However scholars such as Rayner (2003) maintain that there is no such thing as reputation risk - only a risk to reputation. There are different kinds of risk which impact reputation. Reputation risk can arise from many sources, including: financial performance, corporate governance and quality of management, social, ethical and environmental performance, employees and corporate culture, marketing, innovation and customer relations, regulatory compliance and litigation, and communications and crisis management. A weakness in any one of these areas might be enough to significantly damage a reputation (Collins, 2002).

The focus of this study will be on the various major sources reputation risk which has an impact on organization’s performance. Additionally, the study will illustrate how the different causes of adverse reactions of a risk have an adverse effect on organization customer base, capital investment and profit.

2.2.3 Strategies to Overcome Reputation Risks

The strategies to overcome reputation risk management can be described as the activities designed to minimize the negative impact (cost) of uncertainty (risk) regarding possible losses (Schmidt and Roth, 1990). It also can be defined as a systematic process for the identification, evaluation of pure loss exposure faced by an organization or an individual, and for the selection and implementation of the most appropriate techniques for treating such exposures (Redja, 1998).
The strategies to risk management involve identification, measurement, and management of the risks. In addition to it being a process, risk management also involves a set of tools and models for measuring and controlling risk (Bessis, 2010). Its objectives include the minimization of foreign exchange losses, reduction of the volatility of cash flows, protection of earnings fluctuations, increment in profitability and assurance of survival of the firm (Fatemi and Glaum, 2000).

Another group of researchers stated that strategies to risk management is about ensuring that risks are taken consciously with full knowledge, clear purpose and understanding so that it can be measured and mitigated to prevent a firm from suffering unacceptable loss causing it to fail or materially damage its competitive position. According to Pyle (1997), the strategies to risk management is the process by which managers satisfy these needs by identifying key risks, obtaining consistent, understandable, operational risk measures, choosing which risks to reduce, which to increase and by what means, and establishing procedures to monitor resulting risk positions.

According to Riggins (2009) the strategies to risk management to organization reputation provides support to track and evaluate reputation across a wide array of metrics including: holistic management and organization, strategic planning, business continuity planning (e.g., irregular operations, emerging risks), competitive innovation and differentiation corporate culture, corporate relationship management, sustainability in triple bottom line concept: social (e.g. corporate social responsibility), financial and environmental (e.g. environmental management systems, policy and procedures), personnel empowerment, stakeholder relationships management: stakeholders are the new consumers leaving them out of the development and marketing mix is a missed opportunity and a huge risk to success.

2.3 Empirical Literature Review

Niketan and Nambiar (2016) conducted a study of challenges faced by bankers while managing reputation risk. The study has the following objectives: to understand meaning of the term Reputation Risk and its management; to study and analyze
reputation risk of different types of banks; to understand and analyze challenges faced by bankers while managing reputation risk; and to draw conclusions and give suggestions. The study was based only on secondary data. Reputation means banks expectation from the community scattered covered large geographical area or image of banks in the minds of people. The study findings indicated that, public sector bankers, Private Sector banks and Co-operative banks have to design a strategy for reputation risk management. Media or social media can be used in positive manner in order to avoid reputation risk. By using media, Banks can publish their statistics for general people. The study concluded that, the reputation risk is the most important phenomena banker should take efforts to handle employees in order to provide efficient services. Reputation Risk Management strategies has to be designed by the bankers for overall growth of the banking organization.

Warr (2009) studied the effect of Enterprise Risk Management (ERM) adoption on a firm’s corporate reputation. ERM may impact corporate reputation in a variety of ways. The study applied both qualitative and quantitative research design. The study findings indicated that implementation of ERM program may enhance corporate reputation, although not in the short-term. In addition, the ERM adoption tends to occur during a period in which various reputation measures tend to be decreasing. The study concluded that firms may be implementing ERM as a response to a decline in corporate fortunes. However, based on the study results suggest that following ERM adoption this decline in reputational measures is somewhat reduced and in some cases reversed. In additional recommended that research is needed to understand how managers balance non-quantifiable risks, such as reputation, with quantifiable risks.

Tuck (2013) conducted a study to explore the relationships between mining companies and their stakeholders. The case studies provide qualitative evaluation and validation of the outcomes of the Delphi study. The study employed case study research design consisted of in-depth interviews with stakeholders and company representatives from two mining companies, they facilitated exploration of areas of high and low agreement within the Delphi study. Specifically the study reviewed the
complex process of reputation formation from a stakeholder and industry perspective, also identification of stakeholder specific reputations, stakeholder network effects and industry effects in the formation of reputation for the Australian mining industry. The study findings indicated that determinants of reputation for the various stakeholder groups may change over time, due to changes in stakeholder expectations and/or changes in the organizational circumstances of a mining company. Hence, it recommended that, managers need to be aware of the current conditions to be able to manage reputation within the ever-changing environment. The study concluded that, there is a need to differentiate perceptions of the company from the perception of the industry. To achieve this requires the company to build relationships with its external stakeholder groups and to narrow the gaps between the knowledge of those within the company and the company’s other stakeholder groups, thus reducing the impact of the industry effects in the reputation formation process

Hashem (2013) studied the process of mining investments and calculating the level of risk to which mining companies are exposed. In order to compare the level of exposure of gold mining firms to risk factors, the study has identified the top-five gold mining companies. The ranking was based on their market capitalization (total value of a firm based on the total dollar value of all outstanding shares). The findings of the study revealed that, in developing countries and especially African countries are highly exposed to political risks. So, the first recommendation could be establishing a global mining reference to define certain codes for mining activities. This reference can then rank countries due to their performance for employing their best practice in risk reduction. The study concluded that defining certain mitigation strategies for each risk category in a phase-specific framework. More precisely, phases-specific risk mitigation strategy empowers mining project managers to enforce the investment gradually against risks.

building on past research in stakeholder theory, corporate reputation and corporate citizenship, this paper reports on an ongoing exploratory research program which aims to develop an understanding of the relationships between mining companies and their stakeholders, and the importance of corporate citizenship polices to reputation
and hence to corporate sustainability. The findings of the first stage of this research, the results of a Delphi study into the drivers of reputation for mining companies are reported. These results further the understanding of the relationship between corporate citizenship and reputation in the mining industry, thus assisting companies to strategically manage their corporate citizenship investments and to understand the process of innovation to meet the changing expectations of stakeholders.

Eckert (2016) corporate reputation and reputation risk: definition and measurement from a (risk) management perspective. The study concluded that, a holistic and consistent approach for defining and measuring corporate reputation and reputation risk with (risk) management purposes. By distinguishing between different stakeholder groups, the presented approach allows firms to analyze and evaluate its situation more exactly, taking measures to improve or protect its corporate reputation more effectively.

Joosub (2016) conducted a study on risk management strategies to maintain corporate reputation. The specific objectives of the study were; to determine the impact on the reputation of a company of ineffective management strategies followed during a crisis; to recommend a risk management model that can be implemented during a Crisis; to identify the management strategies that successfully assisted in averting reputational damage. The study employed a case study methodology. The findings of the study indicated that important steps in risk management include the following: companies must make early disclosure and accept responsibility for the event; all information should be disclosed and the event should be explained fully; appropriate leadership must be selected to handle the event, and the company must rebuild confidence. Another recommended factor is to restructure, in order to enhance credibility. Lastly, the company must satisfy all requirements related to legislation.

2.3 Conceptual framework
A conceptual framework refers to a visual, either graphically or in narrative form, that explain the main things to be studied such as concepts, or variables and the
presumed relationship among them (Lee and Wang, 2001). This study will be guided by the variables as conceptualized by the researcher as indicated in the Figure 1.0 below;

**Figure 1.0 Conceptual framework: assessment of reputation risks: effects, causes and strategies to overcome the reputation risks**

<table>
<thead>
<tr>
<th>Causes of reputation risk to organization:</th>
<th>The effect of reputation risk to organization:</th>
<th>Strategies to overcome reputation:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cultural risks:</td>
<td>- Weaken loyalty from employees.</td>
<td>• Avoid</td>
</tr>
<tr>
<td>• Legal Risks</td>
<td>- Hard to hire good replacements.</td>
<td>• Manage</td>
</tr>
<tr>
<td>• Ethical Risk</td>
<td>- Lower latitude in decision making.</td>
<td>• Mitigate</td>
</tr>
<tr>
<td>Managerial risks:</td>
<td>- Lower bargaining power.</td>
<td>• Transfer</td>
</tr>
<tr>
<td>• Executive Risks</td>
<td>- Disvalue firm goodwill.</td>
<td></td>
</tr>
<tr>
<td>• Operational Risks</td>
<td>- Loss of revenue and profits</td>
<td></td>
</tr>
<tr>
<td>External risks:</td>
<td>- Losing association from advertisers, sponsors or other partners</td>
<td></td>
</tr>
<tr>
<td>• Environmental Risks</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Association Risks</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2.4 Elaboration of Conceptual Framework

The above conceptual framework the study regarded the “causes of reputation risk to organization” as independent variables which have sub variables such as Cultural Risks: (Legal Risks and Ethical Risks), Managerial Risks (Executive Risks and Operational Risks) and External Risks (Environmental Risks and Association Risks), while “the effect of reputation risk to organization” was regarded as dependents variables comprised with sub variables such as weakening loyalty from employees, hard to hire good replacements, lower latitude in decision making, lower bargaining power, disvalue firm goodwill, loss of revenue and profits, losing association from advertisers, sponsors or other partners. The Strategies to overcome reputation were regarded to be Avoid, Manage, Mitigate, and Transfer strategy.
CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction
This chapter presents research design, research approach, and population of the study, sampling and sample of the study, data collection and data analyses.

3.2 Research Design
This study opted for qualitative research designs, applying a case study approach. According to some scholars such as Creswell (1998); Creswell, (2008); Bailey, Hennink and Hutter, (2011) a research question starting with “how”, “who”, “when”, “why”, and “what” may call for qualitative study, with the findings portraying what is going on. Following such arguments, the qualitative research design was appropriate in this study as it aimed to answer the questions: “What are the causes of reputation risk to an organization? “What are the effects of reputation risk to an organization? “What are the strategies to overcome reputation risk to an organization?” The study used ACACIA as case study. Regarding to data collection, the data was collected through interviews, questionnare as well as documentary review concerning policies of the company on reputation risk and management.

3.3 Research Approach
The choice of a research approach depends on the degree of precision by which the original research questions can be formulated, and how much knowledge exists in the area of the chosen subject. The study employed a qualitative descriptive and case study research approach. In a descriptive study, only essential aspects of the phenomenon are looked upon (Patel & Davidson, 1994) and offer detailed knowledge from descriptive accounts of the unique lived experiences of the participants to enhance understanding of the particular phenomenon (Mutch, 2005). The research design guided the study in assessing reputation risks at ACACIA based on the causes, effects, and strategies to overcome the reputation risks. Since descriptive research is primarily concerned with finding out what is in the field, the study used the approach as a suitable way to gather vital information regarding causes of reputation risk to the organization. Oakes (2013) states that descriptive
statistics are applied to investigate, review and illustrate the data gathered. Based on such view, the approach helped the study in finding out the effects and the strategies to overcome reputation risk the selected organization.

3.4 Area of the Study
The study area can be defined as the target coverage place in which the research is to be conducted basing on the research problem as justification for the selection of a particular area (Corbetta, 2003). The study area of the present work was Dar es Salaam since it is the corporate office of ACACIA Company in Tanzania. The study area was selected due to its accessibility and affordability. In this case it reduced substantially the travel and subsistence costs. The company hence made a huge support in the data collection process. This concurs with Mason (1996) who advises researchers to avoid study areas with no or little prospect for accessing the required data.

3.5 Sample Size of the Study
A sampling size refers to the number of sampling units selected from the population for investigation (Chandan, et al., 2010). It may be defined as a sub-set of the population in question and comprises of a selection of members from that particular population (Sekaran, 2000). The sample size depends on the purpose of the study, research design, data collection techniques and the nature of the study population available for the particular research problem (White, 1999). There is no sample size of the study which is the best over the other, but it can be acceptable depending on the nature of the particular study (Best and Kahn, 1998). Therefore, the sample of the present study comprised 36 respondents whereby 20 were normal staff while 16 were top managers in the company. These were selected since they are knowledgeable on the reputation risks, their effects, causes and strategies to overcome them at Acacia.

3.6 Sampling Techniques
Purposive sampling approach was used to identify a study sample. With purposive sampling the researcher had to use personal judgment to select cases that would best meet the research objectives and questions (Saunders et al., 2003). Purposive
sampling technique was used to select informants who were knowledgeable about the issues being investigated, willing to talk and representative of the range of points of view (Rubin and Rubin, 1995). This study therefore involved 20 respondents who were normal staff as well as 16 top managers in the company. Among the 16 top managers one of them was the company Chief Risk Officer. Thus, 36 respondents were selected since they were knowledgeable on the causes, effects, and strategies to overcome the reputation risks at Acacia.

3.7 Data Collection Methods
This study used primary and secondary data. The primary data was collected through questionnaire and interview methods while the secondary data was collected through documentary review method.

3.7.1 Interview Method
According to Maxwell (2005) interview is often an efficient and valid way of understanding someone’s perspective. The interview method was employed to gather the primary data. The company Chief Risk Officer and the top managers in the company were consulted so as to offer more information regarding reputation risks particularly causes, effects, and strategies to overcome the reputation risks at Acacia. The questions that were asked therefore were inquisitive, exploratory and analytical. The interview method was selected since it is a useful approach to get large amounts of information quickly (Marshal and Rossman, 1995). Apart from that there was possibility of immediate follow-up and clarification.

3.7.2 Documentary Review Method
Documentary review method is likely to be relevant when doing a case study. Documentary review is one among the methods of data collection whereby many different forms of information can come in, such as letters, agenda, announcements, written reports of events, internal records, newspaper articles, advertisements, diaries, manuals, books, brochures, journals, event programs and press releases (Bowen; 2009 Yin, 2003).
Documentary review method was employed to gather secondary data. This data was obtained from the annual reports and other reports issued by Acacia. The company’s policy documentations and guidelines concerning the management of the various risks that may influence the damage of company reputation, will also be a major source of information for determining whether the company’s structures and risk management tools are adequate in handling inherent risk in their business activities. The information collected through documentary review method was corroborated and then used to confirm assorted evidence from other sources such as interview method (Yin, 1994).

### 3.7.3 Questionnaire Method

The survey involving questionnaires is one of the most widely used research instruments for data collection within social sciences (Bennett, 1983). It is defined as the ‘attempt to collect data from members of the population in order to determine the current status of that population with respect to one or more variables’ (Gay, 1992, p. 219). It is noted that this strategy should rely on the use of standardized data collection instruments in order to use statistical techniques to help in the interpretation of data (De Vaus, 2001). The questionnaire comprised with five points Likert scale from “strongly disagreed to strongly agreed”, against the aspects such as the causes and effects of reputation risk at Acacia, including the strategies to overcome reputation risk at Acacia.

In the present study, a questionnaire survey was employed as an instrument for data collection for several reasons. First, a questionnaire survey was suitable for the type of data that the researcher gathered as the major part of the study is concerned with the managers’ views on the aspects such as the causes and effects of reputation risk at Acacia, including the strategies to overcome reputation risk at Acacia. Second, Saunders et al (2000) point out that, questionnaires can be employed to examine and explain relationships between variables, in particular cause-and-effect relationships. There were additional reasons to use a questionnaire survey, including the fact that it was cheaper than that of interview survey.
3.8 Validity and Reliability

3.8.1 Validity
Validity can be defined as a measurements ability to measure what it aims to measure (Eriksson and Wiedersheim, 1999). It is also concerned with whether the findings are really about what they appear to be about (Saunders et al., 2007). Using various research instruments necessary in obtaining construct validity, multiple sources of evidence were used. The instruments used were relevant documents such as media reports, company reports, journals and interview method. To obtain construct validity, the documents were be used to corroborate and augment evidence from other sources (Yin, 1994). This was done by utilizing the informant interview technique. Respondents were encouraged to present an in-depth contextualization of the topic in discussion; in this case the interview was based on the reputation risks effects, causes and strategies to overcome the reputation risks at ACACIA. This study ensured a proper identification of the issues at stake when approaching the concepts present in the research questions.

3.8.2 Reliability
Reliability refers to the consistency of measures and how replicable they are, that is, the degree to which an instrument measures the same way each time it is used under the same conditions with the same subjects (Hoyle et al., 2002). Assessing the reliability of data implies that research methods would yield the same results when replicated by other researchers, ensuring similarity of observations and transparency while processing the data (Saunders et al., 2007). The interview scripts designed for the respondents followed common themes that all interviewees delivered an answer to, in order to ensure a common understanding of the basic concepts to be pursued in the research questions and in order to capture the essential behind the various assumptions made by respondents.

3.9 Data analysis
Since the study was qualitative designed, it applied for content analysis method in analysing the qualitative data collected. The content analysis refers to the process of extracting desired information from a text by systematically and objectively
identifying specified characteristics of the text (Smith, as cited in Hoyle et al., 2002). The qualitative content analysis involved analysis of all sorts of recorded communication, which includes transcripts of interviews, exploratory interviews, and documents (Mayring, 2000; and Thorne, 2000). In this case, the themes were based on identifying the causes, effects of reputation risk to the company and the suggested strategies to overcome reputation risk to the company.

Since the data regarding the identified causes, effects of reputation risk to the company and the suggested strategies to overcome reputation risk to the company were obtained in the form of words from the interviews rather than numbers, therefore the data were presented in the form of verbatim quotes where key points revealed from the respondents (McNeil and Chapman, 2005), and where the information was relevant for inquiry and interpretation.

This was possible through recognizing emerging themes regarding the specific objectives of the study. Then word repetition analysis, comparisons, and identifying verbal connectors. For this study, a number of the above methods were used to identify the frequency of themes and topics as presented in chapter four of the study. Therefore the process of content analysis consisted of a focused reading and re-reading and review of the data in order to find emerging themes within the data and constructs categories from the data (Bowen, 2009). The themes were based on identifying the causes, effect of reputation risk to organization and the suggested strategies to overcome reputation risk to organization.
CHAPTER FOUR
DATA PRESENTATION AND ANALYSIS

4.1 Introduction
This chapter is about data presentation and analysis. Both presentation and analysis based on the three specific objectives of the study which were: to identify the causes of reputation risk at Acacia; to identify the effects of reputation risk to Acacia; as well as to suggest strategies to overcome reputation risk at Acacia. The data presentation starts with the socio-demographic data of the respondents.

4.2 Socio-Demographic Data of the Respondents

4.2.1 Sex of the Respondents
The present study found that 80% of the normal staffs were males while 20% were females. It was also found that 56% of the top managers were males while 43% were females. Table 4.2.1 depicts in summary, the distribution of respondents in terms of sex:

Table 4.2.1: Sex of the Respondents

<table>
<thead>
<tr>
<th>Gender of Normal Staffs:</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>16</td>
<td>80.0</td>
</tr>
<tr>
<td>Female</td>
<td>4</td>
<td>20.0</td>
</tr>
<tr>
<td>Total</td>
<td>20</td>
<td>100.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gender of Top Managers:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
</tr>
<tr>
<td>Female</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Source: Field Data (2017)

4.2.2 Education Levels of the Respondents
Data from the field indicated that 20% of the normal staffs in the area of study are bachelor degree holders while 80% are master degree holders. In the category of top management it was found that 12.5% have bachelor degree, 12.5% are in their PhD studies and majority (75%) has master degree. Table 4.2.2 stipulates in summary education levels of both normal stuff and top managers:
Table 4.2.2: Education Levels of the Respondents

<table>
<thead>
<tr>
<th>Education level of normal staffs</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bachelor degree holders</td>
<td>6</td>
<td>20.0</td>
</tr>
<tr>
<td>Masters degree holders</td>
<td>14</td>
<td>80.0</td>
</tr>
<tr>
<td>Total</td>
<td>20</td>
<td>100.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Education level of top managers</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bachelor degree holders</td>
<td>2</td>
<td>12.5</td>
</tr>
<tr>
<td>Masters degree holders</td>
<td>12</td>
<td>75.0</td>
</tr>
<tr>
<td>PhDs holders</td>
<td>2</td>
<td>12.5</td>
</tr>
<tr>
<td>Total</td>
<td>16</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Field Data (2017)

4.2.3 Job Positions of the Respondents

Data show that 6% of the top managers were top managers in line with CEOs (level 5), 12% were general managers (level 4), 62% managers (level 3), while 18% were specialist corporate affairs and branding. Table 4.2.3 depicts job positions of the respondents:

Table 4.2.3: Job Positions of the Respondents

<table>
<thead>
<tr>
<th>Job Positions of the Respondents</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top managers in line with CEOs (level 5)</td>
<td>1</td>
<td>6.25</td>
</tr>
<tr>
<td>General managers (Level 4)</td>
<td>2</td>
<td>12.5</td>
</tr>
<tr>
<td>Managers (Level 3)</td>
<td>10</td>
<td>62.5</td>
</tr>
<tr>
<td>Specialist corporate affairs and branding</td>
<td>3</td>
<td>18.75</td>
</tr>
<tr>
<td>Total</td>
<td>16</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Field Data (2017)

4.3 Causes of Reputation Risk at Acacia

The study employed both questionnaire (to normal stuff) and interview guide (to managers) to find out the causes of reputation risk. The results from questionnaire are presented in Table 4.3 and thereafter the interview findings are presented:
Table 4.3: Causes of Reputation Risk

<table>
<thead>
<tr>
<th>SN</th>
<th>Items for Evaluation</th>
<th>Strongly disagreed</th>
<th>Disagreed</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly agreed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Freq</td>
<td>%</td>
<td>Freq</td>
<td>%</td>
<td>Freq</td>
</tr>
<tr>
<td>1</td>
<td>Confusion of the holding company</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>2</td>
<td>Export of cooper concentrate ban</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>Export of cooper</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>4</td>
<td>TSF overflow due to ruins and damage of infrastructure</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>8</td>
<td>4</td>
</tr>
</tbody>
</table>

Source: Field Data (2017)

From Table 4.3 it is revealed that majority of normal staffs agreed that confusion of the holding company, export of cooper concentrate ban, illegal miners and TSF overflow due to ruins and damages of infrastructure are the causes of reputation risks.

Based on the results of interviews to the top management of Acacia, the causes of reputation risks identified can be grouped into the following groups: cultural, managerial as well as external causes as follows:

4.3.1 Cultural factors

In this study cultural factors are among the factors that cause reputation risk at Acacia. The factors are specifically legal and ethical risks as presented hereafter.

4.3.1.1 Legal risks

Legal risks are regarded as factors that relate to regulator imposed rules and codes, for example reporting regulations, company laws, statute laws, as well as professional negligence or legislative compliance. In this study we have found that despite its international qualified standards and strict rules, compliance and regulations Acacia Company has been involving in legal risks such as risks of non-compliance allegations with laws and condition of license as presented below.
• **Tax evasion scandal**

The study found that tax evasion scandal was one among the cultural factors that lead to reputation risk of the company. This was realized during the individual interviews with top managers. During the interview one of the top managers reported as follows:

> "One of the factors that put the company into reputation risks is the issue of tax evasion scandal that potentially damages its reputation."

According to a ruling by the Tax Revenue Appeals Tribunal in Dar es Salaam, Acacia Mining Company has been carrying out a "sophisticated scheme of tax evasion" that effectively enabled it to dodge paying substantial taxes to the Tanzania Revenue Authority (TRA). The tribunal has now ordered Acacia Mining to pay over $41.25 million (90 billion/-) to TRA as withholding tax from dividend payments to its shareholders, plus an unspecified amount as corporation tax said to have been dogged by fictitious claims of losses at its Tanzanian gold mines (IPP media, 2017). In regards to that, one of the top managers during the interview was asked on how he views the public perception in regards to company involving in tax evasion scandals. He said:

> "The general perception of the Company reputation is not positive due to ongoing belief that Acacia does not pay enough tax. At present this is a strong perception, driven by the comments from the President."

These results correspond to (Tanzania Business Ethics, 2017) quotation on the President of United Republic of Tanzania, Dr. Magufuli, talking against fraud and tax evasion in the country. The President made his point publically about Acacia Mining conducts, saying:

> "I don’t know what’s worse: People who lie, or people who think I am stupid enough to believe their lies."

This depicts a bad sign to the company investors because the public and the government in power invested trust on the company operations caused by this allegation.

The above data is supported by (IPP media 2017) as it, reported that, over the past few years the firm has not been paying corporation or withholding taxes to TRA, claiming that it was making losses from all three gold mines. Still, the London-headquartered company is understood to have paid over $412.5 million (901bn/-) as
regular dividends to its shareholders from 2010 to 2013 alone. The results of this study depict that, despite knowing that Acacia is foreign company, it did not do much to clearly educate public and government authority on how they paid these dividends to its shareholders in spite of its loses and take all necessary actions in regards to illegal mining operations allegations, hence this unawareness gap has caused negatively perceived by the public in regard to tax evasion, and sued by TRA.

4.3.1.2 Ethical risks

In this study ethical risks are those risks that occur in the organizations that demonstrate some inconsistency between what they say and what they do. During the interview one of the top managers insisted that ethical risk is one of the causes of reputation risks in the company. The ethical factors they mentioned were lack of transparency, misunderstanding of the disciplinary procedures in place, bribes and corruptions as well as past human rights discrimination at the mines. Below are the results:

- **Lack of transparence**

While it is noted that, good corporate governance involves maintaining effective internal control over financial reporting and transparent disclosure of material matters to stakeholders to ensure that publicly reported information is reliable (Spedding, 2013), this study found that lack of transparence in the operations due to nature of business that is precious metal contributes to the reputation risks. One interviewee supported as follows:

“One of the ethical factors that put company into reputation risk it has been lack of transparence issues such as export of copper concentrate.”

According to the Presidential Committee’s investigation into the Acacia export of gold/copper concentrates presented to the President of Tanzania H.E. Dr. John P. Magufuli, it stated that Acacia has not fully declared all of the minerals contained in the concentrate and the directive halting the export of metallic mineral concentrates remains in place.
However on 24th May 2017, the company denied by holding that it always conducted its business to the highest standards and operated in full compliance with Tanzanian law, including publishing accounts annually audited to an international standard in accordance with IFRS (Acacia Mining plc, 2017). To counter to its reputation crisis, the company strongly refuted the accusations and demanded for an independent review to encompass the Presidential Committee reports that generated, inaccurate and unexplainable findings and allegations (Acacia Mining plc, 2017).

The study has found that nature of the business of precious metal all over the world are done in highly confidentiality and privacy, one precious metal forum has commented that the business itself involve highest risks compared to any other sector in the world thus there lots of confidentiality doing mining business (kitco forum, 2017) hence the study depict that not only in Acacia’s operations but also both Presidential committees which were doing the investigations with regards to amount of mineral contents in copper concentrate allegations and analysis of copper concentrate sample were done in secrecy and could not issue the full report to any mining stakeholder even to Acacia itself the accuser, thus Acacia stated it seeks to have the access to full reports but they could not get answers from the government (Acacia mining plc, 2017). The full reports were not made publicly except for the summaries which were found on state house website. This depict that the mining sector and the government has lack transparence.

- **Misunderstanding of the disciplinary procedures in workplace**

This study found that misunderstanding of the procedures in workplace contributes to company reputation risks. Acacia has international standards and procedures which may be misunderstood by externals. One of the top managers during individual interview said:

“There are procedural issues with the way disciplinary cases are handled that led to court cases.”
The study also found that there is misconstruing of facts that accounted due to the misunderstanding of the procedures in workplace. This was also evidenced during individual interview with one of the top managers who was quoted saying as follows:

“Misunderstanding of the procedures in place e.g. someone will lodge a case against our company without considering our side of the story/or misconstruing of facts.”

Moreover, another top manager during individual interview commented that procedures are there but sometime are not being followed:

*Legal risk happens in two ways for lack of following procedures and process that are in place, e.g. in employment cases; employer can terminate a contract with employees without following the disciplinary proceedings in place to ensure that the employee has been properly investigated and had time to state their case.*

- **Corruption and bribes**

The study also found that corruption contributes to company reputation risks. One of the top managers during individual interview claimed that:

“Many times employees in various sections who come into contact with supplies are and get corrupted. He added that, they sometimes collude into defraud the company through stealing of company assets such as gold bearing materials has been stolen by employees.”

The system in place within the company is now strong in regards to the prevention of corruption and bribes, but the study found that some of the staffs have a tendency of taking bribes from potential customers being noted as one of the factors that contribute to company reputation risks. This was reported by one of the top managers during individual interview quoted saying as follows:

“Team members of a particular function are found to be taking bribes from potential customers. He added that, the system was not strong enough to prevent fraudulent activity. This has since been rectified.”

These results are relevant to (Ethical Corporation) that noted that, corruption risk and associated reputational risk are at an all-time high for businesses and sometimes contradictory laws to companies doing business in different jurisdictions. As recent high-profile scandals show, corruption and bribery run especially deep in the mineral and extractive industries, where economic gains are potentially high and value chains
are long and complex. These results are also supported by Andrea (2014) who noted that these risks add negative or positive implications to the materiality, duration or expansion of the other risks on the affected organization, person, product or service”.

- **Human right discrimination**

  Despite Acacia complying fully with Human right, human right discrimination was found to be one of the aspects of ethical factors that contribute to company reputation risks done by police officers. During individual interview, one of the top managers said:

  “At North Mara, police and historically security guards were alleged to have undertaken breaches of human rights.”

In regards to ethical reputation risks that have been haunted the company for long time; the study found that though Acacia has set memorandum of understanding with Tanzania Police force to comply with human rights because of the situation also it has led the foreign international NGOs to speak on behalf of the community around where the company operates. This was confirmed by one of the top managers during individual interview; he said as follows:

  “...Would imagine there are always compensation demand issues through class actions as a result of international NGOs coming to assist communities. There may also be human rights legal risks that are historical and legacy and which haunt the company.”

**4.3.2 Managerial Risks**

The study, intended to establish whether the company ever experienced managerial risks, including executive and operational risks the factors that could lead the companies into reputation risks. The risks were frequently identified as they fall under the radar of the risk or internal audit committee.

**4.3.2.1 Operational risks**

Operational risks in this study were regarded to be those risks about performance expectation and how well the ‘product’ works, in terms of quality control and distribution. Reputation damage depends on the way this is handled. During the individual interview with the top managers of Acacia, they mentioned the aspects
such as mine intrusion by small scale miners operations which the company encountered at different time:

- **Frequent mine intrusion by small scale miners**
  
  During the individual interview, concerning how the operational risk happened, illegal intrusion by small miners can stop operation on the field over a period of time and thus slows down the production process, one of the top managers of Acacia said as follows:

  *One of the incident happens in the past were frequent mine intrusion by small scale Miners. The number of intrusion per day was over 1,000 people. They were flocking into the mine to try their luck to pick gold bearing stones to make a living. This was happening besides a lot of community development support and other assistance done by the mine to support alternative living.*

In addition, reputation risk events, such as, operational losses can deteriorate a corporate reputation, and finally, lead to high financial losses (Fiordelisi et al., 2014; Gillet et al., 2010). Therefore, this calls for the measures to be taken.

- **Having all its operating mines in one country**
  
  Acacia has three mines in Tanzania where there is production of Gold, and other ongoing three projects in Kenya, Mali and Burkina Faso. Copper concentrate ban by the President affects gold production among two mines in Tanzania which cause the company to be losing its full revenue hence fall of its share value in stock market that damage its reputation. One of the top managers during individual interview said:

  "One of the operational risks the company is exposed to is having all its operating mines in one country. A change in government regime threatens the existence of the organization. Since the president believes Acacia is stealing from the country”

- **Operations of the Company are not very clear**
  
  The company operations are not well known by public, since the nature of the business in non-consumer goods and geographically it is far from cities. By this people can be misled because they are not aware exactly with operations of the company. One of the top managers during individual interview added as follows:
“The general perception of my company is neutral meaning the actually understanding of the company operations is not very clear to the public live far from our operations.”

These results indicate that the government through the Ministry of Energy and Natural Resources has not successfully managed to educate the mass concerning the reality of mining industry operations.

For instance according to (Telegraph UK, 2017) the second government committee that reported on export concentrate burn looked at gold concentrate production in Tanzania dating back 15 years; roughly the time-span that Acacia for all two mines namely Bulyanhulu and Buzwagi (formerly was known as African Barrick), has been operating in Tanzania. While Bulyanhulu has started its operation in 2001 while Buzwagi has started its operation in 2009 this has raised an eye brow to company employees arguing why the committee did not take the actual operation years.

During the individual interview respondents mentioned the following operational risks evolved in the company at different time:

Table 4.3.1: Operational Risks

<table>
<thead>
<tr>
<th>No.</th>
<th>Operational risks:</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>Unreliable/availability of quality power supply</td>
</tr>
<tr>
<td>02</td>
<td>Unscheduled machine/equipment downtime</td>
</tr>
<tr>
<td>03</td>
<td>Fatalities/lost time injuries and safety risks</td>
</tr>
<tr>
<td>04</td>
<td>Being unable to have adequate and appropriate staff to run the plant</td>
</tr>
<tr>
<td>05</td>
<td>Unable to get supplies and input to run the company etc.</td>
</tr>
<tr>
<td>06</td>
<td>Being unable to run the plant based on the planned time</td>
</tr>
<tr>
<td>07</td>
<td>Fire</td>
</tr>
<tr>
<td>08</td>
<td>Labour relations issues/strikes</td>
</tr>
<tr>
<td>09</td>
<td>Industrial hygiene</td>
</tr>
<tr>
<td>10</td>
<td>Permits</td>
</tr>
<tr>
<td>11</td>
<td>Mine intrusion</td>
</tr>
<tr>
<td>12</td>
<td>Geological/mineralization risks which may potentially increase production cost</td>
</tr>
<tr>
<td>13</td>
<td>Security threats/robberies</td>
</tr>
<tr>
<td>14</td>
<td>Low grade materials from underground/pit</td>
</tr>
<tr>
<td>15</td>
<td>Environmental spills/incidents</td>
</tr>
<tr>
<td>16</td>
<td>Excessive rain and flooding (unusual weather pattern)</td>
</tr>
</tbody>
</table>

**Source:** Field Data (2017)
• **Negative publicity conveyed by the government**

Interviewees were also asked to give details on how operational risk happened. One of the top managers of Acacia, said as follows:

*The current public perception of the company is extremely negative. This is as a direct result of the current negative publicity conveyed by the Government. With the Government and stakeholders not fully understanding the company operations and associated technology and mining methods deployed to extract our licensed minerals from the ore body has led to several misconceptions being publicly announced in the media. The resultant negative publicity has led to even internal doubt as to the company intentions and compliance to the presiding regulations and taxation laws.*

Concerning the above results, it seems that the government plays a greater role in company reputation crisis due to the negative publically perception it conveyed. According to (Telegraph UK, 2017), the company holds that the report by the Tanzanian government accused Acacia of under-representing the amount of gold in the concentrate it exports. The accusations by the government that Acacia’s gold output was 10 times than it always states, Acacia has been denied by stating that if that was true would “make it third-biggest gold miner in the world”.

### 4.3.2.2 Executive risks

Executive risks in this study were regarded as those risks about performance indicators, meeting financial targets and satisfying clients. Apart from incompetence, most of these types of risks can arise from arrogance. During the individual interview with the top managers, the following aspects of operations were mentioned:

<table>
<thead>
<tr>
<th>No.</th>
<th>Executive risks:</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>Unable to produce gold as per the target</td>
<td>18</td>
<td>90.0</td>
</tr>
<tr>
<td>02</td>
<td>Failure to plan proper maintenance</td>
<td>16</td>
<td>80.0</td>
</tr>
<tr>
<td>03</td>
<td>Being unable to run the plant based on the planned time</td>
<td>15</td>
<td>75.0</td>
</tr>
<tr>
<td>04</td>
<td>Decisions which impact on delivery time of various benchmarks e.g. Grade, tonnes, haulage of material</td>
<td>19</td>
<td>95.0</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>20</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

*Source: Field Data (2017)*
These results indicate that more than 90% of executive risks are caused by failure to produce gold as per the target, 80% by failure to plan proper maintenance, 75% being unable to run the plant based on the planned time, and 95% by decisions which impact on delivery time of various benchmarks e.g. grade, tonnes, haulage of material.

4.3.3 External Risks

External risks were regarded in this study as the risks to the organization from the outside. They can be quite close in the form of a partner, supplier, agent or contractor or distant in the form of a natural disaster on the other side of the world. Therefore, they were regarded as types of common threats or risks that can neither be controlled nor avoided. In this study, it was found that two types of external risks that have been leading company into the reputation risks were environmental and association risks.

4.3.3.1 Environmental risks

Environmental risks in this study were regarded as risks from the natural or commercial environment. The results are presented below:

- **Rock water seepage and contamination**

  Acacia Company holds that always it has been committed to acting responsibly towards the people of Tanzania, their environment and communities. This study found that rock water seepage and contamination of drinking water was one of the environmental risks that caused the company to get into reputation crisis (Acacia Mining plc, 2017) This was confirmed during the individual interview with one of the top managers of Acacia who reported the following environmental risks:

  “The company had been facing with rock water seepage and contamination of community drinking water.”

Therefore, such kind of conduct may keep destroying the image of the company to the public in which it operates. Despite of such views, the company has been making clear to the public that the primary cause of the situation was the community surrounding the plant. This was evidenced during the individual interview with one
of the top managers of Acacia. He was asked to give details on how one of the operational risks happened; he said as follows:

“Some villagers stole plastic liners from the water catchment areas for the purpose of waterproofing their house. Since the mine has PAF (Potential Acid Forming) Rock formation in the area, water which was contained by the liners seep through to the waste rock which contains sulphides and apparently created water which was not fit for human consumption (with high PH levels).”

Despite regarding community around the plant as one of the sources of contaminating water with plant chemicals, one of the top managers during the individual interview said:

“Contamination of nearby water sources from tailings dams has been caused the company to lose its reputation to the community surrounds the plan.

He added as follows:

“The contamination had been happening after the dams overflowed and potentially contaminate water sources. It was later found that no contamination actually occurred.”

Another top manager during individual interview added:

“There were a lot of allegations that people got sick as a result of drinking contaminated water, including hundreds of cattle which died as a result of that water.”

Moreover, one of the top managers during individual interview gave one of the examples by saying:

“Risk is on-going as per the annual report, although in 2009 when there was an external spillage at North Mara this became a major reputational risk.”

- Theft of the protecting liners

During the individual interview with the top managers of Acacia, one of them mentioned the following environmental risks:

“The company was accused of negligence while the truth of the matter is theft of the protecting liners done by the community.”

He added as follows:
“However there were no medical proven case that there were any villagers who had health problems as a result of that water.”

There results indicate that one of the factors that lead to the company reputation risk are rock water seepage and contamination, external spillage at North Mara, as well as theft of the protecting liners done by the community.

In summary, during the individual interviews with the top managers, the following aspects of environmental risks were linked to the operations of Acacia Company.

### Table 4.3.3.1: Environmental Risks

<table>
<thead>
<tr>
<th>No.</th>
<th>Environmental risks:</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>Water seepage into rivers or residence</td>
</tr>
<tr>
<td>02</td>
<td>Uncontrolled fumes or gases that could leak</td>
</tr>
<tr>
<td>03</td>
<td>Chemicals that could explode or be exposed to dangerous outcome</td>
</tr>
<tr>
<td>04</td>
<td>Possibility that water discharge could exceed the minimum levels required</td>
</tr>
<tr>
<td>05</td>
<td>Environmental permits being revoked for non-compliance with the laws and regulations under the environmental management Act. EMACT.</td>
</tr>
<tr>
<td>06</td>
<td>Pollution into residential areas as a result of bust pipes or vehicles carrying chemicals overturning on their way to site.</td>
</tr>
<tr>
<td>07</td>
<td>Water seepage into rivers or residence</td>
</tr>
<tr>
<td>08</td>
<td>Uncontrolled fumes or gases that could leak</td>
</tr>
</tbody>
</table>

**Source:** Field Data (2017)

### 4.3.3.2 Association risks

Association risks in this study were regarded as the risks were part of the product or service of the company or delivered by a third party on whom it may rely. The results are presented below:

- **Misconception of association between acacia and other associate companies**

  During the individual interview, one of the top managers said:

  “This risk has been rather remote, it happened involved sister companies that faced environmental disastrous in South America being linked to the Acacia operations or mines in Poguera facing human rights violation being linked to Acacia mines in Tanzania.”

In regards to these results, whether the issue is true or false, at the end of the day it is going to ruin the reputation of the company. As the Board of Governors of the
Federal Reserve System (2004) noted that “reputational risk is the potential that brings negative publicity regarding an institution’s business practices. Be it true or false, it will likely cause a decline in the customer base, costly litigation, or revenue reductions”.

- Misconception of association between acacia and contractors
During the individual interview the top managers of Acacia, were asked to give details on how one of the association risks accounted to company reputation crisis happened. One of the top managers during individual interview argued by saying that:

“We use a lot of contractors for mining and for security at the mine sites. For example, if the outsourced security firm mishandles a situation with the public, the public will not view it as the contractor issue. It will be 100% pinned on Acacia.”

These results indicate that the company has done little to the public to clarify its operations that accounted to its reputation loss done by its contractors. Scholars such as Fiordelisi et al (2014) note that smaller reputation risk events can lead to reputational losses and, due to the new media environment, firms cannot hope for unnoticed wrongdoing or that at least only the affected stakeholder group notices the wrongdoing (see, e.g., Aula, 2010; Benediktsson, 2010; Fombrun and van Riel, 2004; Kreutzer, 2012; Larkin, 2003).

4.4 Effects of Reputation Risks to Acacia
The present study found that reputation risks weaken employees’ loyalty, lead to hard hiring of good replacement, lower attitude towards decision making, lower bargaining power, devalue firm goodwill, loss of revenue and profit, loosing association from advertiser, sponsors or other partners, and devaluation of share price. These results are summarized in Table 4.4 as follows:
Table 4.4: Effects of Reputation Risks

<table>
<thead>
<tr>
<th>SN</th>
<th>Items for Evaluation</th>
<th>Strongly disagreed</th>
<th>Disagreed</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly agreed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Freq</td>
<td>%</td>
<td>Freq</td>
<td>%</td>
<td>Freq</td>
<td>%</td>
</tr>
<tr>
<td>1</td>
<td>Weaken employees’ loyalty</td>
<td>0 0</td>
<td>4 2</td>
<td>4 2</td>
<td>12</td>
<td>60 0</td>
</tr>
<tr>
<td>2</td>
<td>Leads to hard hiring of good replacement</td>
<td>0 0</td>
<td>4 2</td>
<td>6 3</td>
<td>10</td>
<td>50 0</td>
</tr>
<tr>
<td>3</td>
<td>Lower attitude towards decision making</td>
<td>0 0</td>
<td>0 0</td>
<td>0 20</td>
<td>100 0</td>
<td>0 0</td>
</tr>
<tr>
<td>4</td>
<td>Lower bargaining power</td>
<td>0 0</td>
<td>0 0</td>
<td>8 4</td>
<td>6 30</td>
<td>6 3</td>
</tr>
<tr>
<td>4</td>
<td>Devalue firm goodwill</td>
<td>0 0</td>
<td>0 0</td>
<td>4 0</td>
<td>8 2</td>
<td>30 6</td>
</tr>
<tr>
<td>5</td>
<td>Loss of revenue and profit</td>
<td>0 0</td>
<td>0 0</td>
<td>8 4</td>
<td>6 30</td>
<td>6 3</td>
</tr>
<tr>
<td>6</td>
<td>Loosing association from advertiser, sponsors or other partners</td>
<td>0 0</td>
<td>0 0</td>
<td>8 4</td>
<td>10 50</td>
<td>2 10</td>
</tr>
<tr>
<td>7</td>
<td>Devaluation of share price</td>
<td>0 0</td>
<td>0 0</td>
<td>4 2</td>
<td>6 30</td>
<td>6 3</td>
</tr>
</tbody>
</table>

Source: Field Data (2017)

The results about effects of reputation risks to Acacia are similar with the results obtained by the method of interview as presented thereafter.

4.4.1 Disvalue of the Goodwill and Image of the Company

During the individual interview top managers of Acacia, had to respond to whether those mentioned risk cases disvalue firm’s goodwill. If yes, how and to what extent they disvalue the firm’s goodwill. One of the top managers of Acacia, said that:

*It is obvious that when there are any reputation risks they can disvalue the goodwill and image of an organization in the eyes of the Government and public. The only issue is how to proactively address those risks and have mitigating strategies to ensure that the company’s image is always protected.*

With the second one (from the top managers of Acacia), said that:

*“Reputation risks make all SC projects look as if we are doing them as mandatory. The company is reluctant to commence projects in the community fearing liability and legacy issues related to sustainability.”*
Another, one among the top managers of Acacia during the individual interview said that:

*The goodwill of the company has sometimes been destroyed. For instance Acacia has been investing US$ 10M into communities every year-this is seen as very positive and should give the company a good-will but allegations on Tax evasion, environmental pollution has had bad effect on company good will.*

While social responsibility is regarded to play a big role, it is usually justified by its ability to minimize the reputational risks and to improve the corporate image by increasing its “reputation capital” (Pitkänen, 2001). The results of this study depict that despite all the efforts the company has been investing for securing and protecting its reputation to the public, still it faces reputation crisis events. It is also depicted that, the company fails to learn on what it happened before and formulates better strategies for reputation crisis management so as to avoid the company frequently involving to reputation crisis events. These results correspond to Fombrun (1999) who found that corporate reputation is developed through sustained social interactions in which past impressions affect future behaviors.

### 4.4.2 Devalue of share price

Acacia has faced dramatically fall of its share price, and it has been its night mare since 1\textsuperscript{st} and 2\textsuperscript{nd} Presidential reports have been announced which accused Acacia to undeclared full amount of precious metal in copper concentrate exportation from the country, these allegations has damaged the company reputation and thus cause its share price to drop by 42% in London stock exchange while Acacia majority shareholder 63% owned by Barrick Gold share price has drop by 5% in Toronto stock exchange, thus cause Acacia to be valued $ 750Million while it was valued $ 2,2 Billion in 2016 (Financial times UK, 2017) .Figure 4.4.2 indicates Devalue of share price:
Figure 4.4.2: Devalue of share price

![Pie chart showing the percentage of managers' agreement or disagreement on the devaluation of share price due to reputation risk cases.]

Source: Field Data (2017)

Figure 4.4.2 indicates that 15% of the managers disagreed that reputation risk cases disvalue of share price, 25% were neutral while 60% agreed that reputation risk cases devalue share price. These results indicates that majority of the top managers agreed that reputation risk cases share price. During the individual interview with the top managers of the company were asked on whether those mentioned risk cases ever devalued share price, how and to what extent.

During the individual interview, one of the top managers of Acacia, said:

“We saw the decline in our share price after some key government decisions were made against the company on imposition of the concentrate ban.”

Another top manager added as follows:

“The value of shares has gone down by 20% to 30% due to allegation of copper concentrate declaration and loss of revenue to the government”.

Figure 4.4.3 below indicates the agreement of manager in regards to the allegation and export of copper concentrate:
Figure 4.4.3: Effects of Allegation and Export of Copper Concentrate

Source: Field Data (2017)

Figure 4.4.3 indicates that 15% of the top managers disagree that the allegation and export of copper concentrate contributed to company reputation risks, 25% were neutral, 15% agreed, while 45% strongly agreed.

Moreover, another top manager during individual interview said that:

“The fall in share price on the FTSE was directly after the imposition of the concentrate ban. It has not really recovered.”

The data collected from documentary review method presents the decline of share price that fallen dramatically after the government concentrate export ban (see. Appendix. 02). The results are presented in Figure 4.4.4
Figure 4.4.4 Indicates that on 2nd March 2017, the Acacia share price as quoted on the London Stock Exchange was 5.33 GBP, when the concentrate export ban was announced on 3 March 2017 the share price fell by 22% - it has recovered somewhat in the intervening period. These results corresponds to Helm (2007) concluded that a “company with a good reputation is perceived to be less risky than companies with equivalent financial performance, but a less well-established reputation”.

Source: http://www.telegraph.co.uk/business/
The first and second Presidential committees reports accused Acacia that it does not declare amount of minerals in copper concentrate exportation since it started the business in 2000 (Tanzania State House, 2017). After these reports share price declined drastically. Figure 4.4.5 and Figure 4.4.6 show these result in stock market in May and June.

Source: http://www.acaciamining.com
Figure 4.4.6: Dramatically fall of share price after the 2\textsuperscript{nd} Presidential committee report in June

![Graph showing share price drop](http://www.acaciamining.com)

**Source:** http://www.acaciamining.com

Acacia has said it declares all materials that have been produced and the company has paid all royalties and taxes that are due, operates in full compliance with Tanzanian law and conducts its business to the highest standards, thus committees’ reports were unexplainable and inaccurate findings and allegations, that it refuted the unfounded accusations. (Acacia Mining plc, 2017)

### 4.4.5 Loss of Revenue and Profits

The present study found that 15\% of the managers disagreed that reputation risk cases in some situation lead to loss of revenue and profits, 10\% were neutral while 75\% agreed that reputation risk cases in some situation lead to loss of revenue and profits. These results indicates that majority of the top managers agreed that reputation risk cases in some situation lead to loss of revenue and profits. The findings are summarized below:
During the individual interview, one of the top managers of Acacia, said that:

"Reputation risk cases in some situation lead to loss of revenue and profits due to government intervention that slowdown production hence has failed to meet targets revenue."

Regarding the results above, the companies have called for a resolution of the situation and the lifting of the export ban which imposed and impacting around 50% of Acacia combined production at Bulyanhulu and Buzwagi (Acacia Mining plc, 2017). Concerning the share price, one of the top managers during individual interview added that:

"The share price of the company has been affected by some of those risks. Most recently there was a fall in up to 44% of the share price. This was after the integrity of the company was questioned by the government."

It is reported that Acacia is losing $1m (£800,000) a day because of a surprise ban on copper and gold concentrate exports levied by the Tanzanian government. In 24th March 2017 shares in the FTSE 250 gold miner tumbled when Tanzania government
launched the surprise ban, with Acacia warning it would affect 30 pc of its revenue (telegraph business, 2017).

4.4.6 Loosing Association from Other Potential Partners

The study also discovered that 40% of the managers were neutral that reputation risk cases in some situation lead to loosing association from advertisers, sponsors or other partners, 40% agreed, while 20% strongly agreed that reputation risk cases in some situation lead to loosing association from advertisers, sponsors or other partners. These results indicates that majority of the top managers agreed that reputation risk cases in some situation lead to loosing association from advertisers, sponsors or other partners. The study found that reputation risk cases in some situation lead to loosing association from other partners. These results reflect Aula’ (2010) study which found that losing one’s reputation may lead to the loss of the trust and loyalty of stakeholders.

<table>
<thead>
<tr>
<th>Table 4.4.6: Loosing Association from potential partners</th>
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<tbody>
<tr>
<td></td>
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<tr>
<td>----------------</td>
</tr>
<tr>
<td>Neutral</td>
</tr>
<tr>
<td>Agree</td>
</tr>
<tr>
<td>Strongly agree</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Source: Field Data (2017)

The Table 4.4.6 indicates that 40% of the managers were neutral that reputation risk cases in some situation lead to loosing association from advertisers, sponsors or other partners, 40% agreed, while 20% strongly agreed that reputation risk cases in some situation lead to loosing association from advertisers, sponsors or other partners. These results indicates that majority of the top managers agreed that reputation risk cases in some situation lead to loosing association from advertisers, sponsors or other partners. The study found that reputation risk cases in some situation lead to loosing
association from other partners. This results reflects (Aula, 2010) study which found that losing one’s reputation may lead to the loss of the trust and loyalty of stakeholders.

During the individual interview with one of the top managers of Acacia said that:

“Yes, the company has lost association and partners/investors. For instance several NGO’s have refused to work in North Mara area due to fear of human right violation.”

Attraction is used to indicate the impact that a good reputation has on the company’s performance in the markets; attraction is a base for economic success. So, a company’s reputation affects how attractive the company is for other partners such as customers, stakeholders, and staff (Aula and Mantere, 2005).

**4.4.7 Weakening Loyalty from Employees**

The figure 4.4.6 indicates that 20% of the managers disagreed that reputation risk weakened employees’ loyalty, 20% were neutral while 60% agreed that reputation risk weakened employees’ loyalty. These results indicates that majority of the top managers agreed that reputation risk weakened employees’ loyalty. These results concur with Aula (2010) who found that mostly, financial scholars argue that reputation at risk has financial implications, but it might also influence the loyalty and bonding of organizational employees.
During the individual interview, one of the top managers of Acacia, said that:

“Employees do not have confidence working in untrusted company, since reputation crisis have led them thinking that they work in an uncertainty environment.”

Another top manager during individual interview said that:

“Taxes evasion allegation has left some employees feeling part of a scheme to hold evasion; including environment pollution has made them felt responsible for injuring their fellow Tanzanian leaving in areas surrounding the villages.”

Moreover, another top manager during individual interview added that:

“Employee still remains loyal to the company as they are updated in consistently inform matter that has impacted the business.”
While employees are regarded to act as representatives of corporate reputation and enhance it (Gotsi, 2001), the results of this study indicates that the company reputation risks has damaged some of employees loyalty to the company however there some employees that are still loyal to the company since the company has been updating in consistently in informing the matter that has impacted the company.

### 4.4.8 Hard to Hire Good Replacements

The study also found that 20% of the managers disagreed that reputation risk cases created environment whereby it became hard to hire good replacements, 40% were neutral while 40% agreed that reputation risk weakened employees’ loyalty. These results indicates that majority of the top managers agreed that reputation risk cases created environment whereby it became hard to hire good replacements. The results are depicted in Figure 4.4.7

#### Table 4.4.7: Hard to Hire Good Replacements

![Bar Chart](image)

Source: Field Data, 2017
During the individual interview one of the top managers of Acacia, said:

“Reputation risk cases not at all created environment whereby it became hard to hire good replacements, the company is still able to attract top talent.”

Another top manager during individual interview said:

“Yes, with serious allegation of taxes sometimes it has proved difficult to attract good people who have believed the allegations.”

Moreover, another top manager during individual interview added as follows:

“I don’t think reputation risk cases have created hard environment for the company to hire good replacements. Luckily the employment market is down and so there are many people who will be able to fill the role.”

These results depict that company’s reputation risk is not always created hard environment for the company to hire good replacements but it depend on the nature of employment market.

4.4.9 Lowed Attitude in Decision Making

It was also found that 10% of the managers disagreed that reputation risk cases lowed latitude in decision making, 10% were neutral, 65% were strongly agreed, while 15% agreed that reputation risk weakened employees’ loyalty. These results indicates that majority of the top managers agreed that reputation risk cases lowed latitude in decision making. Results are shown in Figure 4.4.8:
During the individual interview one of the top managers of Acacia, said:

“\textit{Yes, great thought has to be put into anything that affects the community. Sometimes decisions are made in fear of the impact.}”

Concerning the claim that company risk cases lowered their attitude in decision making, another one among the top managers said:

‘\textit{Yes, in some cases fear to make decision has occurred as managers are fear to be held accountable in case their decision affects reputation of the company}’.

The companies with good reputations understand the importance of good and clear strategies and the ability to communicate these strategies to the stakeholders. In this company it fail to succeed in emphasizing the interaction of the process and made it clear that staff is welcome to with free mind to make decisions. As noted by
Heinonen (2006) that trust and appreciation between the executives and the staff is a thing that reputation leaders have also accomplished in their companies.

### 4.4.10 Lowering Bargaining Power

As far as lowering of the bargaining power is concerned, 20% of the managers disagreed that reputation risk cases lowered the bargaining power, 20% were neutral while 60% agreed that reputation risk lowered bargaining power. These results indicates that majority of the top managers agreed that reputation risk cases lowered the bargaining power. The results are summarized in Figure 4.4.9:

**Figure 4.4.9: Lowering Bargaining Power**

![Pie chart showing the distribution of agreement to lowering bargaining power](image)

**Source:** Field Data (2017)

During the individual interview one of the top managers of Acacia, said:

“Company reputation risks don’t have so much impact on bargaining power.”

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This result indicates that company reputation risk cases have lower impact in lowering the company bargaining power. This result reflect the studies done by Fombrun and van Riel (2004) and Walsh et al (2009) that the companies can benefit from a positive corporate reputation, e.g., when negotiating with suppliers or local governments, or when building customer relationships.

4.5 Strategies Recommended for the Company to Overcome Reputation Risks at Acacia

In regards to the strategies recommended for the company to overcome reputation risk at Acacia. The study found the following recommended strategies based on the data collected by questionnaires as presented in Table 4.5:

<table>
<thead>
<tr>
<th>SN</th>
<th>Items for Evaluation</th>
<th>Strongly disagreed</th>
<th>Disagreed</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly agreed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Freq</td>
<td>%</td>
<td>Freq</td>
<td>%</td>
<td>Freq</td>
<td>%</td>
</tr>
<tr>
<td>1</td>
<td>Clear communication</td>
<td>0  0</td>
<td>0  0</td>
<td>0  0</td>
<td>10 5</td>
<td>0  0</td>
</tr>
<tr>
<td>2</td>
<td>Continue educating</td>
<td>0  0</td>
<td>0  0</td>
<td>0  0</td>
<td>8  40</td>
<td>0  0</td>
</tr>
<tr>
<td>3</td>
<td>Reputation risk plan</td>
<td>0  0</td>
<td>0  0</td>
<td>4  20</td>
<td>16 80</td>
<td>0  0</td>
</tr>
</tbody>
</table>

Source: Field Data (2017)

In order to overcome the reputation risks, it was revealed that clear communication, continue educating and risk plan can be used as the strategies to overcome reputation risks. On the other hand, the results obtained from interview with top management, are presented as follows:

4.5.1 Developing an Effective Risk Assessments Team

During the individual interview with one of the top managers of Acacia, were asked to recommend for the strategies to deal with reputation risk crisis. During the individual interview with one of the top managers of Acacia, said that:
“There should be risk assessments that are done by the risk team to ensure that all company’s business risks are identified; mapped and mitigating factor is also aligned as required. Any risks which will be ranked moderate to high should be immediately addressed.”

Another top manager during individual interview said that;

“There should be a risk assessment review to be done on quarterly basis, including on new projects are also getting risk clearance before are undertaken.”

In corresponding to the above results, scholars such Aula and Mantere (2005) point out on the evaluation systems that concentrate on the conceptions of the stakeholders are justified, reasonable, and believable.

4.5.2 Extensive Review of the Prevailing Operating Conditions

During the individual interview with one of the top managers of Acacia, recommended for a review of the prevailing operating conditions as one of the strategies to deal with reputation risk crisis. He said that:

“To put in place strategies after extensive review of the prevailing operating conditions, such as through perception survey that should be done periodically to assess effectiveness/ impact of the plan and if there is any need to change the strategy.”

This recommendation on the prevailing operating conditions as one of the strategies to deal with reputation risk crisis concur to Pitkänen (2001), who found that in the end image and reputation have a base in the same thing: both are defined by how people perceive, interpret and evaluate a target.

4.5.3 Media Engagement Plan

The media engagement plan was recommended, during the individual interview with one of the top managers of Acacia. He said that;

The media engagement plan should be very dynamic and look on the trending issues and political climate. If stakeholders are proactively engaged based to address some negative perception they would have been pre-empted and more knowledgeable on the issue and would not look on the issue negatively if they were well informed.
Another top manager during individual interview said that;

“The company should take its relationship with the public incredibly seriously, such as the steps taken to guard its public image includes investment in media engagement, SC (Sustainable Communities).”

4.5.4 Education and Awareness to the Overall General Public
During the individual interview with one of the top managers of Acacia, recommended for provision of education to the overall general public as one of the strategies to deal with reputation risk crisis. He said that;

“Since there is education failure to understand the business environment within the mining industry, the provision of education and awareness to the general public and some government officials should be offered.”

Another top manager during individual interview said that;

“One of the key strategies to manage reputational risk is to constantly keep stakeholders informed, such as by creating an effective company stakeholder’ engagements plans in line with risk registry.”

4.5.5 Mapping Out High Level Reputational Risks
Mapping out high level reputational risks was recommended and intensively work brainstorming ways to mitigate, prevent and solve these risks to be highly taken into consideration. During the individual interview with one of the top managers of Acacia. He said that;

“Engagement of a cross section of the organization to map out high level reputational risks given the current work environment, then assess and rank the level of risk while developing discrete plans to execute the recommended remedial actions.”

4.5.6 Improving the Areas Relating to the Execution of Stakeholders’ Relationship
Improving the areas relating to the execution of stakeholder relationship was recommended, during the individual interview with one of the top managers of Acacia. He said that;
“Acacia should improve especially in the areas relating to the execution of its stakeholder relationship strategies, such as by continue building and maintain relationships with key governmental role players; this would enable Acacia to be more proactive in managing these relationships.”

Another top manager during individual interview added that;

“Additionally, Acacia could do more in managing reputational risk internally and creating employee brand ambassadors within the company.”

4.5.7 Engaging Consistently with Members of the Public and the Government
Engage consistently with members of the public and the government recommended, during the individual interview with one of the top managers of Acacia. He said that;

The company needs to do more to engage consistently and coherently with members of the public as well as the government in order to identify and deliver on sustainable mutually benefiting course of conduct that exemplify responsible nature of the activities undertaken by the company in accordance with the law.

4.5.8 Employ an In-House Company Crisis Manager
Employ an in-house company crisis manager was recommended, during the individual interview with one of the top managers of Acacia. He said that:

“I would recommend that the company employ an in-house company crisis manager responsible for developing emergency plans in the company according to regulations by considering a variety of emergencies such as natural disasters or government action.”

Another top manager during individual interview added that;

“The crisis manager would also assess an emergency and oversees the activities of management to protect the safety of employees and the public and they often work with public officials to coordinate response plans and who would in term be the synergy between departments internally.”

In summary the study found the following strategies to overcome reputation risk at acacia: developing an effective risk assessments team, extensive review of the prevailing operating conditions, media engagement plan, education and awareness to the overall general public, map out high level reputational risks, improving the areas
relating to the execution of stakeholder relationship, engage consistently with members of the public and the government, and employ an in-house company crisis manager.
CHAPTER FIVE
DISCUSSION OF THE RESULTS

5.0 Introduction
This chapter presents the discussion of the results based on the three developed specific objectives of the study. The objectives were, to identify the causes of reputation risk at Acacia; to identify the effects of reputation risk to Acacia; and to suggest strategies to overcome reputation risk at Acacia.

5.1 Causes of Reputation Risk at Acacia
The study found that the causes of reputation risk at Acacia are caused by cultural, managerial and external factors.

5.1.1 Cultural Factors
The study found that the cultural factors are among of the factors that cause reputation risks to the company that are categorized into factors were such as legal and ethical risks. These results is corresponds to Collins (2002) who found that ethical and regulatory compliance, a weakness in any one of these areas might be enough to significantly damage a company reputation.

In regards to legal risks, the study found that tax evasion scandal and illegal terminating employees’ contracts were one among the cultural factors under the legal factor that lead to reputation risk of the company. It also found that legal risk happens in two ways for lack of following procedures and process that are in place e.g. in employment cases; the study found that employer can terminate a contract with employees without following the disciplinary proceedings in place to ensure that the employee has been properly investigated and had time to state their case. It found that tax evasion scandal had been potentially damage company reputation. The study revealed that, despite of knowing that it has negative perceived by the public in regards to tax evasion, the company has not done much to make the public aware and government authorities on how it paid its shareholders dividends to clarify this tax evasion allegations.
The ethical risks as part of cultural factors in this study were regarded as those risks that occur in organizations that demonstrate some inconsistency between what they say and what they do. The study identified ethical factors such as human rights discrimination by police offices, lack of operation transparency, and misunderstanding of the procedures in place and misconstruing of facts. It found that one of the ethical factors that put company into reputation risk it has been lack of transparency issues such as export of copper concentrate procedures make known to public and awareness of mining sector operations. As according to www.telegraph.co.uk/business, the company holds that a report by the Tanzanian government accused it through the presidential committee that it under-represented the amount of gold in the concentrate it exports, since the government founded that Acacia’s gold output was 10 times than it always states, it the something that the company denied (Telegraph UK, 2017) The company declared that gold production and sales revenues exactly match the gold and silver ounces and copper tonnes that it produce, sell and declare. This was evidenced in Acacia’s production and financial statements and figures, in which it hold were all fully audited, and demonstrating that the company does not benefit from the extra gold (10 times more gold) that the Committee’s findings imply Acacia has not declared (www.centralcharts.com). This kind of risk regarded as “Government intervention risk” by the company as one of the new risks the company is facing on it Risk and Internal Audit Memorandum-2013. Therefore this implies that the government can play part in company reputation crisis due to negative publically conveyed by the government.

The study also found out that there are procedural issues with the way disciplinary cases are handled that led to court cases. For instance misunderstanding of the procedures in place e.g. someone will lodge a case against Acacia company without considering Acacia’s side of the story/ or misconstruing of facts. While the stuffs are regarded as the key member of the organization to secure and protect the company reputation, the study found out that even team members of the company were found to be taking bribes from potential stakeholders such as customers and human rights activists.
Despite the situation has been regarded as harmful to the company, the study confirmed through the interview with the managers that the system is not strong enough to prevent fraudulent activity. For instance the study found that in some circumstances the managers, police and historically security guards were alleged to have undertaken breaches of human rights at North Mara. In this study, these situations were confirmed to contribute to company reputation crisis. It found out that, in many times employees in various sections who come into contact with supplies are and get corrupted. They sometimes collude into defraud the company through stealing of company assets such as gold bearing materials has been stolen by employees. The study found that though Acacia comply with Human rights this situation has led foreign international NGOs to speak on behalf of the community around where the company operates. This situation has been creating negative emerge concerning the company reputation risks. These results concur with Rayner (2003) who found that any unethical behavior of the company can contributes to its reputation being at risk.

5.1.2 Managerial Factors

In this study, we studied on whether the company ever experienced managerial risks which were categorized into operational and executive risks as the factors that led the companies into reputation risks. Operational risks in this study were regarded to those risks about performance expectation and how well the ‘product’ works, such on quality control and distribution. The study found that the managerial risks that account into reputation crisis in Acacia were, frequent mine intrusion by small scale miners, having all its operating mines in one country, company operations is not very clear, and negative publicity conveyed by the government.

The study found that frequent mine intrusion by small scale miners as one of the managerial caused risks that account into company reputation risks. It found that there incidents that frequent happens in the past were by small scale miners intrusion, whereby the number of intrusion per day reported to be over 1,000 people. These local people have been flocking into the mine to try their luck to pick gold bearing stones to make a living. This situations have been disturbing the smoothen operation
of the company hence add operation cost at the end the day. These results reflect the
studies conducted by other scholars such as (2013); Fiordelisi et al (2014); and Gillet
et al (2010) who found that reputation risk events, such as, e.g., operational losses
can deteriorate a corporate reputation and, finally, lead to high financial losses.
Therefore this calls for the measures to be taken.

Apart from that, the study found that having all its operating mines in one country
have been one of the risks the company involving as one of the operational risks the
company is exposed to. The study found that the company is in the risks in the sense
that a change in government regime threatens the existence of the organization. The
study also found that the general perception of my company is neutral meaning the
actually understanding of the company operations is not very clear to the public live
far from the company operations.

Moreover the study found that one of the operational risk happened, is the current
extremely negative public perception towards the company. Through the managers
who were interviewed, it found that there is a direct result of the negative publicity
conveyed by the Government. It found that the Government and stakeholders are not
fully understanding the company operations and associated technology and mining
methods deployed to extract the licensed minerals from the ore body has led to
several misconceptions being publically announced in the media. The resultant
negative publicity has led to even internal doubt as to the company intensions and
compliance to the presiding regulations and taxation laws hence affect the company
reputation. These results correspond to Mayer and Settar (2003) who found that the
media have a direct impact on the reputation of an organization.

Executive risks in this study were regarded those risks about performance indicators,
meeting financial targets and satisfying clients. The study found that more than 90% of executive risks are caused by unable to produce gold as per the target, 80% by
failure to plan proper maintenance, 75% being unable to run the plant based on the
planned time, and 95% by decisions which impact on delivery time of various
benchmarks e.g. grade, tonnes, haulage of material. Other executive that contributes
to company reputation risk were such as unable to produce gold as per the target, failure to plan proper maintenance, being unable to run the plant based on the planned time, and decisions which impact on delivery time of various benchmarks e.g. grade, tonnes, haulage of material. These results correspond to Green (1992) who found that poor performance directly connected to product and/or services and poor performance with respect to achievement of relevant company aims may lead to company reputation crisis.

5.1.3 External Factors
The external factors in this study were regarded as the risks to the organization from the outside that they can be quite close in the form of a partner, supplier, agent or contractor or distant in the form of a natural disaster on the other side of the world that can neither be controlled nor avoided. In this study found two types of external risks that have been leading company into the reputation risks. These risks were such as environmental and association risks.

Environmental risks in this study were regarded as risks from the natural or commercial environment. These risks to the company reputation were such as rock water seepage and contamination, and theft of the protecting liners. The study found that environmental factors have contributed to company reputation risks. These results correspond to Collins (2002) who found that a weakness in any one of the areas environmental performance, might be enough to significantly damage a company reputation.

The study found that the company had been facing with rock water seepage and contamination of community drinking water that accounted into reputation risks. It was found that there were a lot of allegations that people got sick as a result of drinking contaminated water, including hundreds of cattle which died as a result of that water. The found out that, while the community and human right activists have been reacting toward intentional on rock water seepage and contamination of community drinking water, the company have been refuting to protect its reputation, holding that some villagers have been stole plastic liners from the water catchment
areas for the purpose of waterproofing their house. Since the mine has PAF (Potential Acid Forming) Rock formation in the area, water which was contained by the liners seep through to the waste rock which contains sulphides and apparently created water which was not fit for human consumption (with high PH levels). Despite the event was true or not true, led the company to lose its reputation to the community surround the plan. These results correspond to Green (1992) who found that value conflicts or violation of specific values, public relations crises can accounted into reputation risks.

The association risks in this study were regarded those risks where part of company product or service is delivered by a third party on whom it may rely. The association risks were found to be the misconception of association between the company and other associate companies, misconception of association between the company and contractors. It found that misconception of association between Acacia and other associate companies were reported to be one of the factors account to company reputation crisis. The study found that some risk involved the company have been remote risks. For instance it happened involved sister companies that faced environmental disastrous in South America being linked to the Acacia operations or mines in Poguera facing human rights violation being linked to Acacia mines in Tanzania. In regards to these results, despite the issue is true or false at the end of the day is going to ruin the company reputation. As The Board of Governors of the Federal Reserve System (2004) noted that “reputational risk is the potential that negative publicity regarding an institution’s business practices, whether true or not, will cause a decline in the customer base, costly litigation, or revenue reductions”.

The misconception of association between Acacia and contractors were also found as one of the association risks that account into the company reputation crisis. The study found that the company had been associated with a lot of contractors for mining and for security at the mine sites that accounted the company into reputation crisis in the sense that if the outsourced security firm mishandles a situation with the public, the public is not view it as the contractor issue. It will be 100% pinned on ACACIA. These results indicates that the company has done little to the public in
making clears in regards to its operation, that accounted to its reputation loss. Scholars such as However, Fiordelisi et al., (2014) noted that smaller reputation risk events can lead to reputational losses and, due to the new media environment, firms cannot hope for unnoticed wrongdoing or that at least only the affected stakeholder group notices the wrongdoing (see, e.g., Aula, 2010; Benediktsson, 2010; Fombrun and van Riel, 2004; Kreutzer, 2012; Larkin, 2003).

5.2 Effects of Reputation Risk to Acacia
The study found the following reputation risks to the company which were disvalue the goodwill and image of the company, devalued share price, loss of revenue and profits, loosing association from other partners, weaken loyalty from employees, hard to hire good replacements, lowed attitude in decision making, and lowered the bargaining power.

The study found that disvalue the goodwill and image of the company was one of the effects of company reputation risks. Found that obvious that when there are many reputation risks they can disvalue the goodwill and image of an organization in the eyes of the government and public. It found that despite of the efforts made by the company to maintain its reputation such as investing US$ 10 Million into communities every year with the expectation that as very positive results that should give the company a good-will, but allegations on tax evasion, environmental pollution has had bad effect on company reputation. While social responsibility is regarded to plays a big role usually justified by its ability to minimize the reputational risks and to improve the corporate image by increase its “reputation capital” (Pitkänen, 2001).The results of this study depict that despite all the efforts the company has been investing for securing and protecting its reputation to the public, still it faces reputation crisis events. This is also depict that, the company fails to learn on what it happened before and formulates better strategies for reputation crisis management so as to avoid the company frequently involving to reputation crisis events. These results corresponds to Fombrun (1999) who found that corporate reputation, developed through sustained social interactions in which past impressions affect future behaviors.
Devalued share price was among the effects to the company reputation. The study found that the decline of company share price have been realized after some key government decisions that were made such as against the company on imposition of the concentrate ban. It found that the fall in share price on the FTSE was directly after the imposition of the concentrate ban by 20% to 30% due to allegation of copper concentrate declaration. These results corresponds to Green (1992) who found that poor performance directly connected to value conflicts or violation of specific values, public relations crises and fundamental ideological rejection.

For instance, the found out that on 2nd March, 2017, the Acacia share price as quoted on the London Stock Exchange was 5.33 GBP, when the concentrate export ban was announced on 3 March 2017 the share price fell by 22%. These results corresponds to Helm (2007) concluded that a “company with a good reputation is perceived to be less risky than companies with equivalent financial performance, but a less well-established reputation”. Since then it has not really recovered.

The study also experienced the loss of company revenue and profits were the effects contributed by the company reputation risks. It found that reputation risk cases in some situation lead to loss of revenue and profits as copper concentrate ban has impacted around 50% of combined production at Bulyanhulu and Buzwagi performance thus failed to meet revenue targets. The study found that the share price of the company has been affected by some of those risks. Most recently there was a fall in up to 44% of the share price, as the integrity of the company was questioned by the government through this copper concentrate export ban.

The company has been losing association from other partners due to reputation crisis. It found that reputation risk cases in some situation lead to loosing association from other partners. For instance several NGO’s have refused to work in North Mara area due to fear of human right violation. This results reflects Aula (2010) study which found that losing one’s reputation may lead to the loss of the trust and loyalty of stakeholders. Attraction is used to indicate the impact that a good reputation has on
the company’s performance in the markets; attraction is a base for economic success. So, a company’s reputation affects how attractive the company is for other partners such as customers, stakeholders, and staff (Aula and Mantere, 2005).

The study found that company reputation risk have been weakening loyalty from employees. Mostly, financial scholars argue that reputation at risk has financial implications, but it might also influence the loyalty and bonding of organizational employees (Aula, 2010). The study found that some employees question their confidence working in untrusted company, since reputation crisis have accounted into an uncertainty environment. It found that the taxes evasion allegation has left some employees feeling part of a scheme to held evasion; also environment pollution has made them felt responsible for injuring their fellow Tanzanian leaving in areas surrounding the villages. Also the study found that in some circumstances employees still remains loyal to the company, since they are updated in consistently inform matter that has impacted the business. While employees are regarded to act as representatives of corporate reputation and enhance it (Gotsi, 2001), the results of this study indicates that the company reputation risks has damaged some employees loyalty to the company however other employees are still loyal to the company since the company has been updating its employees consistently in informing the matter that has impacted the company.

These results depict that company’s reputation risk is not always create hard environment for the company to hire good replacements but it depend on the nature of employment market. In regard to the Hard to hire good replacements effects, the study found that reputation risk cases not at all created environment whereby it became hard to hire good replacements, the company is still able to attract top talent since the employment market is down and so there are many people who will be able to fill the role.

The study found that the company reputation risk have lowered the attitude in decision making. It found that sometimes decisions in the company are made in fear of its impact; since they fear to be held accountable in case their decision affects
reputation of the company. As one of Acacia culture’s is to hold its people accountable as well as recognise its people performance. Companies with good reputations understand the importance of good and clear strategies and the ability to communicate these strategies to the stakeholders. In this Acacia culture which say its people work as a team also they openly communicate (Acacia mining, 2017) succeed in emphasizing the interaction of the process and made it clear that staff is welcome with free mind to make decisions though reputation risk slows down this culture. As noted by Heinonen (2006) that trust and appreciation between the executives and the staff is a thing that reputation leaders have also accomplished in their companies.

The company reputation risk didn’t lower the bargaining power. The study found that the company reputation risks don’t have so much impact on bargaining power. This result indicates that company reputation risk in some cases cannot lower impact in lowering the company bargaining power. This result differ with other the studies done by Fombrun and van Riel, 2004; Walsh et al., (2009) that the companies can benefit from a positive corporate reputation, e.g., when negotiating with suppliers or local governments, or when building customer relationships.

5.3 Strategies to Overcome Reputation Risks at Acacia
In regards to the strategies recommended for the company to overcome reputation risk at Acacia, were as the following strategies, developing an effective risk assessments team; extensive review of the prevailing operating conditions; the media engagement plan, education and awareness to the overall general public, map out high level reputational risks and work intensively on these risks; improving the areas relating to the execution of stakeholder relationship; engage consistently with members of the public and the government; and employ an in-house company crisis manager which he/she will work coherently with all departmental managers throughout the company and proactively.
CHAPTER SIX
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS OF THE STUDY

6.0 Introduction
This chapter presents the summary, conclusions and recommendations of the study.

6.1 Summary of the Study
The aim of the study aimed at studying the reputation risks regarding its causes, effects and strategies to overcome them using a case study of Acacia Mining. The study developed three specific objectives which were, to identify the causes of reputation risk at Acacia; to identify the effects of reputation risk; and to suggest strategies to overcome reputation risk at Acacia. This study opted for the qualitative and quantitative research design, applying a case study approach. In this study involved 36 respondents where by 20 were normal staff while 16 top managers in the company who were selected since they were knowledgeable on the reputation risks, effects, causes and strategies to overcome the reputation risks at Acacia. The data collection involved primary and secondary data. The primary data was collected through questionnaire and interview methods while the secondary data was collected through documentary review method. The data collected were analyzed through qualitative content analysis for data collected through interview since and quantitative data analysis through the aid of SPSS for the data collected through questionnaire.

The study results indicated that the causes of reputation risk at Acacia are caused by cultural, managerial and external factors. The study found that the cultural factors are among of the factors that cause reputation risks to the company that are categorized into legal and ethical risks. The managerial risks which were categorized into operational and executive risks as the factors could lead the company into reputation risks. These risks were such as environmental and association risks.

The following were reputation risks effects to the company which were disvalue the goodwill and image of the company, devalue of share price, loss of revenue and profits, loosing association from other partners, weaken loyalty from employees,
hard to hire good replacements, lowered attitude in decision making, and lowered the bargaining power. In regards to the strategies recommended for the company to overcome reputation risk at Acacia, were as the following strategies, developing an effective risk assessments team; extensive review of the prevailing operating conditions; the media engagement plan, education and awareness to the overall general public, map out high level reputational risks and work intensively to brainstorm its solutions; improving the areas relating to the execution of stakeholder relationship by engaging them more often to the business; engage consistently with members of the public and the government; and employ an in-house company crisis manager.

6.2 Conclusion
In regards to the results of this study, the company reputation can be at risk due to cultural, managerial and external factors. However the hardest to deal with is the external factors especially the environmental risks since comes from the natural settings particularly in mining industry such as getting low grade materials from underground/pit, environmental spills/incident sand excessive rain and flooding (unusual weather pattern), political regimes with different decisions which affect mining sector directly.

In regards to the effects of reputation risk to Acacia, the following effects have negative impact to the company reputation which were disvalue the goodwill and image of the company; devalued of share price; loss of revenue and profits; loosing association from other partners, weaken loyalty from employees and lowering attitude in decision making. While decline of the bargaining power and hard to hire good replacements found have very slight impacts towards company reputation.

The suggested strategies to overcome reputation risk at Acacia were developing an effective risk assessments team, extensive review of the prevailing operating conditions, media engagement plan, education and awareness to the overall general public, map out high level reputational risks, improving the areas relating to the
execution of stakeholder relationship, engage consistently with members of the public and the government, and employ an in-house company crisis manager.

6.3 Recommendations of the Study

6.3.1 Recommendation to the Company Management

The company should employ an in-house company crisis manager responsible for developing emergency plans in the company according to regulations by considering a variety of emergencies such as natural disasters or government actions. He/she should be accountable for engaging a cross section of the organization to map out high level reputational risks given the current work environment then assess and rank the level of risk while developing discrete plans to execute the recommended remedial actions and work intensively in brainstorming how to mitigate, prevent and solve such risks.

The company needs to do more to engage consistently and coherently with members of the public as well as the government in order to identify and deliver on sustainable mutually benefiting course of conduct that exemplify responsible nature of the activities undertaken by the company in accordance with the law. This would enable Acacia to be more proactive in managing these relationships.

The company should have media engagement plan which is very dynamic and look on the trending issues and political climate that is concerned the company reputation risks. This is because the study found that if stakeholders are proactively engaged in addressing some negative perception they become pre-empted and more knowledgeable on the issue and would not look on the issue negatively if they are well informed.

Moreover the company should develop risk assessments team so as to ensure that all company’s business risks are well managed by identifying, mapping and mitigating the reputation risk event such as any risks which will be ranked moderate to high should be immediately addressed.
Apart from that the company needs to address misconceptions about its mining operations such as concerning a lack of trust between its mining operations and Governments, including strengthen its communication means since it was found that lack of communication led to an ‘imagination gap’ between the realities faced by mining operations and the perceptions of public and Government in particular.

6.3.2 Recommendation to the Policy Markers

Since the study found that there is public misunderstanding of the business environment and operations within the mining industry in the country. The government through the ministry of natural resources should provide education to the public including to some government officials who can directly and indirectly affects the mining sector with their decision when in authority, so as to make them aware and understand the mining industry business environment, the provision of education and awareness to the general public and some.

The government decision concerning mining sector and its operations in whatever reasons should be well calculated since the decision may directly and negatively affect the lives of thousands of Tanzanians hence make the government to lose the revenue. For instance Copper Concentrate export ban, which affects company’s ability to get its full revenue, hence reduces invested efforts in education, infrastructure and health projects to cause corporate social responsibility program to be under threat as well.

There should be an independent reputation professional board which look into government authorities conducts and decisions as well as private sectors conducts where it examine allegations in qualified standards, transparent and truthful manner hence to slow reputation damage for both government and private sectors, this may prevent foreign investments not to fear about its reputation deterioration.

6.3.3 Areas for Further Studies

Since this study was only based on the company normal staffs and company top managers in studying the causes, effects and the strategies to overcome reputation
risk in mining industry. Future studies could investigate how the public and mining stakeholders view the company reputation its effects and the strategies to overcome reputation risk in mining industry.
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APPENDIXES

Appendix 01: Interview Guide for Managers

SECTION: COMPANY IMAGE

1. How do you see the public sees the current image of the company?, If it is positively or negatively perceived, to what extent, how and why?
2. Is reputation risk a top strategic concern?, if yes, to what extent, how and why?
3. If no, why?
4. To what extent the company, worry about it image to the public? how and why?
5. How is the company protect and managing its image to the public? (ways to protect the company reputation)

SECTION: THE CAUSES OF REPUTATION RISK AT ACACIA

1. Is the company ever involved in any risk that nearly damage company reputation?
2. If yes, mention the major one.
3. What are the major causes for those risks for company reputation?

Cultural Risks:

- Legal Risks
  1. Are there any legal risks the company ever encountered?
  2. If yes, what are those risks?
  3. How do they really happened?

- Ethical Risk
  1. Is the any unethical issues the company ever involved?
  2. If yes, what are those risks?
  3. How do they really happened?
Managerial Risks:

- **Executive risks**
  1. Are there any executive risks the company ever encountered?
  2. If yes, what are those risks?
  3. How do they really happened?

- **Operational risks**
  1. Are there any operational risks the company ever encountered?
  2. If yes, what are those risks?
  3. How do they really happened?

External Risks:

- **Environmental Risks**
  1. Are there any environmental risks the company ever encountered?
  2. If yes, what are those risks?
  3. How do they really happened?

- **Association Risks**
  1. Are there any association risks the company ever encountered?
  2. If yes, what are those risks?
  3. How do they really happened?
  4. Are there any other risk factor(s) the company encountered you may want to add, out of what you have mentioned?

**SECTION: THE EFFECTS OF REPUTATION RISK TO ACACIA**

1. Are those mentioned risk cases ever weaken loyalty from employees?. If the answer is yes, how?

2. Are those mentioned risk cases created environment whereby it became hard to hire good replacements, if so, how?

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1It may be referred to as inter-company and involve partner organizations with which entity it operate jointly and who represent a contamination risk where their behavior may impact its reputation.
3. Are those mentioned risk cases lowed latitude in decision making?, if yes, how and to what extent?

4. Are those mentioned risk cases lowered the bargaining power?, If yes, how and to what extent?

5. Are there situation whereby those mentioned risk cases disvalue firm goodwill?, If yes, how and to what extent?

6. Are those mentioned risk cases in some situation lead to loss of revenue and profits?, If yes, how and to what extent?

7. Are those mentioned risk cases in some situation lead to loosing association from advertisers, sponsors or other partners?, If yes, how and to what extent?

8. Are those mentioned risk cases ever devalued dividend? If yes, how and to what extent?

SECTION: THE STRATEGIES TO OVERCOME REPUTATION RISK AT ACACIA

9. What strategies the company took to manage each of the risk cases that it encountered? (Were those strategies managed to deal with reputation risk crisis?), If yes, how and to what extent?, if no why?

10. What are the current strategies in place to deal with company reputation risk?

11. Are those strategies in place satisfactory to manage company reputation risk in respect to the current business environment? If yes, how and to what extent?
12. If no, what is company plan towards the reputation risk management strategies?

13. It, you could have a chance change/improve company risk management strategies which strategy(s) do you think you could change?, why and how?
Appendix 02: Imposition of the Concentrate Ban

JAMHURI YA MUUNGANO WA TANZANIA
WIZARA YA NISHATI NA MADINI

TAARIFA KWA UMMA
ZUIO LA USAFIRISHAJI WA MAKINIKIA (CONCENTRATES) NA MAWE YENYE MADINI (ORE) KWENDA NJE YA NCHI

Wizara ya Nishati ya Madini inapenda kuujulisha Umma, Kampuni na watu wanaojishe na wanaoajishwa na uvunaji wa madini nchini, kuwa usafirishaji wa makinikia (concentrates) na mawe yeyo madini (ore) ya metallic minerals kama vile dhahabu, shaba, nikeli na fedha umesitishwa kuanzia tarehe 02 Machi, 2017. Usitishwaji huu unalingwa kuhakikisha kuwa madini yanayochimba hapa nchini yanaongezea thamani kabla ya kusafirishwa kwenda njia kwa ajili ya uyeushaji (smelling) na usafishaji (refining) ikiwa ni utekelezaji wa Sera ya Madini ya Mwaka 2009 na Sheria ya Madini ya Mwaka 2010. Aidha, shughuli za uongezaji thamani madini hapa nchini zitatoa fursa ya ajira, mapato na kuhawilisha teknolojia na hivyo kuleta manufaa zaidi kwa Taifa.

Hivyo, ni mategemo ya yetu kuwa Kampuni na watu wote wanaovuna madini nchini ambao wanaokwisha wanausafirisha makinikia ya madini pamoja na mawe yenye madini watazingatia ipasavyo kutosafirisha tena kwenda njia yake nchini kwa ajili ya uyeushaji wa usafishaji. Wanatakiwa kuanza taratibu za kufanya shughuli hizo hapa nchini. Serikali itatay uhirikiano unaotakwa kwa Kampuni au watu watakojishughulisha na shughuli za uchenjuaji madini hapa nchini kwa ajili ya uyeushaji wa usafishaji wa madini.

Imetolewa na ;

KATIBU MKUU
WIZARA YA NISHATI NA MADINI
3 Machi, 2017