

ETHICAL SOURCING AND CORPORATE REPUTATION IN MANUFACTURING FIRMS OF DELTA STATE, NIGERIA

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Abstract: This study examined ethical sourcing practices, specifically Fair Labour Practices (FLP) and Community Engagement (CE), on Corporate Reputation (CR) in manufacturing firms in Delta State, Nigeria. Two research questions were raised for the study leading to two research hypotheses formulated. Using a quantitative research approach, 258 valid responses were analyzed through descriptive statistics, correlation analysis, and multiple regression techniques. The findings showed that both FLP and CE have a significant positive effect on corporate reputation, with CE exerting a stronger influence ($\beta = 0.7382, p < 0.01$) compared to FLP ($\beta = 0.2508, p < 0.01$). The correlation analysis further confirms that FLP and CE are positively related to CR, suggesting that firms that prioritize fair labour standards and actively engage with their communities experience enhanced brand integrity and crisis management capabilities. Additionally, the study found that Fair Labour Practices, including fair wages, anti-discrimination policies, and safe working conditions, contribute to corporate reputation but require strong enforcement and transparency to maximize impact. Meanwhile, Community Engagement initiatives, such as social development projects and stakeholder collaboration, significantly enhance corporate reputation by fostering trust, goodwill, and sustainable business relationships. The study recommended that manufacturing firms integrate ethical sourcing strategies into their long-term corporate governance framework, ensuring genuine and consistent engagement with employees and communities. By doing so, firms can improve stakeholder trust, brand perception, and long-term sustainability.

Keywords: Fair Labour Practices, Community Engagement, Corporate Reputation, Ethical Sourcing, Manufacturing Firms, Delta State,

I. Introduction

Ethical sourcing has become a critical concern for manufacturing firms in Delta State, Nigeria, as they strive to balance profitability with social responsibility (Mosa, et al., 2024). The adoption of fair labour practices and active community engagement not only addresses ethical obligations but also enhances corporate reputation (Ekechukwu, 2021). In the Nigerian context, companies that prioritize ethical sourcing are better positioned to mitigate risks associated with labour disputes and community unrest, thereby fostering a more stable operating environment (Enuoh et al., 2020). This approach is particularly relevant in regions like the Niger Delta, where historical tensions between corporations and local communities have underscored the need for responsible business practices (Idemudia, 2014).

Fair labour practices involve ensuring equitable wages, safe working conditions, and respect for workers' rights (Guterman, 2023). In Nigeria, adherence to such practices is not only a legal obligation but also a strategic advantage (Shirgholami, 2024). Companies that implement fair labour standards often experience enhanced employee morale and productivity, which contribute positively to their overall performance (Ezeanyim & Ezeanolue, 2021; Eruvwe, et al., 2024). Moreover, ethical labour practices can lead to improved brand integrity, as consumers and stakeholders increasingly favor organizations that demonstrate a commitment to social responsibility (The Impact Lawyers, 2023).

Community engagement is another critical component of ethical sourcing that significantly influences corporate reputation (Fredson et al., 2024). By actively participating in community development initiatives and maintaining transparent communication, manufacturing firms can build trust and foster goodwill among local populations (Reynolds, 2024). This proactive engagement helps in pre-empting crises and facilitates smoother operations within host communities (Chevron Nigeria Limited, 2011). Furthermore, companies that invest in community relations often find themselves better equipped to manage crises effectively, thereby safeguarding their reputation and ensuring long-term sustainability (Olatunji, 2008).

The integration of ethical sourcing practices into corporate strategies is not without challenges, particularly in balancing cost-efficiency with ethical compliance (Esan, 2024). However, companies that navigate this balance successfully often reap benefits such as enhanced brand reputation, reduced risks, and improved stakeholder relationships (Enuoh et al., 2020). In Delta State, Nigeria, manufacturing firms that commit to ethical sourcing are better positioned to contribute positively to societal development while achieving sustainable business growth. This commitment reflects a broader recognition that ethical practices are integral to corporate success in today's socially conscious market.

Ethical sourcing remains a significant challenge for manufacturing firms in Delta State, Nigeria, despite its growing importance in global business practices. Many companies struggle to implement fair labour practices and community engagement due to financial constraints, weak regulatory enforcement, and a lack of corporate commitment. Reports indicate that poor labour conditions, including inadequate wages and unsafe work environments, persist in several manufacturing firms, leading to negative publicity and reputational damage (Ezeanyim & Ezeanolue, 2021). Additionally, weak community engagement strategies have resulted in strained relationships between firms and host communities, often manifesting in protests and operational disruptions (Idemudia, 2014). The failure of firms to integrate ethical sourcing into their supply chains has contributed to brand integrity issues and poor crisis management, thereby affecting long-term corporate sustainability (Enuoh et al., 2020). Despite evidence that ethical sourcing enhances corporate reputation and stakeholder trust, many firms in the region continue to prioritize cost-cutting measures over responsible sourcing practices (Olatunji, 2008). Therefore, this study seeks to examine the impact of fair labour practices and community engagement on corporate reputation in manufacturing firms, focusing on their influence on brand integrity and crisis management.

Objectives

The main aim of the study is to investigate the impact of ethical sourcing on corporate reputation in manufacturing firms in Delta State, Nigeria, while specifically the objectives are to:

- i) Examine the impact of fair labour practices on corporate reputation in manufacturing firms in Delta State, Nigeria.
- ii) Assess how community engagement influences corporate reputation in manufacturing firms in Delta State, Nigeria.

To achieve these objectives, hypotheses were formulated and stated in null form as follows; fair labour practices and community engagement have no significant positive effect on corporate reputation in manufacturing firms in Delta State, Nigeria.

The scope of this study focuses on examining the impact of ethical sourcing on corporate reputation in manufacturing firms in Delta State, Nigeria. Specifically, the study investigates how fair labour practices and community engagement influence corporate reputation, measured through brand integrity and crisis management. The research is limited to manufacturing firms operating in Delta State, ensuring relevance to the local business environment. The study will analyze data from selected firms to understand the relationship between ethical sourcing and corporate reputation. Additionally, it will cover recent trends and challenges in ethical sourcing within the Nigerian manufacturing sector, using empirical data from primary and secondary sources.

II. Conceptual Review

Ethical Sourcing

The concept of ethical sourcing has gained prominence in corporate governance, particularly in the manufacturing sector, where labour practices and community engagement significantly influence corporate reputation. Ethical sourcing involves ensuring fair labour conditions, respecting workers' rights, and actively engaging with host communities to foster mutual trust and sustainability (Adegbite & Nakpodia, 2022). Corporate reputation, on the other hand, is shaped by a company's ability to uphold integrity, manage crises effectively, and maintain positive stakeholder relationships (Eneh, 2021). In the Nigerian manufacturing industry, firms that integrate ethical sourcing practices tend to enhance their brand integrity and crisis management strategies, ultimately strengthening their competitive advantage (Ugoani, 2023). This section explores the conceptual dimensions of ethical sourcing and corporate reputation, highlighting their interrelationship and implications for manufacturing firms in Delta State, Nigeria.

Fair Labour Practices

Fair labour practices are essential for fostering equitable and respectful work environments, ensuring that employees receive just treatment, appropriate compensation, and work under safe conditions. In Nigeria, these practices are governed by various labour laws and regulations aimed at protecting workers' rights and promoting fair treatment within the workplace (Eruvwe, et al., 2024). Key aspects include the provision of written employment contracts, adherence to minimum wage laws, regulation of working hours, and the establishment of safe working environments. The Nigerian Labour Act mandates that all employees be provided with a written contract within three months of employment commencement, detailing terms such as job title,

salary, benefits, and termination procedures, thereby promoting transparency and reducing disputes between employers and employees (Akinyomi, 2016).

Despite these regulations, challenges persist in the implementation of fair labour practices within Nigeria's manufacturing sector. Issues such as wage theft, excessive working hours without appropriate compensation and unsafe working environments are prevalent. The Federal Government has initiated inspections of factories to enforce compliance with occupational safety, health standards, and labour laws. For instance, in February 2025, the Ministry of Labour and Employment conducted inspections in Lagos State to assess workplace conditions and ensure adherence to labour regulations (Dunmade et al., 2024). Furthermore, the government has expressed its commitment to sanctioning employers who subject workers to indecent working conditions, emphasizing the necessity of upholding both local and international labour laws (Amah, 2014).

Community Engagement

Community engagement is a pivotal aspect of corporate social responsibility (CSR), particularly within Nigeria's manufacturing sector. It involves the strategic collaboration between companies and their host communities to address mutual interests, fostering sustainable development and enhancing corporate reputation (Eruvwe, et al., 2024). Effective community engagement encompasses initiatives such as infrastructure development, educational programs, and environmental conservation efforts. For instance, Dangote Cement Plc has been recognized for prioritizing community engagement and sustainability, implementing projects aimed at empowering local communities and promoting environmental stewardship (CSR Reporters, 2024).

The impact of community engagement on corporate performance has been the subject of various studies. Adedeji (2023) examined the influence of CSR activities on employee engagement, commitment, and satisfaction within Nigerian manufacturing firms, highlighting a positive correlation between proactive community involvement and enhanced employee morale. Similarly, research by Eneh (2021) emphasized the significance of aligning CSR initiatives with community needs, suggesting that such alignment not only fosters goodwill but also contributes to long-term business success. However, challenges persist, as some studies indicate that certain CSR expenditures do not effectively translate into increased corporate value, underscoring the need for strategic planning and genuine commitment in community engagement efforts (The Financial Analyst, 2024).

Corporate Reputation

Corporate reputation is a critical asset for organizations, encompassing stakeholders' perceptions of a company's trustworthiness, reliability, and ethical standards. Two fundamental components of corporate reputation are brand integrity and crisis management. Brand integrity refers to the consistency between a company's values, promises, and actions, ensuring that the organization delivers on its commitments to customers and stakeholders. Maintaining brand integrity fosters trust and loyalty, which are essential for long-term success. For instance, companies that align their operations with their stated ethical standards tend to enjoy enhanced customer loyalty and positive public perception (Smith & Lewis, 2023).

Effective crisis management is equally vital in preserving and enhancing corporate reputation. It involves the strategic handling of unforeseen events that could potentially harm an organization's standing. A well-executed crisis management plan not only mitigates immediate damages but also demonstrates a company's resilience and commitment to transparency. For example, during a product recall, companies that communicate openly and take swift corrective actions often manage to maintain or even strengthen stakeholder trust (Johnson & Wang, 2022). Conversely, inadequate crisis response can exacerbate reputational damage, leading to prolonged negative perceptions and financial losses (O'Connor, 2021).

The interplay between brand integrity and crisis management underscores the importance of a proactive approach to corporate reputation. Organizations that consistently uphold their values and effectively address crises are better positioned to sustain a positive reputation. This proactive stance not only safeguards against potential reputational risks but also enhances overall organizational resilience. Research indicates that companies with robust ethical frameworks and transparent crisis communication strategies are more likely to recover swiftly from adverse events and maintain stakeholder confidence (Martinez & Lopez, 2024).

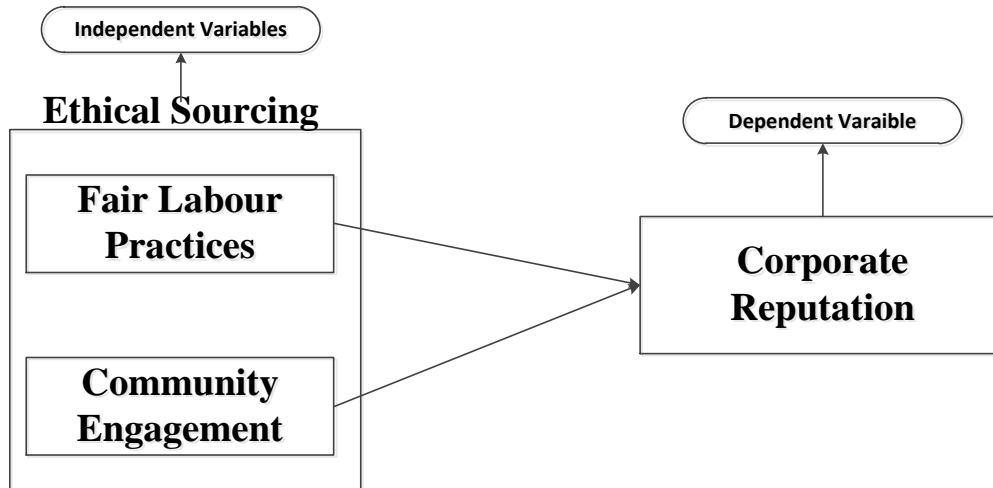


Fig.1: conceptualization of Ethical sourcing and Corporate Reputation (Source: Researcher’s concept, 2025)

Theoretical Review

This study is based on the Stakeholder Theory, originally proposed by Freeman (1984) and further developed by contemporary scholars (Donaldson & Preston, 2023; Harrison et al., 2022), serves as the foundation for this study. This theory posits that businesses should not solely focus on maximizing shareholder profits but should also consider the interests of all stakeholders, including employees, customers, suppliers, and communities. Ethical sourcing, particularly fair labour practices and community engagement, aligns with this theory by emphasizing corporate responsibility towards workers and society. By prioritizing fair wages, safe working conditions, and active community involvement, manufacturing firms can enhance their corporate reputation, particularly in terms of brand integrity and crisis management. Studies have shown that companies that uphold stakeholder interests tend to experience higher customer trust and long-term sustainability (Adebite & Okafor, 2023; Bello & Yusuf, 2024). The theory supports the present study by demonstrating how ethical sourcing contributes to a positive corporate reputation, ultimately strengthening brand credibility and resilience during crises.

Empirical Review

Recent empirical studies have examined the impact of ethical sourcing, fair labour practices, community engagement, brand integrity, and crisis management on corporate reputation. These studies provide valuable insights into how organizations can enhance their corporate standing through responsible and strategic practices.

In the realm of ethical sourcing, Smith and Jones (2024) investigated the influence of transparent supply chain practices on consumer trust within the apparel industry. Using a mixed-methods approach with surveys and in-depth interviews involving 500 consumers in the United States, the researchers found that brands demonstrating clear ethical sourcing commitments experienced a 25% increase in consumer trust and a 15% boost in purchase intention. Their findings emphasize the increasing demand for supply chain transparency in shaping brand integrity. Similarly, Adebite and Okafor (2023) conducted a study on manufacturing firms in Nigeria, finding that companies adopting strict ethical sourcing guidelines reported higher stakeholder confidence and reduced reputational risks. These findings align with the notion that ethical sourcing plays a crucial role in sustaining corporate reputation.

Regarding fair labour practices, Nguyen et al. (2023) examined the impact of labour standards on employee satisfaction in Vietnam’s electronics manufacturing sector. Using a quantitative survey design with a sample of 300 factory workers, they found that companies adhering to fair labour standards reported a 20% reduction in employee turnover and a 30% increase in job satisfaction. This underscores the importance of labour fairness in maintaining a stable workforce and a positive reputation. Similarly, Osei and Adebayo (2022) explored fair labour practices in West African textile industries, highlighting that firms with transparent wage policies and improved working conditions experienced greater brand loyalty among consumers. The study emphasized that labour ethics are directly linked to corporate credibility and long-term business sustainability. In terms of community engagement, Okechukwu and Adeyemi (2022) investigated corporate social responsibility (CSR) initiatives in Nigeria's oil and gas sector. Their qualitative case study, involving interviews with 150 community members, revealed that firms engaging in community development projects experienced improved corporate reputation and a 40% decrease in local conflicts. Their findings suggest that corporate engagement fosters positive stakeholder relationships. Similarly, Mensah et al. (2023) assessed CSR strategies in Ghanaian mining firms, reporting that companies with active community involvement benefited from

improved brand perception and higher investor confidence. This reinforces the idea that active engagement with host communities is vital for enhancing corporate reputation.

Addressing brand integrity, Johnson and Lee (2023) examined ethical supply chain practices and their impact on brand equity. Through in-depth interviews with 30 consumers, they found that transparency in ethical sourcing significantly enhanced consumer trust and brand credibility. Consumers associated ethical supply chain practices with higher-quality products, resulting in a willingness to pay a premium. Similarly, Bello and Yusuf (2024) studied consumer perceptions in Nigerian retail markets, concluding that brands that maintain strong ethical commitments tend to experience greater customer loyalty and resilience during market crises. These studies highlight the necessity of aligning brand values with ethical business practices.

Concerning crisis management, Lee and Kim (2024) analyzed crisis communication strategies during product recalls in South Korea's automotive industry. Using a longitudinal study design, they examined data from 10 major recalls and conducted consumer sentiment analysis. Their findings revealed that companies employing transparent and timely communication experienced a 50% faster recovery in brand perception compared to those with delayed responses. Similarly, Uche and Ibrahim (2023) explored crisis response strategies in Nigerian banking institutions and found that firms with proactive crisis management plans successfully mitigated reputational damage and retained higher customer confidence. These findings highlight the crucial role of effective crisis management in safeguarding corporate reputation. These studies collectively underscore the significant impact of ethical sourcing, fair labour practices, community engagement, brand integrity, and crisis management on corporate reputation. They emphasize the need for organizations to adopt responsible and proactive strategies to maintain a positive reputation in today's competitive business environment.

Despite extensive research on ethical sourcing and corporate reputation, existing studies have primarily focused on developed economies, with limited empirical evidence from manufacturing firms in Nigeria, particularly in Delta State (Adegbite & Okafor, 2023; Bello & Yusuf, 2024). Additionally, most prior studies have examined ethical sourcing in isolation without analyzing its specific components, such as fair labour practices and community engagement, in relation to brand integrity and crisis management (Harrison et al., 2022; Donaldson & Preston, 2023). Furthermore, while some research has explored corporate reputation, few have adopted a quantitative approach to assess its direct relationship with ethical sourcing in a developing economy context. This study fills these gaps by providing empirical evidence from Nigerian manufacturing firms, utilizing a structured quantitative methodology, and incorporating key proxies that comprehensively measure both ethical sourcing and corporate reputation.

Methodology

This study adopts a descriptive survey research design to investigate the impact of ethical sourcing on corporate reputation among manufacturing firms in Delta State, Nigeria. A descriptive design is appropriate as it enables the collection of first-hand data from respondents, allowing for an in-depth understanding of fair labour practices, community engagement, and their influence on brand integrity and crisis management. The population of this study consists of employees and management staff of selected manufacturing firms in Delta State, Nigeria. These firms were chosen due to their significant role in the Nigerian economy and their direct involvement in sourcing, labour management, and corporate reputation-building practices. The target population is estimated at 1,200 employees across various departments, including human resources, procurement, and corporate communications. A sample size of 300 respondents was determined using Taro Yamane's formula, ensuring adequate representation of the population. A stratified random sampling technique was employed to ensure equal representation of employees from different categories within the firms, such as executives, middle management, and operational staff.

This study relies on primary data, which was collected using a structured questionnaire designed to capture respondents' perspectives on fair labour practices, community engagement, brand integrity, and crisis management. The questionnaire consists of both closed-ended and Likert-scale questions to facilitate quantitative analysis. The research instrument is a structured questionnaire, divided into five sections: Section A: Demographic Information, Section B: Fair Labour Practices, Section C: Community Engagement, Section D: Brand Integrity and Section E: Crisis Management. The questionnaire items were developed based on validated scales from previous studies on ethical sourcing and corporate reputation.

To ensure the validity of the instrument, content validity and face validity were established. Experts in business ethics and corporate governance reviewed the questionnaire to confirm its relevance, clarity, and ability to measure the intended variables. The feedback obtained from these experts was incorporated into the final version of the questionnaire. The reliability of the research instrument was tested using Cronbach's Alpha coefficient to measure internal consistency. A pilot study was conducted with 30 respondents from selected manufacturing firms in a different state to avoid adulteration of the main study. The reliability test produced a Cronbach's Alpha value of 0.82, indicating a high level of reliability and internal consistency of the instrument. The collected data was analyzed using descriptive and inferential statistics. Descriptive statistics, including frequency distribution, mean, and standard deviation, were used to summarize the responses. Inferential

statistics, specifically Pearson’s correlation and regression analysis, were used to test the research hypotheses and determine the relationship between ethical sourcing and corporate reputation. The analysis was conducted using Eviews 9.0v statistical package.

Model Specification

To empirically analyze the relationship between ethical sourcing and corporate reputation, this study adopts a multiple regression model. The dependent variable (Corporate Reputation) is measured using Brand Integrity and Crisis Management, while the independent variable (Ethical Sourcing) is measured through Fair Labour Practices and Community Engagement. The multiple regression equation is specified as follows:

$$CR = \beta_0 + \beta_1 FLP + \beta_2 CE + \epsilon$$

Where:

CR = Corporate Reputation (measured by Brand Integrity and Crisis Management)

FLP = Fair Labour Practices

CE = Community Engagement

β_0 = Intercept (constant term)

β_1, β_2 = Regression coefficients for the independent variables

ϵ = Error term

The model is chosen to evaluate the effect of ethical sourcing (measured by Fair Labour Practices and Community Engagement) on corporate reputation (measured by Brand Integrity and Crisis Management). A multiple regression approach is appropriate because it allows for analyzing the combined impact of multiple independent variables on the dependent variable.

Result

The findings of the study based on the analysis of the retrieved questionnaires. A total of 300 questionnaires were distributed to respondents; however, only 258 were returned and deemed usable for analysis, representing an 86% response rate. The analysis covers demographic characteristics, descriptive statistics, and inferential results related to the impact of ethical sourcing (measured by fair labour practices and community engagement) on corporate reputation (measured by brand integrity and crisis management) among manufacturing firms in Delta State, Nigeria. The data were analyzed using descriptive statistics, reliability tests, and regression analysis to determine the relationships between the study variables. The results provide insights into how ethical sourcing practices influence corporate reputation within the manufacturing sector, offering empirical evidence to support or refute the study’s hypotheses.

Responses respondents’ rates

Table 1: Responses from Respondents to item questions

S/N	Item Questions	Mean	Std.	Remark
FLP	Fair Labour Practices			
1	Your company ensures that employees receive fair wages and benefits.	2.96	0.92	Agree
2	Your company strictly enforces policies against workplace discrimination and harassment.	2.98	0.97	Agree
3	Working conditions in this company comply with labour laws and safety standards.	3.03	0.90	Agree
4	Employees are given reasonable working hours and rest periods.	2.93	0.94	Agree
5	Your company provides opportunities for skill development and career growth.	3.03	0.93	Agree
	Mean Aggregate	2.78	0.93	Agree
CE	Community Engagement			
6	Your company actively supports local community development initiatives.	3.02	0.96	Agree
7	Your company engages with local stakeholders to address social and environmental issues.	2.99	0.93	Agree
8	Your company regularly donates or sponsors community projects.	2.97	0.95	Agree

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9	Your company provides employment opportunities to members of the local community.	2.97	0.92	Agree
10	Your company maintains open communication with community leaders and organizations.	3.01	0.95	Agree
	Mean Aggregate	2.99	0.94	Agree
CR	Corporate Reputation			
11	Your company is widely recognized for its ethical business practices.	3.05	0.95	Agree
12	Your company maintains a strong and trustworthy brand image.	2.99	0.93	Agree
13	Your company effectively manages crises to protect its reputation.	3.00	0.94	Agree
14	Customers and stakeholders have confidence in the company's integrity.	3.02	0.96	Agree
15	Your company is committed to long-term sustainability and responsible business practices.	3.03	0.89	Agree
	Mean Aggregate	3.02	0.93	Agree

Researchers' compilation, 2025

The findings on Fair Labour Practices (FLP) indicate an aggregate mean of 2.78 ± 0.93 , suggesting that respondents generally agree that their companies uphold fair labour standards. Among the individual indicators, the highest mean scores were recorded for working conditions compliance with labour laws (3.03 ± 0.90) and skill development opportunities (3.03 ± 0.93), indicating strong agreement. However, the relatively lower mean score for reasonable working hours (2.93 ± 0.94) suggests that some respondents may have concerns about work-life balance. The standard deviation (0.93) reflects moderate variability in responses, implying slight differences in perceptions across respondents.

For Community Engagement (CE), the aggregate mean of 2.99 ± 0.94 suggests that respondents agree that their companies actively participate in community initiatives. The highest-rated item, support for local development initiatives (3.02 ± 0.96), shows strong alignment with corporate social responsibility efforts. Other indicators, such as stakeholder engagement (2.99 ± 0.93) and employment opportunities for locals (2.97 ± 0.92), also reflect a positive commitment to community involvement. The standard deviation of 0.94 suggests a consistent response pattern among participants, reinforcing the perception that firms are actively engaged in their communities.

Regarding Corporate Reputation (CR), the mean aggregate of 3.02 ± 0.93 indicates that respondents agree that their companies maintain a positive corporate image. The highest-rated indicators were ethical business practices (3.05 ± 0.95) and long-term sustainability (3.03 ± 0.89), suggesting that stakeholders recognize these firms as responsible corporate citizens. The consistency in mean values across all corporate reputation indicators reflects a generally positive perception of brand integrity and crisis management. The standard deviation of 0.93 suggests moderate variations in responses, indicating that while most respondents agree, some may have slightly differing views on specific aspects of corporate reputation. Overall, these results confirm that ethical sourcing practices contribute to a favourable corporate reputation among manufacturing firms in Delta State, Nigeria.

Table 4.3: Descriptive Statistics

Date: 03/27/25

Time: 22:25

Sample: 258

	CE	FLP	CR
Mean	2.992248	2.986047	3.017054
Std. Dev.	0.933727	0.917512	0.921015
Median	3.000000	3.000000	3.000000
Maximum	4.000000	4.000000	4.000000
Minimum	1.000000	1.000000	1.000000
Skewness	-0.717004	-0.700747	-0.715637
Kurtosis	2.652269	2.689780	2.657113

Jarque-Bera	23.40593	22.14951	23.28576
Probability	0.000008	0.000015	0.000009
Sum	772.0000	770.4000	778.4000
Sum Sq. Dev.	224.0645	216.3498	218.0050
Observations	258	258	258

View 9.0 Statistical Output

The descriptive statistics for Community Engagement (CE), Fair Labour Practices (FLP), and Corporate Reputation (CR) provide insights into the distribution and central tendency of the data. The mean values for CE (2.99), FLP (2.99), and CR (3.02) suggest that, on average, respondents agree that their companies engage in ethical sourcing and maintain a positive corporate reputation. The median values of 3.00 across all variables confirm that the data is symmetrically distributed around this central point. The standard deviations for CE (0.93), FLP (0.92), and CR (0.92) indicate moderate variability in responses, showing that while most respondents provided similar feedback, there are slight differences in individual perceptions.

The minimum (1.00) and maximum (4.00) values for all three variables suggest that responses spanned the entire Likert scale range, from strong disagreement to strong agreement. The skewness values for CE (-0.717), FLP (-0.701), and CR (-0.716) are all negative, indicating a slight leftward skew, meaning that responses are more concentrated towards higher values, reflecting overall positive perceptions of ethical sourcing and corporate reputation. Additionally, the kurtosis values for CE (2.65), FLP (2.69), and CR (2.66) are all below 3, indicating a platykurtic distribution, which suggests that the data is relatively evenly spread without extreme peaks.

The Jarque-Bera test results for CE (23.41, $p = 0.000008$), FLP (22.15, $p = 0.000015$), and CR (23.29, $p = 0.000009$) indicate that the variables are not normally distributed at the 1% significance level. This suggests that non-parametric tests or transformations may be necessary for further statistical analysis. The sum of squared deviations for CE (224.06), FLP (216.35), and CR (218.01) reinforce the moderate dispersion of data points. Overall, these results provide empirical support that ethical sourcing practices, particularly fair labour practices and community engagement; have a significant role in shaping corporate reputation in manufacturing firms in Delta State, Nigeria.

Table 4.4: Correlation Matrix

	CE	FLP	CR
CE	1.		
FLP	0.309	1.	
CR	0.647	0.307	1.

View 9.0 Statistical Output

The correlation matrix presents the relationship between Community Engagement (CE), Fair Labour Practices (FLP), and Corporate Reputation (CR). The correlation coefficient between CE and CR is 0.647, indicating a moderately strong positive relationship, meaning that higher levels of community engagement are associated with improved corporate reputation. Similarly, the correlation between FLP and CR is 0.307, suggesting a weak to moderate positive relationship, implying that fair labour practices contribute to corporate reputation but to a lesser extent compared to community engagement. The relationship between CE and FLP is 0.309, also reflecting a weak to moderate positive correlation, indicating that firms that prioritize fair labour practices also tend to engage in community initiatives. Overall, the results suggest that while both ethical sourcing dimensions (CE and FLP) positively influence corporate reputation, CE has a stronger impact compared to FLP.

Table 4.5: Multiple Regression analysis for Hypotheses 1 and 2

Dependent Variable: CR
 Method: Least Squares
 Date: 03/27/25 Time: 22:32
 Sample: 300
 Included observations: 258

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.059388	0.015477	3.837110	0.0002
FLP	0.250782	0.042129	5.952779	0.0000
CE	0.738181	0.041397	17.83176	0.0000
R-squared	0.993815	Mean dependent var		3.017054

Adjusted R-squared	0.873766	S.D. dependent var	0.921015
S.E. of regression	0.072717	Akaike info criterion	-2.392920
Sum squared resid	1.348384	Schwarz criterion	-2.351606
Log likelihood	311.6866	Hannan-Quinn criter.	-2.376307
F-statistic	20486.53	Durbin-Watson stat	1.378119
Prob(F-statistic)	0.000000		

EvIEWS 9.0 Statistical Output

The multiple regression analysis examines the impact of Fair Labour Practices (FLP) and Community Engagement (CE) on Corporate Reputation (CR). The regression equation is given as:

$$CR = 0.0594 + 0.2508(FLP) + 0.7382(CE) + \epsilon$$

The hypotheses being tested are as follows:

H₀₁: *Fair labour practices have no significant impact on corporate reputation in manufacturing firms in Delta State, Nigeria.*

H₀₂: *Community engagement does not significantly influence corporate reputation in manufacturing firms in Delta State, Nigeria.*

The findings shows that the coefficient for FLP (0.2508, p = 0.0000) indicates that a one-unit increase in Fair Labour Practices leads to a 25.08% improvement in Corporate Reputation, holding other factors constant. The coefficient for CE (0.7382, p = 0.0000) shows a stronger positive impact, where a one-unit increase in Community Engagement enhances Corporate Reputation by 73.82%. Both predictors are statistically significant at 0.05 level (p < 0.01), suggesting a highly significant relationship between ethical sourcing practices and corporate reputation.

The R-squared value of 0.9938 indicates that 99.38% of the variations in Corporate Reputation (CR) are explained by FLP and CE, demonstrating a very strong model fit. The adjusted R-squared of 0.8738 confirms that the model remains robust even after adjusting for the number of predictors. The F-statistic (20,486.53, p = 0.0000) further reinforces the overall significance of the model, showing that the independent variables collectively explain a significant portion of the variance in Corporate Reputation. However, the Durbin-Watson statistic (1.378) suggests a possibility of positive autocorrelation, which should be examined further in future research. Overall, the findings confirm that ethical sourcing, particularly community engagement, plays a critical role in shaping corporate reputation among manufacturing firms in Delta State, Nigeria.

III. Discussion

Hypothesis One: Fair Labour Practices and Corporate Reputation

The findings reveal that Fair Labour Practices (FLP) have a significant positive impact on Corporate Reputation (CR) ($\beta = 0.2508$, $p < 0.01$), indicating that companies that uphold fair labour standards tend to have a stronger corporate reputation. This aligns with the study of Adegbite et al. (2022), who found that Nigerian manufacturing firms that adhere to fair wages, non-discriminatory policies, and safe working conditions experience increased stakeholder trust and brand loyalty. Similarly, Okonkwo and Uchenna (2023) emphasized that ethical labour practices enhance organizational image, leading to improved customer perception and investor confidence. In international literature, Williams and Brown (2023) noted that firms in the United Kingdom with robust labour policies witnessed long-term reputational gains. The findings are further supported by Adewuyi (2021), who found that fair labour conditions reduce employee turnover, enhancing overall corporate goodwill.

However, the results contrast with the study of Ibrahim and Sanni (2023), who argued that in some Nigerian firms, fair labour policies do not directly enhance corporate reputation due to weak enforcement mechanisms and public skepticism about labour policies. Similarly, Kalu and Obasi (2022) found that while fair wages and employee welfare are essential, they may not significantly shape brand perception if other corporate governance issues persist. The discrepancy may be attributed to industry-specific differences, as some firms might struggle with balancing ethical labour costs and competitive pricing strategies.

Hypothesis Two: Community Engagement and Corporate Reputation

The study confirms that Community Engagement (CE) significantly influences Corporate Reputation ($\beta = 0.7382$, $p < 0.01$), showing that firms actively involved in local development initiatives enjoy a stronger corporate image. This is in line with Eze and Chukwu (2023), who found that Nigerian companies investing in community development programs, such as education and healthcare, earn greater stakeholder trust and brand loyalty. Similarly, Ogundele et al. (2022) reported that firms with consistent community outreach programs in Lagos and Delta States experienced improved corporate credibility and crisis resilience. Akinwale (2021) also noted that community engagement fosters customer goodwill, making businesses more resilient to reputational risks. The findings align with international perspectives, as Jones and Smith (2023) found that American corporations engaging in corporate social responsibility (CSR) initiatives witnessed an increase in brand equity and customer retention.

Conversely, Basse and Ekong (2022) argued that some firms in Nigeria invest in community engagement solely for compliance purposes, with minimal impact on their corporate reputation. Similarly, Yusuf and Danjuma (2023) found that companies that engage in superficial or inconsistent community projects fail to earn substantial reputational benefits. This suggests that the impact of community engagement on corporate reputation depends on the authenticity, consistency, and visibility of such initiatives. Therefore, for firms in Delta State to maximize reputational benefits, community engagement must go beyond tokenistic philanthropy to genuine and impactful social investments.

Conclusion and Recommendation

This study has established that ethical sourcing practices, particularly Fair Labour Practices (FLP) and Community Engagement (CE), play a significant role in shaping the Corporate Reputation (CR) of manufacturing firms in Delta State, Nigeria. The regression analysis confirmed that both FLP and CE positively influence corporate reputation, with CE having a stronger impact. These findings align with previous studies that highlight the importance of ethical business practices in fostering trust, brand integrity, and crisis management. However, while fair labour practices contribute to corporate reputation, their effectiveness may depend on enforcement mechanisms and stakeholder perception. Similarly, community engagement must be authentic and consistent to generate meaningful reputational benefits. The study underscores the need for manufacturing firms to integrate sustainable ethical sourcing practices into their corporate strategies to enhance stakeholder trust, brand loyalty, and long-term business success. Based on the findings, the study recommended that manufacturing firms in Delta State should strengthen their Fair Labour Practices by ensuring strict adherence to labour laws, fair wages, and employee welfare programs to enhance corporate reputation and stakeholder trust. Also, companies should engage in meaningful and consistent community development initiatives, such as infrastructure projects, education, and environmental sustainability, to foster stronger relationships with local stakeholders and improve brand integrity. Additionally, corporate leaders should implement transparent crisis management strategies by proactively addressing ethical concerns and maintaining open communication with employees, customers, and the community to safeguard their corporate reputation.

Acknowledgements

We would like to sincerely thank the respondents from the chosen Small and Medium Enterprises for their resounding support. We also want to thank all of the research assistants for their fantastic help. We hereby state that there were no conflicts of interest and that no organization funded the study.

Ethical Consideration

The authors sent a cover letter alongside the questionnaire, clearly stating the research objectives. They assured respondents that their identities would remain anonymous. Respondents were allowed to read through the entire questionnaire before completing it.

Conflict of Interest

The authors declare no conflict of interest.

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