



## The Effect of Environmental and Social Sensitivities on Corporate Reputation<sup>1</sup>

Çevresel ve Sosyal Duyarlılığın Kurumsal İtibara Etkisi

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### Abstract

*Environmental and social initiatives protect the social image of organizations, increase their reputation and decrease the risks to their reputations. Corporate reputation is a part of the communication between the organizations and their stakeholders. Establishing a valuable and permanent partnership between organizations and stakeholders generates an advantage in the development of sustainable competitiveness. The ability of organizations to manage their relationships with their stakeholders can affect their corporate reputation and a positive organizational reputation is an important indicator of their ability to effectively manage their stakeholders. In this context, the objective of the study was to determine the sensitivity of public hospitals operating in Afyonkarahisar in terms of environmental and social issues through the eyes of the stakeholders who are a party to corporate reputation and determine the effect of sensitivity on corporate reputation. Descriptive, variance, correlation and regression analysis methods were used on the data obtained from the survey. As a result of the analysis, it has been determined that the overall view of stakeholders in the hospitals included in the study in terms of environmental and social sensitivity and corporate reputation in public hospitals composed of state and university hospitals in Afyonkarahisar was negative and below medium level.*

**Keywords:** Sustainability, Environmental Sensitivity, Social Sensitivity, Corporate Reputation, Stakeholder Management, Public Sector

### Öz

*Çevresel ve sosyal girişimlerde bulunma, işletmelerin sosyal imajlarının korunmasına, kurumsal itibarlarının artmasına ve itibar risklerinin de azalmasına neden olmaktadır. Kurumsal itibar, işletmeler ve paydaşları arasındaki iletişimin bir parçasıdır. İşletmelerin paydaşları ile kıymetli ve kalıcı bir ortaklık oluşturması, sürdürülebilir rekabet avantajı geliştirmede işletmeler için stratejik bir avantaj yaratmaktadır. İşletmelerin paydaşlarıyla ilişkilerini yönetebilmesi kurumsal*

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*itibarlarını olumlu yönde etkilemektedir. Bu bağlamda çalışmada, Afyonkarahisar'da faaliyet gösteren kamu hastanelerinin çevresel ve sosyal konulara duyarlılığı, kurumsal itibarın tarafı olan paydaşların gözünden değerlendirilerek, duyarlılığın kurumsal itibar üzerindeki etkisinin belirlenmesi amaçlanmıştır. Anket ile elde edilen veriler için betimleyici, varyans, korelasyon ve regresyon analizleri uygulanmıştır. Analizler sonucunda, araştırma yapılan hastanelerde paydaşların, Afyonkarahisar'daki devlet ve üniversite hastanelerinden oluşan kamu hastanelerine yönelik çevresel ve sosyal duyarlılığa ve kurumsal itibara ilişkin genel görüşlerinin orta düzeyin altında olumsuz olduğu tespit edilmiştir.*

**Anahtar Kelimeler:** *Sürdürülebilirlik, Çevresel Duyarlılık, Sosyal Duyarlılık, Kurumsal İtibar, Paydaş Yönetimi, Kamu Sektörü*

## Introduction

Corporate social responsibility and sustainability are the most important concepts that emerged in the 1990s all over the world. Increasingly, companies strive to integrate sustainability into their businesses (Petrini and Pozzebon, 2010, p. 363). Companies that share sustainability practices with the public provide a social image that will help increase corporate reputation and reduce reputational risks. In fact, social and environmental practices are kept on the agenda of the companies, develops dialogue with the public. Thus, companies provide information about the expectations and changing perceptions of their stakeholders (Leaniz and Bosque, 2013, p. 541) Hence, the reputation of the company can create value in the long term as it helps the company build a valuable and lasting partnership with its different stakeholders. Reputation can create a competitive advantage for the development of a sustainable competitive advantage (Bibri, 2008, p. 33). In addition, sustainability has a great importance for certain stakeholders in enhancing the financial performance of companies. For example, potential employees will perceive the company they prefer to be more sustainable and will increase the value of the company. Customers can pay more money to these companies or they can be more loyal. Investors and lenders may see a company that can reduce borrowing and capital costs less risky (Peloza et.al, 2012, p. 74).

Increasing corporate reputation has been identified as one of the most important factors in many studies (Dyllick and Hockerts, 2002; PricewaterhouseCoopers (PWC), 2014; Marrewijk and Werre, 2003; Clikemen, 2004; Crals and Vereeck, 2004; Willard, 2005; Vilanova et al., 2008; Epstein, 2009; McKinsey&Company, 2010; İMKB, 2011; Tuna, 2014; Lozano, 2013; Avery, 2015) that have identified the driving forces that drive businesses to sustainability practices. However, it has not been found studies evaluating the impact of environmental and social aspects of sustainability on corporate reputation in terms of stakeholders are available. The low number of studies regarding sustainability applications in the health sector in national and international literature is also notable. At the same time, the study of corporate reputation in public sector enterprises increases the importance of the study. In the literature, it appears as a concept generally attributed to private sector businesses. Corporate reputation studies in the public sector are very limited (Luoma-Aho, 2007; Waeraas and Moshe, 2014). We have endeavored to decrease this deficiency with this study and more research is needed to promote theoretical and practical advances in that management field.

## Conceptual Framework

### Environmental and Social Sensitivities in Healthcare Institutions

In the 1960s and 1970s, the main objective of the companies was profit maximization, but from the late 1990s onwards, factors other than economic profitability became increasingly important. Today's companies are expected to be more sensitive to environmental and social issues as well as profit (Schaltegger et.al., 2014, p. 4). For this reason, companies have begun to combine sustainability practices with business strategies in order to achieve competitive advantage, not only to meet the expectations of consumers, employees and other stakeholders (Petrini, Pozzebon, 2010, p.363).

Sustainability requires companies to address economic as well as environmental and social issues simultaneously (Elkington, 1997). The fact that businesses handle three dimensions of sustainability together provides them with cost savings as well as many benefits<sup>4</sup>:

- Improves corporate image and reputation
- Provides financial savings
- Increases employee motivation
- Helps businesses manage their business risks
- helps to demonstrate social responsibility practices

Defining environmental sustainability is easier than defining social sustainability. Environmental sustainability, without harming the functioning of the ecosystem, is to meet all the needs of present and future generations (Morelli, 2011, p.6). Social sustainability deals with the environment in which an institution operates and its relationship with all societies. Many global initiatives, such as the Global Compact, OECD and Social Responsibility of Organizations, take a number of topics such as organizational governance, human rights, labor practices, fair business practices, consumer issues, community participation and community development within the scope of social sustainability. In addition, health, safety, gender and economic aspects are among the basic issues (Weingaertner and Moberg, 2011, p. 126). In another definition of social sustainability, equality, health, social capital and the concepts of quality life, happiness and wellbeing which are covered by the definition in the near future are emphasized (Woodcraft, Hackett and Caistor-Arendar, 2011, p.17). While socially sustainable businesses create value for the development of their stakeholders' human capital (Goldin, 2014, p.1), they also support the development of social capital for communities. Human capital is a concept related to the commitment of employees and business partners and increasing the level of skills, motivation, experience and knowledge of individuals. In social capital, the stability and consistency of processes that constitute organizational interaction between individuals and the social system at all levels of management of an enterprise is important. Therefore, a good education system, infrastructure services, the establishment of a culture that supports entrepreneurship and the quality of public services are effective factors in the development of the philosophy of social capital (Dyllick and Hockerts, 2002, p.134). In summary, a socially sustainable business adds

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<sup>4</sup> <http://www.sustainabilityroadmap.org/drivers/index.shtml>

value to its environment through activities that increase the human capital of its employees and improve the social capital of their stakeholders (Tuna, 2014, p.18).

While manufacturing firms were among the first to adopt sustainability initiatives, service industries such as healthcare have initiated sustainability in recent years. Healthcare, as one of the largest service industries, represents a significant opportunity for dramatically affecting economy-wide sustainability performance (Boone, 2012, p.5).

The healthcare sector is almost as damaging to the environment as steel mills and oil refineries in terms of the greenhouse gas emissions and the wastes generated by high resource consumption (Bortz, 2010) and result in a significant environmental footprint. The health sector's contribution to pollution and resource consumption, through its daily operations, paradoxically undermines some of the same human health issues it attempts to resolve (Global Green and Healthy Hospitals, 2011, p.2). The contribution of health institutions to the development of the ecological environment positively affects the perception of these institutions. Sensitivity to environmental issues helps reduce operating costs and help healthcare providers transfer more resources to their patients. At the same time, this sensitivity may lead to improved population health, positive experience of patients and reduced patient cost per person (HR&ET, 2014, p.7).

Many hospitals and health care facilities may be involved in a number of accidents. The biggest problem with medical waste is the incineration of wastes in large furnaces and the improper disposal of medicinal products. Most organizations think that this is the best way to prevent the spread of contaminant waste. However, gases emitted from incinerators in hospitals in narrow areas where the population is dense can cause great hazards (Olson, 2011, pp.2-3).

Healthcare institutions also have significant social impact in their communities. Hospital employees directly affect their communities. For example, Turkey has more than 30.000 healthcare institutions (health institutions without beds), employing 760.332 people (doctor, dentist, nurse, health workers, midwife, pharmacist and other staff) (TUIK, 2014). As a result, the health sector, which has more employees than many business sectors, has a great social and environmental impact due to its scope and scale.

By understanding the strategic importance of environmental and social sustainability, hospitals and healthcare institutions around the globe can improve community health, build their public image, streamline facility operations and improve financial performance—all key aspects to thriving in the present and future healthcare environment.

### **The Importance of Corporate Reputation**

Corporate reputation is closely related to stakeholder theory: Since Fombrun and Van Riel (1997), the academic literature has often been conceptualized as a perceptual representation or assessment of the different components of a company and the identified corporate personality traits (Alves, Reficco and Arroyo, 2014, p.54). Corporate reputation is shaped by creating trust by meeting the expectations of its stakeholders over time. For example, employees expect a good workplace and a fair wage; the expectation of the product or service that the customer pays; the

investor's expectation of a good return<sup>5</sup>. Responding to stakeholder expectations or managing corporate reputation effectively requires compatibility between the three main areas of business strategy and governance:

- *Responsible Business Operation* is imperative and leads to minimum negative impact and maximum social impact.
- *Positive Social Impact* requires clearly identifying the social issues impacting key communities and stakeholders, prioritizing those issues based on the impact on the company and its expertise and ability to affect them.
- *Financial Stability* is an imperative for all viable companies and is necessary to operate effectively and to have a significant positive impact on society through economic contributions, such as jobs and taxes.

Organizations with a strong, positive reputation are trusted by their stakeholders. Ensuring that there is alignment between the company's vision, mission, values and business strategy helps build that trust (Rusert, 2015, p. 5).

Reputation can be defined as the ability of a company to respond to its past behavior and to meet the expectations of its stakeholders. At the same time, reputation reveals the relative position of companies in the eyes of both employees and other stakeholders (Fombrun and Van Rie, 1997, p.10). Fombrun and Van Riel (2004, p.71) As a result of research conducted in 10 countries, corporate reputation has classified its importance for businesses in 6 different dimensions:

- *Emotional Appeal*: How much the company is liked, admired, and respected (Feel good about, Admire&Respect, trust).
- *Products and Services*: Perceptions of the quality, innovation, value, and reliability of the company's products and services (High quality, innovative, value for money, stands behind).
- *Financial Performance*: Perceptions of the company's profitability, prospects, and 'riskiness' (Outperforming competitors, record of profitability, low risk investment, growth prospects).
- *Vision and Leadership*: Perceptions of the strength and depth of the company's vision and leadership, and its ability to take advantage of opportunities (Market opportunities, excellent leadership, clear vision for the future).
- *Workplace Environment*: Perception that the company is good to work for, has high quality employees, and treats them fairly (Rewards employees fairly, good place to work, good employees).
- *Social Responsibility*: Perceptions of the company as a good citizen in its dealings with local communities and the environment (Supports good causes, environmental responsibility, community responsibility).

In addition to the above, it is possible to say that a positive corporate reputation ensures quality, albeit indirectly, in the provision of products and services (Alves, Reficco and Arroyo, 2014, p. 56). Corporate reputation provides important opportunities to private sector businesses in the

<sup>5</sup> <http://www.triplepundit.com/2011/07/relationship-between-reputation-trust-sustainable-business/#>

above mentioned areas. However, the situation is different for public enterprises. Reputation for public enterprises has differences in terms of goals, needs, stakeholders, resources and defining reputation. First of all, the objectives, resources and personnel are affected by the political environment in which they are located. The public sector is less competitive, less concerned about reducing costs and considering consumer preferences. This sector, which is subject to more public control, is under greater pressure from the legal and regulatory system than private sector enterprises. It is subject to greater public scrutiny and the variety of stakeholders exceeds that of private sector enterprises. All these reasons listed cause the reputation of public enterprises to be different from the private sector (Luoma-aho and Canel, 2016). Due to these structural and managerial features listed, public enterprises often face reputation problems such as poor service delivery, poor management, and ethical abuse (Munyoro and Magada, 2016). An important issue in the solution of the reputation problem is the dissemination of reputation information. Public enterprises can provide their reputation information on topics such as product / service quality, service delivery, performance and actions of the institution, web, social networks, blog etc. should share with communities (Raguseo, Mosconi and Ferro, 2011). Reputation provides benefits to public institutions, such as the expansion of their official authorities and powers. Reputations for public institutions are valuable political assets. It provides benefits such as establishing public support for businesses, getting support from the authorities to expand authority, gaining discretion and protecting the institution from political attacks (Wæraas and Maor, 2015).

## Methods

The objective of this study is to determine the impact of environmental and social sensitivity on the corporate reputation of public hospitals. The study also compares environmental and social sensitivity with corporate reputation according to institutions and stakeholders. The basic hypothesis of the study in this framework is presented below.

*Hypothesis: "Environmental and social sensitivity have a meaningful and positive impact on corporate reputation."*

A three-part questionnaire was used as the data collection technique in the study. The first part is about some individual characteristics of the participants, the second part consists of the environmental and social sensitivity scale and the last part consists of the corporate reputation scale. The questionnaire used in the study was prepared by making use of Köksal's (2011) study of 4 banks operating in Adana with 451 customers; Leaniz and Bosque's (2013) studies of 400 Spanish customer and Tuna (2014) 350 SMEs in Istanbul which are operating on food industry. The developed questionnaire was revised after the pilot study conducted with 45 stakeholders (15 Health Workers, 15 Patient- relatives of the patient, 10 Student and 5 Pharmacy-medical) providing service in public hospitals in Afyonkarahisar province and the pilot study was excluded from the sample. The questionnaires, whose reliability was tested, were applied to 413 stakeholders providing service in public hospitals in Afyonkarahisar. Each stakeholder was specified the hospital they were going to evaluate and asked to show sensitivity. For this scale consisting of 14 items (Table 1), exploratory factor analysis was applied and two sub-factors, environmental and social accounting for 69.8% of the total variance were observed.

The corporate reputation scale was prepared by using the "Corporate Reputation Scale" developed by Fombrun and Van Riel (1997). The scale, consisting of a 23-item scale that contains key reputation components, is tailored to public hospitals delivering health care. In this survey, the components of products and services, working environment, social responsibility, vision and leadership and emotional attractiveness were taken from the "Corporate Reputation Scale" (Fombrun and Van Riel, 1997) while the financial performance component was removed due to the nature of the organization to be studied and the corporate culture component used by Cravens et al. (2003) and Financial Times (2000) was included (Tuna, 2016, p. 626). The scales used in the study were rated with 5 Likert type assessment and the participation levels for each item were scored as None = 1, Minimum = 2, Medium = 3, Substantial = 4 and Full = 5.

Items regarding the environmental and social sensitivity scale developed by the researchers within the framework of the relevant literature are given in Table 1.

**Table 1. Items Related to Environmental and Social Sensitivity**

<b>Environmental Sensitivity</b>	
•	It has a stable policy and action plan on the environment.
•	Cooperates with various non-governmental organizations (such as Tema, Çevko) on environmental projects.
•	Successful in paper saving applications
•	It is successful in its applications for energy saving.
•	It has applications to reduce and recycle wastes.
•	Continues its activities in accordance with the required legal regulations
•	Has environmental certificates
<b>Social Sensitivity</b>	
•	Is committed to improving the welfare of the communities in which it operates
•	Actively participates in social and cultural events
•	Plays a role in society that goes beyond mere profit generation
•	Provides a fair treatment of employees
•	Provides training and promotion opportunities to their employees
•	Helps to solve social problems
•	Does not allow any form of discrimination

The population of the study was comprised of stakeholders receiving-giving service from and to public hospitals in Afyonkarahisar province. The study was carried out in 4 hospitals: public hospital (ministry of health), teaching hospital, faculty of dentistry, dental hospital (ministry of health). Several factors are important in the selection of public hospitals as samples. The primary reason is that there is no private hospital in Afyonkarahisar, which has the qualities to be compared. The other reason is the environmental and social sensitivity practices of public hospitals, which are an important health solution for Afyonkarahisar and the provinces and districts of the region, and the effect of this on reputation. In addition, the lack of a private hospital in the research field created an opportunity to help fill the research gap in the public sector on reputation. The stratified sampling method was used for each participant (health worker, patient-patient' relative, student, pharmacy-medical) to acquire samples for the study. Furthermore, final year students from the Afyonkarahisar Health Sciences University, which trains students for employment in health organizations were added to the survey. The internship

of these students in public hospitals for at least 6 months in the fourth year was effective in adding them to the samples. A total of 430 people were surveyed within this framework. As a result of incomplete, erroneous questionnaires 413 were taken into consideration. The distribution of the sample group according to the stakeholder status of the individuals and the distribution of the respondents according to the organizations they serve are presented in Table 2. Accordingly, 36.3% of the respondents were health workers, 37% were patients-relatives of patients, 19.4% were students and 7.3% were pharmacy-medical workers.

**Table 2. Distribution of Respondents According to Stakeholder Status and Organizations They Serve-Receive Service From (n=413)**

<i>Stakeholder</i>	<i>n</i>	<i>%</i>	<i>Dispersion of participants</i>	<i>n</i>	<i>%</i>
Health Workers	150	36.3	Public Hospital (Ministry of Health)	118	28.6
Patient- relatives of the patient	153	37.0	Teaching Hospital	107	25.9
Student	80	19.4	Faculty of Dentistry	84	20.3
Pharmacy-medical	30	7.3	Dental Hospital (Ministry of Health)	104	25.2

SPSS 18.0 for Windows program was used for analyzing the data obtained in the study and initially statistics such as frequency, percentage, arithmetic average and standard deviation were described with the current situation and variance analysis, correlation and regression analyzes were applied for association between variables. Furthermore, Cronbach's Alpha coefficients were calculated for the reliability analysis of the scales used in the study.

## Results

The distribution of the respondents by gender and age is given in Table 3. According to this, 59.1% of the respondents were women and 40.9% were men. 54.5% of the respondents were in the 18-29 age group, 29.5% were in the 30-39 age group, 11.1% were in the 40-49 age group while 4.6% were 50 and more.

**Table 3. Distribution of Respondents According to Gender and Age**

<i>Variable</i>	<i>Group</i>	<i>n</i>	<i>%</i>
Gender	Female	244	59.1
	Male	169	40.9
Age	18-29	225	54.5
	30-39	121	29.3
	40-49	48	11.6
	>50	19	4.6

Descriptive statistics and reliability coefficients of the environmental and social sensitivity scale used in the study and the corporate reputation scale are presented in Table 4. The findings in Table 3 reveal general views of stakeholders in all public hospitals in Afyonkarahisar. Accordingly, the arithmetical average environmental sensitivity of stakeholders' general opinions were calculated as  $\bar{X} = 3.00$ ; for social sensitivity  $\bar{X} = 2.63$ ; for both (environmental and social sensitivity) as  $\bar{X} = 2.81$ . Furthermore, it was observed that the mean values of the sub-dimensions of corporate reputation scale change between minimum  $\bar{X} = 2.43$  (vision / leadership) and maximum  $\bar{X} = 2.99$  (working environment) while the average opinion of the stakeholders towards the overall corporate reputation scale was found to be  $\bar{X} = 2.82$ . When these findings are evaluated, it is seen that the level of environmental sensitivity of public hospitals in

Afyonkarahisar is higher than that of social sensitivity. Overall, the 5-point Likert-type scale showed moderate environmental sensitivity; social sensitivity and general environmental and social sensitivity levels are below the medium level while the corporate reputation level on the 5-point Likert type scale was 3 which is also below medium. In this framework, these statistics show that stakeholders have a critical approach to public hospitals in Afyonkarahisar. On the other hand, the Cronbach's Alpha coefficients calculated for the scales are greater than 0.75, indicating that the internal consistency of the scales is high.

**Table 4. Some Descriptive Statistics and Reliability Coefficients of the Scales**

<i>Scales and Subscales</i>	<i>Number of Items</i>	$\bar{X}$	<i>SS</i>	<i>Cronbach's Alpha</i>
Environmental Sensitivity	7	3.00	0.86	0.810
Social Sensitivity	7	2.63	0.98	0.853
<i>General (Environmental and Social Sensitivities)</i>	14	2.81	0.84	0.892
Emotional Attractiveness	3	2.71	1.03	0.812
Products / Services	4	2.91	0.97	0.814
Vision and Leadership	4	2.43	1.01	0.789
Working Environment	3	2.99	0.99	0.751
Social responsibility	3	2.80	0.92	0.786
Corporate Culture	6	2.98	0.94	0.915
<i>General Corporate Reputation</i>	23	2.82	0.86	0.918

Table 5 presents the results of correlation analysis of the association between environmental and social sensitivity and corporate reputation. Accordingly, a positive and strong association between environmental sensitivity and corporate reputation ( $r = 0.649$ ) is observed and a positive and strong association is found between social sensitivity and corporate reputation ( $r = 0.760$ ) as well. Furthermore, a positive and strong association ( $r=0.771$ ) between environmental and social sensitivity and corporate reputation in general have been noted. Likewise, positive and strong associations between the sub-dimensions of corporate reputation and environmental and social sensitivity have been identified.

**Table 5. Correlation Coefficients Related to the Relationship between Environmental and Social Sensitivity and Corporate Reputation**

<i>Scales</i>	<i>Environmental Sensitivity</i>	<i>Social Sensitivity</i>	<i>General Sensitivity</i>
Emotional Attractiveness	0.591*	0.694*	0.703*
Products / Services	0.581*	0.679*	0.690*
Vision and Leadership	0.521*	0.693*	0.666*
Working Environment	0.534*	0.604*	0.623*
Social responsibility	0.594*	0.664*	0.687*
Corporate Culture	0.604*	0.679*	0.700*
<i>General Corporate Reputation</i>	0.649*	0.760*	0.771*

\* $p < 0.01$

Table 6 presents the results of regression analysis of the impact of environmental and social sensitivity on corporate reputation. Accordingly, the regression model for the effect of

environmental sensitivity (ES) and social sensitivity (SS) as independent variables on corporate reputation (CR) considered as a dependent variable was found to be significant ( $F = 308,677$ ;  $p < 0.05$ ). The  $t$  values in Table 5 indicate that social sensitivity on corporate reputation is more influential than environmental sensitivity. This finding supports the finding of the correlation coefficients. When other findings are taken into account, the regression model between variables can be established as follows:

$$CR = 0,735 + 0,240.ES + 0,519.SS$$

According to this model, an increase in environmental sensitivity leads to an increase of 0.240 in corporate reputation while an increase in social sensitivity leads to an increase of 0.519 in corporate reputation.

**Table 6. Regression Analysis Results for the Effect of Environmental and Social Sensitivity on Corporate Reputation**

Model	$\beta_j$	SE	$t$	$p$	ANOVA
Fixed	0.735	0.098	7.482	0.000*	
Environmental Sensitivity	0.240	0.043	5.560	0.000*	F=308.677
Social Sensitivity	0.519	0.038	13.696	0.000*	p=0.000*

\* $p < 0.01$  Dependent variable: Corporate Reputation

Both the correlation in Table 5 and the results of regression analysis in Table 6 indicate that environmental and social sensitivity is very effective in terms of corporate reputation. This result suggests that the study hypothesis ("Environmental and social sensitivity has a significant effect on corporate reputation") is true.

The results of the variance analysis for comparison of environmental and social sensitivity and corporate reputation with respect to organizations and stakeholders are given in Table 7. According to this, environmental and social sensitivity and corporate reputation indicate significant differences between organizations and stakeholders ( $p < 0.01$ ). When the arithmetic average values are examined, the level of environmental and social sensitivity as well as corporate reputation of the Faculty of Dentistry and the Dental Hospital is higher than that of State and University Hospitals. Nevertheless, it was determined that in terms of corporate reputation the State Hospital had the lowest level ( $\bar{x} = 2.54$ ). On the other hand, both patients as well as patients' relatives had a more positive opinion than the other stakeholders in terms of both environmental and social sensitivity as well as corporate reputation. The stakeholder group with the most negative views on environmental and social sensitivity was students while pharmacy and medical workers had the most negative view about corporate reputation (Table 6).

**Table 7. Comparing Environmental and Social Sensitivity and Corporate Reputation According to Organizations and Stakeholders**

Scales	Corporate	$\bar{X}$	SS	<i>p</i>	Stakeholder	$\bar{X}$	SS	<i>p</i>
<i>Environmental and Social Sensitivities</i>	Public Hospital	2,69	0,92	0,000*	Health Workers	2,76	0,79	0,000*
	Teaching Hospital	2,73	0,83		Patient- relatives of the patient	3,03	0,93	
	Faculty of Dentistry	3,34	0,87		Student	2,53	0,52	
	Dental Hospital	2,90	0,83		Pharmacy-medical	2,63	1,04	
<i>Corporate Reputation</i>	Public Hospital	2,54	0,85	0,000*	Health Workers	2,85	0,83	0,000*
	Teaching Hospital	2,75	0,85		Patient- relatives of the patient	2,97	0,94	
	Faculty of Dentistry	3,44	0,85		Student	2,63	0,64	
	Dental Hospital	2,94	0,82		Pharmacy-medical	2,37	0,85	

\**p*<0,01

### Discussion and Conclusion

413 stakeholders receiving-providing service in public hospitals in Afyonkarahisar province participated in this study with the objective of determining the impact of environmental and social sensitivity on corporate reputation in public hospitals. A number of studies (Mira, Lorenzo and Navarro, 2014; PatientView Report, 2014; Aracı and Genç, 2015; PatientView Report, 2015; Karakaya and Aydın, 2015) have been conducted in national and international literature evaluating the perception of reputation of healthcare institutions (hospitals, pharma companies, device industry etc.), however no studies examining the organizational impact of health institutions' sustainability practices have been encountered. The study is important in filling the gap in this regard. With this study it has been determined that environmental and social sensitivity have a very important effect on corporate reputation. Social sensitivity in particular has been found to be more effective on corporate reputation than environmental sensitivity. By undertaking a role in helping to solve social problems, actively taking part in social and cultural events and contributing to the development of welfare with social occasions in the society of which they are a part is important in reinforcing their reputation. Thus, organizations will be able to develop good communication with their stakeholders and gain a competitive advantage with a good standing by providing them with necessary information. There are many studies in literature which indicate that social sensitivity affects corporate reputation. For example, Canada Environics International Ltd. carried out a study in 1999 with 25.000 interviewees in 23 countries on 6 continents in which respondents were asked to state their impressions of the organizations in their own words. 33% of respondents associated the basis of the organizations with characteristics such as financial factors, size of the organization, management strategies and management while 40% associated attributes such as brand quality, corporate image or reputation. However, a large majority, about 60%, mentioned factors of interest with and the more comprehensive responsibilities of organizations such as workforce practices, work ethics, social and environmental responsibility. The fact that organizations are obliged to counter the broader social expectations of consumers in order to preserve their corporate reputation in all regions of the world is the most striking result. Another global survey was conducted by Havas Media in 2010 on a total of four continents with more than 30 thousand people in nine main markets. In the survey, 80% of consumers pointed out that social responsibility and sustainability

were main issues that organizations should be sensitive about<sup>6</sup>. In Leaniz and Bosque (2013) carried out a study involving hotel operations in Spain in which they assessed the impact of corporate sustainability practices on corporate reputation in terms of consumers and reported that the economic, social and environmental dimensions of sustainability a direct positive impact on corporate reputation.

When public and private enterprises adopt sustainability practices and their possible effects on reputation, public enterprises are less sensitive to practices. Because the public sector is less open to competition, it is less concerned about reducing costs and considering consumer preferences. Therefore, it is more reluctant to adopt sustainability practices. However, private sector enterprises believe that environmental and social sensitivity will increase their reputation and they want to see this as a difference in the sector and turn it into a competitive advantage. Many studies (Marrewijk and Werre, 2003; McKinsey and Company, 2010; İMKB, 2011; Vilanova et.al 2008; Crals and Vereeck, 2004; Tuna, 2014) on the private sector reveal the sensitivity of businesses to environmental and social issues.

The comparison of environmental and social sensitivity and corporate reputation levels in Afyonkarahisar public hospitals in terms of organizations and stakeholders was a sub-objective of the study. It has been determined that the overall view of stakeholders in the hospitals included in the study in terms of environmental and social sensitivity and corporate reputation in public hospitals composed of state and university hospitals in Afyonkarahisar was negative and below medium level. These findings show that the stakeholders have a critical approach to public hospitals in Afyonkarahisar. It is possible to associate this to failure in countering stakeholders' expectations in terms of social issues ( $\bar{X} = 2.63$ ). As mentioned above, the sensitivity of organizations regarding social issues can have a positive influence on stakeholder opinions in this respect.

It has been determined that the stakeholders consider dental hospitals (state-faculty) more adequate than other hospitals in terms of environmental and social awareness which in turn affects the corporate reputation of these hospitals positively. It was determined that among the stakeholder groups associated with hospitals, patients and patient relatives had more positive opinions related to hospitals in terms of environmental and social sensitivity and corporate reputation compared to other stakeholders (health workers, students, pharmacy-medical) It is possible to associate the more positive attitude of patients and their relatives compared to other stakeholders by the fact that they are not directly affected by internal policies and practices. On the other hand, the positive opinions of patients and their relatives who can be characterized as customers in terms of hospitals on regarding environmental and social issues are an important finding for hospitals. Today's customer is more loyal to organizations that they believe are sustainable and agree to pay more for the purchased product or service.

Stakeholders who are affected by the achievement of organizational objectives or who affect the achievement of these objectives (Ertuğrul, 2008, p.200) are directly affected by internal politics such as hospital staff, wages, working conditions, discrimination and management style and this can result in a negative opinion. In a study carried out by Istanbul Stock Exchange (ISE), Business

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<sup>6</sup> <https://www.warc.com/Content/53ea1953-9cf0-4ed3-9808-4118a5418d7a/>

World and Sustainable Development Association (SKD) and PwC Turkey (2011) with 215 enterprises who were members of ISE serving in 10 different sectors, it was revealed that the most affected stakeholders from business activities and policies were employees. The sense of belonging and trust that employees have in the organization forms the basis for the trust of external stakeholders.

According to Waddock (2001), both environmental-social sensitivity and corporate reputation perceptions are negative in the pharmacy and medical sectors that execute supplier-employer relations in hospitals and that we can characterize as primary stakeholders. Whereas organizations with strong corporate reputations offer lower prices when they purchase from their suppliers, have improved bargaining power and have more regular income. Efficiently managed supplier relationships will provide better visibility of the future, lower inventory levels and reduce transportation costs. This will increase productivity; increased productivity will ensure lower costs, higher incomes and higher profitability.<sup>7</sup>

Health management students who will work as staff and managers in health institutions are notable with the most negative opinion group among stakeholders. Similar findings have been revealed by studies carried out by Tuna and Çelik (2016) to determine the expectations of the Y generation regarding the sustainability policies of health institutions. It would not be wrong to link the negative approach of the students to the results of evaluating the insensitivity of hospitals in terms of the social and environmental issues with an objective and idealistic view. Orientation studies for external stakeholders are very important for organizations. Sustainability can be the reason why an organization is preferred by possible employees in the future. Employees choose organizations that fulfill their social and environmental responsibilities.

In conclusion, the execution of sensitive environmental and social policies by health organizations will endow them with a basic ability and competitive advantage that is hard to imitate. While a strong corporate reputation will have a positive effect on customer loyalty, employee productivity and loyalty it will ensure that organizations have stronger relationships with suppliers. A robust ground will be established with effective communication between stakeholder groups such as customers, employees, suppliers and the organization to ensure the success of the organization.

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<sup>7</sup> <https://anahtar.sanayi.gov.tr/tr/news/rekabet-avantaji-kazanmada-anahtar-kavram-kurumsal-itibar/1855>

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