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The Effect of corporate reputation management as a competition tool on tourism businesses

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1. Introduction

The most important asset of people and corporations are reputation. Businesses have been gained reputation in community has more advantages about the use of resources, market effectiveness and qualified personnel. The substance of gaining reputation can be summed up with Mevlana Celaleddin Rumi's poem "Either exist as you are or be as you look". In other words, basic of reputation gaining is created from consistent actions and expressions (Argüden, 2003:9).

Corporate reputation is the business stackholders' perception, their faith in business and their established connection (Chun, 2005:15; Tucker and Melewar, 2005:377). Enterprises which have reputation can not be imitated by competitors. (Castro vd., 2006:361). These enterprises are hardly imitated, are consist of the reputation values like as; credible, reliable, responsible within their structures (Carmeli and Tishler, 2005:15). Corporate reputation plays a role in value creation and should be considered as a long-term asset with ensuring properties (Cravens and Oliver, 2006:296).

Due to the increase in communication and awareness level of customers, it is considered that as an invisible value, the importance of reputation is gradually raised. Customers approached to buy products and services with suspicion, reputation helped remove this suspicion.

In the constantly changing conditions, corporation in many areas such as economic, social, cultural, etc. can be encountered with crisis (Solmaz, 2006:65). Crises are jeopardized the existence of corporation, they are suffered a loss in them. Having a strong reputation from aspect of corporation is important because they can be exited with minimal loss from occurring crises, is important (Gümüş and Öksüz, 2009a:78). "Do you have a business more important than managing your reputation?" Kadıbeşegil (2006:29) has emphasized the importance of corporate reputation by this question. A corporation with high reputation, because of having positive image will be overcome easier the negative effects of crisis. Also the crises that have the possibility of occurring in future periods can be predicted (Usta, 2006:80).
The main object of this study is constituted from presenting the statue of reputation management practiced by hotel businesses, as a competition tool by using of questionnaire that is obtained from theoretical knowledge. At the same time; to evaluate the important sub-dimensions and the impact of sub-dimensions on reputation in the term of reputation management, to show the hotel businesses which have reputation in different sectors and presenting the reasons of rating, determining the effect of corporate reputation management on hotel businesses, are intended as a purpose of this study.

2. Corporate Reputation

Socrates, in his words, "reputation is like a fire, when you have kindled it, you may easily preserve it, but if once you extinguish it, you will not easily kindled it again. Be honest. If you are honest you will keep up", tried to indicate the term of reputation and the importance of it (Usta, 2006:38).

According to the American Heritage Dictionary the term of reputation is defined as total opinion of business stakeholders about the corporation. However, reputation is expressed the trustworthiness, created by enterprises, made the increase in market value. Reputation is defined as common stakeholders' idea about the credibility, business entity in terms of reliability, responsibility and power of enterprise (Okay and Okay, 2001:452). The basis of reputation is constituted of trust and credibility (Budd, 1994:11).

Corporate reputation is the long-term combination of outsiders’ assessments about what the organization is how well it meets its commitments and conforms to stakeholders’ expectations, and how effectively its overall performance fits with its socio political environment (Logsdon and Wood, 2002:366). According to Kadıbeşegil (2006:55) reputation, in return of enterprise, appreciated by society, is the carrier of invisible business value. A corporate reputation represents the emotional reaction -good or bad, weak or strong- of customer, investors, employees and the general public to the company's name (Formburn, 1996:37).

It has been an increase of transferring experiences to the third person by means of advances in communication technology among consumers. Consumers in their product or service preferences are affected by the past experiments and customer value. Corporate
reputation is thought to be managed because of influencing consumer preferences with regard to goods and services (Puncheva, 2008:272).

Stakeholders’ decisions directly or indirectly affect the main source of corporate and determine the situation of the enterprise in the competition condition (Dentchev and Heene, 2004:59). In other term, stockholders’ perception has been influenced by activities of companies (Gümüş and Öksüz, 2009b:2132). As a result of increasing competition and reputation is perceived as a value, purpose of getting reputation has been revealed while the business has been accomplishing its functions. Therefore enterprises, practiced reputation management, are taken decisions towards stakeholders’ profit.

Having a strong corporate reputation under competition terms depends on many components. In the literature (Castro, Lopez and Saez, 2006:363; Wiedmann and Buxel, 2005:153; Usta, 2006:44; Cretu and Brodie, 2007:233; Hacımirzaoğlu, 2009:12; Chun, 2005:102; Carmeli and Tishler, 2005:21) have been made different categories about the components of corporate reputation. Dollinger et al., (1997:133) have handled reputation components from three aspects. These are in form of managerial reputation, financial reputation and product reputation. Fombrun and Shanley (1990:244) and Castro et al., (2006:367) have classified the reputation components in form of managerial quality, financial strength, product and service quality, innovation, use of corporate assets, keeping and development of talented people, communications and environmental responsibility and long term investment. Karatepe (2008:86), has dealt with reputation components as social responsibility, financial performance, qualified job environment, ethical responsibility, qualified labor, quality of product and service, emotional perception and associations, corporate leadership, corporate vision and the manager's own reputation.

The major components of corporate reputation are these that will be mentioned:

Products and services; the products and services produced by the reputed enterprises have reputation, is expected to be higher than customer value. Specially, at the present time, competition is increasing and customers are more interrogating in buying products and services, the varied and qualified products and services are demanded by customers. The service quality of hotel businesses is directly affected the customers’
ideas about enterprise and has led to the creation of positive or negative reputation in regarding with business.

Other reputation components are employee satisfaction and loyalty. In the tourism sector as a labor intensive sector, workers play an important role in getting the reputation of enterprise. Particularly employee dissatisfaction, alienation and high work-load have negatively affected the service quality in a corporation. According to Yoon and Suh (2003:598) service quality depends heavily on employees' communication with customers. This communication established by employee, affect the business customer satisfaction and have a significant impact on reputation. The employee loyalty to the business, especially in tourism sector with the high employee turnover is more important. Increasing of employee loyalty is caused to cost reduction, increase in productivity and service quality, so is caused to creation of reputation.

Corporate social responsibility is perceived of component reputation as an indictor which enterprise is sensitive to the community and a signal that reflects honesty (Usta, 2006:50). Stakeholder is defined as elements that are influencing the perceptions, evaluations and expectations which are met in the social field with regarding to business. It is expected from enterprises to have a team working in areas of social responsibility such as social-environmental-human rights. When these expectations are welcomed in positive manner, is affected their perception and evaluation, thereby, the reputation toward the business (Gümüş and Öksüz, 2009a:120). By means of the social responsibility, the generated reputation, is thought to cause the company' profitability in long term and survival of enterprise in the competition condition via administrators (Fombrun and Shanley, 1990:239).

Component of corporate governance is featured by the implementation of transparency, fairness, responsibility, accountability principles (Baraz, 2004: 764). Corporate governance is prerequisite for the growth and development of corporation including features such as the stakeholders corporation, their relations with stakeholders, financial transparency, information sharing and management style (Dinler, 2009:5; Cornelius, 2005:12). To give the employee wages in the hotel business according to the results of performance evaluation, to know about receiving the payment according to the equity measurement and in case of necessity expression of different wage levels resource,
is meant that corporate governance applied by corporation. Businesses applied corporate governance techniques; gain the trust of stakeholders thus constitutes a good reputation.

Financial success component; according to Karatepe (2008:89), is described the talent of an organization in risk taking and competing in order to profitability and investment. Organization which has been strengthening their economic structure, have more reputation than the others in global market. Financial support for corporation, provided by banks, is considered as an important element of a good and adequate reputation (Usta, 2006:48). Hotels which have reputation, can receive more easily credit while they need financial support under construction or in the operated level.

Showing of multidimensional consistent behavior is required for gaining reputation. First of all, corporation should create economic value for products and services, they should take action as a volunteer for the solution of social problems, they should attach importance to their relationship between employees, investors, suppliers and the environment and they should increase consistently customer satisfaction (Argüden, 2003:10). During the implementation of business activities, consistent behavior is fairly important for gaining reputation. On the other hand, the factors affecting the earning reputation or effective in the creation of reputation are indicated as Williams et al., (2005:188) business size (Fombrun and Shanley, 1990; Garbett, 1988), previous performance and risk status (Fombrun and Shanley, 1990; Mahon, 2002; Marconi, 1996; Roberts and Dowling, 2002), media relations (Bromley, 1993; Fobrun and Shanley, 1990; Garbett, 1988; Gregory, 1991; Marconi, 1996), social responsibility activities and attitude toward the law (Fombrun and Shanley, 1990; Sabate and Puente, 2003; Williams and Barrett, 2000) the condition of market shares and potential performance.

The enterprises that are supported by stakeholders and community are more successful enterprises. Businesses have a good reputation, perceived as producing for more quality products; their financial structures are more robust, using the customer relationship management in the most effective manner and reliable (Gümüş ve Öksüz, 2009b:2132). If a higher reputation, in turn, leads to higher profits for the company, there is an incentive for the company to engage in corporate social responsibility (Graafland and Smid, 2004:272).
To have a good reputation, corporation is required to have a good relationship with target group and to sustain these relations (Ural, 2002:85). Enterprise which had reputation is thought to have advantages in terms of competition by having resources in more cheaper and at faster time (Dentchec and Heene, 2004:59). At the same time, a good reputation is perceived as market status, precaution against crisis, value in terms of customers.

Corporate reputation is a component that can be used for positioning study. Positioning is a business' effort in the market to create identity for the product or service (Kozak, 2008:119). Imagining of the company image is defined as providing of taking a different and valuable place in the mind of customers are in the target market. Enterprises influentially should be used ethic concept, culture, vision and corporate identity for competitive positioning (Usta, 2006:43). Enterprises have a good corporate reputation, will get a good corporate reputation position in the minds of customers. In enterprises that had a good reputation, the reasons are effective in the reputation creation are thought to be used influentially in the positioning. On the other hand, enterprises have a good market position, are thought to have the reputation.

Providing and sustaining of the reputation is the specialty field of corporation management. Reputation is a fact between enterprises as a competition criteria and ensuring of business continuity. In despite of being an intangible value, the enterprises have lost their reputation after crisis is seen to withdraw quickly from the market. Enterprises which know the value of reputation, has made the reputation a management priority (Türker, 2005:151).

For shaping the corporate reputation of enterprises, is required to consider carefully components such as financial performance, social responsibility activities, quality of produced goods and offered service, harmony and trust environment of business, leadership qualification, business vision (Saylı and Uğurlu, 2007:92). Reputation management is a strategic fact that should be implemented religiously by corporation. High reputation enterprises, at first, are preferred by customers. In the tourism sector has intensive competition, should be given necessity importance to reputation management study. Corporation, practiced reputation management are thought to be influenced on
subjects such as; successfully getting over the crisis, obtaining financial support, providing continuity, having competition strength in the market.

3. Method

3.1. Sampling

The research universe is constituted of the middle and upper level managers who working in the hotel have been activating independently in Turkey, owning to domestic or foreign chains, having internet access and using electronic mail addresses. The research universe is limited to hotels have the e-mail address because implementation of questionnaire to the entire universe is revealed the elements of time and cost. It is targeted to reach the entire universe via the internet. For this purpose, various tourism organizations and tourism catalog databases have been used for the hotel's e-mail addresses. The e-mail information was gained from the resources such as SKAL, TÜRSAB, TUROB, TYD, TÜRSAB, BOYUT YAYIN, EKİN YAZIM and Hotel & Travel Guide'09 and so on, was collected under a single database. E-mail addresses of 1164 hotels that are in Turkey were determined, thus, 1164 hotels have created the scope of this study.

3.2. Preparation and Implementation of the Questionnaire

In the collection of the data gained from universe, questionnaire technique had been utilized in order to determine the effects of reputation management on tourism business. Applied questionnaire’s question regarding the hotel manager had been constituted of theoretical knowledge Usta (2006:122-126) and had been benefited from Hacımirzaoğlu's studies (2009:95-99).

Questionnaire, filled by the hotel manager consists of two parts. In the first part, there are prepared questions in order to determine the personal information of managers and the characteristics of the hotel businesses. In the second part of the questionnaire were asked, in total thirty-three questions. There are statements about identification of "reputation management" in hotel businesses and the components have impact on the corporate reputation. Questions had been questioned in order to identify the most admired
hotel businesses by managers in Turkey. Also in determination of most admired companies by using of the applied questionnaire, the evaluation of the admiration criteria in relation to the most admired companies were asked under the single question from the participants. Finally, an open-ended question was added to receive the managers' ideas and suggestions for this subject.

In the second part of applied questionnaire as data collection tool, twenty-five questions were arranged on the basis of 5-point Likert scale. Seven questions of questionnaire are open-ended questions for revealing of managers' most admired businesses. In addition, there is a question in questionnaire will been evaluated the managers’ admiration criteria out of 10 points, defining the different causes of admiration.

The target group had been subjected to the study, due to being identified as hotel manager's e-mail addresses in Turkey, implementation of online questionnaire had been preferred. Questionnaire had been prepared at Microsoft Front Page; the Microsoft Access had been used for the database program. Activated questionnaire had been presented from http://w3.gazi.edu.tr/~oyuksel/anket/ address, between 20.1.2010 up to 20.02.2010 dates.

Primarily, mails were sent to the hotels in the Ankara region for determination of reliability in questionnaire that are applied in this study. Scale reliability was assigned by calculation of Cronbach's alpha (α) coefficient. Accordingly, the reliability coefficient of the questionnaire was established as 0.8990.

After doing of the questionnaire’s preliminary application, by sending the mails to the managers who are working in the hotel business in Turkey, wanted to complete the questionnaire was in http://w3.gazi.edu.tr/ ~ oyuksel / polls / address.

Because of the seasonal working of summer resort businesses, reaching to some business managers failed, or their e-mail addresses were unavailable so, could not be sent questionnaires. The reasons, for participation in the questionnaire are relative less than expected, can be considered like these; managers evaluate e-mails as an irrelevant subject and as a result delete them without reading, many managers reject e-mails because they used virus protection programs, the managers have a lack of adequate time for assessing
of the questionnaire and some managers have a lack of sufficient skills for evaluation of the questionnaire on the internet and etc.

4. Discussion

In changing market conditions, acquisition of sustainable success, creation of customer loyalty and satisfaction and in this respect by getting competitive advantage, one way of making enterprise performance superior, definitely, is being passed from having a corporate reputation.

Many components are effective in the formation of corporate reputation. Corporate social responsibilities, financial performance, employee commitment, service quality are the most important components to gain and sustain of reputation. The reputation is created by stakeholders’ perceptions and assessment about the enterprise, is appeared as a value with the expectations that are met by businesses.

Reputation components for the hotel businesses, is one of values that is used influentially in ensuring of a competitive advantage towards other companies in the market. Enterprises that are presenter of quality service, focus on customer and provider of being met the needs and requirements in the best way, is thought to provide advantages according to competitor companies. Other components, like service quality can be used as an effective tool in ensuring of competitive advantage.

In terms of hotel business, the benefits which are provided by reputation can be considered as; increasing of corporate performance, withdrawing of qualified labor, increasing of corporate commitment, providing of business employee's motivation, reducing of employees' work absenteeism and the transfer of labor and increasing customer loyalty. Along with these benefits, the hotel business which have a reputation as an inimitable value, can be used it as a competition tool.

Businesses have corporate reputation, in positioning studies use reputation as an effective means. The customer perception' statue of the hotel business is determined the position of that enterprise in the market. The enterprises, which offer high quality services, have skilled employees, have financial strength, innovative, value to customer satisfaction and has the best position in the market, have been considered to be enterprises own reputation.
REFERENCES


