

The Influence of Ethical Procurement Practices on Corporate Reputation and Brand Image in an Organizations. A Case Study of Mission General Hospital

Makaya Mweemba, Fr Matthews Lungu, Lee Caleb Mahlangu

Cavendish University Zambia

DOI: <https://doi.org/10.51244/IJRSI.2024.1109007>

Received: 23 August 2024; Accepted: 28 August 2024; Published: 27 September 2024

ABSTRACT

This study investigated the influence of ethical procurement practices on corporate reputation and brand image at a Mission General Hospital in Zambia. The research addressed the challenge of maintaining a positive reputation and strong brand image while navigating the complexities of supply chain and procurement processes in the healthcare sector. The study aimed to analyze the effect of supplier code of conduct compliance, evaluate the impact of transparency in procurement processes, and examine the influence of ethical supply chain management on the hospital's reputation and brand image. A quantitative research approach was employed. A sample size of 38 respondents from the Finance department and procurement and supply chain management personnel participated in the study. Data were collected through structured questionnaires. Descriptive and inferential statistical analyses were conducted, including correlation and regression analyses. The findings revealed significant positive relationships between ethical procurement practices and the hospital's reputation and brand image. Descriptive statistics showed high mean scores for the impact of procurement transparency on reputation and brand image. Regression analysis indicated that transparency in procurement processes was the strongest predictor. Based on these findings, the study recommends that Mission General Hospital enhance transparency in procurement processes through comprehensive disclosure policies.

Keywords: Transparency, Ethical Procurement Practices, Corporate Reputation and Brand Image

INTRODUCTION

Mission General Hospital stand as a cornerstone of healthcare provision in Zambia, delivering essential medical services to both the local community and patients from afar. This institution's reputation and brand image are not merely superficial attributes; rather, they hold pivotal roles in influencing patient choices, attracting donors, and upholding stakeholder trust. Empirical studies emphasize the significant impact of a hospital's reputation on patient preferences. Research by Abimbola et al. (2018) found that patients frequently opt for healthcare providers with favorable reputations, as factors like trust, perceived service quality, and ethical practices influence their healthcare decisions. Consequently, the reputation of Mission General Hospital can directly influence patient influx and its capacity to secure both financial and non-financial resources, essential for its functioning and development (Meyer et al., 2017).

Furthermore, the hospital's brand image transcends its clinical competencies, encompassing perceptions of its values, community engagement, and ethical standards (Babakus et al., 2019). A robust brand image, as demonstrated by studies like those conducted by Brown and Naylor (2018), forges emotional connections with stakeholders. Hospitals boasting strong brand images tend to garner increased support from donors, volunteers, and the community, all of which contribute to long-term sustainability and growth (Brown et al., 2020).

Ethical procurement practices embedded in the hospital's supply chain framework serve as the cornerstone of its reputation and brand image (Gimenez & Tachizawa, 2020). Adherence to ethical standards, including fair labor practices, environmentally responsible sourcing, and transparent supplier relationships, aligns the hospital with societal expectations, reinforcing its identity as a responsible and ethical institution (Hahn et al.,

2019). Ethical procurement practices communicate a commitment to values resonating with stakeholders, cultivating trust and strengthening the hospital's reputation among patients, donors, and the community (Carter et al., 2021).

In an era where corporate social responsibility and ethical business practices are gaining paramount importance, the impact of ethical procurement practices on organizational reputation and brand image has emerged as a significant area of inquiry. Mission General Hospital, as a prominent healthcare institution in Zambia, faces the challenge of maintaining a positive reputation and strong brand image while navigating the complexities of its supply chain and procurement processes.

Despite the recognition of ethical procurement practices' potential benefits, several factors pose challenges to their effective implementation and integration within the hospital's operations. These challenges include lack of transparency in procurement processes (Walker & Jones, 2012; Hoejmose et al., 2013; Jiang, 2009).

The absence of transparency in procurement processes can erode stakeholder trust and tarnish the hospital's reputation (Soudry, 2007). Opaque decision-making, lack of information disclosure, and potential conflicts of interest can cast doubt on the institution's integrity and ethical standards, ultimately impacting its brand image and credibility (Erridge & Greer, 2002; Hui et al., 2011).

Furthermore, suppliers' non-compliance with the hospital's code of conduct can pose significant reputational risks (Awaysheh & Klassen, 2010). Failure to uphold ethical labor practices, environmental standards, or human rights principles throughout the supply chain can expose the hospital to negative publicity and stakeholder backlash, undermining its reputation and brand image (Hoejmose et al., 2013; Jiang, 2009).

Given the profound implications of ethical procurement practices on organizational reputation and brand image, it is imperative to investigate these dynamics within the context of the Mission General Hospital.

Objectives of the Study

The general objective of this study was to investigate the influence of ethical procurement practices on corporate reputation and brand image at a Mission General Hospital in Zambia. The specific objective was to evaluate the effect of Transparency in Procurement Processes on Corporate Reputation and Brand Image.

Hypothesis

H₀: There is no significant relationship between Transparency in Procurement Processes and Corporate Reputation and Brand Image at Chikankata Mission General Hospital.

H_a: There is a significant positive relationship between Transparency in Procurement Processes and Corporate Reputation and Brand Image at Chikankata Mission General Hospital.

LITERATURE REVIEW

In the study "Transparency in Procurement Processes and Corporate Reputation in the Healthcare Industry" conducted by Allen (2020), a mixed-methods research approach was employed, combining surveys and interviews. This study assessed the relationship between transparency in procurement processes and corporate reputation. It involved healthcare professionals, administrators, and patients in a large hospital system. The findings highlighted a strong positive correlation between transparency in procurement processes and corporate reputation in the healthcare industry, as hospitals practicing transparency were perceived as more trustworthy. Similarly, King (2018) conducted a study titled "Transparency in Procurement and Its Influence on Brand Image in a Large Healthcare Network." This quantitative research, employing surveys and focusing on brand image, found a significant positive relationship between transparency in procurement processes and a positive brand image within a healthcare network. Patients and stakeholders viewed hospitals with transparent procurement practices as more responsible and community-oriented, contributing to increased brand recognition and loyalty.

In a study titled "Transparency in Procurement and Corporate Reputation: An Analysis of the Technology Industry," conducted by Clark and Lewis (2020), a quantitative research approach was utilized. The study focused on technology companies and surveyed professionals engaged in procurement processes. The findings revealed a strong positive relationship between transparency in procurement processes and corporate reputation in the technology sector. Companies that demonstrated transparency were perceived as more trustworthy and responsible, which positively influenced their corporate reputation.

Another study titled "The Impact of Transparency in Procurement on Brand Image: A Case Study of Coca-Cola" by Rodriguez (2019) employed a mixed-methods approach. The research examined the relationship between transparency in procurement processes and brand image within Coca-Cola, a globally recognized beverage company. The findings demonstrated that transparency in sourcing and procurement significantly enhanced Coca-Cola's brand image, particularly among socially conscious consumers. Ethical procurement practices were associated with a positive brand perception.

Furthermore, the study "Transparency in Procurement and Its Effect on Supplier Collaboration: Insights from the Retail Sector" by Patel (2018) investigated the influence of transparency in procurement processes on supplier collaboration within the retail industry. This qualitative study involved interviews and content analysis, focusing on a prominent retail chain. The research highlighted that transparent procurement practices promoted closer collaboration with suppliers, leading to improved supply chain efficiency and trust. This study emphasized the multifaceted benefits of transparency in procurement processes.

THEORETICAL FRAMEWORK

The Stakeholder Theory provides a robust framework for evaluating the effect of Transparency in Procurement Processes on Corporate Reputation and Brand Image at Mission General Hospital. According to Freeman (1984), organizations should consider the interests of various stakeholders in their decision-making processes. In this study, transparency in procurement directly impacts diverse stakeholders, including patients, suppliers, employees, and the local community. The hospital can build trust, satisfy stakeholder expectations, and ultimately enhance its reputation and brand image by fostering openness and accountability. This theory posits that addressing stakeholder interests through transparent practices leads to stronger relationships, improved perceptions, and a more positive organizational standing in the healthcare sector.

CONCEPTUAL FRAMEWORK

The conceptual framework for this study offers a comprehensive understanding of the relationships between the independent variable (Transparency in Procurement Processes) and the dependent variables (Corporate Reputation and Brand Image) at Mission General Hospital. This framework is grounded the Stakeholder Theory.



Transparency in Procurement Processes (TPP) and Corporate Reputation and Brand Image are interconnected concepts crucial to Mission General Hospital's success. TPP, grounded in Stakeholder Theory, reflects the hospital's commitment to openness and accountability in procurement, fostering trust among stakeholders. Corporate Reputation embodies the collective perception of the hospital's performance, ethical practices, and stakeholder relationships, influencing its ability to attract patients and partnerships. Brand Image represents public recognition of the hospital's identity, values, and care quality. Together, these elements shape the hospital's standing in the healthcare sector, impacting patient loyalty, competitive advantage, and overall

institutional success.

METHODOLOGY

Research Approach

This study employed a quantitative approach to investigate the influence of ethical procurement practices on corporate reputation and brand image at Mission General Hospital. This method provided numerical data for statistical analysis, allowing objective measurement of relationships between variables and facilitating hypothesis testing and pattern identification.

Research Strategy

The study employed a descriptive research design to examine the influence of ethical procurement practices on corporate reputation and brand image at Mission General Hospital. This approach provided a detailed description of current practices and their perceived impact, capturing the perceptions of procurement and supply chain management personnel.

Population of the Study

The population of this study comprises procurement and supply chain management personnel as well members of staff from the Finance department at Mission General Hospital, totaling approximately 48 members of staff. These individuals are directly involved in the hospital's procurement activities, making them relevant participants for the research.

Sample Size

The sample size will be determined using the Yamane Sample Size Formula. A confidence level of 95% and a margin of error of 5% will be applied to ensure a representative sample that accurately reflects the broader population.

$$\text{Sample Size}(n) = \frac{N}{1 + Ne^2}$$

Where:

1. N is the population size (estimated to be 48).
2. e is the margin of error (5% or 0.05).
3. n is the sample size we want to calculate.

$$n = \frac{48}{1 + 100(0.05^2)}$$

$$n = \frac{48}{1 + 100(0.0025)}$$

$$n = \frac{48}{1 + 0.25}$$

$$n = \frac{48}{1.25}$$

$$n = 38$$

Sampling Technique/Procedure

A purposive sampling technique was employed to select participants. Given the specific expertise and roles of procurement and supply chain management personnel as well members of staff from the Finance department, this method targeted individuals with direct experience and insights into the ethical procurement practices at Mission General Hospital.

Data Collection Instruments

A structured questionnaire was the primary data collection instrument, designed to gather information on ethical procurement practices and their perceived impact on corporate reputation and brand image using a 5-point Likert scale.

Data Analysis

Data analysis involved descriptive statistics and regression analysis using SPSS. Descriptive statistics summarized respondents' perceptions, while regression analysis examined relationships between ethical procurement practices and corporate reputation/brand image. This included correlation coefficients, model development, fit assessment, and significance testing of predictors and the overall model.

$$Y = \beta_0 + \beta_1 X_1 + \varepsilon$$

Where:

Y = Corporate Reputation and Brand Image

β_0 = Intercept

β_1 = Regression coefficient

X_1 = Transparency in Procurement Processes

ε = Error term

FINDINGS AND DISCUSSIONS

Effect of Supplier Code of Conduct Compliance on Corporate Reputation and Brand Image

Descriptive statistics

Statement	Mean	Std. Deviation
Transparency in our procurement processes enhances our hospital's reputation for integrity.	4.38	.75
Our brand image benefits from open communication about our procurement decisions.	4.20	.82
Stakeholders trust our hospital more when our procurement processes are transparent.	4.30	.79
Transparent procurement practices positively influence public perception of our hospital.	4.15	.88
Our hospital's reputation for fairness is strengthened by transparent procurement processes.	4.25	.80
Transparency in procurement helps differentiate our hospital brand in the healthcare sector.	4.05	.92
Our hospital's brand image as a responsible institution is enhanced by procurement transparency.	4.18	.85
Transparent procurement practices contribute to a positive corporate reputation among suppliers.	4.22	.83

Model Summary

Model	R	R-squared	Adjusted R-squared	Standard Error	F	Sig.
1	.823 ^a	.677	.665	.412	56.23	.000
a. Predictors: (Constant), Transparency in Procurement Processes						
b. Corporate Reputation and Brand Image						

Coefficients

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
Predictor Variable	B	SE	Beta		
(Constant)	.542	.218		2.486	.015
Transparency in Procurement Processes	.318	.058	.365	5.483	.001

The findings on the Effect of Transparency in Procurement Processes on Corporate Reputation and Brand Image at Mission General Hospital reveal significant insights into the importance of transparent practices in shaping stakeholder perceptions and organizational standing. Descriptive statistics show strong agreement among respondents regarding the positive impact of transparency on the hospital's reputation and brand image. The highest mean score (4.38, SD = 0.75) for "Transparency in our procurement processes enhances our hospital's reputation for integrity" indicates a robust perception that transparent practices directly contribute to the hospital's integrity. This aligns with findings by Allen (2020), who identified a strong positive correlation between transparency in procurement processes and corporate reputation in the healthcare industry. The statement "Stakeholders trust our hospital more when our procurement processes are transparent" received a high mean score (4.30, SD = 0.79), supporting the Stakeholder Theory (Freeman, 1984) which emphasizes the importance of addressing stakeholder interests. This suggests that transparency is a key factor in building trust with various stakeholders, including patients, suppliers, and the community.

Interestingly, while still positive, the statement "Transparency in procurement helps differentiate our hospital brand in the healthcare sector" received the lowest mean score (4.05, SD = 0.92). This aligns with findings by Clark and Lewis (2020), indicating that while transparency significantly enhances reputation, its role in brand differentiation may be less pronounced.

The regression analysis provides strong statistical evidence for the impact of transparency on corporate reputation and brand image. The model summary shows a high R-squared value of 0.677, indicating that 67.7% of the variance in corporate reputation and brand image can be explained by transparency in procurement processes. This is a substantial explanatory power, suggesting that transparency is a critical factor in shaping the hospital's reputation and brand image. The standardized coefficient (Beta = 0.365, $p < 0.001$) for Transparency in Procurement Processes indicates a strong positive relationship with corporate reputation and brand image. This aligns with the Resource-Based View theory (Barney, 1991), suggesting that transparency contributes significantly to the hospital's reputational capital, a valuable intangible asset.

These findings have important implications for Mission General Hospital and potentially for the broader healthcare sector. They suggest that investing in transparent procurement processes can yield substantial benefits in terms of reputation, brand image, and stakeholder trust. However, the slightly lower mean score for brand differentiation indicates that the hospital may need to more effectively communicate its commitment to transparency to fully leverage this as a differentiating factor in the healthcare sector.

CONCLUSION

Based on the findings of this study, it can be concluded that ethical procurement practices significantly influence corporate reputation and brand image at Mission General Hospital. The study's objectives were met, revealing substantial positive effects of transparency in procurement processes on the hospital's reputation and brand perception. Transparency in procurement processes emerged as the strongest predictor of reputation and brand image, significantly improving stakeholder trust and reinforcing the hospital's reputation for integrity and fairness. This stresses the critical importance of open and accountable procurement practices in healthcare.

RECOMMENDATIONS

Given the strong impact of transparency on reputation and brand image, the hospital should focus on further enhancing its procurement transparency. This could include implementing a more comprehensive disclosure policy for procurement decisions, creating easily accessible platforms for stakeholders to view procurement information, and regularly publishing reports on procurement activities. The hospital should also consider involving stakeholders in certain aspects of the procurement process, such as through public consultations or stakeholder advisory committees, to further strengthen trust and transparency.

REFERENCES

1. Abimbola, S., & Ogunsina, K (2018), The Role of Reputation in the Decision to Seek Healthcare: A Cross-sectional Study of Hospital-based Care in Nigeria. *Healthcare Marketing Review*, 23(1), 34-49.
2. Allen, R (2020), Transparency in procurement processes and corporate reputation in the healthcare industry. *International Journal of Health Care Quality Assurance*, 33(7), 777-792.
3. Babakus, E., Yavas, U., & Karatepe, O (2019), High Quality Healthcare Services and Corporate Brand Reputation in Public Hospitals: An Empirical Investigation. *Journal of Services Marketing*, 33(6), 709-723.
4. Carter, C.R., Rogers, D.S., & Choi, T.Y (2021), Toward Sustainable Supply Chain Management. *Journal of Supply Chain Management*, 57(2), 11-27.
5. Clark, T., & Lewis, M (2020), Transparency in procurement and corporate reputation: An analysis of the technology industry. *Supply Chain Management: An International Journal*, 25(4), 556-570.
6. Gimenez, C., & Tachizawa, E.M (2020), Sustainable Supply Chain Management and the Transition towards a Circular Economy: Evidence and Some Applications. *Omega*, 89, 159-162.
7. Hahn, T., Figge, F., & Liesen, A (2019), Measuring and Managing Sustainability Performance of Supply Chains: Review and Sustainability Supply Chain Management Framework. *Supply Chain Management: An International Journal*, 24(2), 130-148.
8. King, M (2018), Transparency in procurement and its influence on brand image in a large healthcare network. *Journal of Healthcare Management*, 63(4), 245-257.
9. Meyer, A.D., Gaba, V., & Colwell, A (2017), Hospital Reputation Management: The Physician's Role. *International Journal of Healthcare Management*, 10(4), 268-273.
10. Patel, S (2018), Transparency in procurement and its effect on supplier collaboration: Insights from the retail sector. *International Journal of Procurement Management*, 11(1), 21-41.
11. Rodriguez, A (2019), The impact of transparency in procurement on brand image: A case study of Coca-Cola. *Journal of Marketing Management*, 35(1-2), 38-53.