The Role of Corporate Reputation Versus Relationships in Building Employer Brand Equity: the case of a Major Private Hospital

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Abstract

In Australia and many other developed countries, there are now acute skills shortages in a number of different industries - healthcare being a notable example. The need to attract and retain the best available employees has become a critical managerial task. Building a strong employer brand offers a promising approach to this problem. The academic literature is still at a relatively early stage of development but internal relationship marketing and corporate reputation have been identified as two key concepts associated with employer branding. This case study of a private hospital in Australia explores the role of these concepts in building employer brand equity. Initial findings suggest corporate reputation has an asymmetric impact - the costs of a negative reputation far outweigh the benefits of a positive one.

Introduction

The shortage of skilled workers has become a become a prominent aspect of the Australian economy with calls in the business press for better marketing to prospective employees (Moses, 2006). The healthcare industry, not only in Australia but also in many other developed nations, has been particularly badly affected. The demand for trained nurses is increasing at the same time as the supply is declining (Creswell, 2005). In 2002, the Western Australian State Government launched a $16 million recruitment campaign for nurses (Australian Nursing Journal, 2002). In the UK, the shortage of trained nurses has been acknowledged as a human resource crisis (Newman, Maylor and Chansarkar, 2001). By 2020 the United States will lack 200,000 doctors (Fantin, 2005). The need for healthcare providers to differentiate themselves in the employment marketplace is a critical component of the 'war for talent' (Hogan, 2002).
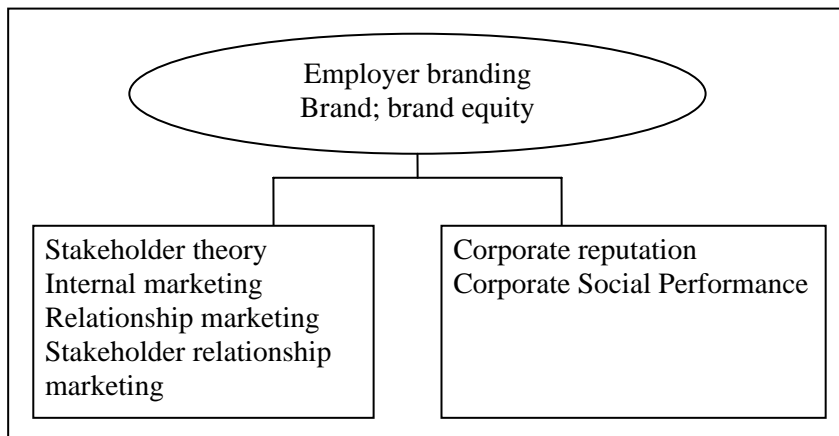
The concept of employer branding is starting to attract industry attention. For example, the popular job search site Monster.com has created a section on how to build an employer brand (Backhaus, 2004). Prescriptive 'how tos' abound but little empirical research has as yet been conducted. A recent survey of more than 1,000 Australian employees by Human Resources consultants Hudson found that 72 per cent of respondents either agreed or strongly agreed that it was not possible to know what it was like to work at an organisation until actually joining the staff (Bowd, 2006). This suggests employer branding is still in its infancy in Australia. The survey also found that 42 per cent of the 410 human resources professionals surveyed did not feel their organisation had the right proposition in place to attract and retain employees. This case study of a major private hospital in Australia aims to contribute towards a better understanding of the underlying dimensions of employer brand equity. In particular, the paper examines two key concepts which have been highlighted in the literature - internal relationship marketing and corporate reputation (Ambler and Barrow, 1996). The paper proceeds as follows. Firstly a short introduction to the concept of employer branding is provided. A review of the key concepts of reputation and relationships follows. Next, the case study is introduced and the major initial findings are presented. The paper concludes with a discussion of the implications for marketing theory and management - notably the asymmetric

impact of corporate reputation, the centrality of relationships, and the need to change the somewhat disdainful attitudes to marketing apparently held by many healthcare professionals.

The Dimensions of Employer Branding

The term 'employer branding' appears to have been coined by Ambler and Barrow (1996) whose definition is 'the package of functional, economic and psychological benefits provided by employment and identified with the employing company' (Ambler and Barrow, 1996, p. 187). Ambler and Barrow (1996) posited that employer branding relates to three main groups of concepts: corporate culture and identity; internal relationship marketing; and corporate reputation. Thus employer branding represents a unique synthesis. It is clearly a cross-functional process ranging across public relations/communication management; marketing (Adamson, 2004; Simms, 2003), advertising (Berthon, Ewing and Li, 2005), human resources management (Brandon, 2005; Martin et al., 2004), general management and quality management. This study will focus on two of the three concepts identified by Ambler and Barrow (1996), namely internal relationship marketing and corporate reputation, as these are the areas where an in-house marketing communications manager can have the most effect. Figure 1 provides a schematic representation of the key dimensions and theoretical underpinnings of the employer brand construct.

Figure 1. The Employer Branding Construct: Dimensions and Theoretical Foundations

The concept of employer branding was further explored by Ewing et al. (2002) and Backhaus and Tikoo (2004). Berthon, Ewing and Li (2005, p. 165) defined the related construct of 'employer attractiveness' as 'the envisioned benefits that a potential employee sees in working for a specific organisation'. Berthon, Ewing and Li (2005) found the dimensions of employer attractiveness to be similar to employer branding (Ambler and Barrow, 1996). Despite growing practitioner and academic interest in employer brands, little is known about the process of employer branding such as the mechanisms at the firm and individual levels that shape and perpetuate the employer brand (Moroko and Uncles, 2005). Brand equity is a useful concept in understanding employer branding (Backhaus and Tikoo, 2004). Brand equity is defined as 'a set of brand assets and liabilities linked to a brand that add to or subtract from the value provided by a product or service to a firm and/or to that firm's customers' (Aaker and Joachimsthaler, 2000, p. 17). Employer brand equity is the desired outcome of employer branding activities – it is what compels applicants to apply and should encourage existing employees to stay with and support the company (Backhaus and Tikoo, 2004).

Reputation versus Relationships

Corporate reputation is defined as 'a collective assessment of a company's ability to provide valued outcomes to a representative group of stakeholders' (Fombrun, Gardberg and Sever, 2000, p. 243). Linked to the concept of reputation, corporate social performance seems to be one potential facet of employer attractiveness that has received some academic research attention. Corporate Social Performance (CSP) has been defined as 'a business organisation's configuration of principles of social responsibility, processes of social responsiveness and policies, programs and observable outcomes as they relate to the firm's societal relationships,' (Wood, 1991, p. 693). Turban and Greening (1997) found a positive link between a firm's stated corporate social performance and its attractiveness as an employer. Their research highlights the potential importance of corporate reputation as an influence on prospective applicants' attraction to a firm. Backhaus, Stone and Heiner (2002) extended the study and found that CSP is an important attribute for job-seekers. However, it has been argued that it may be more important for companies to focus on relationships rather than reputation as the latter cannot be managed directly (Hutton et al., 2001). Hutton et al. (2001) suggested that reputation is far more relevant to people who have no direct ties to an organisation, whereas relationships are more important to direct stakeholders – such as employees. The authors further suggested that brands represent the middle ground between relationship and reputation (Hutton et al., 2001).

Several authors have proposed a relational approach to internal marketing (Ahmed and Rafiq, 2003; Ballantyne, 2003; Barnes, Fox and Morris, 2004; Bell, Menguc and Stefani, 2004). Christopher, Payne and Ballantyne (1991) developed the six markets model in the context of relationship marketing; the six markets being internal markets, supplier markets, recruitment markets, referral markets, influence markets, and customer markets. Interestingly, in healthcare doctors could be seen as belonging to at least five of these markets – i.e. referral, influence, internal, suppliers and recruitment. Recently stakeholder theory and relationship marketing have been linked under the term 'stakeholder relationship marketing' (Murphy *et al.*, 2005; Murphy and Wang, 2006). Murphy et al. (2005, p. 1049) provide the following definition which is clearly relevant to the concept of employer branding, 'stakeholder relationship marketing involves creating, maintaining and enhancing strong relationships with customer, employee, supplier, community and shareholder stakeholders of a business with the goal of delivering long-term economic, social and environmental value to all stakeholders in order to enhance sustainable business financial performance'. In summary, relationships have been clearly identified in the literature as critical to successful internal marketing. There is also some evidence to suggest that corporate reputation may play a role in enhancing employer attractiveness. However, it appears no study of employer branding has as yet attempted to examine the interplay of these two dimensions or to assess their relative importance to building employer brand equity.

Research Objectives and Methodology

This study investigates two key questions in relation to employer branding.

- What are the barriers to implementing the employer branding concept in the health industry?
- Is employer branding more influenced by a company's relationships or its reputation?

The research is qualitative and exploratory in nature, utilising a single case study approach with a grounded theory perspective (Glaser and Strauss, 1967; Yin, 2003). The focus of the case is an acute-care private teaching hospital. It is one of the largest private hospitals in Australia with the capacity to treat more than 600 patients. The hospital offers comprehensive care for private patients, including the privately insured, entitled veterans and war widow/ers and self-insured patients and has surgical, general medical, psychiatric, rehabilitation and palliative facilities. Data collection is through semi-structured depth interviews and focus groups with purposive sampling. The research is still ongoing but to date four focus groups have been held with nurses at different levels of seniority (one for senior clinical nurses, one for nurses with around five years' experience, and two for recent nursing graduates). It is important to note that while participants were all currently working at the case hospital, the discussion guide for the focus groups specifically asked them what they would look for in any employer. Hypothetical situations were outlined for participants to respond to. Recent graduates were asked about their employment search experience prior to joining the case hospital. In this way, the subjects' responses were treated as those of "potential" employees as well as current employees. Each focus group comprised 12 to 16 nurses. Depth interviews have been held so far with the hospital's Executive Director, Human Resources Manager, Marketing and Public Relations Manager, Director of Clinical Services, and Director of Medical Services. It is more difficult to schedule interviews with senior doctors. However, two have been conducted so far and more are scheduled. Further interviews are planned with the Director of Corporate Services, and with nursing managers.

Findings and Discussion

Barriers to Employer Branding

While the study is as yet incomplete, it is interesting to note that, in line with the methodology of grounded theory research, more avenues of research have emerged from the data than those contained in the initial research questions. In particular, the barriers to employer branding, and the complex notions of power within a hospital setting have become recurrent themes and are worthy of more in-depth exploration as the study continues. The conservative nature of the medical profession, in particular, is potentially a serious barrier to the implementation of employer branding in the healthcare industry. As can be seen in Table 1, the concept of branding is seen by senior management in the medical and nursing areas as tainted and too commercial to be applied to healthcare.

Table 1. Barriers to Employer Branding: Selected Comments from Managers

Director of Clinical Services	Director of Medical Services	Executive Director	Marketing/ Public Relations Manager
"Branding in health needs to be quite different from a business organisation."	"I hate the term brand!"	Response to question on main barriers: "Ourselves!"	"When I first used the term brand no-one liked it. It was almost seen as a dirty word."

Reputation versus relationships

As outlined in Table 2, limited credence was given to the value of advertising and positive publicity in attracting employees. Thus the organisation's positive reputation amongst the general community was not seen as being important. When asked about community involvement and sponsorship to employer attractiveness, the collective response from recent graduates was that it was not important. However, the effect of negative publicity is seen as having a harmful effect on the employer brand and hence the organisation's ability to attract employees. A hospital which had suffered poor publicity was cited as an example by many of those interviewed. It was felt that bad publicity which had occurred as long as seven years earlier could affect people's intention to work for an organisation. A reputation was seen to suffer when relationships with patients and staff – i.e. the key stakeholders – had not been handled well. This reinforces the view of Hutton et al.(2001) that relationships should be prioritised ahead of reputation, since the latter is larger a function of the former. How do you develop a relationship with prospective employees before they are part of an organisation? The Marketing & Public Relations Manager recognised this conundrum and was beginning to address it, developing a program to engage with graduates and other prospective employees using educational seminars - months, even years, before the formal advertising recruitment process began. This is also an attempt to show respect for the nursing profession.

Table 2. Major Themes from Focus Groups

Don't want to be treated like a number - even as early as recruitment phase
Bad publicity for hospital contributes to poor reputation - a negative driver
Sponsorship and community involvement of little importance
"People still like to have a life"
Concern over notion of hospital as money-making enterprise
Lack of respect for profession seen as a barrier
Limited credence given to advertising and positive publicity
Relationships need to be developed before recruitment begins

Conclusion

At a time when skilled employees are an increasingly scare resource, employer branding has become a pressing issue in the healthcare industry. While this study is only in the early stages, one answer has emerged to the first research question. A potentially serious barrier to the successful implementation of employer branding is the conservative attitudes and disdain for marketing displayed by many healthcare professionals. There is clearly a culture gap between marketing and HR professionals working in healthcare and their medical and clinical counterparts. In answer to the second research question, overwhelming, relationships are seen as vital to successful employer branding. A positive overall corporate reputation appears to have only a marginal impact - especially for prospective employees. However, negative publicity can be extremely damaging and long-lasting. While traditionally recruitment has been seen as one-off advertising, the view of developing positive relationships with potential employees prior to recruitment is something that has developed as a result of the skills shortage and goes a long way to explaining the importance of relationships in employer branding. It could be argued, therefore, that maintaining healthy stakeholder relationships is the key to employer branding management.

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