Effective employment brand equity through sustainable competitive advantage, marketing strategy, and corporate image

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1. Introduction

CEOs should nurture a keen interest in recruiting talented people to create a successful business. Capable human resources are critical for sustaining a firm’s development. Sovina and Collins (2003) introduce a concept called “employment brand equity” in research that set out to discover how to apply marketing principles to recruitment practices in human resource management. Sustainable competitive advantage (SCA), marketing strategy, and company image are major marketing constructs related to employment brand equity (Kim et al., 2009).

Corporate image is an intuitively appealing concept. A favorable image can boost sales through increased customer satisfaction and loyalty. Many firms now realize the importance of actively attracting and retaining highly skilled, quality employees as a necessary component of their competitive advantage (Pfeffer, 1994; Teece, 1998; Turban & Greening, 1997). Through research focusing on the hospital industry, the principal objectives of this paper are to learn how SCA influences marketing strategy, how marketing strategy influences hospital image and employment brand equity, and how both hospital image and employment brand equity influence the intention of medical doctors to pursue job opportunities.

2. Theoretical Background

2.1. Sustainable Competitive Advantage (SCA)

Because of the importance of SCA to the long-term success of firms, a body of literature addresses its content as well as its sources and the different types of strategies that may help companies to achieve SCA (Kim, 1999). The idea of SCA surfaced in 1984, when Day (1984) suggested types of strategies that may help sustain competitive advantage. The actual term “SCA” emerged in 1985, when Porter (1985) discussed the basic types of competitive strategies firms can possess (low-cost or differentiation) to achieve SCA. Interestingly, no formal conceptual definition was presented by Porter in his discussion. Barney (1991) suggests that a firm has a sustained competitive advantage when a firm is implementing a unique value-creating strategy which any current or potential competitors do not implement simultaneously and when these other firms are unable to duplicate the benefits of this strategy. Based on both Barney’s work and the definitions of each term, this study proposes the following formal conceptual definition of SCA: Sustainable competitive advantage is the long-term benefit of implementing some unique value-creating strategy which competitors do not implement simultaneously, along with the inability to duplicate the benefits of this strategy.

2.2. Marketing Strategy

Marketing strategy is the overriding principle a firm uses to organize and allocate its resources to generate profit from customers that are, in the aggregate, part of the market, with reasonably clear parameters concerning its size and components (Kim, 2004). Aaker (2009) notes that marketing strategy can involve a variety of functional area strategies.
including positioning, pricing, distribution, and global strategies. Successful marketing strategy needs SCA in its planning and implementation.

In terms of the overriding principle that drives a firm’s marketing strategy, it is clear that marketing strategy concentrates on the vision a company has created for its future. This vision should reflect where the firm expects to position itself in five to ten years—in effect, how the market perceives the firm. If a firm desires to be the leader in its market, then its marketing strategy for the brand would reflect this objective. Carrying an overriding principle on resource limitations and market analysis, the firm might establish a marketing strategy that will serve a market segment and cater to brand-conscious customers. Its market strategy must fit with its vision, which, in turn, will probably vary as its focus becomes narrower and goes from holding company to division to brand. The development of a marketing strategy requires fundamental assessment of both the firm and the market. The chosen strategy should be the one which is best at leveraging the firm’s assets in pursuit of the target market.

2.3. Corporate Image

From early research into corporate image (Kennedy, 1977; Martineau, 1958) up to the present time (Hatch et al., 2003), scholars do not agree upon the definition and the operationalization of the term (Balmer, 2001; Gioia et al., 2000). Nevertheless, research in this area is vital because corporate image is a valuable asset that companies need to manage (Abratt & Mofokeng, 2001). A favorable image can boost a firm’s sales through increased customer satisfaction and loyalty (Andreasen & Lindestad, 1998), as well as attract both investors (Fombrun & Shanley, 1990) and future employees (Dowling, 1986; Lemmink et al., 2003). It weakens the negative influence of competitors, enabling organizations to achieve higher levels of profit (Fombrun & Shanley, 1990).

2.4. Employment Brand Equity

Han and Collins (2002) define employment brand equity as the outcome of applicants’ decision opportunities attributable to their beliefs about the company as an employer. An organization’s efforts to recruit job seekers are similar in many ways to its efforts to attract consumers to purchase its products or services (Cable & Turban, 2001). Specifically, job seekers and consumers both develop positive or negative perceptions about a company and jobs based on their exposure to the messages it communicates (Collins & Stevens, 2002). Thus, the marketing literature on brand equity can be useful for helping to understand how job seekers develop beliefs about organizations as employers (Collins & Stevens, 2002; Kim & Brandon, 2010; Ko et al., 2009; Moon et al., 2010).

Collins and Stevens (2002) identify two dimensions of employment brand equity such as awareness and associations. They define awareness as the level of familiarity job seekers hold with an organization. As with consumers, awareness of a company increases the likelihood that it will be part of the final decision set when job seekers identify premium employment opportunities. As with the brand equity literature discussed above, Collins and Stevens (2002) argue that brand associations consist of both attitudes and perceived attributes. They define attitudes as the level of general positive feelings that job seekers hold toward an organization, whereas perceived attributes are job seekers’ beliefs about specific aspects of the job and the organization’s work environment.

3. Research Model and Hypotheses

Fig. 1 shows a research model relevant to this study based on the literature review above and the development of the relationships among each construct.

The fundamental basis of a firm’s long-run success is the achievement and maintenance of a sustainable competitive advantage. Indeed, understanding which resources and behaviors lead to SCA is the fundamental issue in marketing strategy (Varadarajan & Jayachandran, 1999). A competitive advantage can result either from implementing a value-creating strategy not simultaneously being employed by current or prospective competitors, or from superior execution of the same strategy as that of the competitors (Bharadwaj et al., 1995). Other firms’ inability to duplicate the benefits of this strategy sustains the competitive advantage (Barney, 1991).

Because of its importance to the long-term success of firms, a body of literature has emerged that addresses the content of SCA as well as its sources and the different types of strategies that may help companies to achieve SCA. H1: A hospital’s sustainable competitive advantage has a positive influence on its marketing strategy.

Both inside and outside matters surrounding a company can be factors shaping its image. Menon and Menon (1997) suggest that a company’s marketing strategy would affect an outer corporate image. Thus, corporate marketing strategy has an effect on corporate image that leads to the second research hypothesis. H2: A hospital’s marketing strategy has a positive influence on corporate image.

A successful marketing strategy can boost brand equity. For example, Anselmsson et al. (2007) identify specific criteria based on price premiums that contribute to brand equity. The brand equity dimensions (with some findings) are loyalty (purchase frequency, first choice in category), awareness (first mentioned in category, knows brand, logo and name), perceived quality (taste, performance, durability), and association (health and environmental factors, organizational innovativeness and success, social image). All of these brand equity dimensions

Fig. 1. Research model.
can make a significant contribution to create positive employment brand equity for a company. H3: A hospital's marketing strategy has a positive influence on its employment brand equity.

As one of the most important elements of brand equity (Aaker, 1991), brand image has a positive influence on brand equity (Ko et al., 2008). This leads to the prediction that corporate image can have a positive effect on employment brand equity. H4: A hospital’s image has a positive influence on its employment brand equity.

A favorable corporate image can boost sales through increased customer satisfaction and loyalty (Andreasen & Lindestad, 1998), in addition to attracting both investors (Fombrun & Shanley, 1990) and future employees (Dowling, 1986; Lemmink et al., 2003). Such an image weakens the negative influence of competitors, enabling an organization to achieve higher levels of profit (Fombrun & Shanley, 1990). Ko et al. (2008) find a positive relationship between corporate image and employment brand equity. H5: A hospital’s image has a positive influence on intention to pursue a job opportunity.

A company with high employment brand value will attract many assets and will have a distinguished employment system that satisfies employees. Thus, in order to enhance employment brand value, a company has to know what employees and potential employees are looking for. In examining Fortune magazine’s annual list of the “100 Best Companies to Work For,” one can see that these selected companies share the common characteristic of maintaining high loyalty levels of talented employees. Thus, employment brand equity can influence the intention to pursue a job positively. H6: A hospital’s employment brand equity has a positive influence on intention to pursue a job opportunity.

SCA can result from either implementing a value-creating strategy which any current or prospective competitors do not simultaneously implement or from the superior execution of the same strategy as the competitors (Bharadwaj et al., 1993). As the focal point of corporate strategy, it allows for the maintenance and improvement of a firm’s competitive image in the market. When a firm implements some unique value-creating strategy along with the inability to duplicate its benefits strategy, a firm can improve the intention to pursue job opportunities with the firm also. H7: Sustainable competitive advantage has a positive influence on the intention to pursue a job opportunity.

4. Research Method

4.1. Sample and Data Collection

To achieve the research objectives, medical doctors working in general hospitals fill out questionnaires. Medical doctors participated in the pilot test from June 29 to July 3, 2009. Medical doctors in a metropolitan city and a province in the Republic of Korea completed proto-type questionnaires in the pilot test. Respondents participated in the main data collection from July 6–21, 2009. A total of 153 out of 250 questionnaires were valid for further analysis.

4.2. Measurements and Data Analysis

From a consumer’s perspective, SCA mainly concerns the relationship between firms and consumers. Thus, based on research by Gwinner et al. (1998) and Fournier (1998), SCA consists of three items: independence, commitment, and familiarity.

Marketing strategy is a process that can allow a firm to concentrate its limited resources on the greatest opportunities for increasing sales and other performance. Marketing strategy measurement consists of two items such as process and people which are from research of Yi and Kim (1998) and Collins and Stevens (2002).

The hospital’s image consists of tangible and intangible image (Lemmink et al., 2003). Employment brand equity consists of job characteristics, benefit from organization, and growth opportunity (Lemmink et al., 2003). Table 1 describes these measures and their references.

Finally, in order to achieve the purposes of this research and test the hypotheses proposed above, data analysis uses SPSS 13.0 and AMOS 17.0.

<table>
<thead>
<tr>
<th>Table 1</th>
<th>Measures</th>
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<td><strong>Contents</strong></td>
<td><strong>Description</strong></td>
</tr>
<tr>
<td>Sustainable Competitive Advantage</td>
<td>Independence</td>
</tr>
<tr>
<td></td>
<td>Commitment</td>
</tr>
<tr>
<td></td>
<td>Familiarity</td>
</tr>
<tr>
<td></td>
<td>Process and people</td>
</tr>
<tr>
<td>Hospital’s Image</td>
<td>Intangible image (good medical standard, good reputation, fame, kind employees, etc.)</td>
</tr>
<tr>
<td></td>
<td>Tangible image (high-tech facilities, parking facilities, subsidiary facilities, etc.)</td>
</tr>
<tr>
<td>Employment Brand Equity</td>
<td>Job characteristics</td>
</tr>
<tr>
<td></td>
<td>Benefit from organization</td>
</tr>
<tr>
<td></td>
<td>Growth opportunity</td>
</tr>
<tr>
<td>Intention to pursue the opportunity</td>
<td>Try best to apply, interested in the job</td>
</tr>
</tbody>
</table>

5. Results

From the analyzed 153 questionnaires in this study, demographic and other information in Tables 2 and 3 includes gender, age, marriage, medical experience, medical education, and MD license date. Reliability analysis includes Cronbach’s α for the measures. All measurement items in the study demonstrate reasonable levels of construct reliability based on Kim’s (1998) reliability and validity study (see Table 4).

The measurement model provides a satisfactory fit to the data. The fit indices are as follows: normed fit index (NFI) = .93; incremental fit index (IFI) = .97; comparative fit index (CFI) = .97; Goodness-of-fit index (GFI) = .94; and root mean square error of approximation (RMSEA) = .02, indicating high level of validity of the measures. Thus, the measures of the doctors’ data demonstrate adequate convergent validity.

The study applies structural equation modeling with the maximum likelihood estimation method (Bollen, 1989) without a moderator to test hypotheses. Anderson and Gerbing’s (1988) two-step approach follows structural equation modeling for which the estimation of a confirmatory measurement model must precede the simultaneous estimation of the measurement and structural submodels. Analyzing model fitting through standardized coefficients and other fit statistics of the research model produces conclusions of statistical analysis based upon confirmatory factor analysis results. To assess the differential effects, standardized coefficients as path coefficients reports the differential effects (see Fig. 2).

Examination of the overall model fit reveals the Chi-square statistic ($\chi^2 = 63.38$, df = 47) at a significant level ($p<.001$) for the medical doctor data. The fit indices are as follows: NFI = .93, IFI = .98, CFI = .98, GFI = .94, AGFI = .91, RMR = .02, and RMSEA = .05.
The standard coefficient of hospital’s image on intention to pursue job opportunity is -.29, and the C.R is -.85, which is not significant. The standard coefficient of employment brand equity on intention to pursue job opportunity is .639, and the C.R of this standard coefficient is 2.40, which is significant (p < .01). Finally, the standard coefficient of SCA on intention to pursue a job is .49, while the C.R is 5.69, which is significant (p < .01). Thus, results of data analysis support H1, H2, H4, H6, and H7.

6. Discussion

Various findings from the results of this analysis of how to relate marketing management to recruitment marketing are as follows: First, SCA has a significant influence on marketing strategy for medical doctors working in general hospitals in Korea. SCA plays a positive role in making and implementing marketing strategy in a hospital. Medical doctors perceive that a hospital with a high level of SCA has a strong marketing strategy. Second, marketing strategy has a significant influence on hospital’s image. The doctors perceive that a hospital with a positive marketing strategy has a positive image, which the strategy helps to create. The image, in turn, has a significant influence on employment brand equity. From the doctors’ perceptions, a hospital’s image definitely is the most important factor for its employment brand equity.

Next, a hospital’s employment brand equity and sustained competitive advantage have significant influences on doctors’ intentions to pursue a job opportunity there. SCA positively influences the pursuit of a job opportunity through the various paths (SCA = marketing strategy = hospital’s image = employment brand equity = intention to pursue job opportunity), with a direct path from SCA to the pursuit intention. Thus, a hospital’s SCA is the most important factors in luring doctors to seek jobs there.

Paths from marketing strategy to employment brand equity and from hospital’s image to intention to pursue job opportunity are not significant. Thus, marketing strategy does not significantly influence employment brand equity. Hospital’s image does not influence job pursuit intentions significantly.

6.1. Implications

The findings of this study offer several implications for marketing management and recruitment marketing in the hospital industry. First, the finding that SCA positively influences marketing strategy indicates that “interdependence,” “commitment,” and “familiarity” are very important in creating a positive perception of a hospital’s marketing strategy. Marketers should concentrate on strengthening the elements of SCA to achieve such a perception. They should also upgrade their strategy in terms of process and people, who will help hospitals achieve highly positive images.

Because positive hospital’s image generates a higher level of employment brand equity, hospital marketers should concentrate their efforts on enhancing image in terms of intangible and tangible dimensions. These efforts will lead to a higher level of employment brand equity. And with employment brand equity having a positive influence on MDs’ intentions to pursue job opportunity, such dimensions as ‘job characteristics,’ ‘benefits from organization,’ and ‘growth opportunities’ helps to achieve high levels of employment brand equity and attract future doctors to apply for jobs.

In the Korean hospital industry, marketing strategy may not influence employment brand equity for medical doctors, nor would a hospital’s image have much influence on their intention to look for jobs there. However, to achieve a high level of employment brand equity for medical doctors, having a strong SCA and a positive hospital’s image are beneficial. Marketer should carefully manage paths from SCA to marketing strategy, from marketing strategy to hospital’s image, and from hospital’s image to employment brand equity to maximize a synergistic effect from marketing management in recruitment marketing of medical doctors.
Finally, to achieve high levels of intention to pursue job opportunities, having a strong SCA, a positive perception of marketing strategy, a positive hospital’s image, and positive employment brand equity are useful steps to accomplish. Marketers should carefully manage relationships from SCA to marketing strategy, from marketing strategy to hospital’s image, from hospital image to employment brand equity, and from employment brand equity to intention to pursue job opportunity to create a successful hospital recruitment practices.

6.2. Limitations and Future Research Recommendations

As an initial effort to address the empirically complex phenomena regarding relationships between employment brand equity and other variables, this study is subject to several limitations. First, the hospital industry is limited by its cross-sectional nature. As Chandy and Tellis (1998) note, a breakthrough innovation may take a long time to fully demonstrate its effects on performance. A longitudinal study may have a better position for this issue.

This study focuses mainly on the links among SCA, marketing strategy, corporate image, employment brand equity, and intention to pursue job opportunity. Future research should expand this model by considering other important factors that can influence recruitment marketing. Research should also develop a more systematic measure of different types of hospital’s image and employment brand equity. The empirical findings of this study are from Korean data, but the measures are originally from past researches tested in other countries. This may further limit the implications of the findings, which leads to the suggestion that future research should conduct in cross-cultural settings.

To discover the dynamics between marketing management and recruitment marketing in the service industry, the future research should study in different service industry. Most of the MDs participated in this study are junior level doctors. They may not be ready to assess hospital’s employment brand equity yet.

References


Fig. 2. Results of model and hypothesis testing. Model fit index: $\chi^2 = 63.38$, NFI = .93, IFI = .98, CFI = .98, GFI = .93, RMEA = .03.

![Diagram showing the relationships between Sustainable Competitive Advantage (SCA), Marketing Strategy, Hospital’s Image, Employment Brand Equity, and Intention to Pursue Job Opportunity.]

<table>
<thead>
<tr>
<th>No</th>
<th>Hypotheses</th>
<th>Standard coefficient</th>
<th>C.R.</th>
</tr>
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<tbody>
<tr>
<td>1</td>
<td>SCA → Marketing strategy</td>
<td>.15</td>
<td>3.31**</td>
</tr>
<tr>
<td>2</td>
<td>Marketing strategy → Hospital’s image</td>
<td>.72</td>
<td>6.23**</td>
</tr>
<tr>
<td>3</td>
<td>Marketing strategy → Employment brand equity</td>
<td>-.29</td>
<td>1.65</td>
</tr>
<tr>
<td>4</td>
<td>Hospital’s image → Employment brand equity</td>
<td>1.05</td>
<td>4.68**</td>
</tr>
<tr>
<td>5</td>
<td>Hospital’s image → Intention to pursue job opportunity</td>
<td>-.29</td>
<td>-.85</td>
</tr>
<tr>
<td>6</td>
<td>Employment brand equity → Intention to pursue job opportunity</td>
<td>.63</td>
<td>2.40**</td>
</tr>
<tr>
<td>7</td>
<td>SCA → Intention to pursue job opportunity</td>
<td>.49</td>
<td>5.69**</td>
</tr>
</tbody>
</table>

*p < .05, **p < .01.
Kim BJ. An empirical research on relations between business strategy and marketing strategy: based on Miles and Snow’s strategic typology and Porter’s genetic strategy. J Glob Acad Mark Sci 2004;14:81-100.


