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

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ABSTRACT

Traditional human resource management does not consider adopting a marketing approach in creating a positive company image to enable the recruitment of better employees. Recently, however, many scholars apply marketing principles to recruitment management. Marketing can help create an effective image for a firm and position the firm as a good place to work. The study here examine ways marketing management relates to recruitment marketing in the hospital industry and finds that a hospital's sustainable competitive advantage, marketing strategy, and employment brand equity can influence the intention of medical doctors to pursue job opportunities.

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.

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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 (Andreassen & 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., 1993). 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

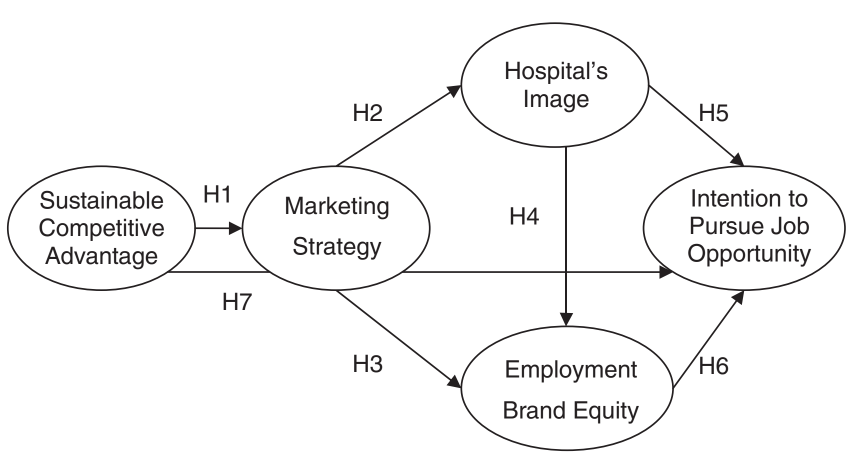

Fig. 1. Research model.