
TRUST AND FAITH AS INNOVATIVE MARKETING TOOLS FOR PROVIDERS IN HEALTH CARE

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Abstract

The issue of corporate business reputation in terms of increasing the performance and competitiveness of providers operating in the health sector is one of the rapidly developing and emerging topics. The question of reputation is closely related to the issue of trust and faith, in this case not in the theological context, as it commonly associate with, but primarily in the context of business aspects. The main aim of the presented study is to verify the set of reputation determinants respectively intangible assets in relation to the concept of performance of the providers operating in the health sector.

Keywords: reputation, business, performance, healthcare, innovations

1. Introduction

In the context of both domestic and foreign literature concepts of trust and faith often overlap. There is no doubt that trust determines reputation, but how should we actually define something at first glance as trivial as trust? From the very essence of the concept, the verbal basis - the belief - is obvious right away. In an effort to avoid a theological treatise on faith and thus to remain within the economic and managerial disciplines, we find a rather bizarre definition, namely, the description of trust as a concept linked with the unknown [1].

Despite the fact that trust is of a non-material nature, in literature one relatively often encounters the approaches of the indirect measurement of this phenomenon. Trust can also be called a force that can bring individuals together into groups, creating a homogeneous society from an environment full of confusion and anarchy [2]. Trust can also be called a state of mind, an expectation of one business partner to another, the behaviour or a response of a predictable and mutually acceptable nature [3].

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Different authors offer different interpretations [4]. Trust means much more than just relying on the ‘other’ side. Trust can come from good will, a common interest, but force can also be used to achieve it. It takes place under different conditions; it covers various areas of public and private life and includes a wide range of activities. In the context of the definition of the term, we again return to the concept that presents trust as a sort of a bet. The concept includes the notion of risk [1, p. 67], a factor that entities usually attempt to avoid in all circumstances. The concept of risk in itself already indicates a state of a possible threat or a possible loss. However, the benefits of trust between entities often have a higher value in the long run than the potential losses. The bet ‘on trust’ therefore expresses a certain degree of probability with which one entity determines that another entity or group of entities will perform a certain action or reaction [D. Gambetta, *Can We Trust?*, <https://www.csee.umbc.edu/~msmith27/readings/public/gambetta-2000a.pdf>].

2. Current state of knowledge of the business reputation

The involvement of corporate reputation studies in multiple disciplines has caused it to have numerous definitions [5]. Fombrun and Van Riel define business reputation as a value that differentiates the company from others, is linked with strategic measures and activities, and is difficult to imitate [6]. When defining business reputation, authors frequently mention common denominators such as trust and cooperation. Van Riel, a representative of Reputation Institute [7], further defines business reputation as a set of consumers’ perceptions of company’s past actions, results, expectation of further actions and anticipations. According to the American Heritage Dictionary reputation’ is the general estimation in which one is held by the public [8]. Moreover, reputation also expresses credibility in relation to consumers and the overall increase in market value since it influences the market position of the company by focusing on decision-making process [9]. The basis for reputation building is the perception of external observers - consumers. In addition, Fombrun and Van Riel also suggest that being visible and transparent in the eyes of consumers is crucial for reputation building [6, p. 103, 185]. With regard to consumer perceptions, Budd notes that it is very difficult to change the perception of a brand, despite the fact that it is mouldable [10]. The fact that businesses literally fight for their reputation as its effect can change attitudes of consumers, is studied by numerous authors – Mui, Houser and Woods, Frooman, Shapiro [11]. Good reputation can increase customer confidence in their purchasing decision and reduce shopping dissonance, thus leading to increased satisfaction and customer loyalty [12].

Reputation management has become an integral part and at the same time a distinctive feature not only of the brick-and-mortar companies but also of online businesses, thus giving rise to Search Engine Reputation Management. While some internet users are cautious and focus exclusively on specific target activities, other internet users have open access to information sharing without

limitation. Search engines and social networks play a key role in reputation building, whether we are talking about physical person or a business [M. Madden, A. Smith, *Reputation Management and Social Media*, <http://www.pewinternet.org/2010/05/26/reputation-management-and-social-media/>]. Online reputation management is made up of the following aspects: 1) online monitoring of the internet and users, 2) communication with the public and clients, 3) evaluation of results, 4) crisis reputation management [13].

With regard to online reputation management and its development in the conditions of competitive market, online reputation monitoring should be an important part of every company's marketing strategy. Thanks to online monitoring, businesses can learn a lot about what their clients, partners, or employees think about them. Revealing bad reputation at the right time can prevent many losses. The fact remains that building a good reputation is a long-term process, losing it, however, may be a matter of only a few seconds [14].

2.1. Business performance reputation model

When tackling the issue of reputation, the concept of performance is becoming more and more important. The question here is the choice of the right parameters or indicators that would make it possible to quantify reputation in the context of overall performance in a way that is appropriate for a particular company. A wide range of factors and criteria, both financial and non-financial, should be taken into account. The key factor of success is most often associated with outputs - the result of work. Fombrun, Gardberg and Sever define a methodology that aims to measure the consumer's perception of the company. The authors further outline 20 factors that affect reputation based on 6 criteria, namely emotional factors, products and services, vision and management, social responsibility of the company [15].

Another model of reputation factors does not only define the eight main factors of reputation, but also for each of them it also gives information sources that influence them. In addition, these factors are divided into rational and emotional [16]. From the viewpoint of defining the factors of virtual reputation, in spite of the huge amount of analyses, many authors believe that reputation is much more important in online than in off-line environment, as the factors determining trust in off-line context are absent and are not yet known. Corporate reputation can be also defined as stakeholders' collective judgements of a company based on the evaluation of financial, social and environment attributed to the company over time [17].

The Reputation Institute (2014) has defined a set of seven major factors affecting business reputation: Products, Innovation, Workplace, Governance, Citizenship, Leadership and Performance [18]. It is a model and system for regular reputation measurement of multinational corporations used by the reputation research company - Reputation Institute:

- *Leadership* – successful organizational managing of setting goals;

- *Performance* - performance and profitability are key indicators of reputation success;
- *Products/Services* - consistent delivery of quality products and services determine a company's value;
- *Innovation* - innovative companies that creatively push the status quo are more highly regarded;
- *Workplace* - corporate culture directly impacts recruitment, retainment, and the quality, ability and willingness of greatest asset - human resources;
- *Governance* - only with stakeholder support from those providing company a license-to-operate and benefit-of-the-doubt will result in continued growth;
- *Citizenship* - corporate social responsibility, charitable giving, volunteer efforts, and philanthropic campaigns help to make the world a little better [18].

Based on a series of research into reputation, Reputation Institute states that the above-mentioned seven factors have different weights or pyramid-like importance factors, the basis of which is the quality of the goods or services and the associated customer service, followed closely by the integrity of the company (fulfilment of declared promises and ethical behaviour), and then all other attributes. In other words, what matters most is a portfolio of products and services, however, commercial variables are not sufficient enough to achieve a good business reputation.

3. Objectives and methods

The study deals with the issue of reputation determinants in relation to the performance of the selected healthcare providers. We have chosen above mentioned seven determinants of reputation based on the existing RepTrak model drawn up by the Reputation Institute. The model is a standard in the field of measuring and managing reputation and provides specific measurement of how interested parties - the general public, investors, and employees - perceive big brands. The term reputation determinants respectively variables used in this study mean the following: Leadership, Products/Services, Innovation, Workplace, Governance and Citizenship in relationship to the overall performance of providers in healthcare sector.

Based on the above-stated facts, the following hypothesis was tested - H1: *There is a statistically significant relationship between selected determinants of reputation and overall performance of healthcare providers.*

In order to solve the problem and to test the established hypothesis (whether or not there is a statistically significant relationship/difference between the evaluated reputation determinants) the selected mathematical and statistical methods were used. Data obtained from the questionnaire survey was encoded using MS Excel and then processed using SPSS Statistica 12 CZ. Pearson's chi-square test was used as well.

The test is based on the measurement of actual frequency differences in the pivot table cells and compared with expectations, where expected frequency of a cell is calculated as the fraction of the multiplication of the marginal frequency of the respective row and column and the total number of respondents. The significance of the chi-square test increases when the differences increase. It follows that the value of the chi-square test and its significance also depend on the total number of respondents.

4. Results and discussion

The sample consisted of 53 healthcare providers operating in the territory of the Slovak Republic. The major criterion for inclusion into the research sample was the number of employees working for the healthcare provider. When examining the number of employees working for healthcare providers, respondents could choose from four categories. The majority of the sample consisted of small providers with no more than 50 employees ($n = 33$) and providers with no more than 250 employees ($n = 12$). Large healthcare providers ($n = 5$) and very large healthcare providers with more than 500 employees ($n = 2$) were a minority.

Table 1 outlines the values for χ^2 -test of the hypothesis on the independence of the values found in the contingency table. At the chosen level of significance $\alpha = 5\%$ for p-values less than 0.05, the zero hypothesis was rejected. It follows that it makes sense to examine the internal structure of the contingency table.

Table 1. Chi-square test (χ^2) values.

| Variable – Reputation dimensions | χ^2 |
|---|----------------------------|
| Products/Services | 0.0230* |
| Innovation | 0.0013* |
| Workplace | 0.2029 |
| Citizenship | 0.1764 |
| Governance | 0.0023* |
| Leadership | 0.0119* |

* the relationship is significant at the chosen significance level $\alpha = 0.05$

On the basis of the results of the test, the hypothesis H1 was accepted. This means that there is a statistically significant relationship between the determinants of reputation and overall performance of providers in healthcare sector has been verified. From among the tested reputation determinants, a statistically significant relationship was confirmed by the chi-square test in the following: product/services, innovation, government interventions and related restrictive measures, and leadership style in relation to the overall performance of healthcare providers.

Moreover, it was found that while small healthcare providers were less likely to evaluate their reputation, the situation in the middle-sized healthcare providers was mixed or neutral. The most surprising were large healthcare providers who were fully interested in the issue. In most cases, small and medium-sized healthcare providers do not have formalized and implemented reputational management systems or performance evaluation systems, as confirmed by the average value (\bar{x}) on a five-point scale for the research sample of small healthcare providers ($\bar{x} = 3.52$) and large healthcare providers ($\bar{x} = 2.92$). Among other things, because of the time-consuming and costly nature of the process of introducing a holistic approach to reputation management, healthcare providers do not have the necessary capacities. Therefore, the hypothesis about the relationship between the determinants of reputation and performance has been verified.

5. Conclusions

Linking reputation and business performance is now becoming an increasingly popular topic. Integrating all areas of corporate activities that need to be met to achieve a desirable result requires right set of tools as well as functioning policy aimed at achieving prosperity. The choice of effective and optimal tools for measuring and managing business performance is a demanding and complex task that depends to a large extent on the nature and objectives of the business itself. One of the strategic tools is reputation management. Reputation, especially in the on-line environment of instant decisions is often a critical factor for customers when making their purchases decisions or deciding about visiting the institution or ordering services [19]. In addition to a long-term effort it is important to regularly verify the reputation level and eliminate negative messages. Reputation management is therefore one of the most important components of building a good name for every business without exception.

For businesses, the most important thing is to realize the meaning and purpose of reputation management:

- the reason the reputation management is needed, why it is important to manage and evaluate reputation;
- identify the object of the reputation management, which reputation determinants are to be subjected to management and evaluation;
- choosing a procedure and methodology, determining how to manage and evaluate reputation;
- determining the frequency of management and evaluation of reputation in relation to the objectives of the business entity and individual needs of employees.

The issue of reputation building in traditional ‘brick and mortar’ world has been known to us for centuries [20]. The aim of the paper was to point out the significance of the relationship between selected variables such as RepTrek’s reputation determinants and the overall performance of healthcare providers

operating in the Slovak Republic. The motivation for such a research is summarized in the following points:

- increasing importance of the relationship between reputation and performance of public sector organizations;
- streamlining of processes related to performance-related issues;
- increase in the competitiveness of healthcare providers;
- identification of key areas of reputation and performance management.

The above research points to the fact that there is a statistically significant relationship between the selected determinants of reputation and the performance of healthcare providers, namely in the case of four determinants - products, innovation, government, leadership.

In conclusion the question is: does trust and faith accelerate business performance? As we already know, a growing effort in building trust and faith between organizations comes from the belief that both improve business performance. The term reputation is closely linked with trust and faith as well. In many ways, as we have postulated, concepts are often perceived as synonymous. But we distinguish them, since we do not consider them the same. However, in both cases, the common thing is the dynamic process, that means neither trust nor faith is static, but requires proper communication with the environment. Otherwise, businesses often have to face criticism, and the reputation they have built for a long time can be immediately ruined.

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