

REVIEW ARTICLE

EFFECT OF INNOVATION-ORIENTATION ON INTERNAL BRANDING IN HEALTHCARE ORGANIZATIONS

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ABSTRACT

In today's market conditions, many businesses focus on innovation in order to obtain competitive advantage and survive. Successful innovations have important effects on both internal stakeholders and external stakeholders. One of the important effects of innovation is internal branding, which refers to the activities and processes by which employees internalize the brand. Innovation has positive influence on internal branding as well. In this study, it is aimed to determine the effect of innovation-orientation on internal branding, and to examine the relationship between these two concepts. Data were collected from private healthcare organizations operating in Turkey between August 2016 and October 2016. Descriptive statistics were used in data analysis, and explanatory and confirmatory factor analyses were performed in scale development. Moreover, fit indices were also calculated. Regression analyses and Pearson Correlation analyses were performed to determine the relationship between innovation-orientation and internal branding. According to the analyses performed, it was found that there is a statistically significant and positive relationship between innovation-orientation and internal branding. Specifically, innovation-orientation has a positive influence on internal branding.

Key words:Innovation, Internal Branding Healthcare Organizations

INTRODUCTION

Innovation, in its simple terms, is defined as the development of new products, processes, and services (Jack, Anderson and Connolly, 2014:272). Innovation process involves creating new products, offering services, developing new management systems, and establishing new economic and public value through numerous activities (Giniuniene and Jurksiene, 2015:987). Innovation has four types, which are namely (1) product, (2) process, (3) marketing, and (4) organizational (OECD and Eurostat, 2005:47). Companies focusing on innovation are more likely to identify and benefit from market opportunities, which may yield to beneficial outcomes (Leal-Rodríguez *et al.*, 2015:804). Innovation intention may help coping with unpredictable situations emerge in institutional or competitive environments (Walker, Chen and Aravind, 2015:408). Innovation in healthcare sector is also common, and organizations that cannot adapt to new innovations have troubles in terms of survival. Thus, it is important for hospitals to engage in innovative activities in order to compete with rivals and meet the demands of internal and external stakeholders (Boutros, 2007: 36-37). Innovation has also important effect on firms' branding processes. Creating a strong brand image is one of the necessary conditions of achieving competitive advantage in today's business environment, which is based on intense competition.

The creation of a strong brand image is based on employees' ability to offer quality service to customers (Raj and Jyothi, 2011:1-2). Therefore, engaging in internal branding activities has become inevitable and crucial for companies. Internal branding concept is a relatively new concept that was introduced to marketing literature in early 2000s. According to Miles and Mangold (2004:68), internal branding is the process by which employees internalize the brand image and be motivated to successfully meet customer demands and communicate brand image to stakeholders. Goomet *al.* (2008:4) define internal branding as the set of strategic activities, which improves employees' connectivity with the firm in order to offer quality service to customers. Internal branding has important influences on certain organizational outcomes such as increased organizational commitment, motivation, customer satisfaction, repetitive purchases, and reduced turnover intention (Jacobs, 2003:23; Mangold, and Miles, 2007:433). Most managers think of business brand as the brand image in customers' mind. However, very few managers pay attention to internal branding concept. Thus, many businesses fail to deliver their brand's promises to customers (Tavassoli, 2008:94). Creating an internal branding, therefore, becomes more important than marketing of the brand to customers. Hence, employees have critical importance in differentiation of the brand (Jacobs, 2003:23). Like in any other sector, in service sector, employees have important contributions on developing trust for brand and building brand

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goals (Kemp, Jillapalli and Becerra, 2014:130). In service sector, branding process should be internalized as much within the organization as it is internalized outside the organization (De Chernatony and Segal-Horn, 2001:663).In healthcare sector, having employees, who internalize the brand and shape their behaviors accordingly, is not easy. In other words, the number of organizations having employees acting as brand champions is rare. The direct contribution and support of human resources applications shouldn't be ignored, and should be taken into consideration. Therefore, it is critical for hospitals to understand the importance of human resource factor in internal branding applications (Gapp and Merrilees, 2006:163). Having a strong brand and developing successful product-service innovations are important reasons behind the success of long-established firms. Businesses aim to strength their brand through the support of new technologies and innovations (Bayus, Brexendorf and Keller, 2015:545). According to Işık and Ecevit Satı (2013:15), firms aim to keep their brand alive through innovation. In addition, innovations are seen as motivating, strategic, and inspiring activities. Brand-focused innovation process may help establishing and maintaining a permanent relationship between all employees and organizational stakeholders. Furthermore, brand-focused innovation process may also contribute to creating synergy between marketing department and product development department as well (Abbing and Gessel, 2008:58). In this study, it is aimed to reveal the relationship between innovation-orientation and internal branding, and the influence of innovation-orientation on internal branding in healthcare organizations. Therefore, the following hypotheses are formulated:

- H1:** There is a relationship between innovation-orientation and internal branding.
- H2:** Innovation-orientation has influence on internal branding.

MATERIALS AND METHODS

The study was done between August 2016 and October 2016 in private healthcare organizations in Turkey. The sample was drawn from the managers working in these organizations, and 113 questionnaires were collected. The questionnaire form used in the study has three parts. First part involves demographic information related to the participants. Second part involves statements based on managers' perceptions about innovation-orientation in hospitals, and Dobni's (2008) study was used in forming the statements in the second part.

Lastly, third part involves statements about internal branding perceptions of managers, and Aijaz and Shah's (2013:944-945) study was used in developing the statements in the third part. Statements in the questionnaire were measured through 5-point Likert Scale (totally disagree, disagree, neither agree nor disagree, agree, totally agree). In data analysis procedure, descriptive statistics was used. In addition, Exploratory Factor Analysis (EFA) and Confirmatory Factor Analysis (CFA) were used in determining construct validity of the scale, and Cronbach Alpha coefficient was used to measure the reliability of the scale. In order to determine the relationship between innovation-orientation and internal branding, Pearson correlation and regression analyses were performed. 95 percent confidence interval and 5 percent significance level were used to evaluate the findings.

FINDINGS

79 of the participants (69.9 percent) are junior level managers, 17 of them (15 percent) are middle level managers and 17 of them (15 percent) are top managers. 41 managers (36.3 percent) have 1-3 years of experience, 38 (33.6 percent) have

Table 1. Explanatory Factor Analysis of Innovation-Orientation

Items	FactorLoading
IO.6. Innovation is one of the essential values of this organization.	0.88
IO.5. Aims and objectives of our organization are compatible with each other.	0.87
IO.1. Innovation is a part of our organizational culture.	0.85
IO.2. Top management gives organization-wide messages about innovation.	0.83
IO.4. Top management takes different opinions into consideration and evaluates.	0.82
IO.3. We have an innovation vision supported with projects and initiatives.	0.80

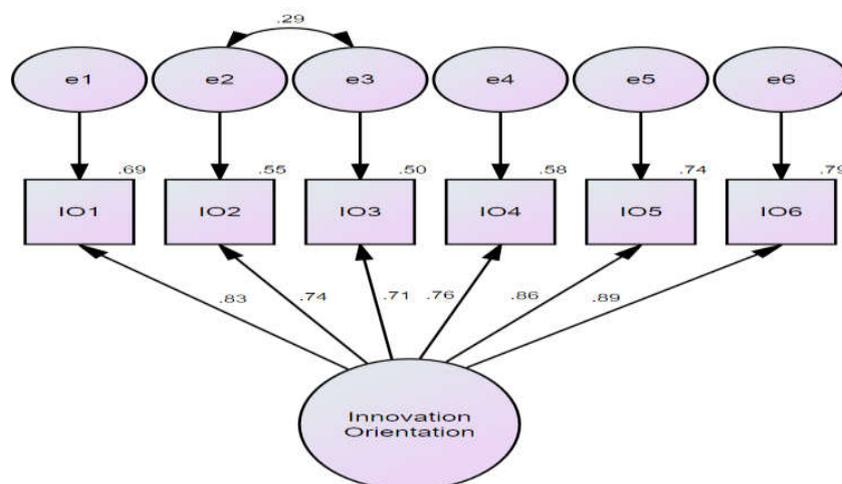


Figure 1. Confirmatory Factor Analysis on Innovation Orientation

4-6 years of experience, 20 of them (17.7 percent) have 7-9 years of experience, and 14 participants (12.4 percent) have 10 years or more experience. KMO and Bartlett tests were performed to determine whether the scale is appropriate for factor analysis or not. KMO value was found to be 0.90, and Bartlett sphericity test was found to be significant ($p < 0.01$). As a result, it was concluded that there is a high relationship between the variable, which indicates that the data set is appropriate for factor analysis. Results obtained from explanatory factor analysis were shown in Table 1, and it was found that 6 statements were grouped under one single factor explaining 70.97 percent of the total variance. To confirm single factor with six-items structure of innovation-orientation scale, confirmatory factor analysis was performed, and fit indices and model fit were examined. After the first evaluation, it was decided to apply certain modification according to the advices.

The model obtained is given in Figure 1, and the six-items structure of the model could be seen. The fit indices were found to be as follows: CMIN/df=1.19, GFI=0.97, AGFI=0.93, NFI=0.98, IFI=1, TLI=0.99, CFI=1, RMSEA=0.04. According to the results, it was concluded that fit indices are satisfactory, and the single structure of the factor shows consistency with the data collected. Cronbach Alpha coefficient, which measures scale reliability, was found to be 0.92, indicating the internal reliability of the scale is high. To determine the appropriateness of internal branding scale for factor analysis, KMO and Bartlett tests were performed. KMO value was found to be 0.85, and Bartlett sphericity test was found to be significant ($p < 0.01$). According to results, it was concluded that the data were appropriate for factor analysis. Results of Explanatory Factor Analysis of internal branding were given in Table 2, and it was found that 6 statements were

Table 2. Explanatory Factor Analysis on Internal Branding

Items	Factor Loading
IB.2. Top management gets in contact with employees before starting a new service or brand process.	0.91
IB.3. Our organization appreciates our involvement and sense of ownership in the organizational work	0.90
IB.5. Top management is open and eager to receive input from employees.	0.88
IB.4. Our organizational communication effort is sufficient	0.79
IB.6. My behaviors are compatible with organizational culture.	0.76
IB.1. I am confident about our brand when I talk to patients and patient relatives.	0.72

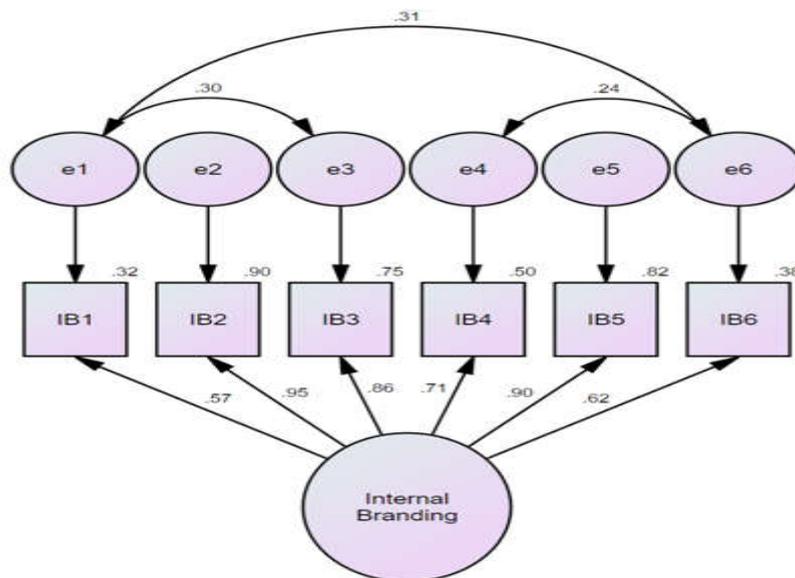


Figure 2. Confirmatory Factor Analysis on Internal Branding

Table 3. Correlation Analysis

	Innovation Orientation	
Internal Branding	Pearson Correlation (r)	.761**
	Sig. (2-tailed)	0.00
	N	113

** . Correlation is significant at the 0.01 level (2-tailed).

Table 4. Influence of Innovation-Orientation on Internal Branding

Independent Variable	Unstandardized Coefficients	t	Sig.
	B		
(Constant)	.735	2.982	.004
Innovation Orientation	.843	12.350	.000
	R ² =		0.579
	F=		152.517
	Sig.=0.000		

Dependent Variable: Internal Branding

grouped under one single factor explaining 68.75 percent of the total variance. In order to examine whether the single factor with six-items structure of internal branding is confirmed or not, Confirmatory Factor Analysis was performed. According to the analysis results, fit indices and model fit were examined. After the first analyses, it was decided to apply modification and modification advices were evaluated, and certain modifications were done accordingly. The new model was shown in Figure 2, and the six-items structure of the model could be seen. The fit indices are as follows: CMIN/df=1.34, GFI=0.98, AGFI=0.92, NFI=0.98, IFI=1, TLI=0.99, CFI=1, RMSEA=0.06. According to these results, fit indices were evaluated as satisfactory, and it was concluded that the single structure of the factor shows consistency with the data collected. Cronbach Alpha coefficient, which measures scale reliability, was found to be 0.91, indicating that the internal reliability of the scale is high. According to the correlation analysis results given in Table 3, there is a positive relationship between innovation-orientation and internal branding. Correlation coefficient ($r=0.761$) signals a high and positive relationship between these factors. According to the regression analysis results given in Table 4, innovation-orientation influences internal branding significantly and positively ($\beta=0.843$, $t=12.350$, $F=152.517$, $p<0.05$). 57.9 percent of the variance in internal branding is explained by innovation-orientation ($R^2=0.579$). These results show that innovation orientation in healthcare organizations is a predictor of internal branding.

DISCUSSION AND CONCLUSION

In this study, influence of innovation-orientation on internal branding, and the relationship between these two factors were examined. To test these relations, two hypotheses were formulated. In order to test first hypothesis (*there is a relationship between innovation-orientation and internal branding*), correlation analysis was performed, it was found that there is a statistically significant and positive relationship between innovation-orientation and internal branding. Thus, hypothesis 1 is accepted. The second hypothesis of the study (*innovation-orientation has influence on internal branding*) was tested through regression analysis, and according to the results, it was determined that innovation-orientation affects internal branding significantly and positively. Therefore, hypothesis 2 is accepted. Previous studies about the link between innovation-orientation and internal branding also signal a similar pattern. For instance, Hanaysha and Hilman (2015) found that product innovation has positive influence on brand value. In addition, Sharma, Davcik and Pillai (2016) also found that product innovation partially influences brand value. Even though these results are not directly related to the link between innovation-orientation and internal branding, they are important in terms of showing the influence of innovation on branding. One of the most important aspects related to achieving organizational goals is human factor in organizations. Employees are responsible for transforming functional and emotional values to customers, and thus, they have important roles on shaping brand perceptions of customers. In order to achieve these goals, first, the employees must internalize the brand. A successful internal branding process helps employees' internalization of the brand, and increases brand loyalty and identification. Therefore, firms inevitably incline toward engaging in internal branding activities (Punjaisri and Wilson, 2007:60). In this process, innovation activities performed by organizations may

contribute to develop stronger brand image in employees' mind. Hence, organizations should take employees into consideration during innovation activities, and increase organizational participation. Lastly, one of the limitations of this study is its limited sample size. In addition, the limited number of previous studies makes comparing the finding with the literature difficult. Innovation-orientation and internal branding concepts have important consequences for organizations, and thus, similar studies with larger samples from different sectors will be valuable.

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