What factors are important in formulating a community hospital’s reputation?

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There is a growing body of literature on the importance of corporate reputation and reputation management, but scant research that looks at reputation in the context of a community hospital. Most hospital administrators agree that reputation is important and suggest that it has an impact on operations, but the nature of hospital reputation and how it is formed is not well understood. This study explores hospital reputation through a comprehensive literature review, in-depth interviews with six Ontario hospital CEOs, two patient/community member focus groups and an on-line survey with patients and community members. The results of this study strongly suggest that many models of corporate reputation are not directly applicable to hospitals especially when it comes to factors such as leadership, innovation and financial performance that appear in most corporate reputation models and measurement tools. Personal experience and word of mouth are used to evaluate a hospital on desired outcomes, and this research suggested that those outcomes are strongly related to emotional appeal (feeling cared about) as opposed to clinical outcomes or results.

There is a growing body of literature on the importance of corporate reputation and reputation management. In the corporate sector, reputation is widely recognized as a critically important intangible asset that impacts many areas of operations including sales and staff recruitment and retention. It is recognized as having value, and some work has been done to develop ways to measure reputation and apply a monetary value to it. The situation is different in the hospital sector, where there is scant research that looks at reputation despite the industry’s size and importance in the U.S. and other parts

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of the world.

According to industry analysts, healthcare and hospitals are big business. In the U.S., hospitals account for over one-third ($718.4 billion) of the nation’s healthcare expenditures and employ almost 4.7 million workers (Wallis, 2010).

In Canada, where healthcare is publicly funded, healthcare broadly and hospitals specifically also have a large economic impact. In 2009, Canadian hospital spending accounted for over $59 billion, or 29.1% of the total spent on healthcare (Canadian Institute for Health Information, 2011).

Given the economic impact of hospitals there is surprisingly little academic literature or research that looks at a hospital’s reputation, how that reputation is formed or its impact on operations, especially in a Canadian context.

This paper, therefore, explores the nature of hospital reputation in Ontario through a comprehensive literature review, followed by research that includes interviews with hospital CEOs, focus groups with hospital patients and community members and an on-line survey for patients and community members. Specific concepts explored include how a hospital’s reputation is formed, what sources of information are used by patients and the community and what impact a hospital’s reputation might have on overall operations including patient volumes, recruitment and retention, government support and donor support.

This work is intended to help hospital administrators better understand and be able to manage reputation in a competitive health care environment as well as contribute to what is now a very small body of academic work in the field of hospital reputation.

Research Questions

**RQ1:** How does reputation impact a hospital’s operations?

**RQ2:** What creates a hospital’s reputation and how important is personal experience and word of mouth in that process?

**RQ3:** What are the sources of information used by patients and members of the community in creating reputation? Are these the same ones cited by hospital administrators?
Literature Review

Lewellyn (2002) might have said it best when she referred to the academic literature on reputation as a “conceptual mess.”

From what reputation is, to how it is formed and then how to measure it, academics and practitioners alike seem to agree on very little – except for the fact that there isn’t a commonly agreed upon definition. (Barnett, Jermier, Lafferty, 2006; Caruna, 1997; Chun, 2005; Davis, Chun, da Silva & Roper, 2001; Fombrun, 2011; Gotsi & Wilson, 2001; Hutton, Goodman, Alexander & Genest, 2001; Lewellyn, 2002; Ponzi, Fombrun & Gardberg, 2011; Schwaiger, 2004; Walker, 2010; Wartick, 2002).

Definition

Brown, Dacin, Pratt and Whetten (2006) posit that one of the reasons reputation is difficult to define is that it crosses many fields, including organizational behaviour, marketing, communications, sociology, advertising and public relations, with each field contributing its own terminology and understanding.

A simple dictionary definition of reputation reveals some key concepts that appear in many of the academic definitions that follow:

Reputation: the beliefs or opinions that are generally held about someone or something: his reputation was tarnished by allegations of bribery; a widespread belief that someone or something has a particular characteristic: his knowledge of his subject earned him a reputation as an expert (Reputation, 2013).

Key concepts in this definition include the notion that reputation is a belief; that is it something held in the mind of others about something, which implies judgment. It is also based on a particular characteristic, or, by extension, a set of characteristics that are being judged by others.

The concept that reputation is a belief-based construct based on some kind of informational inputs seems widely accepted in the literature.

Several academics have proposed definitions of reputation that seem closely aligned with the dictionary definition including Barnett (2006), Bromley (1993), Chun (2005) and Grunig (2010):
“The essential features of reputation ... are that there is some sort of estimation of its nature and value, and that this estimation is widely shared by a group of people. Reputations are collective systems of beliefs and opinions” (Bromley, 1993, p. 12).

“Your reputation is what people say and think about you” (Grunig, 2010).

Reputation is essentially the external assessment of a company or any other organization held by external stakeholders. Reputation includes several dimensions, including an organization’s perceived capacity to meet those stakeholders’ expectations, the rational attachments that a stakeholder forms with an organization and the overall net image that stakeholders have of the organization (Waddock, 2000, p 340).

“We typically think of reputation as attributed to an organization by its multiple constituents based on their experience with the organization, its performance, partners, and products in past periods; that is, reputation is a kind of social memory” (Vendelo, 1998, p 122).

A corporate reputation is a collective representation of a firm’s past actions and results that describes the firm’s ability to deliver valued outcomes to multiple stakeholders. It gauges a firm’s relative standing both internally with employees and externally with its [other] stakeholders, in both the competitive and institutional environments. (Fombrun & Rindova, 1996, as cited in Fombrun & van Riel, 1997, p. 10)

A corporate reputation is a stakeholder’s overall evaluation of a company over time. This evaluation is based on the stakeholder’s direct experiences with the company, any other forms of communications and symbolism that provides information about the firm’s actions and/or comparison with the actions of other leading rivals (Gotsi & Wilson, 2001, p 28).

The oft-cited Fombrun and Rindova definition (1996) brings an important concept into play that also appears in the Gotsi and Wilson (2001) definition: the notion that reputation is somehow competitive; that it involves a comparison with other similar companies or organizations. This aspect is mentioned by other writers, including Deephouse and Carter (2005).

How reputation is created

With little agreement on what reputation actually is, there is also some
question as to what impacts and creates it. Also at issue is the relationship between quality, customer service, personal experience, word of mouth and reputation, with little agreement as to how they are related and which might be the cause versus the effect.

Most reputational writers agree that reputation is based on a variety of factors or inputs rather than just one. The Chartered Institute for Public Relations (2011) cites the quality of a product of service, leadership and/or governance, finance performance and ethical and social commitments as the cornerstones of reputation. Variations of these same factors are cited by many academics, who frequently add additional dimensions to the mix.

Fombrun and van Riel’s research led them to develop what they call the reputational quotient: six dimensions and 20 attributes they believe help make up a company’s reputation (Fombrun & van Riel, 2004). The dimensions include emotional appeal, the quality of the products or services, financial performance, vision and leadership, workplace environment and social responsibility.

Dowling (2006) is adamant that good reputations are built on the inside of a company. He believes the factors that create a good reputation are a solid business model and strategy; good values, culture, products and services with a strong customer value proposition. “In the long term, (corporate) behaviour speaks louder than (public relations) words” (Dowling, 2006, p 64).

Lewis (2001) clearly supports Dowling’s notion that actions are more influential than public relations when creating, managing or damaging a reputation: “A reputation problem isn’t necessarily a failure of PR… most “PR disasters” are actually disasters of reality. If a company lets down its customers… that’s a reality challenge - put it right” (Lewis, 2001, p 31).

Gaines-Ross (2006) identifies the top five drivers of reputation as high quality products and services, effectively external communication, high quality management, a focus on serving customers and honesty.

Many writers like Gaines-Ross include quality products as part of the reputational mix, but there appears to be widespread agreement that the quality of products alone is not enough to ensure a positive reputation.

Carmeli and Tishler (2005) explored the relationship between measures of quality of products/services, customer satisfaction, perceived organization reputation and performance measures in a study of companies in Israel and concluded that quality products are not enough to ensure a good organizational reputation; those products and services also have to align with what the consumer expects. “Only high quality products/services that meet customers’ expectations and assure customers’ satisfaction create a sufficient condition
for a favourable organizational reputation” (p. 25).

A number of writers have pointed to the importance of direct experience with a firm or organization in the formation of reputation (Andreassen, 1994; Downing & Hillenbrand, 2005; MacMillian, Money, Yoon, Guffey & Kijewski, 1993).

Yoon, Guffey and Kijewski (1993) concluded that there are two major sources of a company’s reputation: experience and information, and, according to Bonini, Court and Marchi (2009) how that information is communicated is important, with positive reputation being created through transparency and engaging a broad group of influencers through two-way communication. Other writers including Gaines-Ross (2006), Gray and Balmer (1998) and Flynn (2006) have highlighted the critical role of communications/public relations in the reputation formation process. In Gray and Balmer’s model (1998) corporate identity (the reality) is communicated to stakeholders through corporate communications, which then creates reputation.

Traditional media also has a role to play in the formation of reputation, and several researchers have flagged the importance of that role (Einwiller, Carroll & Korn, 2010; Yoon, Guffey & Kijewski, 1993). Einwiller, Carroll and Korn (2010) pointed out that consumers only turn to the media for some information related to reputation; generally aspects that they cannot observe themselves.

Many writers also point to the importance of word of mouth information (Andreassen, 1994; Coombs, 2007; Murray, 1991; Rynne, 1983) especially for consumers/stakeholders with little or no direct experience with an organization. From the literature, the difference between word of mouth and reputation is unclear, and, if as Grunig (2010) suggests, one’s reputation is what people say about you, they may be one in the same.

According to Silverman (2001) word of mouth is the most powerful force in the marketplace:

What gives word of mouth most of its power is the fact that it is an experience delivery mechanism...indirect experience, that is, hearing about other’s people’s experience – is actually much better than direct experience in many ways: Someone else is footing the bill and spending the time, and you can pool the experiences of several people so as to have a greater sample. (Silverman, 2001, p 49)

In writing about hospital reputation management, Rynne (1983) also highlights the importance of word of mouth as preceded by personal experience: “A hospital’s reputation cannot be manufactured wholecloth because a
hospital’s reputation, more than any other enterprise in the community, is the result of the real stories people tell one another regarding their experiences with a hospital” (Rynne, 1983, p 59). In a study of consumers facing a hypothetical purchase decision, Murray (1991) examined how information is gathered and purchase decisions are made when considering the overall impact of word of mouth. His study indicated greater confidence in personal sources (i.e. word of mouth) when contemplating the purchase of a service when compared a product purchase because of the experiential nature of a service purchase.

The value of reputation

The academic and non-academic literature is united on one point concerning reputation: that a good reputation is valuable and that, conversely, a bad reputation is a negative situation that should be remedied as quickly as possible.

A favourable reputation, according to Fombrun (1990), gives a firm an edge over its rivals that may enable it to charge premium prices, attract better applicants, enhance their access to capital markets and attract investors.

The value of reputation is tied to its ability to cause stakeholders to take (or not take) specific actions. Reputation, explains Fombrun and van Riel (2004) affects the “likelihood of supportive behaviours from all of the brands stakeholders” (p. 4).

Many writers draw a direct line from reputation to sales, with reputation facilitating the purchase decision and allowing firms to charge premium prices (Carmeli & Tishler, 2005; Ipsos Mori, 2012; Vendelo, 1998).

But it’s not just sales; reputation is also believed to impact other key business functions and to be critically important to the bottom line:

Reputation is... important and not just because confidence in business is low. It is important because the intangible factors of business (talent, brand strength, patents, knowledge, technology, leadership, etc.) are rapidly replacing the tangible factors (real estate, machinery, inventory, etc.) (Gaines-Ross, 2006).

Fombrun and van Riel (2004) and Davies (2002) place the value of a company’s intangible assets somewhere between 55 and 95 per cent of a firm’s book value, while Davis (2002) points out that despite this high value, most
firms do not protect their reputational assets in the same way they protect their tangible assets.

Cravens, Goad-Oliver and Ramamoorti (2003) suggest that reputation should be part of a company’s financial statements, and that it should be measured through an index that looks at (among other things) corporate strategy, financial strength and viability, organizational culture, ethics and integrity, governance processes and leadership and products and services.

**Measurement**

According to Miller (1999) a survey commissioned by Hill and Knowlton revealed that 96 percent of CEOs believed that reputation was a vital component of business success but less than 20 percent had instituted a method for measuring their reputation.

With no agreement as to what reputation actually is, it is not surprising that there is scant agreement on measurement methodology.

One of the best-known measures of reputation is the *Fortune* “Most Admired” list. Annually 15,000 top executives, directors and financial analysts are asked to rate companies overall and relative to peer organizations on nine attributes of reputation: innovation, people management, use of corporate assets, social responsibility, quality of management, financial soundness, long-term investment, quality of products/services and global competitiveness (Hay, 2012). Candidate companies include the FORTUNE 1000, Global 500 and top non-US companies. Critics of the *Fortune* ranking (Davies, Chun, da Silva & Roper, 2001) point out that the list is heavily finance-based and is essentially a peer ranking system that does not reflect the customer voice – a critical component of reputation, they argue.

Another measurement methodology is based on Fombrun and Riel’s reputational quotient: six dimensions and 20 attributes they believe help make up a company’s reputation (Fombrun & van Riel, 2004). Their approach is based on the concept that an organization’s reputation is based on its stakeholder’s perceptions. The dimensions they measure include emotional appeal, the quality of the products or services, financial performance, vision and leadership, workplace environment and social responsibility.

Davies, Chun, da Silva and Roper (2001) acknowledged that there is no universally accepted methodology for measurement, and proposed a tool based on personification. Their measurement methodology rates companies on 42 human personality traits sorted into five factors: sincerity, excitement,
competence, sophistication and ruggedness.

Helm (2005) developed a set of reputation indicators based on a study involving a literature review, focus group interviews and personal interviews. She started with a list of 25 company characteristics and through the study narrowed this list down to ten: quality of products, commitment to the environment, corporate success, treatment of employees, customer orientation, charitable endeavors, value for money of products, financial performance, management skill and credibility of advertising claims.

What all of these measurement methodologies have in common is a strong emotional element. They are frequently based on observer’s feelings and perceptions, rather than demonstrable, measurable results.

**Reputation and hospitals**

While hospital executives and writers seem to agree that reputation is important to a hospital, there is a lack of foundational research to support that assertion, especially in a Canadian context.

The reputation a hospital enjoys is no accident and the reputation of a hospital matters – to the people it serves and to the hospital itself…

A hospital’s reputation affects its occupancy rate, the cost of borrowed money, its differentiated position… and performance. (Rynne, 1983, p 57, 66)

A similar opinion is expressed by Rodak (2012), who asserts that a hospital’s reputation is critical in attracting physicians, patients and potential partnering organizations. Neither writer, however, presents any empirical evidence to support those assertions.

How is a hospital’s reputation formed? In the limited material that touches on this question, writers and researchers point to the importance of first-hand experience (Andreassen, 1994; Manning 2004). In an article written about his father’s experience in a hospital, author Tim O’Brien (2006) asserts that a hospital’s reputation is entirely based on the first-hand experiences of patients and family members with little or no opportunity for public relations or other business functions to impact said reputation.

“Family members live with memories of hospital stays like this for the rest of their lives. These memories are indelible… and they are the foundation of perception that cannot be reversed by a big-budget PR program” (O’Brien,
If O’Brien is correct, his theory supports the notion that a single organization may have many reputations, and, in the case of hospitals, reputations based solely on first-hand care experiences. O’Brien’s article also calls into question the role of public relations in reputation management. Should his theory prove correct, hospital-based public relations professionals may want to focus their efforts on the in-hospital experience rather than concentrating on external messaging.

In a study of 300 hospital patients in Turkey, Cigdem Satir concluded that trust and service quality were the most important components of a hospital’s reputation (Satir, 2006).

In a UK study that examined how professional intermediaries were purchasing hospital services on behalf of doctors’ offices and their patients, Laing and Cotton (1996) underscored the importance of relationships and reputation in the evaluative process, as opposed to clinical outcomes:

Professional services such as healthcare are dominated by experience and credence qualities, with the result that the evaluation of such services, for both consumer and organizational purchasers, is based primarily on experience and perception….outcomes, particularity in health care, frequently cannot be evaluated for a considerable length of time, and indeed in certain instances it may ultimately not be possible to evaluate the outcome...In the majority of instances it is not the service outcome which is actually evaluated, but rather the processual aspects of service delivery. (Laing & Cotton, 1996, p 731-32)

Methodology

A deductive method of social research is at the heart of this paper. Based on the literature review, there are many factors that influence corporate reputation; however, for the purposes of this research, the focus is on the six dimensions and 20 attributes developed by Fombrun and van Riel that they have synthesized into what they call “the reputation quotient” (Fombrun & van Riel, 2004). These are summarized as follows:

1. Social responsibility: supports good causes, environmental responsibility, community responsibility;
2. Emotional appeal: feel good about, admire and respect, trust;
3. Products and services: high quality, innovative, value for money,
stands behind;
4. Workplace environment: good place to work, good employees, rewards employees fairly;
5. Financial performance: record of profitability, low risk investments, growth prospects, outperforms competitors;
6. Vision and leadership: market opportunities, excellent leadership, clear vision for the future;
7. Social responsibility: supports good causes, environmental responsibility, community responsibility.

This paper explores the theory that many of the commonly cited dimensions, attributes and drivers of corporate reputation that appear in the work of Fombrun and others, such as vision and leadership and financial performance, are not strongly applicable to publicly funded hospitals. Instead, the theory that a hospital’s reputation is based primarily on quality of service, as evaluated through the first-hand experience of patients and hospital visitors, and, when no such experience exists, word of mouth and physician influence are used as a proxy, is tested.

A mixed methods approach to the research has been undertaken including interviews, focus groups and a quantitative on-line survey.

Research participants

1) In-depth interviews with six Ontario hospital CEOs regarding the key aspects of reputation such as the impact on operations and how reputation is created.
2) Two focus groups with Scarborough Hospital patients and community members exploring reputational issues as they relate to their personal experiences as patients and what they hear in the community and/or from their family doctors.
3) A link to an on-line survey was distributed to the 3,481 subscribers to The Scarborough Hospital’s community newsletter. Fluid Survey was used to collect and help analyze the data. The link was distributed on two separate occasions – December 20, 2012 and January 22, 2013.
Results/Analysis

The information from the interviews and the focus groups was analyzed for general themes. In the hospital executive interviews, consensus around the impact of reputation and how reputation might be formed was sought. In the patient/community focus groups, similar commonality around how reputation is formed and sources of information was sought. The impact of word-of-mouth, media and other sources of information was explored.

Fluid Survey was used to collect and help analyze the data from the online survey. This data was compared to the themes from the focus groups and interviews.

CEO interviews

The executives selected represented a variety of hospital types (urban, rural, general community and specialized) and embody a wealth of experience in hospital administration.

Despite their varied backgrounds and experiences, the CEOs interviewed in this project held remarkably similar views regarding hospital reputation. Three broad themes that emerged from these interviews are explored here:

1. The growing importance of reputation;
2. How reputation is created; and
3. In a hospital setting who is responsible for reputation?

The growing importance of reputation

All the CEOs agreed that reputation was already important to Ontario hospitals, and that its importance was growing rapidly.

“Reputation is a huge issue… it impacts a hospital’s ability to recruit, raise funds, compete for patients, be seen as a reasonable partner – it impacts your relationship with the province” (Hospital CEO C, May 23, 2012).

In the next five years, you’re going to see a fundamental shift. Patient satisfaction and reputation will be part of the funding formula, and hospitals will need to redefine themselves and compete. Ten years ago no one paid any attention to this; you didn’t have to. But that’s already changed dramatically (Hospital CEO D, personal communication, May 1, 2012).
We don’t talk about reputation very much, because the public isn’t yet at the point where they view healthcare as a business. But that’s starting to shift. Soon, you’re going to see increased emphasis on individual outcomes and how those relate to reputation (Hospital CEO F, April 30, 2012).

The CEOs unanimously agreed that reputation had the greatest and most direct impact on fundraising:

Fundraising is a very tight barometer of reputation. If you have a good reputation, you attract donors. If you don’t people won’t donate, and they’ll tell you that’s why. Donors want to back a winner and know that their money will be well used (Hospital CEO E, personal communication, May 17, 2012).

The ability to attract and recruit skilled medical staff was also cited as something strongly impacted by reputation. Patient volumes, they agreed, were still strongly tied to geography and existing referral patterns rather than reputation, but all agreed that this too was likely to change in future.

**How reputation is created**

All of the CEOs agreed that reputation was created by a myriad of factors that include quality of care, patient satisfaction/experience, staff word of mouth, the media, transparency and involvement in the community.

Only two CEOs were willing or able to identify one factor or source of information as the most important to the reputation building process; one cited quality of care, and a second cited traditional media.

While the other CEOs might not have identified the media as the most important factor, all agreed that it was an important influence.

Transparency and its role in creating reputation was mentioned specifically by four of the CEOs unaided, with one (who leads hospitals in small communities) citing it as a key factor.

“The perception of transparency really affects reputation. Transparency engenders confidence. The more guarded you are, the more people question what you’re up to. As the CEO I have a huge role to play in creating an atmosphere of transparency” (Hospital CEO F, personal communication, April 30, 2012).

When asked specifically about patient satisfaction and its role in creating
reputation, all the CEOs agreed that patient satisfaction was part of the reputational picture, but it isn’t the whole picture.

Most of the CEOs identified word of mouth as a strong contributor to reputation, and many identified staff as having an important role in that.

**Who is responsible for reputation?**

All of the CEOs agreed that they themselves were ultimately accountable for their hospital’s reputation as they are for all aspects of the business; but they were clear that everyone had a role to play, especially hospital employees.

“Without engaged staff, your reputation doesn’t stand a chance. Your staff have to believe that ‘yes, we have our challenges but I’m part of the solution’. Everyone impacts reputation by what they do and what they say” (Hospital CEO D, personal communication, May 1, 2012).

All of the CEOs were in agreement that public relations/corporate communications staff can, should and do play a strong role in reputation management, and all (with the exception of one who does not have dedicated communications support but is planning on hiring in the near future) stated that public relations was at the table when strategy is being developed.

**Focus group findings**

Two focus groups were held – one on December 7, 2012 with nine participants, and a second on January 16, 2013 with five participants.

When asked why they believed a particular hospital had a good reputation, the majority of participants cited positive personal experience, the experience of close friends or family members or word of mouth. Only one of the 14 cited things they had read in the paper or online as contributing to reputation in that context.

Participants were asked to recall a personal experience with a hospital (either as a patient or visitor/family member) that was positive and explain exactly what made it positive. Factors most often mentioned as contribution to a positive experience were caring nurses/doctors/staff, communications (was told what would happen next, procedure carefully explained) and short wait times. As one patient explained:

When I went for the surgery, they addressed me by my name – that made
me feel good. Then, when I was in the O.R. – they’re really cold in there, you know – they brought me a warm blanket. It’s things like that that make you feel cared about (Focus group participant A1, personal communication, December 7, 2012).

Similar answers were received when asked what a hospital could do to improve its reputation – shorten wait times and work on staff behavior/customer service.

Interestingly, not one participant mentioned outcomes (cured, surgery went well) as a reason why their experience was positive; and two of the participants told stories that they self-identified as positive in which the patient involved ultimately died.

When asked about a negative experience, lack of caring on the part of staff/physicians and long wait times were frequently cited. Here, negative outcomes were mentioned by four of the participants, but usually after mentioning one or more of the other factors first, implying and some cases stating that these participants believed that uncaring staff and long wait times contributed to the negative outcomes.

It was evident from the stories told by the participants that hospital experiences have an enduring impact. One participant told a story about taking her child to Toronto’s Sick Kids Hospital that happened 46 years ago; several other participants had stories that were 10 or more years old. In each case, the positive or negative experience that they described directly correlated with their description of that hospital’s reputation today.

Participants were sharply divided on the question of whether or not you would go to a hospital with a negative reputation if sent by your family doctor:

“If you trust your family doctor, you should listen to them. They probably have a good reason for sending you there. And if you don’t trust your family doctor, you should look for another one” (Focus group participant B2, personal communication, January 16, 2013).

“I would do my research before I made up my mind. I would hear what he had to say and then look into it” (Focus group participant E2, personal communication, January 16, 2013).

When the issue of research was brought up in the second group, participants were asked how they would research a particular hospital. Here, word of mouth (would ask friends), the internet and media were mentioned.
On-line study findings

A total of 92 participants completed all or part of the survey. Because participants could skip parts of the survey depending on their circumstances, the denominator varied from section to section.

Like the focus group participants, the online survey participants were divided on whether or not they would go to a hospital with a poor reputation if their family doctor sent them. After subtracting the participants who said they did not have a family doctor, 56% of the remaining respondents said they would or probably would go, while 44% said they probably or definitely would not.

When asked to score five sources of information about a hospital’s reputation (newspapers, radio/television, personal experience, the experiences of close friends or family and word of mouth) on a Likert scale personal experience was rated as the most important source of information, followed by the experiences of close friends and family and then word of mouth. Traditional media was ranked as a distant fourth (newspapers) and fifth (radio and television).

Other key survey findings:

• 90% agreed or strongly agreed that if they had a good experience at a hospital, they would tell people.
• 66% of respondents characterized their most recent experience with any hospital as positive, with 26% characterizing it as neutral/mixed, and just nine percent saying it was negative.
• 74% of respondents agreed or strongly agreed that they didn’t care about reputation, they would base their opinions on their own experience.
• Respondents did not seem to feel it was important to know the leadership at their local hospital – 49% neither agreed nor disagreed that it was important, while 30% disagreed or strongly disagreed. Similar results were seen when presented with the statement “the board of directors is critically important to the success of a hospital” with just 19% agreeing or strongly agreeing.
• Respondents seemed unsure about the concept of innovation as it applies to community hospitals. Thirty percent agreed or strongly agreed that it was important, while 35% neither agreed nor disagreed and 13%
didn’t know.
• 87% of respondents indicated that they generally use the hospital closest to their home.
• Word of mouth emerged as an important source of information, with 78% of respondents agreeing or strongly agreeing that they listen carefully to what friends and family members say about their local hospital.

In comparing the results of this research with Fombrun’s dimensions of reputation, three dimensions do not appear to have a large impact on hospital reputation: vision and leadership; financial performance and social responsibility.

While the CEOs highlight the importance of leadership, vision and transparency in forming a community hospital’s reputation, this factor was never mentioned in focus group discussion. In the electronic survey, only 18% of patient and community respondents agreed that it was important to know the leadership at their local hospital, and only 19% thought the board of directors was critically important to the success of a hospital.

Financial performance was only mentioned by one CEO who thought it might impact reputation specifically as it applies to recruiting new staff and physicians. Focus group participants did not mention this aspect and when survey respondents were presented with the statement “if a hospital balances its budget, it’s probably a good hospital” only ten percent agreed or strongly agreed.

Fombrun’s dimension “workplace environment” figured largely in both the CEO and focus group discussions. Several CEOs suggested that staff were a big part of reputation, particularly through word of mouth. Focus group participants were clear that staff had to be happy and engaged to provide good service, which then leads to reputation. In the electronic survey, 64 percent of respondents agreed or strongly agreed that a good hospital treats its staff well.

“Emotional appeal” and “quality products and services” both figured prominently in all three data sets. Patients and community members seemed to inextricably link emotional appeal and high quality products and services suggesting strongly that in order for a healthcare service to be considered high quality it must contain emotional appeal. Almost all focus group participants mentioned the concept of feeling cared about by staff and physicians as an important component of quality care. Conversely, not feeling cared about was consistently mentioned when discussing an experience that was not positive.
### Table 1: Summary of Online Survey Results

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neither agree nor disagree</th>
<th>Agree</th>
<th>Strongly agree</th>
<th>Don’t know/not sure/NA</th>
</tr>
</thead>
<tbody>
<tr>
<td>A good hospital ensure that it treats its staff well</td>
<td>0%</td>
<td>3%</td>
<td>30%</td>
<td>43%</td>
<td>21%</td>
<td>3%</td>
</tr>
<tr>
<td>If I had a good experience at a hospital, I would tell people</td>
<td>0%</td>
<td>2%</td>
<td>5%</td>
<td>67%</td>
<td>23%</td>
<td>3%</td>
</tr>
<tr>
<td>I don’t care about the reputation of a hospital; I base my opinion on my own personal experience</td>
<td>3%</td>
<td>12%</td>
<td>11%</td>
<td>48%</td>
<td>26%</td>
<td>0%</td>
</tr>
<tr>
<td>It’s important for me to know the leadership at my local hospital</td>
<td>5%</td>
<td>25%</td>
<td>49%</td>
<td>15%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Community hospitals need to be innovative</td>
<td>3%</td>
<td>20%</td>
<td>35%</td>
<td>8%</td>
<td>22%</td>
<td>13%</td>
</tr>
<tr>
<td>The healthcare system in Ontario is better than it used to be</td>
<td>28%</td>
<td>38%</td>
<td>20%</td>
<td>11%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>I trust The Scarborough Hospital to provide the best care possible</td>
<td>7%</td>
<td>5%</td>
<td>22%</td>
<td>47%</td>
<td>22%</td>
<td>0%</td>
</tr>
<tr>
<td>If a hospital balances its budget, it’s probably a good hospital</td>
<td>7%</td>
<td>18%</td>
<td>56%</td>
<td>7%</td>
<td>3%</td>
<td>10%</td>
</tr>
<tr>
<td>The board of directors is critically important to the success of a hospital</td>
<td>5%</td>
<td>17%</td>
<td>49%</td>
<td>14%</td>
<td>5%</td>
<td>12%</td>
</tr>
<tr>
<td>I need to feel good about a hospital before I would go there</td>
<td>2%</td>
<td>12%</td>
<td>25%</td>
<td>33%</td>
<td>28%</td>
<td>0%</td>
</tr>
<tr>
<td>I generally use the hospital that is closest to my home</td>
<td>2%</td>
<td>8%</td>
<td>5%</td>
<td>62%</td>
<td>25%</td>
<td>0%</td>
</tr>
<tr>
<td>My family doctor is a trusted source of information regarding hospitals</td>
<td>2%</td>
<td>5%</td>
<td>11%</td>
<td>39%</td>
<td>41%</td>
<td>2%</td>
</tr>
<tr>
<td>I listen carefully to what my friends and neighbours tell me about our local hospital</td>
<td>0%</td>
<td>3%</td>
<td>20%</td>
<td>59%</td>
<td>18%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Note: n=74 for this set of data
Analysis by research question

**RQ1: How does reputation impact a hospital’s operations?**

The CEOs believe that reputation impacts funding, fundraising, and staff recruitment. While there was some suggestion that it could impact patient volumes, most believed that this was still strongly driven by geography and physician referral.

The online survey supports this belief, with 87% of respondents agreeing or strongly agreeing that they generally use the hospital closest to home. Eighty percent agreed or strongly agreed that their family physician was a trusted source of information regarding hospital and fifty-six percent would or probably would go to a hospital they believed had a poor reputation if sent by their family physician.

**RQ2: What creates a hospital’s reputation and how important is personal experience and word of mouth in that process?**

The CEOs saw a strong link between personal experience and hospital reputation, but did not identify them as the same thing. They saw reputation as a more complicated construct with other factors contributing.

Focus group participants strongly linked personal experience and hospital reputation. When asked to identify a hospital with a positive reputation and discuss why, most participants started with a personal experience (their own or that of a family member or friend) and then linked what they heard through word of mouth back to that experience.

When asked specifically whether their experience and the reputation of a hospital were the same thing or different, focus group participants identified these as separate concepts. Some related stories of a hospital that they knew had a poor reputation but where they had a good experience, suggesting (or, in two cases actually stating) that the reputation was somehow “wrong.”

When presented with the scenario of a friend or family member having a bad experience when they had a good one in similar circumstances, no participants indicated that they would change their opinion. Instead, they suggested that their friend/family member was somehow wrong or at fault or that their negative experience was an isolated incident, highlighting the value of personal experience in people’s minds.
RQ3: What are the sources of information used by patients and members of the community in creating reputation? Are these the same ones cited by hospital administrators?

The CEOs were aware of the power of word of mouth in the formation of hospital reputation. Word of mouth, many of them felt, was the result of a myriad of factors, but patient experience and what staff members and physicians say in the community were usually cited as the most important. None mentioned family physicians as contributing to reputation specifically.

Most of the CEOs felt that media coverage has a role to play in the formation of reputation, however, survey and focus group participants did not give it the same weight.

Patients and community members seemed to value personal experience above all else when discussing hospital reputation, however, the relationship between that experience and the reputation is not entirely clear. Some focus group participants were able to identify hospitals with a bad reputation where they themselves had a good experience. Another two participants identified hospitals with a good reputation where they had negative experiences and suggested that the reputation was not accurate.

A patient’s individual experience of care seems to influence his or her perception of the reputation of the healthcare system in general. Sixty-seven percent of survey respondents who described their last hospital experience as negative disagreed or strongly disagreed with the statement that the healthcare system in Ontario is getting better. None agreed or strongly agreed. However, 18% of respondents who described their last hospital experience as positive agreed that the healthcare system was getting better, suggesting that a single episode in a single institution can colour the perception of the system as a whole.

Limitations

As there is scant research that examines reputation from a community hospital perspective, this study is limited by not having a body of work to build on. This study used a corporate reputation model as its foundation and as this research strongly suggests, doing so may not be applicable to a community hospital setting.

As the focus group participants and survey participants were drawn from a limited geographical area and a single hospital, some of the findings...
may not be applicable province-wide or to other hospitals. Additionally, this research could benefit from a larger sample size as only 92 people completed all or part of the on-line survey.

Conclusions

1. **Corporate reputation models, such as that proposed by Fombrun (2004) are not directly applicable to hospitals.** Most corporate reputation models include reference to dimensions such as financial performance and strong leadership. The results of this study strongly suggest that these factors are not important to patients and members of the community when they evaluate a hospital’s ability to deliver the outcomes they value and thus contribute to its reputation. While the CEOs highlighted the importance of leadership and their role in the formation of reputation, the results of the focus groups and online survey strongly suggest that leadership, including that of the board of directors, is not as important to patients and members of the community in this context. Additionally, financial performance (balancing the budget) does not seem strongly linked to the concept of a good hospital.

2. **Hospital reputation is a collective concept, based primarily on past experience and word of mouth.** The data in this study supports both Vendelo’s (1998) and Bromley’s (1993) definitions of reputation where it is attributed to an organization by constituents based on their experience with the organization. Bromley points to an estimation of an organization’s nature and value, which seem to be at play in the formation of a hospital reputation. The nature and value of hospitals that patients/community members appear to be evaluating is whether or not the staff and physicians demonstrate caring.

3. **Reputation is not strongly linked to clinical outcomes.** As Laing and Cotton (1996) suggested, this data supports the theory that the evaluation of healthcare services is based on experience and perception, not clinical outcomes. Patients and family members highlighted whether or not they felt “cared for” by staff; few mentioned clinical outcomes. Several of the focus group participants told stories that they identified as positive in which the outcomes were not positive in that the patient ultimately died. The data in this study strongly suggests that patients and community members equate high quality products and services – in this case, delivery of healthcare services – with emotional aspects such as feeling cared about, regardless of the clinical outcomes.

4. **Personal experience is paramount in terms of information gathering, but how that translates into reputation is not entirely clear.** Patients and community
members considered personal experience as the most important source of information. If, as Grunig (2012) suggests, reputation is what people say about you, stories of these personal experiences presumably contribute to reputation depending on whether or not they are passed on to others. Since 92% of survey participants agreed or strongly agreed that they would tell people about a positive experience, this aspect of reputation formation is clearly important. Additionally, survey participants clearly identified personal experience as the most important source of information, followed by word of mouth. Media sources were ranked significantly lower.

5. *Word of mouth is powerful.* Seventy-eight percent of survey participants agreed or strongly agreed that they listen carefully to what friends and neighbours say about their local hospital, supporting Silverman’s (2001) assertion that word of mouth is the most powerful force in the marketplace. When it comes to hospitals, community members seem to use word of mouth in the manner Silverman suggests – as an experience delivery mechanism, allowing them to experience care indirectly without risk.

6. *Hospital experiences and therefore reputation, is enduring.* Many of the focus group participants related stories of hospital care that were very dated – in one case, the care episode occurred 46 years previous. These stories, and what the teller thought of the hospital involved, were very well remembered, and it appeared that the participants continued to seek information over the years to confirm their original conclusion.

7. *Family physicians are powerful information brokers.* The opinions of family physicians are given great importance by their patients. It can be assumed that they, therefore, contribute to reputation, but how that relationship works is not clear from this study.

**Future Research**

The findings in this study are far from conclusive; however they offer some tantalizing clues as to the nature of hospital reputation and strongly suggest some avenues for future research.

One avenue of future research is an examination of the relationship between patient satisfaction and reputation. As most hospitals use some kind of survey tool to gauge patient satisfaction, the relationship between these two could be explored. Are reputation and patient satisfaction the same thing, closely related or only loosely related? Understanding this relationship is critical to understanding hospital reputation.
More work also has to be done to better understand what creates a positive patient experience. Research in the healthcare field is helping to answer this question, however, how this translates (or does not translate) into reputation needs further exploration. If emotional appeal/feeling cared about is the most important factor, as suggested by this study, how can hospitals create environments that better support this aspect of the care?

The critical role played by family physicians as information brokers, as suggested by this study, should be explored.

Finally, research needs to be done to develop and refine a new model of reputation that is applicable to hospitals. A larger-scale study could create an expanded database that allows for regression analysis to the drivers, confirming some of the ways that reputation is created that are only suggested by this study.

References


Canadian Institute for Health Information. (2011). *National health expenditure trends,* *jpc.mcmaster.ca*


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Appendix A – Questions used in hospital executive interviews

RQ1: How does reputation impact a hospital’s operations?
  • Do you think patients choose a hospital based on reputation or geography?
  • How does reputation impact staff and physician recruiting?
  • How does reputation impact fundraising?
  • Do you think a hospital’s reputation impacts decisions around funding or capital?
  • What importance does your board place on your hospital’s reputation?
  • How is reputation measured and tracked at your organization?

RQ2: What creates a hospital’s reputation?
  • What do you see as the single biggest driver of your hospital’s reputation?
  • How big an impact does the media play?
  • Are patient satisfaction and reputation the same thing or do they differ?
  • Has social media impacted your hospital’s reputation?
  • What contribution can your hospital’s public relations or communications department make to your hospital’s reputation?
Appendix B – Focus group question guide

Guiding questions:

• I notice a number of you put a dot beside hospital X. Can someone tell me why this hospital has an excellent reputation?
• How do you know? How did you hear about X’s reputation?
• We’ve been talking about good reputations, now let’s turn our thoughts to bad reputation. Without naming any specific organizations, can someone explain how a hospital might get a poor reputation? How would you know a hospital had a bad reputation?
• If your family doctor wanted you to go to a hospital that you believed had a poor reputation would you go?
• Now let’s talk about The Scarborough Hospital specifically. Before you came to The Scarborough Hospital, you must have heard something about this hospital’s reputation. Can anyone share what that was?
• Did your experience here match the reputation you heard about? Why or why not?
• Can you describe a positive experience you had at any hospital, and tell me why it was positive?
• For those of you who had a positive experience – if your spouse or best friend came to the hospital for the same problem or procedure and had a terrible time, would that change what you thought?
• How many people have you told about your experience?
• Can any of you recall anything you might have read in the newspapers or watched on television about The Scarborough Hospital? (Look for specific examples.)
• What are some of the things that we could do at The Scarborough Hospital to improve our reputation?
Appendix C – On-line survey questions

Where do you live? (Scarborough, Markham, East GTA, Toronto, Other)

Are you a current or past Scarborough Hospital staff member or physician? (Yes, No)

Please describe yourself (you may choose more than one answer if more than one applies):
- I am a recent Scarborough hospital patient (within the last year)
- I was a patient in the past (more than a year ago)
- I am involved in the hospital in some other way (volunteer, donor)
- I am interested in what happens in my community
- I recently visited a friend or family member in the hospital
- Other

If your family doctor asked you to go to a hospital you believed had a poor reputation, would you go? (Yes, Probably, Probably not, No, I don’t have a family doctor)

Before you visited The Scarborough Hospital as a patient OR a visitor, you probably heard things about the hospital. Did your experience match the reputation you had heard about?
- The experience was better than the reputation
- The experience and the reputation were the same
- The experience was worse than the reputation
- Don’t know/didn’t hear anything

If you visited The Scarborough Hospital as a patient, which of the following scenarios best describes how you came to Scarborough for care?
- I chose to come to The Scarborough Hospital myself
- I was sent to The Scarborough Hospital by a doctor or other healthcare professional
- I came to The Scarborough Hospital by ambulance or other means
- A friend or family member decided I should go to The Scarborough Hospital
- I have never been a patient at The Scarborough Hospital
- Other

People will often gather information about their local hospital from a variety of sources. On a scale of 0 to 10, with zero being unimportant or a source you would not use and 10 being very important, please indicate how important each of the following
sources is to you when determining what you think about The Scarborough Hospital.

- Newspapers
- Radio/television
- Personal experience
- The experiences of close friends or family members
- Word of mouth/things you hear in the community

Please read the following statements and indicate whether you agree or disagree using the scale indicated. (Strongly disagree, disagree, neither agree nor disagree, agree, strongly agree, don’t know/not applicable.)

- The Scarborough Hospital has really improved in the last five years.
- A good hospital ensures that it treats its staff well.
- If I had a good experience at a hospital, I would tell people.
- I think it’s important to support my local hospital through donations.
- I don’t care about the reputation of a hospital; I base my opinion on my own personal experience.
- I feel good about coming to The Scarborough Hospital.
- It’s important for me to know the leadership at my local hospital.
- Hospitals should work on their customer service.
- Community hospitals need to be innovative.
- The healthcare system in Ontario is better than it used to be.
- I trust The Scarborough Hospital to provide the best care possible.
- If a hospital balances its budget, it’s probably a good hospital.
- The board of directors is critically important to the success of a hospital.
- I need to feel good about a hospital before I would go there.
- I generally use the hospital that is closest to my home.
- My family doctor is a trusted source of information regarding hospitals.
- I listen carefully to what my friends and neighbours tell me about our local hospital.

How would you characterize your most recent experience (as a patient or a visitor) with any hospital? (Positive, negative, neutral/mixed, not applicable)

When thinking about your last hospital experience, can you tell us the most important factor that is causing you to describe it as positive, negative or neutral? (Please skip this question if you have no experience.)

Is there anything else you would like to tell us about reputation or The Scarborough Hospital?