

Country of Origin Effect and Employer Attractiveness: A missing link.

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Abstract

In this interdisciplinary paper we demonstrate how an established paradigm of the country of origin (COO) effect from the marketing literature can be used to explain choices made by job seekers in the employment market. It is argued that there are commonalities between the decision processes that consumers use in purchasing a product with the decision process that jobseekers use when evaluating potential employers. Marketing and recruitment literature are integrated and four research propositions are developed around the proposed conceptual model.

Introduction

Traditional marketing philosophies have primarily focused on marketing products to consumers. This is however changing as an increasing number of services, countries, cities, and employers are now adopting marketing principles to promote themselves. For instance, marketing campaigns such as “I want you for US army” or the graduate recruitment campaign by Accenture, portraying Tiger Woods with the caption ‘Focusing to meet the next challenge. Just another day at the office for a Tiger. What’s your typical working day?’ are attempts to market their companies to potential employees. These campaigns have demonstrated that the marketing problem of getting people to buy a product is not that different from getting them to join your organisation as employees. This is an emerging area of marketing, and researchers working in this area have proposed the concept of employment brand which refers ‘to building and sustaining employment propositions that are compelling and different’ (Ewing, Pitt et al. 2002). This is believed to be crucial to attract talented employees. It is further suggested that effective employer branding leads to competitive advantage by assisting employees in internalising company values and higher employee retention (Ainspan and Dell 2001; Berthon, Ewing et al. 2005).

This paper explores different factors that have been proposed to affect employment brand and explores, for the first time, the effect the country-of-origin of an organisation has on its employment brand image and how it subsequently affects an organisation’s attempt to market itself as a valued employer to its clients, the jobseeker. Understanding of the effect of country image on an organisation’s employment brand is important because in absence of a strong brand, jobseekers may evaluate employer based on its extrinsic cues such as country image. This has been substantiated in country image studies where in absence of a familiar brand, consumers use country image and other extrinsic cues to evaluate a product. From a stakeholder theory point of view internal marketing, defined by Kotler (1991) as the ‘task of successfully hiring, training, and motivating employees to serve the customer well,’ play’s a critical role in positioning a company as a preferred employment brand. It is in this regard where employees become internal customers and jobs as internal product (Ewing, Pitt et al. 2002). Marketing is instrumental to organizations for communicating their employer brand to attract talented employees

This paper also opens up new research grounds in marketing by staking a legitimate claim in an area, which is traditionally viewed as being in the domain of Human Resource Management. Although attracting job seekers to the organization is predominantly believed to be a function of the HRM department, there is increasing recognition within organisations that marketing can assist in promoting a favourable image of the organisation to not only attract consumers but also other stakeholders such as jobseekers (Ambler and Barrow 1996; Price 1996; Ewing, Pitt et al. 2002; Backhaus and Tikoo 2004; Berthon, Ewing et al. 2005). Essentially, the secondary role of marketing may be seen as ‘selling’ jobs as products of an organisation. This viewpoint has not been adequately explored. We therefore raise the question; can we sell jobs at an employer to potential employees the same way we sell cars to consumers? Can the lessons learned from the later be applied equally to the recruitment market?

Literature Review

The employment market can be seen as a high-involvement two-way service, where an employer wants a talented employee and an employee wants a valued employer. Employment is also an intangible product that is likely to be evaluated not only on the basis of intrinsic factors such as salaries, working conditions, flexible hours etc. but also based on extrinsic factors such as the brand reputation, quality of its products, and its country-of-origin. These extrinsic factors may be used to infer intrinsic factor. We integrate these factors in our proposed conceptual model of employer attractiveness. What is novel in the model is the explicit recognition of the role the country-of-origin of an organisation has in the decision making of potential employees. To this effect we provide a brief summary of the main constructs in the model and the literature findings related to it. Given the large amount of literature in the recruitment and COO area, this is not meant to be a comprehensive review but rather an overview that provides the background for the subsequent development of our conceptual framework and research propositions. Table I provides a summary of past research findings.

Table 1: **Table I:** Assorted review of literature from recruitment and marketing

Constructs	Studies	Findings
<i>COO effects</i>		<i>Prominent predictive power for product evaluations</i>
-Economic development	Batra et al.(2000) and Gaedeke (1973)	Products are evaluated based on the economic development of their origin. (e.g. electronics from Japan versus China)
-Industry expertise	Laroche et al. (2005)	Products evaluated based on the expertise the COO has (e.g. Japanese electronics, German engineering)
-Consumer ethnocentrism	Shimp & Sharma (1987) and Lee & Ganesh (Lee and Ganesh 1999)	Consumer ethnocentrism increases the COO effect on Product evaluations as well as buying intentions
<i>Image-related factors</i>		<i>Inferential traits</i>

-Corporate image	Gatewood, Gowan & Lautenschlager (1993)	Corporate image as an influential predictor for jobseeker attraction
-Brand image	Collins & Stevens (2002) and Cable & Turban (2003)	Brand equity of an employer influences jobseeker attraction
<u>Job-organisation factors</u>		<u>Objective traits</u>
-Salary	Harris & Fink (1987),	In absence and in presence of image-related factors, these attributes play a vital role in attracting jobseekers
-Advancement Opportunities	Chapman et al. (2005),	
-Fringe Benefits	and Powell (1984)	

Country of origin effects: Findings in marketing literature have confirmed that the country of origin of a product has a significant influence on how a product is evaluated. Papadopolous and Heslop (2002) in their analysis of 750 publications claimed that country images are powerful stereotypes that influence behaviors in all types of target markets. Based on these findings we can expect to see similar effects in the employment and recruitment markets. Three specific effects of the COO that have relevance to employee recruitment relate to industry expertise, economic development and ethnocentric tendencies of consumers.

Economic development: In COO studies, a great deal of attention is focused on how products are evaluated based on their country's economic development. COO effect is perceived to be congruent with the level of economic development of a country. Products from developed countries are perceived to be higher on the dimensions of quality, prestige and value for money (Bilkey and Nes 1982). Whereas, products from developing countries are valued lower in quality, higher in risk and prestige (Laroche, Papadopoulos et al. 2005). These findings are fairly stable across most studies with the exception of studies that have looked at the mediating role of industry expertise discussed below.

Industry expertise: Certain countries have acquired expertise in manufacturing high quality products in specific industries. Products from these countries are evaluated positively because their countries are known to produce high quality products in a particular product category (Laroche, Papadopoulos et al. 2005). For instance, Japanese electronics and Columbian coffee are evaluated higher compared Japanese coffee and Columbian electronics. Similar findings have been reported in recruitment, where the type of industry in which the organization operates is found to affect jobseeker attraction (cf., Cable and Graham 2000). Taken together, it appears that a well-known industry expertise that a country has in producing high-quality goods may also have similar affect when the employer from the same industry is evaluated by jobseekers in overseas markets.

Consumer ethnocentrism:

Consumer ethnocentrism refers to the tendency amongst some consumers to favor local products over imported products (Shimp and Sharma 1987). This selective preference stems from the belief that purchasing local products is helpful to the local economy and results in job creation, especially for industries that are vulnerable to imports. Some scholars claim that consumer ethnocentrism is indeed the root cause of the COO effect (e.g., Lee and Ganesh 1999). Consumer ethnocentrism and COO effect are intertwined such that COO is required to evoke ethnocentrism, and one of the causes for the COO effect is ethnocentrism (Chrysoschoidis, Krystallis et al. 2007). Studies have also found that highly ethnocentric

consumers evaluate products based on their origin whereas; consumers with low ethnocentric tendencies evaluate products based on the products merits (Lantz and Loeb 1996).

P1 From jobseekers' point of view, COO of an employer will have a significant impact on its attractiveness

Jobseeker ethnocentrism: We introduce this term by drawing upon the developments in Consumer ethnocentrism area and define it as A jobseeker may make a reasoned judgment to support local employers because it is good for the collective health of the economy of the country or the person may make a moral judgment that it is their duty to support local employers. Ethnocentric jobseekers may see working for a foreign employer as a disgrace, unpatriotic, immoral, or something that their 'in-group' will not approve of and jeopardize their association with the group. We anticipate this construct to have a more profound effect on business than consumer ethnocentrism because making a job choice is far more involving and complex decision than buying a TV or other consumer products.

P2 Jobseeker ethnocentrism will have a mediating negative (or positive) influence on attractiveness of a foreign employer.

Image-related factors: A strong image and reputation of the company is highly advantageous to attract high-quality jobseekers (Gray and Balmer 1998). Two image-related factors -- corporate image and brand equity are included in the model.

Corporate image: Corporate image is defined as 'the mental picture of the company held by its audience-what comes to mind when one sees or hears the corporate name or see its logo' (Gray and Balmer 1998). Gatewood, Gowan & Lautenschlager (1993) conducted a study using Fortune ratings to measure corporate reputation as perceived by jobseekers. The authors found that corporate image is not only related to attraction but also to the employment pursuit. Other studies have found that, corporate image from the perception of graduate students is influenced by seven factors: ability to attract, develop and keep talented people, financial soundness, community and environmental responsibility, innovativeness, marketing and communications, quality of management, quality of products/services (Dowling 1986; Fryxell and Wang 1994; Cramwinckel and Nelissen 1999).

Brand equity: By leveraging on brand equity elements such as publicity, sponsorship, word of mouth, and advertising, Collins and Stevens (2002) found that, brand-image plays a mediating role on the relationships between recruitment-related practices and application intentions. Cable and Turban (2003) adopted Fortune ratings as brand equity measure and found that jobseekers get attracted to organizations whose membership will induce their pride. Furthermore, they found that brand reputation serves as a cue to jobseekers for evaluation job-organization attributes. Thus, we propose that,

P3 Image-related factors will mediate the COO effect on employer attractiveness

Job-organisation factors: Earlier studies in recruitment literature have predominantly investigated job-organisation factors as means to jobseeker attraction. One of the earlier studies in this areas was conducted by Powell (1984) who found that, from a perception of jobseekers, functional attributes of job-organization such as salary, nature of work, fringe

benefits, advancement opportunities etc. were significantly found to be related to attraction and pursuit intentions. Similar results were also found by Harris and Fink (1987) in their study and by Chapman et al. (2005) in their meta-analysis of jobseeker attraction. Hence, we suggest that,

P4 Job-organization factors will mediate the COO effect on employer attractiveness

Conceptual Model

The conceptual model (figure 1) describes that COO of an employer will have a significant direct effect on employer attractiveness. However, jobseeker-ethnocentrism, image-related factors and job-organisation attributes will mediate the COO effect on employer attractiveness.

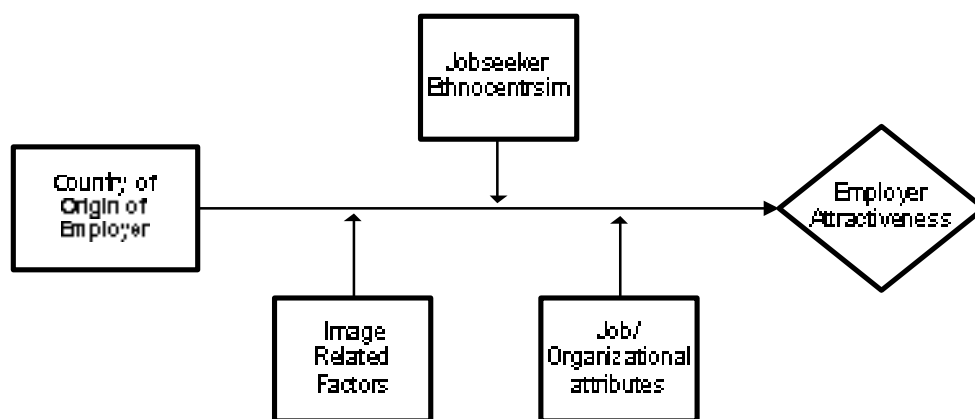


Figure1. Conceptual model of COO effects on employer attractiveness

Conclusion

A conceptual paper on country of origin effects on employer attractiveness is presented. In line with the changing trends in marketing, we argue that marketing can be effective in positioning an organisation as a valued employer. Berthon et al. (2005) in their study of employer attractiveness outlined that future investigations should evaluate what role country of origin can play in employer brands. It is this call for research that the paper has aimed to achieve. A conceptual model with four propositions based on constructs such as COO, ethnocentrism from marketing, image-related and job-organisation factors from recruitment are integrated to support our argument.

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