Country of origin, familiarity, the perceived difference and MNC attractiveness

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Abstract: Is MNC’s country of origin a factor affecting its attractiveness to potential applicants? Are MNCs from a country with a favourable image more attractive than MNCs from a country with a less favourable image? This study examined whether MNCs’ country of origin influences its attractiveness as potential employers. The findings of this study suggest that potential applicants who have positive image towards a country are more likely attracted to apply for MNCs from that country.

Keywords: MNCs’ organisational attraction; cognitive country image; affective country image; country of origin.


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COO, familiarity, the perceived difference and MNC attractiveness

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1 Introduction

“Romanians developed an idealized admiration and longing for everything that was American: from products to economic principles, and from there to their underlying values. MNCs brought the US dream closer than ever. As one of the participants put it, “we’ve been waiting for them for over 40 years, and now they finally came”. MNCs offered to their employees the opportunity to ‘emigrate’ without crossing the border: “we can now live the US life in our own country.” [Caprar, (2011), p.610]

To Romanians, US Multinational Corporations (MNCs) represent not just a company to work for; it also has a symbolic meaning. Working for US MNCs creates a sense of the US dream. US MNCs become a symbol of the US dream and US lifestyle Romanians admire and long for. Joining the US MNCs surpasses the utilitarian value of a job. A relatively unknown company from the USA may benefit from a positive country image as the mere association with the USA is positively perceived by Romanians. The country of origin or country image may help US MNCs stand out from their competitors so that they may be seen as attractive employers for prospective applicants.

Country has been considered to be a brand (Kotler and Gertner, 2002). The image of country is considered as one of many extrinsic cues, such as brand name that may become part of a product’s total image (Eroglu and Machleit, 1989). In fact, Liefeld (1993, p.144) considered a product’s country of origin as “a dominant factor in consumer choice”. Therefore, the impact of country-of-origin or country image has been one of the most researched topics in international business, marketing, and even tourism. Overall, these studies have found that consumers have significantly different perceptions of products made in different countries and that consumer evaluation and decisions can be seriously affected by a product’s country of origin (Agarwal and Sikri, 1996; Bilkey and Nes, 1982; Jaffe and Nebenzahl, 2001; Laroche et al., 2005; Nebenzahl and Jaffe, 1996; Peterson and Jolibert, 1995).
Although country of origin or country image research is well documented in many fields, to date, the relationships between country image and attractiveness as an employer have not been studied to our knowledge. Is MNC’s country of origin a factor affecting its attractiveness to potential applicants? Can the impact of the country of origin on the evaluation of product be applicable to attraction of MNC? If a MNC can be considered as a product of the country, it can be affected by the image of that country. Lampert and Jaffe (1998, p.64) suggest that “country image may be an asset when it is positive and a liability when it is negative”. Could a company originating from a particular country create intangible assets or liabilities? Are MNCs from a country with a favourable image more attractive than MNCs from a country with a less favourable image? Therefore, in this study, we will study whether MNCs’ country of origin influences its attractiveness as potential employers.

Understanding the relationships between country image and attractiveness of MNCs is important. This study can benefit both research and practice. Previous findings on the effect of the country of origin on the perceptions of the products manufactured in the country may or may not be readily applicable to the attractiveness of MNCs. We want to know whether findings of previous research regarding country of origin or country image could be extrapolated to international human resources. From a theory-building perspective, development of this research enables us to advance knowledge in country image by applying concepts learned in one field to another field. This study provides a starting point for future studies that may analyse in more detail these concepts for various countries and different contexts.

Also, this research has practical implications. With the rapid globalisation, more and more MNCs are increasingly expanding to international markets. When MNCs expand into different countries, how to recruit and hire the qualified individual to fill the positions becomes an issue. MNCs’ abilities to do that will affect their survival in that market. MNCs with the ability to recruit applicants may have competitive advantage over those which do not. This will subsequently help international firms in gaining a competitive advantage and improving their business performance. This issue becomes more relevant right now. In the past, MNCs from developed country went to developing countries or the other developed countries. Right now, MNCs are not limited to companies from developed countries. MNCs from developing countries are increasingly expanding to developed countries or other developing countries, even some hostile countries. MNCs from developing countries or so called third world countries may face negative country image. MNCs from countries with more negative country image may have difficulty to attract potential applicants from the beginning, which subsequently prevent that attract more qualified applicants have a large applicants pool. If country image does affect MNCs’ attractiveness, something beyond MNCs’ control influences its operation. MNC should find a strategy to deal such issues. If MNCs only consider firm level strategies to recruit potential employees without considering the impact of country of image, the strategy may not achieve the degree of effectiveness they expect. An understanding of the impact of country image on MNC is needed to enable MNCs to build on the positive elements of their image and address the negative.
2 Theoretical background and hypotheses

2.1 Country image

Over the last several decades, country-of-origin (COO) or country image has been intensely studied in international business, international marketing and even tourism (Al-Sulaiti and Baker, 1998; Baloglu and McCleary, 1999; Bilkey and Nes, 1982; Han, 1989; Nadeau et al., 2008; Papadopoulos and Heslop, 1993). The name of a country can often act in a similar way as the name of a brand (Olins, 2001; Anholt, 2002). A country image could influence (positively or negatively) the brands originating from that country. Consumers may rely on country image in order to infer the quality of a specific product. Overall, studies have found country image or COO affect consumers’ evaluation of products from different countries (Al-Sulaiti and Baker, 1998; Bilkey and Nes, 1982; Peterson and Jolibert, 1995) and their intention to buy products from those countries (Papadopoulos and Heslop, 2002).

There are different conceptualisations of country image that exist in the international marketing literature (Laroche et al., 2005; Papadopoulos et al., 1988, 2000). Most studies on country of origin focus on the cognitive aspects of country image (Laroche et al., 2005), which includes the beliefs about the country’s level of industrial and technological development (Laroche et al., 2005; Papadopoulos et al., 1988, 1990). Consumers may rely on the cognitive country image in order to infer the quality of a specific product. Overall, studies have found cognitive country image affect consumers’ evaluation of products from different countries (Al-Sulaiti and Baker, 1998; Bilkey and Nes, 1982; Peterson and Jolibert, 1995) and their intention to buy products from those countries (Papadopoulos and Heslop, 2002). However, as Verlegh and Steenkamp (1999, p.523) point out that “country of origin is not merely a cognitive cue for product quality, but also relates to emotions, identity, pride and autobiographical memories”. Batra et al. (2000) also suggest country of origin also have affective dimension with an emotional and symbolic meaning. Scholars suggest that it is important to consider also country emotions as part of country of origin (Nebenzahl et al., 2003; Verlegh and Steenkamp, 1999). Therefore, the impact of emotional meaning associated with country images on products has been studied extensively (Askegaard and Ger, 1998; Oberecker et al., 2008; Verlegh and Steenkamp, 1999). In this study, we consider country image to be comprised of a cognitive and an affective component. The combination of both cognitive and affective elements forms the overall image that is reflected as a positive or negative evaluation by the potential applicants.

2.2 Country of origin and organisational attractiveness

Previous studies suggested that traditional job and organisational attributes influence the degree of organisational attraction (Cable and Graham, 2000; Honeycutt and Rosen, 1997; Lievens et al., 2001; Turban and Keon, 1993). Beyond these traditional job and organisational attributes, research has suggested that a company’s overall attractiveness is affected by the applicant’s general impression toward a company such as corporate social performance, the image or reputation of a company (e.g., Belt, 1982; Fombrun and Shanley, 1990; Highhouse et al., 1999; Rynes and Barber, 1990; Turban et al., 1998; Turban and Greening, 1997). Lievens and Highhouse (2003) also found the symbolic meanings that applicants associate with an employing organisation also affect applicants’
initial attraction to this organisation. As literature suggests, early job choice could be influenced by very general information or impression (Fombrun and Shanley, 1990; Gatewood et al., 1993). The perceptions are formed based upon the information about the organisation which is available to the job seeker. The company country of origin could be one piece of such information. We argue that perceptions that respondents have of a country and their feelings towards the people of that country will affect the attractiveness of the company.

In Figure 1, we present our model of how an MNC’s home country of origin can affect its attractiveness to potential applicants. We will explore how applicants’ general perceptions of country of origin might influence the attractiveness of MNCs. We will develop our arguments supporting the model in the following discussion.

**Figure 1** Country image, familiarity, perceived similarity and MNC attractiveness

Researchers have accepted that country image includes two components, cognitive and affective (Laroche et al., 2005; Nadeau et al., 2008; Roth and Diamantopoulos, 2009; erlegh and Steenkamp, 1999). These components could provide a better understanding how country image is perceived by the respondents (Baloglu and McCleary, 1999). A cognitive country image refers to the beliefs about the country’s level of economic, industrial and technological development (Papadopoulos et al., 1988, 1990, 2000). Laroche et al. (2005) found a significant positive effect of country image on product evaluation. A country’s stage of economic development affected consumers’ evaluation of product originated from that country (Wang and Lamb, 1983; Han, 1989). Hampton (1977) suggested that consumers considered products from more developed countries less risky, compared to the same products from less developed countries. Overall, research found that consumers (in developed and less developed countries) tend to hold more positive views of product from developed countries higher than those from less developed ones (e.g., Nes and Bilkey 1993; Wang and Lamb, 1983). Even in the service industry, country image affects the service quality perceived by consumers. For example,
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Zhou et al. (2002) found that the respondents’ evaluation of service quality is significantly affected by the hotels’ country of origin.

Based on the previous country of origin research, we suggest cognitive country image is highly likely to affect potential applicant’s attraction to MNCs. Just like consumers use a product’s country of origin to infer the quality of the product from that country, a cognitive country image could be used by the applicants to infer the likelihood of working conditions and overall company quality. We argue that a more favourable cognitive country image may lead to greater applicant attraction toward MNC from that country than one with a more negative cognitive country image. Because of inability to detect true quality of the MNC, they may turn to cognitive country image to infer the quality of company. Applicants may hold distinct views of MNCs from various countries of origin. It is more likely for applicants to view developed countries more favourable than developing country or third world countries. Because country of origin or country image may serve as a signal of working conditions in the organisation and overall company quality, applicants may associate a good company or good working conditions with MNCs from a country with more advanced economic or technology development. Therefore, a more positive evaluation of a country may increase the attractiveness of the MNC from that country. With MNCs from less developed countries, it is more likely for the applicants to form a more negative attitude about the country that will subsequently reduce the attractiveness of the MNC from that country. Overall, applicants may rate MNCs from developed countries higher than those from less developed ones and applicants may perceive MNC more attractive if it has a favourable country of origin.

Prior research has found that consumers’ evaluations of a product and buying intention are not only affected by product cues such as quality and price but also by feelings or emotions associated with a brand (Batra and Holbrook 1990). For example, consumers buy luxury product not just for its utility value but also for symbolic meaning to them and to other people. Just like brand infer not only product-related attributes but also symbolic meanings, the country of origin could trigger feeling or emotion in the mind of consumers (Obermiller and Spangenberg, 1989). Therefore, country image effects need to be studied from both a cognitive and an affective dimension. Countries have strong emotional and affective connotations. The impact of emotional meaning associated with country images on products has been studied by some researchers (Askegaard and Ger, 1998; Oberecker et al., 2008; Verlegh and Steenkamp, 1999). The effect of feelings about countries has been found to be significantly correlated with consumers’ evaluation on product beliefs as well as consumers’ attitudes/willingness to buy (Knight and Calantone, 2000; Papadopoulos and Heslop, 1993; Heslop et al., 2004; Orbaiz and Papadopoulos, 2003). Klein et al. (1998) found that even though Chinese consumers had a positive view of quality of Japanese product, they were less likely to purchase Japanese products due to their animosity toward Japan. Some US consumers boycotted French wines because they did not like the way how the French Government deal with the Iraqi war (Chavis and Leslie, 2009). In addition to consumer behaviour being affected by emotion or sentiment, studies also found that managers’ decision-making could be swayed by their personal sentiment or emotion, either reasonably or unreasonably (Arikan and Shenkar, 2013; Hope et al., 2013). Hope et al. (2013) found that national pride may cause companies to pay more to acquire a foreign company. Furthermore, how managers perceive animosity between two countries could influence the chance to form strategic alliance for companies from countries with past or current conflict history (Arikan and Shenkar, 2013).
The logic can be applied here. If personal emotion or sentiment could affect consumer choice and managerial corporate decision, personal emotion or sentiment toward a MNCs’ home country might affect his or her view of MNCs from that country. Therefore, its potential influence should be taken into consideration in the research of MNCs’ attraction. Country-of-origin effects cannot be attributed solely to the signalling of working condition or company quality. The degree to which a potential job seeker is attracted to an organisation could be affected by his or her personal view about the MNCs’ home country. MNCs’ home country could be one of the relevant information accessible to potential job seeker. The mention of a particular country may trigger feelings, positive or negative, in the applicant’s mind. An affective country image refers to applicants’ affective response (e.g. liking) to the country’s people (Papadopoulos et al., 1988, 1990, 2000). If applicants have affective response to the country’s people, they may have high level of trust in those countries they like. Thus the perceived risked or uncertainty associated with working for a foreign company may be reduced. If a person likes a particular country’s people and/or has a positive emotional response toward those people, the person’s degree of work desirability with those people may increase. Therefore, Applicants may perceive MNCS from countries they have positive emotional association with as more attractive.

Applicants’ attraction to MNC not only is being affected by cognitive country image, but also by the affective evaluations for a given country. In a consumer context, Papadopoulos and Heslop (1993, p.67) state that: “overall then, good products come from countries whose industrial prowess we respect and whose people we like and admire”. Here, we argue that potential applicants may consider good companies from countries whose economic development is more advanced and whose people we like and admire. Therefore, based on above argument, we propose:

H1 A country’s cognitive country image positively influences the degree of attractiveness of companies from that country. MNCs from a country with more favourable country image will be perceived as more attractive.

H2 A country’s affective country image positively influences the degree of attractiveness of companies from that country. MNCs from a country with more favourable affective country image will be perceived as having more attractiveness.

2.3 Country familiarity

Newburry et al. (2006) found compared with domestic companies, US tend to view a company with foreign headquarter as less attractive. Working for a foreign company could mean uncertainty. Therefore, it is less attractive compared to US company. Evaluating a MNC is likely to be a complex task for someone who does not know anything about this company. In this way, familiarity with a country may lessen applicants’ uncertainty about MNCs. Learning that MNCs are from a country he or she is familiar with may be useful in this particular situation. This greater knowledge with a country might reduce the uncertainty with MNCs, which lead to more favourable company perceptions. Country familiarity could lead to more favourable company perceptions for greater country familiarity and less favourable company if familiarity with that country is low. Therefore, familiarity with a country might affect the attractiveness of its MNCs. Thus, we propose that applicants’ attraction to a company is influenced by country familiarity.
H3 The degree of familiarity with a country will affect the degree of attractiveness of a company from that country.

2.4 Country-of-origin and environmental similarity

Countries differ significantly culturally, economically and demographically. Country-of-origin evaluations could be affected by the similarity perceived by consumers with their home countries (Min Han, 1990) found that compared to products originating from countries with similar culture, the impact of country of origin would be greater from products from those countries with different cultural values. Political factors also affect how consumers favour certain foreign products. Consumers in different countries are more likely to view products from one country more positive if this country has similar political system to theirs (Wang and Lamb, 1983).

Particularly, in international human resource management, MNCs’ human resource (HR) policy and practice vary (Zaheer, 1995). Home country culture and parent companies’ HR practices have significant impact on their subsidiaries’ practices (Hayden and Edwards, 2001; Robinson, 1995), even though MNC may adjust its HR to meet host country environments (Schuler et al., 1993; Taylor et al., 1996). Potential applicants may have a hard time understanding or adjusting to foreign firms because of the HR practice or culture (Adler, 2002; Newburry, 2001). The perceived similarity between a host country and a home country may create positive bias among potential applicants, because of sharing common political, economic, and cultural system. The perceived similarity with the home country may be conducive to perceiving less risk of uncertainty and dissatisfaction with the company. Therefore, based on the above argument, we postulate that:

H4 The perceived overall similarity of two countries will affect the degree of attractiveness of a company from that country.

3 Methodology

3.1 Sample

The data were collected from a student sample from a university in the USA. Questionnaires were completed during class time under the supervision of the instructors. A total of 210 questionnaires were collected. Incomplete invalid responses were eliminated. The international students’ responses were also eliminated due to concern about their view of different countries could be different from US students. One hundred thirty-eight (138) questionnaires were usable. Both genders were almost equally represented here (51% women and 49% men). The average age was 20 years. All respondents were business major students. They already took several business courses including international business course. Therefore, they had basic knowledge of MNCs and international business. The main goal of this study is to investigate the impact of COO influence rather than company influence. Therefore, subjects were simply asked to report their views of the countries and people, their familiarity with these countries and their attractiveness to companies from the selected countries. This approach was used to minimise or eliminate the effects of company influence from selected countries. In order
to examine the COO effect, we wanted to examine the countries that differ substantially in terms of cognitive country image, affective country image, and perceived similarity with the USA the six countries that have these differing characteristics include Britain, France, Germany, Mexico, India, and China.

3.2 Measurement

This section explains how variables used in this study are measured. All the variables examined in this study were adopted from prior research as explained below. All the variables are measured using a 7-point Likert format scale. The first construct, cognitive country image was measured using three variables from the handful of studies that have addressed country-oriented beliefs including standard of living, industrialisation and economic development (Laroche et al., 2005; Orbaiz and Papadopoulos, 2003; Papadopoulos et al., 1988; Wang and Lamb, 1983). The second construct affective country image was measured using three variables from Papadopoulos et al. (1988, 2000). Most studies measure the affective dimension of country image through affective evaluations regarding the people of the country (for example, Heslop et al., 2004; Laroche et al., 2005). The role of familiarity is well-established in the literature. The survey question “how familiar are you with country X” was used for this construct. The construct perceived similarity was adapted from Mittelstaedt et al. (2004). It measures the similarity based on political, economic and cultural dimensions. The organisational attractiveness construct is defined as the degree to which a respondent would personally seek a company as an employer (Turban and Greening, 1997). Organisational attractiveness is measured by one item, by asking respondents whether working for a company from particular country is unattractive (1) to very attractive (7). Prior to testing the model, descriptive statistics for key constructs were calculated. Mean ratings of each key variable are summarised in Table 1. Reliability measures of all the scales are provided in Table 2. Table 2 only includes variables that have a value above the commonly accepted reliability threshold (.70) in all six countries. These include cognitive country image, affective country image, and perceived similarity. An initial overview of the data using ANOVA revealed that respondents do not show the same attractiveness toward companies with various origins.

<table>
<thead>
<tr>
<th>Variable</th>
<th>British</th>
<th>France</th>
<th>Germany</th>
<th>China</th>
<th>India</th>
<th>Mexico</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attraction</td>
<td>5.27</td>
<td>5.19</td>
<td>4.63</td>
<td>3.83</td>
<td>2.93</td>
<td>2.57</td>
</tr>
<tr>
<td>Cognitive COO</td>
<td>5.0821</td>
<td>5.0797</td>
<td>4.9397</td>
<td>4.6063</td>
<td>3.3647</td>
<td>2.6957</td>
</tr>
<tr>
<td>Difference</td>
<td>4.8092</td>
<td>4.3913</td>
<td>3.9638</td>
<td>2.7802</td>
<td>2.6618</td>
<td>2.8164</td>
</tr>
<tr>
<td>Affective COO</td>
<td>5.0072</td>
<td>4.6087</td>
<td>4.7874</td>
<td>5.0749</td>
<td>4.5121</td>
<td>4.3478</td>
</tr>
<tr>
<td>Familiarity</td>
<td>3.9</td>
<td>4.19</td>
<td>3.54</td>
<td>3.82</td>
<td>2.82</td>
<td>4.27</td>
</tr>
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</table>

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<tr>
<th>Variable</th>
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<th>Germany</th>
<th>China</th>
<th>India</th>
<th>Mexico</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cognitive COO</td>
<td>0.867</td>
<td>0.849</td>
<td>0.876</td>
<td>0.722</td>
<td>0.857</td>
<td>0.865</td>
</tr>
<tr>
<td>Difference</td>
<td>0.828</td>
<td>0.813</td>
<td>0.771</td>
<td>0.725</td>
<td>0.875</td>
<td>0.858</td>
</tr>
<tr>
<td>Affective COO</td>
<td>0.826</td>
<td>0.862</td>
<td>0.842</td>
<td>0.763</td>
<td>0.822</td>
<td>0.713</td>
</tr>
</tbody>
</table>
In line with results of previous research, we find that industrialised countries received higher overall evaluation than did less industrialised ones. Respondents appear to be more attractive to the company from more developed countries than less developed countries. For example, Britain is rated higher than all others on Country Image, reflecting respondents’ perceptions of it as a highly developed country, and reasonably highly on attractiveness. Conversely, Mexico is rated significantly lower than other countries on country image and attractiveness.

3.3 Results of the measurement model

The model was tested using structural equation models with latent variables, following a test to analyse the psychometric properties of the scales used to measure the latent variables.

The empirical models were first estimated for receptivity toward MNCs from each of the six different countries of origins, based on the model in Figure 1.

Table 3 Results of the overall fit of the measurement models and item loadings for six countries

<table>
<thead>
<tr>
<th></th>
<th>British</th>
<th>France</th>
<th>Germany</th>
<th>China</th>
<th>India</th>
<th>Mexico</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cognitive COO –</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>standard of living</td>
<td>0.741</td>
<td>0.694</td>
<td>0.774</td>
<td>0.404</td>
<td>0.766</td>
<td>0.738</td>
</tr>
<tr>
<td>Cognitive COO –</td>
<td></td>
<td></td>
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<tr>
<td>industrialisation</td>
<td>0.837</td>
<td>0.835</td>
<td>0.854</td>
<td>0.793</td>
<td>0.905</td>
<td>0.778</td>
</tr>
<tr>
<td>Cognitive COO –</td>
<td></td>
<td></td>
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<tr>
<td>economic development</td>
<td>0.921</td>
<td>0.922</td>
<td>0.89</td>
<td>0.896</td>
<td>0.789</td>
<td>0.962</td>
</tr>
<tr>
<td>Similarity – economy</td>
<td>0.767</td>
<td>0.761</td>
<td>0.613</td>
<td>0.443</td>
<td>0.770</td>
<td>0.75</td>
</tr>
<tr>
<td>Similarity – political system</td>
<td>0.723</td>
<td>0.772</td>
<td>0.904</td>
<td>0.850</td>
<td>0.893</td>
<td>0.859</td>
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<td>Similarity – culture</td>
<td>0.874</td>
<td>0.776</td>
<td>0.714</td>
<td>0.822</td>
<td>0.853</td>
<td>0.850</td>
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<td></td>
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<td></td>
<td></td>
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<tr>
<td>people are trustworthy</td>
<td>0.77</td>
<td>0.844</td>
<td>0.929</td>
<td>0.723</td>
<td>0.746</td>
<td>0.595</td>
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<tr>
<td>Affective COO –</td>
<td></td>
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<tr>
<td>people are hard working</td>
<td>0.764</td>
<td>0.792</td>
<td>0.673</td>
<td>0.574</td>
<td>0.756</td>
<td>0.581</td>
</tr>
<tr>
<td>Affective COO –</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>people are likeable</td>
<td>0.851</td>
<td>0.838</td>
<td>0.81</td>
<td>0.918</td>
<td>0.837</td>
<td>0.95</td>
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<tr>
<td>$\chi^2$</td>
<td>59.8</td>
<td>81.6</td>
<td>66.15</td>
<td>74.323</td>
<td>61.841</td>
<td>58.342</td>
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<td>df</td>
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<tr>
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<td>&lt; 0.01</td>
<td>&lt; .001</td>
<td>&lt; 0.01</td>
<td>&lt; 0.01</td>
<td>&lt; 0.01</td>
</tr>
<tr>
<td>NFI</td>
<td>0.949</td>
<td>0.926</td>
<td>0.942</td>
<td>0.889</td>
<td>0.935</td>
<td>0.932</td>
</tr>
<tr>
<td>NNFI</td>
<td>0.968</td>
<td>0.934</td>
<td>0.957</td>
<td>0.905</td>
<td>0.956</td>
<td>0.957</td>
</tr>
<tr>
<td>CFI</td>
<td>0.979</td>
<td>0.957</td>
<td>0.972</td>
<td>0.938</td>
<td>0.971</td>
<td>0.972</td>
</tr>
<tr>
<td>RMSEA</td>
<td>0.0692</td>
<td>0.0959</td>
<td>0.0779</td>
<td>0.0878</td>
<td>0.0721</td>
<td>0.0672</td>
</tr>
</tbody>
</table>
The first step of the data analysis was to assess the measurement model. For each of the multi-item scales, namely cognitive country image, affective country image and perceived similarity, a factor analysis using principal components with maximal likelihood rotation yielded three factors with Eigen values over 1.0. All measurement items loaded appropriately on the factors they were supposed to load. Then, confirmatory factor analysis (CFA) was used to test the fit and construct validity of the proposed measurement model within each country. All analyses employed the maximum likelihood (ML) estimation procedure of LISREL 8.54 (Joreskog and Sorbom, 2001). Results of the analysis suggest a good fit of the measurement model to the data. In the Britain case, for example, the statistics are $\chi^2 = 59.8$ for 36 degrees of freedom ($p = 0.0076$), RMSEA = 0.0692, NFI = 0.949, NNFI = 0.942, and CFI = 0.979. The measurement model displayed equally desirable goodness of fit statistics in other five countries. The results, shown in Table 3, indicate that all the factor loadings are significant at 5% and these results reflect satisfactory convergent validity. Detailed results of the overall fit of the measurement models and item loadings for six countries are presented in Table 3.

### 3.4 Results of the structural model each origin and tests of hypotheses

After an acceptable measurement model has been established, the hypothesised structural model can be evaluated. The data were used to test the theoretical model through structural equation modelling (SEM) using LISREL 8.54 (Joreskog and Sorbom, 2001). No problems were encountered in the estimation of the six models, and the goodness of fit could be termed adequate in all countries. The results are provided in Table 4.

#### Table 4  Fit and parameter estimates for structural equation model

<table>
<thead>
<tr>
<th>Country</th>
<th>British</th>
<th>France</th>
<th>Germany</th>
<th>China</th>
<th>India</th>
<th>Mexico</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cognitive COO → attraction</td>
<td>0.295 (p = 0.009)</td>
<td>0.527 (p = 0)</td>
<td>0.465 (p = 0)</td>
<td>0.287 (p = 0.01)</td>
<td>0.244 (p = 0.025)</td>
<td>0.266 (p = 0.03)</td>
</tr>
<tr>
<td>Perceived similarity → attraction</td>
<td>-0.0608 (p = 0.558)</td>
<td>0.104 (p = 0.389)</td>
<td>-0.0467 (p = 0.69)</td>
<td>0.242 (p = 0.007)</td>
<td>-0.0204 (p = 0.683)</td>
<td>0.0723 (p = 0.529)</td>
</tr>
<tr>
<td>Affective COO → attraction</td>
<td>0.278 (p = 0.009)</td>
<td>0.294 (p = 0.02)</td>
<td>0.239 (p = 0.023)</td>
<td>0.149 (p = 0.153)</td>
<td>0.148 (p = 0.22)</td>
<td>0.181 (p = 0.087)</td>
</tr>
<tr>
<td>Familiarity → attraction</td>
<td>0.329 (p = 0)</td>
<td>0.266 (p = 0.001)</td>
<td>0.101 (p = 0.288)</td>
<td>0.237 (p = 0.016)</td>
<td>0.27 (p = 0.012)</td>
<td>-0.0222 (p = 0.822)</td>
</tr>
<tr>
<td>$\chi^2$</td>
<td>58.946</td>
<td>79.564</td>
<td>65.17</td>
<td>74</td>
<td>61.75</td>
<td>54.117</td>
</tr>
<tr>
<td>Degree</td>
<td>36</td>
<td>36</td>
<td>36</td>
<td>36</td>
<td>36</td>
<td>36</td>
</tr>
<tr>
<td>P-value</td>
<td>0.0093</td>
<td>0</td>
<td>0.0021</td>
<td>0.00002</td>
<td>0.0048</td>
<td>0.014</td>
</tr>
<tr>
<td>NNFI</td>
<td>0.969</td>
<td>0.928</td>
<td>0.959</td>
<td>0.905</td>
<td>0.956</td>
<td>0.96</td>
</tr>
<tr>
<td>NFI</td>
<td>0.95</td>
<td>0.937</td>
<td>0.943</td>
<td>0.895</td>
<td>0.935</td>
<td>0.933</td>
</tr>
<tr>
<td>CFI</td>
<td>0.98</td>
<td>0.959</td>
<td>0.973</td>
<td>0.938</td>
<td>0.971</td>
<td>0.974</td>
</tr>
<tr>
<td>RMSEA</td>
<td>0.068</td>
<td>0.0658</td>
<td>0.0766</td>
<td>0.875</td>
<td>0.072</td>
<td>0.652</td>
</tr>
<tr>
<td>R-square</td>
<td>0.436</td>
<td>0.481</td>
<td>0.372</td>
<td>0.357</td>
<td>0.243</td>
<td>0.164</td>
</tr>
</tbody>
</table>
The hypothesised structural model fits all six countries very well as all fit indices fall within the recommended range. The χ² proved significant in all estimations (Britain – 58.9, France – 79.5, Germany – 65.1, China – 74, India – 61.75 and Mexico – 54 all with the degree of freedom 36). The average value of the CFI index was 0.967 (range from 0.938 – France to 0.98 – Britain). The averages of the remaining indices were slightly lower. That of the NFI index was 0.932 (minimum value 0.895 – China, maximum 0.90 – Britain) and that of the NNFI was 0.946 (minimum 0.905 – China, maximum 0.969 – Britain). The RMSEA robust index of fit did not exceed 0.08 except China (0.0875), and its average was 0.072.

Hypothesis H1 stated that the attractiveness of MNC will be positively affected by a favourable cognitive country image. That is, if respondents perceive the country positively, they will perceive MNC from that country to be more attractive. The results support this hypothesis as the path between cognitive country image and attractiveness is significant and positive in all countries. Hypothesis H2 stated that the attractiveness of MNC would be positively affected by the affective country. Specifically, when respondents have an affective attitude toward people in a specific country, they will perceive the MNC from that country as more attractive. The direct effect of affective country image on attractiveness is positive and significant in three countries (Britain, France, and Germany). In Hypothesis H3, it was predicted that familiarity with a particular country will be positively related to the attractiveness of MNC from that country. The direct effect of familiarity on attractiveness is found positive and statistically significant in four countries (Britain, France, China, and India). Finally, in hypothesis H4 it was predicted that perceived similarity between home country and the USA will be positively associated with the attractiveness of MNC from that country. The structural equation results support this hypothesis in China and Mexico.

The results of the model test for each country reveal interesting patterns of relationships. The results clearly show that respondents display different attitudes toward MNCs of various origins. A picture of divergence exists with regards to the four predictor constructs of interest across six countries. The only consistent result is that a positive link between cognitive country image and attractiveness finds support in all six countries, hence providing support for Hypothesis H1. On the other hand, affective country image has a significant influence on attractiveness in Britain, Germany, and France but is not significant in India, China and Mexico. Therefore, Hypothesis H2, postulating a positive relationship between affective country image and attractiveness is partially supported. Cognitive country image influences attractiveness in all countries regardless of the degree of economic development, whereas affective country image influences only in more developed countries, but not in less developed countries.

The direct effect of familiarity on attractiveness was found to be positive and statistically significant in four countries (Britain, France, China, and India). Perceived similarity between home country and the USA will be positively associated with the attractiveness of MNC from that country in China and Mexico. The perceived similarity is not significant in all three developed European countries. It may be due to the close tie between the USA and these three countries.
4 Conclusions and implications

The application of those findings in marketing to the attractiveness of MNC may be questioned, because of the difference between a product to purchase and a company to work for. However, the findings of this study prove that it can be applied to another field. Country image could be an asset or liability to attract an applicant to apply for a MNC because an applicant may have positive or negative bias (attitude) toward a certain country. A favourable (or unfavourable) country image may facilitate (or inhibit) the company in recruiting employees for overseas subsidiaries. People have positive associations towards the country and their people of that country are more likely to perceive MNCs from that country more attractive.

The principal contribution of the study is to provide a first understanding of the impact of country of origin on attractiveness of MNCs that had not been researched before. The results are important from theory extension perspective. Similar to prior research, the concept of country of origin can be applied to international human resource management, emotion, and work organisation. In line with existing evidence, this study provides support for the impact of country of origin, particularly cognitive country image. The model as a whole suggests that how a potential applicant perceives the MNC home country will affect the degree of attractiveness of the MNC. Our finding found that applicants’ attraction to MNC is not only being affected by cognitive country image, but also by the affective evaluations for a given country. Country image or country of origin has been suggested to induce different emotional and symbolic responses (Papadopoulos et al., 1990; Verlegh and Steenkamp, 1999). The emotions associated with MNCs’ home country cannot be ignored. Consequently, the country of origin may serve as a useful tool in future research on MNCs’ attractiveness in other settings. By understanding the country of origin in influencing MNCs’ attractiveness, this information could be vital in international recruitment. From a practical standpoint, this study should provide MNCs with greater insight concerning the potential benefits (and limitations) associated with their country of origin. MNCs could gain significant benefits from trying to identify potential applicants’ views toward their country of origin, and understand what causes such views. Therefore, MNCs should emphasise the advantages of companies to convey information to applicants about their quality. It is also important to understand how to disassociate with a negative country image. Managers must design recruiting strategies to lessen the negative image. For example, they can stress the positive sides of their country image such as its people or emphasise MNCs’ characteristic to attract potential applicants.

This study has some limitations which point to a direction for future research. First, the model was tested in the USA with six countries of origin. It only collected data from one state in one country. Future research is required to yield a more complete understanding of the phenomena surrounding country or origin for the purpose of generalisability in the countries. Data should be collected from other countries to determine whether similar results could be obtained. Replications, particularly if respondents in multiple countries can be sampled simultaneously and asked to evaluate MNCs from various countries, can be especially useful. Or test in a specific industry or across different industries. Second, the results found that affective country image has a significant impact of influence on attractiveness in more developed countries such as Britain, Germany, and France but is not significant in less developed countries such as India, China and Mexico. This could be a future research study that may consider
examining as why affective country image only influences MNCs’ attraction if they are from the more developed countries.

Second, in this study, we do not consider the impact of a specific company, only country image. Future studies must also explore whether industry will affect the impact of country image.

Also, future studies should include different variables. Countries have strong emotional and affective connotations, either positively or negatively. Other emotional variables associated with a country could be included in the studies such as overall country affinity or historical aspect of two countries. Also, we did not consider negative emotions toward specific country such as animosity and ethnocentrism. These variables might also affect the impact of country image. Depending on the researchers’ interests, future studies may also consider different combinations of national and subnational origins, or perhaps focusing specifically on regions of origin only. Improving upon these limitations presents a number of options for future studies. Future research can further explore the issues raised in this study, which are of interest to both international and domestic companies and may affect their ability to recruit the best employees in various markets.

In summary, this study is the first research to test a model of country of origin effect on attractiveness of MNCs. The choice of origins helped to provide insights on how respondents’ attitudes may vary depending on the nature of their perceived relationship with them.

References


COO, familiarity, the perceived difference and MNC attractiveness


