# Attractiveness of Japanese Firms to International Job Applicants: The Effects of Belongingness, Uniqueness, and Employment Patterns

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### Abstract

This article investigates factors related to the attractiveness of Japanese firms to international job applicants. The results of the policy-capturing study, using samples from 116 international students with 928 observations, found that Japanese workplaces that provide employees with a sense of belongingness and a sense of uniqueness in addition to having the performance-based rather than seniority-based employment patterns increase organizational attractiveness to international job applicants. We also found that the effect of uniqueness on organizational attractiveness depends on the applicant's academic qualifications, the level of language skills, and the degree of embeddedness in the applicant's community.

Keywords: organizational attractiveness, inclusion, employment patterns, Japan

Attractiveness of Japanese Firms to International Job Applicants: The Effects of

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Japan's decreasing birthrate and aging population have eroded Japanese firms' ability to hire high-quality local employees. On the other hand, the number of potential non-Japanese employees is increasing in recent years due to the Japanese government's continuing efforts to promote the country's internationalization. For example, since 2008, "a plan for 300,000 exchange students" has been promoted by the Japanese Ministry of Education to attract more international students, who will be a vital human resource for Japan (Fukushima 2016). Under this policy, there are more than 250,000 international students in Japan (JASSO 2017). Additionally, a competitive global marketplace has caused Japanese firms to operate internationally and increased the demand for attracting and hiring international talent (Allen and Vardaman 2017; Barber 1998; Choi, Woods, and Murrmann 2000; Meyskens, Von Glinow, Werther, and Clarke 2009). Because hiring the right talent is critical for organizational success and competitive advantage (Barney 1986; Chapman et al. 2005; Ehrhart and Ziegert 2005), how to attract competitive international applicants is becoming a key concern for many Japanese organizations.

Despite the importance of attracting competitive international job applicants for Japanese firms, we know little about what factors make Japanese firms more attractive to international job applicants. In fact, there are several studies on cross-cultural and comparative recruitment practices (Allen and Vardaman 2017), including comparisons of recruitment practices across countries, global recruitment strategy for multinational enterprises, diversity recruitment around the world, and so forth. Among these topics, the effect of diversity management on organizational attractiveness seems to be one of the most promising areas in the Japanese context because hiring foreign employees would increase the diversity of the Japanese workplace, which has been historically dominated by Japanese employees (Conrad and Meyer-Ohle 2017; Sekiguchi, Froese, and Iguchi 2016).

In light of these facts, this study aims to understand how Japanese firms can attract international job applicants through diversity management and by departing from the traditional Japanese employment practices that have been appreciated by Japanese employees. With respect to diversity management, we use the framework of inclusion, which is defined as "the degree to which an employee perceives that he or she is an esteemed member of the work group through experiencing treatment that satisfies his or her needs for belongingness and uniqueness" (Shore et al. 2011, p. 1265). Belongingness refers to forming and maintaining strong, stable interpersonal relationships. Uniqueness refers to maintaining a distinctive and differentiated sense of self (Shore et al. 2011). Using this framework, we examine how the degrees of belongingness and uniqueness provided by the workplace influence the organizational attractiveness among international job applicants. To the best of our knowledge, foreign employees working in Japanese firms are somewhat dissatisfied with the Japanese workplace regarding the practices of diversity and inclusion (Adecco 2017). Therefore, focusing on the effect of inclusion in a recruitment context (e.g., organizational attractiveness) would make meaningful contributions to Japanese firms' human resource management. In addition, we examine whether the use of traditional Japanese employment patterns in Japanese firms influences organizational attractiveness.

This study also aims to understand whether the influences of diversity management and employment patterns in Japanese firms differ according to the characteristics of international job applicants. This perspective is theoretically and practically critical because understanding how the individual differences of international job applicants moderate the effects of diversity management and employment patterns would enable Japanese firms to attract specific applicant groups, such as those who are highly competitive. Specifically, we

focus on the qualifications of international job applicants (university rank and language skills) and the applicants' non-work situation (the degree of embeddedness in the community) as potential moderators in the applicant recruitment process. By doing so, this study aims to contribute to the literature on Japanese human resource management to understand what factors make Japanese firms attractive to international applicants, especially those who are competent and will stay in the organization for a long time.

Using the samples of international students in Japan, this study shows that the degrees of belongingness and uniqueness provided by the workplace and performance-based employment pattern are important organizational characteristics used to attract international job applicants. In particular, applicants from highly ranked universities and/or with excellent language skills are more likely to be attracted to the company if its workplace provides a high degree of uniqueness. On the other hand, international job applicants who are highly embedded in their community in Japan are relatively less sensitive to the degree to which a workplace provides a sense of uniqueness. With these new findings, this study contributes to the literature on human resource management by providing a deeper understanding of the effects of diversity management and the employment pattern on organizational attractiveness and by identifying the contingency factors (i.e., applicant characteristics) that influence these effects. This study thus provides practical implications for Japanese firms and other multinational companies (MNCs) that want to recruit competent international applicants.

# THEORETICAL BACKGROUND

#### **Organizational Attractiveness**

Organizational attractiveness in our research context is defined as interest in an organization as a potential employer and the probability of pursuing employment opportunities and is the most immediate objective of the early stages of recruitment (Allen, Mahto, and Otondo 2007, p. 1700). Organizational attractiveness is critical in the earliest

stage of recruitment, and important for overall organizational recruitment practices and the success of an organization (Allen et al., 2007; Barber 1998; Ehrhart and Ziegert 2005).

Substantial research has attempted to investigate the antecedents of organizational attractiveness, and previous research has mainly focused on seven categories: job characteristics, organizational characteristics, recruiter behaviors, recruitment process, perceived fit, perceived alternatives, and hiring expectancies (Uggerslev, Fassina, and Kraichy 2012). In this study, we focus on organizational characteristics as the determinants of organizational attractiveness because scholars indicate that organizational characteristics may influence job applicants' initial attraction to firms, and also influence the type and number of applicants (Barber and Roehling 1993; Rynes 1991). In addition, we are interested in attracting international job applicants to Japanese firms in general, regardless of the types of jobs. In this regard, organizational characteristics are the most essential factor that influences organizational attractiveness. Previous research has demonstrated that applicant attraction is heavily influenced by organizational characteristics (Uggerslev et al., 2012), such as organizational culture (Catanzaro, Moore, and Marshall 2010; Judge and Cable 1997), human resource systems differences (Bretz and Judge 1994), corporate social performance (Greening and Turban 2000; Jones, Willness, and Madey 2014), or flexible work arrangements (Thompson, Payne, and Taylor 2015). However, in today's workplace, hiring foreign employees contributes to workplace diversity. Therefore, examining the effect of diversity management on organizational attractiveness to international applicants seems to be important.

#### **Inclusion in the Workplace**

In the recent diversity management literature, researchers have paid increasing attention to the concept of inclusion. Based on the optimal distinctiveness theory (Brewer 1991), inclusion is defined as the degree to which an employee perceives that he or she is an esteemed member of the workgroup through experiencing treatment that satisfies his or her needs for belongingness and uniqueness (Shore et al. 2011, p. 1265). The literature focusing on inclusion has pointed out many possibilities for desirable outcomes, such as a high level of job satisfaction among employees (Mor Barak, Cherin, and Berkman 1998; Mor Barak and Levin 2002). For example, several studies demonstrate that organizations with an inclusive environment have a lower turnover rate and higher organizational commitment (Hwang and Hopkins 2012). Additionally, several studies have shown that workgroup inclusion positively affects organizational commitment and individual well-being and that is especially contributes to the creation of an employee-friendly environment for minority groups, such as women or employees who have a disability (Findler, Wind, and Mor Barak 2007; Novak, Feyes, and Christensen 2011).

Despite the importance of inclusion, the practice of inclusion in Japan is limited. According to a survey conducted by Adecco Group, foreign employees who work in Japanese firms indicate that diversity and inclusion practices are not advanced in the Japanese workplace, resulting in racial discrimination (39.0%) and gender discrimination (43.3%) existing (Adecco 2017). In addition, more than 70% of respondents feel that their career opportunities are limited because they are foreigners. Therefore, foreign employees in Japan may be dissatisfied by the Japanese workplace because they might not feel being included as insiders (i.e., a low level of belongingness) and being not allowed to show who they are (i.e., a low level of uniqueness).

Most of the previous studies on inclusion have focused on outcomes of the posthiring stage rather than the recruitment stage (e.g., high-quality relationships with group members and supervisors, intention to stay, creativity, and organizational citizenship). Considering that recruitment is the primary process for attracting potential employees and that consists of organizational activities with the purpose of identifying and attracting

potential employees (Barber 1998), the practice of inclusion as one of the important organizational characteristics would also influence organizational attractiveness. Therefore, research is needed to examine the role of inclusion in the recruitment context.

#### Japanese Employment Systems

Generally, typical Japanese employment systems are recognized by long-term employment and pay raises based on age and seniority, which have contributed tremendously to Japan's post-war economic development (Moriguchi 2014). Long-term employment refers to the practices through which employees evenly hold long tenure in their jobs and have fewer changes in employment. Pay raises with age and seniority mean that the average wages of blue- and white-collar workers show a pronounced raise year by year up to the mandatory retirement age. In view of these two characteristics, the stability of employees is greatly guaranteed over a long period.

Although some scholars claim that traditional Japanese employment patterns, such as the seniority-based system, have been eroded and that Japanese firms are increasingly using a contingent workforce, long-term employment and seniority-based payment for core workers are both still prevalent in Japan (Endo, Delbridge, and Morris 2015; Houseman 1995; Kalleberg 2000; Keizer 2011; Ono 2018). For example, although many Japanese firms learned from Western firms and adopted performance-based pay systems in the 1990s (Yamamoto 2006), pay differentiation among employees within firms remains limited (Yanadori 2018). In addition, the performance-based employment pattern emerged as a management fashion and did not cover younger employees (Sekiguchi 2013). Furthermore, the performance-based pay system plays a tiny role in determining production workers' pay (Aoki, Delbridge, and Endo 2014). Therefore, seniority still plays a critical role in pay and promotion decisions in most Japanese firms (Lehmberg 2014).

The role of Japanese-style management has become an active area of conjecture and debate for scholars and journalists (Beechler and Yang 1994). Many Japanese multinational firms have successfully made the transition from domestic to globally competitive firms, and scholarly attention has shifted from Japanese management in Japan to the issue of how Japanese firms manage their overseas operations and whether they can adjust their Japanese-style management in a foreign environment (Sekiguchi et al., 2016). In this regard, several studies indicate that due to cultural dissimilarities, Japanese employment systems need to be adjusted to suit the local environments abroad (Beechler and Yang 1994; Maharjan and Sekiguchi 2017).

On the other hand, given that the number of foreign employees in Japan has increased and is expected to swell in the future, it is obvious that the diversity of labor sources is also gradually developing in the domestic Japanese context. To manage and work with diversity, the practice of inclusion has been considered as a focal frame (Ferdman 2014). Organizations can benefit from the practice of inclusion because it may permit and elicit individuals' full contributions to the collective (Ferdman and Sagiv 2012). Therefore, the effects of belongingness and uniqueness as the two dimensions of inclusion in the recruitment context (e.g., organizational attractiveness to international job seekers) are necessary. Nevertheless, studies on the employment of foreign employees in Japan have mostly focused on post-employment issues, such as the satisfaction of foreign employees and their acceptance of Japanese employment systems (Maki, Ebisuya, and Sekiguchi 2015; Moriya 2009). Given that recruitment also contributes to workforce diversity, it is definitely necessary to explore whether Japanese employment systems attract international job applicants in the domestic context.

#### HYPOTHESES DEVELOPMENT

The focus of our investigation is how the sense of belongingness and uniqueness and employment patterns provided by the workplace attract international job applicants to Japanese firms, with the expectation that these variables will have strong impacts on applicants' attraction to these firms. Additionally, we predict the moderating effects of three individual characteristics, namely university rank, language skills, and community embeddedness, on the relationship between organizational characteristics and organizational attractiveness. Our research model is depicted in Figure 1.

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Insert Figure 1 about here

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#### **Belongingness and Uniqueness**

In the Japanese workplace, the number of foreign employees is small, and they are considered to be minorities, while Japanese employees who dominate the workplace are considered to be majorities. One of the most significant problems in this situation is exclusion (Nishii 2013; Shore et al. 2011). To clarify, this means that foreign employees may feel excluded because of cultural differences, language barriers, and potential discrimination by Japanese employees. In particular, past research suggests that foreign employees are more likely to be explicitly or implicitly excluded from job opportunities, decision-making processes, and human resource investments (Mor Barak 2016). Therefore, inclusion in the workplace is especially critical to attracting and retaining foreign employees.

According to optimal distinctiveness theory, foreign employees have two basic but often contradictory needs. On the one hand, foreign employees may have a strong need to be included and recognized along with local employees, despite their differences. This is related to the sense of belongingness that employees feel in the workplace. On the other hand, foreign employees also have a strong need to be valued because of their uniqueness or

differences compared with local employees. In such an environment, foreign employees can fully be themselves and do not have to give up their cultural features or perspectives. This is related to the sense of uniqueness. Inclusion in the workplace can simultaneously address individuals' need to be included (a sense of belongingness) and to be distinct (a sense of uniqueness), and we predict that international job applicants have strong needs for both dimensions. Therefore, the workplace that provides a sense of belongingness and a sense of uniqueness is more attractive to international job applicants. We thus hypothesize the following:

**Hypothesis 1a:** The degree of belongingness provided by the workplace is positively related to the attractiveness of Japanese firms to international job applicants.

*Hypothesis 1b:* The degree of uniqueness provided by the workplace is positively related to the attractiveness of Japanese firms to international job applicants.

## **Employment Patterns**

An organization's employment patterns can be used to describe and differentiate organizations to job applicants (Bretz, Ash, and Dreher 1989; Turban and Keon 1993). We propose that compared with the seniority-based employment pattern, the performance-based employment pattern would be more attractive to international applicants. In many cases, international workers have no permanent residential status in the host country and seek overseas employment without sponsorship from any firm or institution in their home nation (Ang, Van Dyne, and Begley 2003). In addition, many international workers only hold temporary work visas, and their employment duration is limited. Therefore, their career needs tend to be more short-term-oriented than those of local employees who can stay in their home countries as long as they want. In this situation, compared with the seniority-based employment pattern, in which long-term employment is assumed, the performance-based employment pattern would provide foreign employees more opportunities to receive career benefits in the short term. In addition, one aspect of the performance-based employment pattern is the extent to which pay is based on job performance. Compared with local employees, pay may be more important for foreign employees because a high level of pay can help them overcome the challenges of living in foreign countries (Botero 2014). Therefore, we predict that international job applicants are more attracted to organizations with performance-based rather than senioritybased employment patterns.

*Hypothesis 2:* The performance-based employment pattern rather than the seniority-based employment pattern increases the attractiveness of Japanese firms to international job applicants.

#### **Applicant Characteristics as Moderators**

In general, organizations do not want to attract all sorts of job applicants. For example, organizations want to attract only job applicants who are competent and have great potential for contributing to organizational performance. The main purpose of Japanese firms in recruiting international students is to acquire competitive international human resources (DISCO 2015a). Organizations also want to attract job applicants who will stay in the organization for a long period. According to a survey conducted by Ernst & Young ShinNihon LLC, 93.5% of the responding companies hope that their foreign employees will work for them as long as possible (EYSN 2015). In reality, however, 71.5% of the foreign employees quit their jobs in less than 5 years, and only 12.3% of them work for more than 10 years (EYSN 2015). Given the above facts, it is important to consider the characteristics of international job applicants and to investigate how the differences in such characteristics influence the effects of belongingness, uniqueness, and employment patterns on the attractiveness of Japanese firms.

In this study, we focus on the qualifications of international job applicants, using the ranks of the universities at which they study as an indicator of intelligence and their language skills as an indicator of communication skills. In Japan, companies tend to pay attention to educational background, as individuals from top-tier universities are regarded as highly intelligent and having excellent learning abilities (Nagano 2007). In this way, university rank is an important qualification for job applicants in Japan. On the other hand, according to a survey conducted by DISCO Inc., the most important attribute that Japanese firms look for when hiring international students is communication skills (DISCO 2015a). Japanese firms demand that international students have Japanese and English skills because they need foreign employees to engage in domestic and overseas business. In addition, we also focus on the degree to which international job applicants are attached to or embedded in the community in which they live (community embeddedness). This is because scholars have demonstrated that individuals with high community embeddedness are less likely to leave organizations (Lee et al. 2004; Mitchell and Lee 2001). Therefore, we focus on these three applicants' characteristics-university rank, language skills, and community embeddedness-as moderators in our theoretical model.

*University rank and language skills.* While the qualifications of job applicants can be evaluated by such factors as grade point average (GPA) and work experience (Carlson, Connerley, and Mecham 2002; Collins and Han 2004; Rynes and Barber 1990), they are not good indicators in Japan, especially for hiring fresh graduates who constitute the majority of the labor market in Japan (Moriguchi 2014; Morishima 1995; Peltokorpi and Froese 2016). Instead, we choose the ranking of universities that the job applicants belong to or graduated from as one important characteristic of qualified applicants because previous studies have

indicated that university rank is positively related to students' academic ability and selfconfidence (Light and Strayer 2000). We choose language skills as another indicator of qualified international job applicants because one of the most critical issues raised by Japanese firms in the international employment context is language problems (Quality of Life 2012).

Regarding the relationship between belongingness and uniqueness as two dimensions of inclusion, the optimal distinctiveness theory suggests that the needs to belong and be unique are often in conflict with each other—belongingness is generally associated with "being the same," whereas uniqueness is generally associated with "being different" (Shore et al. 2011). We therefore predict that competent international job applicants, such as those from highly ranked universities and/or with high language skills, have a stronger need to be unique to demonstrate their abilities and make significant contributions to the organization, even if they have to sacrifice the need to belong. In other words, we predict that competent job applicants will be less sensitive to belongingness and more sensitive to uniqueness.

Regarding the belongingness dimension, international job applicants from highly ranked universities tend to have high self-confidence (Light and Strayer 2000) and believe that they have the ability to attain goals independently, becoming more likely to achieve success in an organization (Ehrhart and Ziegert 2005). Likewise, in the multinational environment, individuals who have high language skills are more likely to obtain resources and have more chances to experience learning opportunities (Neeley 2013; Neeley, Hinds, and Cramton 2012; Peltokorpi and Vaara 2014; Tenzer and Pudelko 2017). Therefore, individuals who have high language skills are more likely to believe that they can be successful in an international environment. From these perspectives, belongingness may be

less important for these competent applicants because they may think that they have abilities to achieve goals without strong interpersonal relationships through belongingness.

On the contrary, international job applicants from highly ranked universities and/or with high language skills may be more attracted to a workplace that allows employees to show their uniqueness. Turban and Keon (1993) suggest that individuals who have a favorable self-evaluation are more likely to be attracted to organizations that allow individuals to participate in important decisions. A workplace that provides a high degree of uniqueness is more likely to allow individuals' voices to be heard and appreciated (Mor Barak 2000; Randel et al. 2017). Therefore, we expect that international applicants from highly ranked universities and/or have high language skills will be more sensitive to uniqueness.

Additionally, international job applicants from highly ranked universities and/or with high language skills will be more attracted to performance-based employment than seniority-based. Cable and Judge (1994) propose that individuals with high self-efficacy tend to believe that they are capable of high performance, and they are more attracted to environments that reward individuals' skills and performance. Therefore, international applicants who are from highly ranked universities and/or who have high language skills should be more attracted to performance-based employment, which links their high performance to rewards. Consistent with this perspective, Turban and Keon (1993) suggest that individuals who are more confident in their abilities are more attracted to companies that reward individual performance. Based on the discussion thus far, we hypothesize the following:

*Hypothesis 3a:* The effect of belongingness on organizational attractiveness is weaker for international job applicants from highly ranked universities and/or with high language skills.

*Hypothesis 3b:* The effect of uniqueness on organizational attractiveness is stronger for international job applicants from highly ranked universities and/or with high language skills.

*Hypothesis 3c:* The effect of performance-based employment on organizational attractiveness is stronger for international job applicants from highly ranked universities and/or with high language skills.

*Community embeddedness*. Community embeddedness reflects the degree to which individuals are attached or embedded in the community where they live (Mitchell et al. 2001; Ng and Feldman 2012). Community embeddedness consists of three dimensions: fit, links, and sacrifices (Mitchell et al. 2001). Community fit is the extent to which individuals' needs and interests fit in with a community; community links refer to connections with people in the community, and community sacrifices refer to what the individual gives up when leaving a community (Mitchell et al. 2001; Ng and Feldman 2012; Ramesh and Gelfand 2010). Research shows that individuals with high community embeddedness are less likely to leave organizations (Lee et al. 2004; Mitchell and Lee 2001). In general, foreign employees are more likely to quit jobs than local employees, and voluntary turnover is a serious problem for organizations. Therefore, Japanese firms may want to pay attention to the degree of community embeddedness among international job applicants to retain them for longer periods.

Many international job applicants have completed their studies in Japan or are about to graduate from Japanese educational facilities. Some will be highly embedded in the community they live in and therefore do not want to leave Japan. In these cases, these individuals want to be hired by a company in Japan. Therefore, international job applicants who are highly embedded in their community are more concerned about their community and less concerned about workplace characteristics, which makes them relatively insensitive to

the degree of belongingness and uniqueness in the Japanese workplace. Aside from this, we expect that international applicants who are highly embedded in their community will be less attracted to the performance-based employment pattern: as international applicants who are highly embedded in the community, they have a strong desire to stay in Japan for a long time and are therefore more likely to be attracted to Japanese firms that can provide long-term job security with seniority-based employment pattern. Thus, we hypothesize the following:

*Hypothesis 4a:* The effect of belongingness on organizational attractiveness is weaker for international job applicants who are highly embedded in their community.

Hypothesis 4b: The effect of uniqueness on organizational attractiveness is weaker for international job applicants who are highly embedded in their community.
Hypothesis 4c: The effect of performance-based employment on organizational attractiveness is weaker for international job applicants who are highly embedded in their community.

#### **METHOD**

#### **Design and Procedure**

To test our hypotheses, we used a within-subject and between-subject policycapturing design. A policy-capturing study presents respondents with scenarios containing carefully manipulated variables and examines the effects of these variables on implicit judgments by asking participants to make choices for each scenario (Aguinis and Bradley 2014). As one of the experimental methodologies, the policy-capturing design has advantages in that it facilitates strong causal inferences between manipulated variables and dependent variables (Cable and Graham 2000). Additionally, because this method captures the respondents' decision policies indirectly using regression-based techniques, it is more resistant to socially desirable responses than other methodologies (Tomassetti, Dalal, and

Kaplan 2016). In this policy-capturing study, participants were instructed that they would play the role of a job-seeker in Japan, and they were provided descriptions of hypothetical companies. Specifically, after receiving the experimental material, the participants read: "*Imagine yourself as if you are now searching for a job. The career center in your university recommends nine different Japanese firms as potential employers to which you can apply. From the next page, you will see each company's description and part of the results of the employee survey.*" Based on the hypothetical companies' descriptions, participants rated the attractiveness of each company as a potential employer. As within-subject variables, the levels of belongingness, uniqueness, and employment patterns were manipulated in the description of hypothetical companies at two levels (low and high for belongingness and uniqueness, and performance-based or seniority-based employment). Participants were provided all possible combinations of these three factors (i.e.,  $2 \times 2 \times 2 = 8$ ) in addition to one replication profile, as explained later. As between-subject factors, the information about participants' university, language skills, and degree of community embeddedness were obtained through the questionnaire.

#### **Participants**

The participants in our study were invited using the snowball sampling technique in Japan (Etikan, Alkassim, and Abubakar 2015). Using this technique, we first invited dozens of international graduate students to participate in an anonymous survey. After they finished the survey, we asked them to post an electronic survey link on their social network sites, where users had an existing network of classmates, friends, and acquaintances with which to share information. This snowball sampling technique is deemed appropriate in our study because access to the study population (i.e., international students) was less easy in Japan than to the Japanese student population. It is also less costly to collect this type of specific sample than with using other techniques, such as hiring research companies. Indeed, the number of international students compared with Japanese students is quite small, such that the proportion of international students to the total number of students for most Japanese universities is less than 10% (Benesse 2018). Nonetheless, we believe that our sample represents the population of our study because 62.9% of respondents clearly indicated that they plan to work in Japan after graduation, and the remaining respondents had not decided their career plan, but indicated that they would also possibly search for a job in Japan.<sup>1</sup>

There were 136 initial participants in this study. Data from 16 participants were excluded due to low consistency for the different questions of the same stimuli or due to skipping some basic questions. Additionally, the data of two Japanese respondents and two international students who were exchange students in Japan (who will not work in Japan in the future) were excluded. Given these constraints, the final sample consisted of 116 individuals. Because each participant evaluated hypothetical companies with all eight possible combinations of three factors, we had a total of 928 observations ( $116 \times 8 = 928$ ). The number of participants in our study was considered to be appropriate because policy-capturing studies can usually yield larger effect sizes than more traditional survey research designs (Aiman-Smith, Scullen, and Barr 2002). Indeed, a relatively small number of participants is not uncommon in policy-capturing studies (Karren and Barringer, 2002), e.g., fewer than 100 participants (Olsen and Martins 2016).

Of all participants, 37.9% were male, and 62.1% were female. Their average age was 26.1 years. Their home countries were as follows: 57.8% were from China, 9.5% from Taiwan, 5.2% from South Korea, 3.4% from Spain, 2.6% from the USA, and others were from Argentina, Australia, Brazil, Burkina Faso, Canada, Germany, India, Lithuania, Mali, Norway, Philippines, Russia, Singapore, and Slovakia. As for their educational experience in

<sup>&</sup>lt;sup>1</sup> According to a survey conducted by DISCO Inc., 94.1% of responding foreign students (about half of whom were graduate students) indicated that they wanted to work in Japan after graduation (DISCO 2015b).

Japan, 16.4% had studied in Japan for less than 1 year, 50.9% had studied in Japan for 1 to 3 years, 19.0% had studied in Japan for 3 to 5 years, and 13.7% had studied in Japan for more than 5 years. The majority (97.4%) were social science and liberal arts majors, and 2.6% were science majors. In addition, 79.3% were grad students and 20.7% were undergraduate students; 53.5% were from national universities, 44.8% were from private universities, and 1.7% were from public universities.

The fact that the majority of the participants in our study were from Asian countries is reflective of real demographics in Japan. According to a survey by the Immigration Bureau of Japan (2017), 95.5% of the international students working in Japan after graduation were from Asian countries, with 2.4% from Europe and 1.2% from North America. In particular, the percentage of students from China is the highest at 56.8%, followed by Vietnam (12.8%), Korea (7.3%), Nepal (6.0%), and Taiwan (3.5%).

#### **Development of Company Profiles and Manipulations**

We created the hypothetical company profiles following Aguinis and Bradley (2014). As stated, we manipulated the levels of belongingness and uniqueness provided by the workplace as two dimensions of inclusion and whether the employment pattern was seniority-based or performance-based. The cues of belongingness and uniqueness were developed using a literature review on inclusion (e.g., Jansen, Otten, Van der Zee, and Jans 2014). The items for the belongingness cue included the following: (1) "This company gives them the feeling that they belong," and (2) "This company treats them as insiders rather than as outsiders." The items for the uniqueness cues included the following: (1) "The employees say that this company allows them to be who I am" and (2) allows them to "to present myself the way I am." The employment pattern cues included were seniority-based or performance-based. These cues were presented as incumbent employees' comments so that even those who had not worked in the hypothetical company could understand the company's nature of

diversity management and employment patterns. In addition, to ensure that the participants clearly understood our manipulation cues, we presented the scenarios in both written and graphical forms. A sample description used in this study is shown in the Appendix.

Regarding the number of hypothetical company profiles each participant evaluated, the two levels of belongingness and uniqueness and two differential employment patterns were completely crossed, resulting in eight  $(2 \times 2 \times 2)$  different company descriptions (i.e., an orthogonal cue design). One replicated description was included to assess judgment reliability, bringing the total number of profiles to nine. These descriptions were shown to participants in a random order. In addition, to avoid possible ordering effects for belongingness and uniqueness, we changed the order of these dimensions in the descriptions so that half of the participants read the descriptions in which the degree of belongingness was shown first, and the other half of the participants read the descriptions in which the degree of uniqueness was shown first.

To check the realism of our company profiles and the appropriateness of the experimental material in general, we conducted in-depth interviews with 15 international students. Some interviewees suggested that we create a Chinese version of the experimental material in addition to an English version because a large number of international students in Japan are Chinese, and they could thus more easily and accurately understand the research material. Therefore, we created a Chinese version of the experimental material using the translation-back translation procedure (Brislin, Lonner, and Thorndike 1973). Furthermore, we conducted a pilot study with ten graduate school students at a university to check whether the manipulated cue levels generated the desired perceptions. As a result of the pilot study, we revised some problematic phrases and ambiguous words in the experimental material. For example, we revised the instructions so that participants paid more attention to the cues presented in each company's profile.

#### Measures

*Organizational attractiveness.* We measured organizational attractiveness using the three-item scale developed by Aiman-Smith et al. (2001). These items were, "For me, this company would be a good place to work," "I am interested in learning more about this company," and "A job at this company is very appealing to me." The scale was a 7-point Likert-type measure (1 = *strongly disagree*, 7 = *strongly agree*), and Cronbach's alpha was .95.

*University rank.* We measured university rank using the evaluations of Japanese universities published by the Benesse Corporation (Benesse 2017). This comprehensive ranking is based on an average of four items: educational resources, educational satisfaction, educational results, and the extent of internationality.

*Language skills.* We measured international students' language skills using two dimensions: English proficiency and Japanese proficiency. English proficiency was measured using Test of English as a Foreign Language (TOEFL) score, and Japanese proficiency was measured by the level of Japanese-Language Proficiency Test (JLPT), both of which were reported by the participants. When a student's Test of English for International Communication (TOEIC) score was reported instead of the TOEFL score, we converted the TOEIC score to the TOEFL score using publicly available information.

*Community embeddedness.* We measured community embeddedness using the sixitem scale developed by Crossley et al. (2007). Sample items were, "I simply could not leave the community that I live in" and "I feel attached to this community." The scale was a 7-point Likert-type measure (1 = strongly disagree, 7 = strongly agree), and Cronbach's alpha was .87.

#### RESULTS

We conducted hierarchical linear modeling (HLM) to test our hypotheses (Bryk and Raudenbush 1992; Garson 2012). HLM allows for simultaneous analysis of withinsubject and between-subject variances. In our HLM analysis, Level 1 was the level of the within-subject analysis, where the dependent variable (organizational attractiveness) was regressed onto the independent variables (belongingness, uniqueness, and employment patterns). Level 2 was the level of the between-subject analysis, where the intercept and slope coefficients of the Level 1 equation were regressed onto the moderators (university rank, language skills, and community embeddedness).

A summary of means, standard deviations, and a correlation matrix of variables used in our study are presented in Table 1. The overall reliability of judgment across participants was assessed using replication profiles. The correlation between the original company description and the replicated description was .74, which was considered to be acceptable. Data for the replication profiles were eliminated from the original data for subsequent hypotheses testing.

Insert Table 1 about here

We performed four models to test Hypotheses 1-4, and the results of these models are presented in Table 2. Model 1 was the Level 1 analysis that only included the main effects, which are belongingness, uniqueness, and employment patterns. The results indicate a positive effect of the extent of belongingness ( $\beta = 1.70$ , p < .001) and uniqueness ( $\beta = 1.66$ , p < .001) on organizational attractiveness. In addition, the seniority-based employment pattern ( $\beta = -0.67$ , p < .001) was negatively related to organizational attractiveness. Therefore, hypotheses 1a, 1b, and 2 were supported. These three factors explained about 75.1% of the within-subject variance in organizational attractiveness. The variations in the

intercept and slope coefficients in the Level 1 analysis were significant ( $\chi^2 = 495.87$ , p < .001;  $\chi^2 = 404.20$ , p < .001;  $\chi^2 = 344.99$ , p < .001; and  $\chi^2 = 231.65$ , p < .001, respectively).

Insert Table 2 about here

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Next, we added the applicant characteristics of university rank, language skills, and community embeddedness to create Model 2, Model 3, and Model 4, respectively. The results indicate that the moderating effects of university rank, language skills, and community embeddedness on the effects of belongingness and employment patterns on organizational attractiveness were not significant. Therefore, Hypotheses 3a, 3c, 4a and 4c were not supported. On the other hand, there were significant moderating effects of university rank, language skills (English proficiency), and community embeddedness on the relationship between the degree of uniqueness and organizational attractiveness (t = 3.08, p < .01; t =2.44, p < .05; t = -3.34, p < .001, respectively). The moderating effect of Japanese proficiency was not significant but was in the hypothesized direction (t = 1.72, p = .09). University rank, language skills (Japanese and English proficiency), and community embeddedness explained 10.0%, 10.4%, 12.2% of the between-subject variance of the slope for uniqueness, respectively. Graphical illustrations of the significant moderating effects are shown in Figures 2, 3, and 4, where the directions of the moderating effects were consistent with the hypotheses-that is, the results indicate that the effect of uniqueness on organizational attractiveness is stronger for those who are from highly ranked universities and who have high language skills, while the relationship is weaker for those who are highly embedded in their community. Therefore, the results generally support Hypotheses 3b and 4b.

Insert Figure 2 about here Insert Figure 3 about here Insert Figure 4 about here

#### DISCUSSION

Given the increasing importance of hiring foreign employees in Japan, this study investigated factors related to the attractiveness of Japanese firms to international job applicants. Specifically, we examined the effects of belongingness and uniqueness provided by the workplace and the employment patterns regarding whether pay and promotions are seniority-based or performance-based on the attractiveness of Japanese firms to international job applicants. We also investigated the moderating effects of job applicant characteristics, which included applicant qualifications (university rank and language skills) and a non-work factor (community embeddedness). Several important findings were obtained from our policy-capturing study, which had 116 participants with 928 observations.

Our results suggest that the degree of belongingness and uniqueness provided by the workplace significantly increases Japanese firms' attractiveness to international job applicants. Additionally, our results indicate that performance-based employment pattern is more attractive to international applicants than seniority-based. With respect to the moderating influences of job applicant characteristics, our results suggest that competitive international job applicants—those from highly ranked universities and/or who have high language skills—are more likely to be attracted by the workplaces that provide a high degree of uniqueness. On the other hand, the effect of uniqueness on organizational attractiveness is

weaker for international job applicants who are highly embedded in their community in Japan. We did not find the moderating effects of job applicant characteristics regarding the effects of belongingness and employment patterns on the attractiveness of Japanese firms to international job applicants. One possible explanation is the study's relatively small sample size.

### **Theoretical Contributions**

Our study offers several significant contributions to the theory of organizational attractiveness and Japanese human resource management. First, to the best of our knowledge, this is the first study that theoretically connected the sense of belongingness and the sense of uniqueness—the two dimensions that characterize diversity and inclusion practices—to organizational attractiveness in the context of recruiting international students in Japan. This study also theorized the role of job applicant characteristics as contingency factors that influence the effects of belongingness and uniqueness on organizational attractiveness. The significant findings that support some of our hypotheses provide a deeper understanding of how and for whom the specific forms of diversity management practices increase organizational attractiveness to international job applicants. We also developed the theoretical argument and provided empirical support that Japanese firms with a performancebased employment pattern are more attractive to international job applicants than those with a seniority-based employment pattern. By discussing the characteristics of international job applicants and using such characteristics to theorize the effects of employment patterns on organizational attractiveness, our theory and findings provide an understanding for why international job applicants tend to prefer the performance-based employment pattern rather than the seniority-based employment pattern when evaluating the attractiveness of firms.

Although not originally hypothesized, our findings also highlight the notable contrast between the belongingness and uniqueness dimensions of inclusion in attracting

international job applicants. That is, our findings indicate that, although the effect of uniqueness depends on the applicants' academic qualifications, level of language skills, and degree of embeddedness in their community, the effect of belongingness on organizational attractiveness seems universal across all types of international applicants. This finding may reflect an experimental study by Walton and Cohen (2007), which showed that compared to majority people in the workplace, the sensitivity of belongingness was more pronounced than that of uniqueness among minority people in the workplace. As mentioned, the perception of being accepted (sense of belongingness) may be especially critical for foreign employees because they can easily feel excluded. Besides, we did not find the moderating effect of applicant characteristics on the effect of employment patterns on organizational attractiveness, showing the possibility that the performance-based employment pattern is more attractive than the seniority-based employment pattern to international job applicants, regardless of their individual differences. Caution has to be taken, however, as the nonsignificant findings on some of our moderating hypotheses might also have been caused by the low statistical power due to a small sample size. Thus, future research is needed to further investigate the moderating influence of job applicant characteristics.

## **Practical Implications**

Our study also has several practical implications for Japanese firms that want to hire competent foreign employees. As has previously been discussed, hiring more qualified international job applicants could deepen the extent of Japan's workplace diversity, which is critical for organizational success and competitive advantage (Chapman et al. 2005; Ehrhart and Ziegert 2005). These Japanese firms can strategically use our findings to attract more competent international job applicants.

First, our findings suggest that creating an inclusive work environment could affect the quantity of international job applicants. Specifically, belongingness and uniqueness,

which are two dimensions in the inclusive framework, are important. In particular, we suggest that the sense of uniqueness in the workplace (affirming personal value and allowing employees to develop their personal strengths) may require more effort and attention since it is beneficial for attracting more competent international job applicants. As described earlier, findings from a recent survey indicate that diversity and inclusion practices are not advanced in the Japanese workplace, which leads to foreign employees' dissatisfaction with the workplace (Adecco 2017). Japanese firms may not be motivated to improve their diversity and inclusion practices unless they are certain that these practices will contribute to firm performance. In this regard, our findings provide evidence that promoting an inclusive workplace improves the effectiveness of recruiting foreign employees by increasing organizational attractiveness, with a stronger emphasis on promoting uniqueness to attract highly competent international job applicants.

Second, we demonstrated that the seniority-based employment pattern is less likely to be attractive for international job applicants compared with the performance-based employment pattern, which is more accepted in the international employment context. As described, even though a large number of Japanese firms have superficially adopted performance-based employment, such an employment pattern does not cover all employees (Sekiguchi 2013; Yanadori 2018). These findings on the importance of performance-based employment to attract international job applicants raise a question about the current situation of Japanese human resource management. To attract more international applicants, can Japanese firms establish true performance-based employment and emphasize it in the recruitment stage? It may still take time to create a more performance-based employment context in Japanese firms because seniority-based employment is still appreciated by many Japanese employees. Consequently, it may be necessary for Japanese firms to find an optimal balance between these two employment patterns.

Third, as noted by this study, individuals who are more highly embedded in their community in Japan will attach less importance to the extent of uniqueness in the workplace. During the recruitment process, Japanese firms can take this into account and pay attention to the level of community embeddedness among international job applicants so that they can hire foreign employees who are less likely to quit. Moreover, we suggest that it is necessary for Japanese firms to achieve a balance to attract Japanese and international job applicants because they may have different demands and preferences for their workplaces.

Finally, our findings highlight the importance of inclusion (belongingness and uniqueness) in the recruitment context not only for Japanese firms, but also MNCs in general as they face challenges (e.g., management of knowledge, global pressure) and the "war for talent" around the world (Björkman, Barner-Rasmussen, and Li 2004; Michaels, Handfield-Jones, and Axelrod 2001; Venaik, Midgley, and Devinney 2005). In addition, conflicts and discrimination in the workplace are more likely occur in MNCs, as they have employees with different backgrounds (Gelfand, Nishii, Raver, and Schneider 2005). Moreover, cultural and language differences can be perceived as challenging issues among employees, which might interfere with forming trust (Tenzer, Pudelko, and Harzing 2014). Therefore, although future research should examine whether our findings also apply to non-Japanese firms such as MNCs operating in Japan, providing a sense of belongingness and uniqueness by MNCs can be critical to attracting competent job applicants, regardless of gender, nationality, race, or ethnicity.

## **Limitations and Future Research**

This study has several limitations that can provide avenues for future research. Some of these limitations pertain to the use of the scenario-based policy-capturing methodology as an experimental design. Although policy-capturing is an excellent method to test causality because of the use of a controlled environment and to avoid social desirability

biases from respondents through indirect estimations of judgment policies, it generally lacks external validity or realism. In this study, we used written descriptions of hypothetical companies to illustrate the work characteristics, and we kept the descriptions short to avoid possible fatigue among study participants. However, this could have caused a lack of sufficient information about the companies that the participants evaluated for their attractiveness. For example, we did not specify the nature of job in the descriptions of hypothetical companies. That said, conventional manufacturing firms, such as plastic/rubber product production, and strategy consulting firms have very different job characteristics and career prospects, and such differences might influence the effects of our study variables on organizational attractiveness in real-life situations. Therefore, future research could replicate and extend our findings using more sophisticated experimental methodologies to increase realism and examine other variables. Future research could also employ different methodologies, such as surveys and qualitative methods, to provide more external validities to extend our findings.

Because one of the most significant findings of this study is the moderating effects of international job applicant characteristics on the relationship between work characteristics and attractiveness of Japanese firms, future research could further investigate other job applicant characteristics that may influence the way Japanese firms attract these applicants. For example, future research could examine the effect of international job applicants' cultural background, such as individualism versus collectivism, and high versus low power distance. Future research could also focus on personality traits and other skills that international job applicants have, such as extraversion, political skills, and emotional intelligence.

Future research could examine other organizational characteristics that can affect Japanese firms' attractiveness to international job applicants. For example, companies that provide higher initial wage levels might be more likely to attract international job applicants

because, in general, the initial wage level in Japan is low, especially among young employees (Miyamoto 2002), and initial wage levels may be more important for foreign employees who often travel internationally, such as visiting their hometowns. The possibility of international assignments might be another factor that is important for organizational attractiveness to international job applicants, as the most frequent reasons for foreign employee turnover in Japanese firms are "back to the home country" (52.4%) and "career development" (33.7%), according to a recent survey (DISCO 2015a). Offering international assignments opportunities provides foreign employees both the chance to return to the home country and career development, which could contribute to the attractiveness of the firm to international job applicants.

Last but not least, because we did not compare international and Japanese job applicants in this study, whether the findings from our sample of international job applicants are significantly different from potential findings for Japanese job applicants remains unanswered. Therefore, future research could compare and contrast international and Japanese job applicants in regard to the factors contributing to the attractiveness of Japanese firms. If the factors are similar for the two types of applicants, Japanese firms might be able to implement the practices enumerated in this study to increase organizational attractiveness relatively easily. If there are sharp differences between the two types of applicants and their interests are in conflict with each other (e.g., their preference for seniority-based versus performance-based employment pattern), Japanese firms should consider how to balance such conflicts to attract the best talent from both international and Japanese job applicant pools.

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#### Table 1

Variable	Mean	SD	1	2	3	4
Level 1						
1. Belongingness	.50	.50	-			
2. Uniqueness	.50	.50	.00	-		
3. Employment pattern <sup><i>a</i></sup>	.50	.50	.00	.00	-	
4. Applicant attraction	3.50	1.81	.47***	.46***	19***	-
Level 2						
1. University rank	70.43	17.21	-			
2. Language skill: Japanese proficiency	5.10	1.62	07	-		
3. Language skill: English proficiency	93.12	17.68	.41***	11	-	
4. Community embeddedness	2.41	.80	23	.04	.04	-

#### Means, Standard Deviations, and Correlations

*Note.* Level 1 N = 928; Level 2 N = 116; For language skill, Level 1 N = 688, Level 2 N = 86 due to the missing values for the language proficiency test score. <sup>a</sup> The performance-based employment pattern = 0; the seniority-based employment pattern = 1. \*\*\* p < .001 \*\* p < .01 \* p < .05.

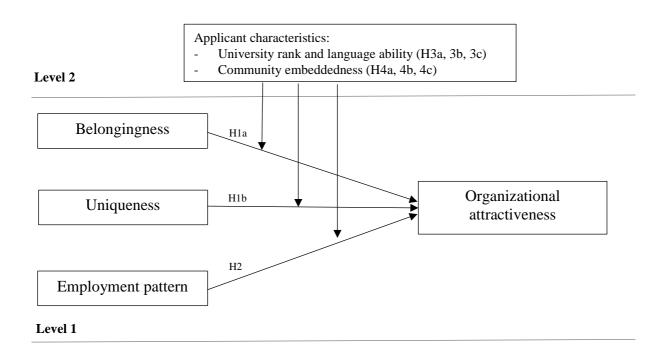
Variable	Parameter estimate	Parameter estimate	Parameter estimate	Parameter estimate Model 4		
	Model 1	Model 2	Model 3			
Level 1						
Intercept	2.15***	$2.79^{***}$	4.23***	1.34***		
Belongingness	$1.70^{***}$	$1.71^{***}$	$1.75^{*}$	1.77***		
Uniqueness	1.66***	0.43	-0.27	$2.64^{***}$		
Employment pattern <sup>a</sup>	-0.67***	-0.24	-1.53*	-0.66*		
Level 2						
University rank (Ur.)						
Ur. $\times$ Intercept		-0.01				
Ur. $\times$ Belongingness		-0.00				
Ur. $\times$ Uniqueness		$0.02^{**}$				
Ur. $\times$ Employment pattern		-0.01				
Language skills						
- Japanese proficiency (Jp.)						
Jp. $\times$ Intercept			-0.17			
Jp. × Belongingness			0.00			
Jp. $\times$ Uniqueness			0.12			
Jp. $\times$ Employment pattern			0.07			
- English proficiency (Ep.)						
Ep. $\times$ Intercept			-0.01			
Ep. $\times$ Belongingness			-0.00			
Ep. $\times$ Uniqueness			$0.02^{*}$			
Ep. $\times$ Employment pattern			0.00			
Community embeddedness (Ce	.)					
Ce. $\times$ Intercept				$0.34^{*}$		
$Ce. \times Belongingness$				-0.03		
Ce. $\times$ Uniqueness				$-0.40^{***}$		
Ce. $\times$ Employment pattern				-0.00		
Chi-square	495.87***	$488.70^{***}$	351.88***	474.42***		

#### Table 2 Hierarchical Linear Modeling Results for Organizational Attractiveness

*Note.* Level 1 N = 928; Level 2 N = 116; For Model 3, Level 1 N = 688, Level 2 N = 86 due to the missing values for the language proficiency test score. <sup>a</sup> The performance-based employment pattern = 0; the seniority-based employment pattern = 1. \*\*\* p < .01 \* p < .01 \* p < .05

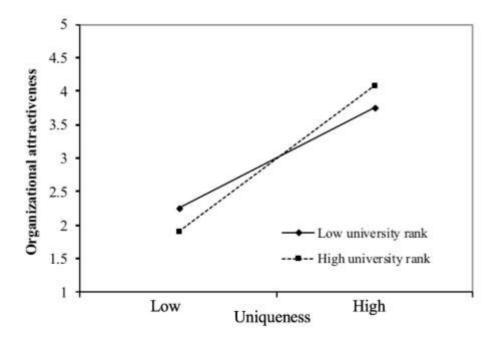
# Figure 1

# **Overall Hypothesized Model**



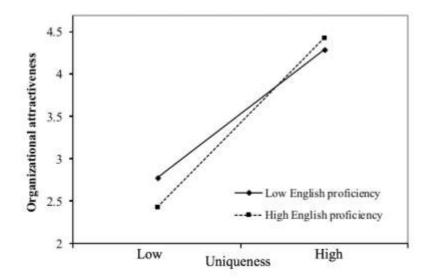
# Figure 2

Interaction between uniqueness and university rank on organizational attractiveness



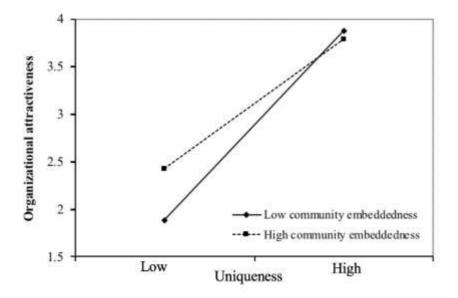


Interaction between uniqueness and language skills on organizational attractiveness



# Figure 4

Interaction between uniqueness and community embeddedness on organizational attractiveness



#### Appendix

# Sample Description of an Employer (The Case of High Belongingness, High Uniqueness, and Seniority-Based Employment Pattern)

Employees in this company say that <u>this company gives them the feeling that they belong and</u> <u>treats them as insiders rather than outsiders.</u> In addition, the employees say that <u>this company allows</u> <u>them to be who I am or to present myself the way I am</u>. Regarding the employment pattern, <u>the salary</u> <u>and promotion in this company are associated with the length of service (seniority)</u> rather than performance base.

Below are the results of the employee survey that confirm this information.

Strongly Disagree					Strongly Agree		
1. This company gives me the feeling that I belong.	1	2	3	4	5	6	7
2. This company treats me as an insider.	1	2	3	4	5	6	7
3. This company allows me to be who I am.	1	2	3	4	5	6	7
4. This company allows me to present myself the way I am.	1	2	3	4	5	6	7
Pe	Performance-based					Seniority-based	
5. The criteria for the salary and promotion in this company are	1	2	3	4	5	6	7