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l'image du pays d'origine pour les entreprises internationalisées**
**Comprender la capacidad de la marca de los empleados y los impactos
de la imagen del país de origen para las empresas internacionalizadas**

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Article abstract

This article focuses on understanding the role of employee branding capability (EmpBCap) in leveraging country-of-origin image (COI) as a firm resource. Drawing from the resource-based theory and signalling theory, we identify that EmpBCap enhances COI as a country-specific advantage (COI-CSA). Three sets of data were gathered, with 1,060 observations of executives working within internationalised Portuguese and Brazilian firms. Using psychometric procedures and SEM, the findings show that EmpBCap capability is an antecedent of COI-CSA and exerts an indirect effect on firm performance. The article extends previous research on COI from the supplier perspective by addressing calls for COI management research and provides further knowledge on internal brand management.

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Understanding employee branding capability and country-of-origin image impacts for internationalised firms

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Comprender la capacidad de la marca de los empleados y los impactos de la imagen del país de origen para las empresas internacionalizadas

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ABSTRACT

This article focuses on understanding the role of employee branding capability (EmpBCap) in leveraging country-of-origin image (COI) as a firm resource. Drawing from the resource-based theory and signalling theory, we identify that EmpBCap enhances COI as a country-specific advantage (COI-CSA). Three sets of data were gathered, with 1,060 observations of executives working within internationalised Portuguese and Brazilian firms. Using psychometric procedures and SEM, the findings show that EmpBCap capability is an antecedent of COI-CSA and exerts an indirect effect on firm performance. The article extends previous research on COI from the supplier perspective by addressing calls for COI management research and provides further knowledge on internal brand management.

Keywords: Country-of-Origin Image; Country-Specific Advantage, Capabilities, Employee Branding Capability, Resource-based Theory, Signalling Theory

Résumé

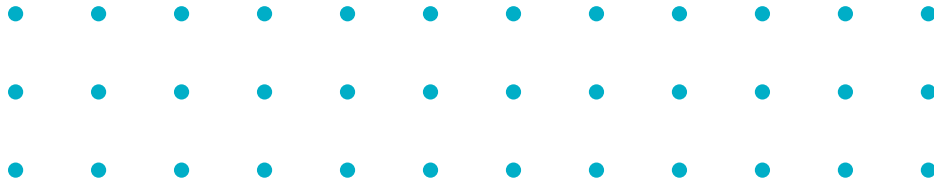
Cet article vise la compréhension du rôle de la capacité de branding des employés (EmpBCap), comme ressource de l'entreprise, dans l'amélioration de l'image du pays d'origine (IPO). En nous appuyant sur la perspective de la théorie des ressources et celle du signal, nos résultats démontrent que la EmpBCap améliore l'IPO comme avantage spécifique au pays (IPO-ASP). Nous avons collecté et analysé trois jeux de données, comprenant au total 1 060 observations de dirigeants œuvrant au sein d'entreprises internationalisées basées au Portugal et au Brésil. À l'aide de procédures psychométriques et d'analyse structurelle des équations simultanées, les résultats montrent que la EmpBCap est un antécédent du IPO-ASP et exerce un effet indirect sur la performance globale de l'entreprise.

Mots-clés : Image du pays d'origine, Avantage spécifique au pays, Capacités, Capacité de branding des employés, Théorie des ressources, Théorie du signal

Resumen

Este artículo se enfoca en comprender el papel de la capacidad de marca del empleado (EmpBCap) en la explotación de la imagen del país de origen (IPO) como un recurso estratégico de la empresa. Basándonos en la teoría de los recursos y la teoría de la señalización, identificamos que EmpBCap potencia la IPO como una ventaja específica del país (IPO-VEP). Se recolectaron tres conjuntos de datos, con un total de 1.060 observaciones de ejecutivos que trabajan en empresas internacionalizadas con sede en Portugal y Brasil. Mediante el uso de procedimientos psicométricos y análisis estructural de ecuaciones simultáneas, los resultados muestran que la capacidad EmpBCap constituye un antecedente de la IPO-VEP y ejerce un efecto indirecto sobre el desempeño de la empresa.

Palabras Clave: Imagen del país de origen, Ventaja específica del país, Capacidades, Capacidad de marca de los empleados, Teoría de los recursos, Teoría de la señalización



In 2016, the Brazilian cosmetics firm Natura opened a new store in the Marais neighbourhood in Paris. The *Maison Natura Brasil* sought to attract consumers by engaging their different senses to experience a journey through Brazilian biodiversity (Casas, 2019). Natura relies on elements from its country-of-origin image (COI) to distinguish itself from international competitors (Čirjevskis, 2021; Jones & Pinho, 2007). The process of using COI as a firm resource might have started when Natura realised (in line with the consumer behaviour perspective) that COI features can be used by consumers in the buying process as a signal not only of the product level (Eroglu & Machleit, 1989) but also of the brand level (Lim & O'Cass, 2001). Hence, from the supplier perspective (Zeugner-Roth & Bartsch, 2020), COI started to be recognised as a distinguishing resource (Cuervo-Cazurra *et al.*; Eddleston *et al.*, 2019; Mukherjee *et al.*, 2021; 2018; Newbury, 2012) exploitable by firms—within the brand capability—in their international strategy, which has been conceptualised by previous studies as country-of-origin image as a country-specific advantage (COI-CSA; Suter *et al.*, 2018; 2021).

Not surprisingly, other firms have been using COI elements to exploit their country image as a country-specific advantage, aiming at enhancing their international competitiveness (Chattopadhyay *et al.*, 2012; Kumar & Steenkamp, 2013) through the use of COI features in their brands (Zeugner-Roth & Bartsch, 2020), such as textual and visual elements, natural resources and cultural resources related to a country (Suter *et al.*, 2021). This is the case with brands such as Cath Kidston (UK retailer that uses red double-deck buses and British landscapes), Le Slip Français (uses French flag colours and 'made in France') and Twinings (emphasises its British origins and links with the United Kingdom by using the Royal Coat of Arms on its tea package).

Nevertheless, it has been observed that firms can articulate other resources to enhance the centrality of their provenance in their international strategies. Natura, for instance, also relies on employee branding (Miles & Mangold, 2004) to train its employees to reinforce the brand (Piehler *et al.*, 2016; Punjaisri & Wilson, 2011), conveying COI values by highlighting country-specific advantages, such as the use of natural resources and raw materials from Brazil and selling the Brazilian 'joy of life' (Suter *et al.*, 2018) when building customer relationships (Saini *et al.*, 2022). In this way, Natura sheds light on the role of the employees to leverage COI-CSA (Melewar *et al.*, 2012). Employees play an important role as messengers in communicating brand value propositions and promises (Piehler *et al.*, 2016). Employees are essential during brand-building processes (particularly in business-to-business transactions and retail/service industries) as they develop relationships with different actors and influence customer perceptions and buying behaviour (McClellan & Collins, 2011), shape brand meaning (Melewar *et al.*, 2012; Sirianni *et al.*, 2013) and develop symbolic ties with the brand (Saleem & Iglesias, 2016; Santos-Vijande *et al.*, 2013).

The employee is an essential firm resource that requires further examination in developing and consolidating the brand (Löhndorf & Diamantopoulos, 2014; Melewar, *et al.*, 2012; Murillo & King, 2019). While previous research demonstrates that a variety of human resource management (HRM) and internal branding practices have a positive impact on a firm's brand success (Aurand *et al.*, 2005; Punjaisri & Wilson, 2011), the mechanisms that lead employees to internalise and disseminate brand information have yet to be investigated (Karanges *et al.*, 2018), especially related to COI. There is a lack of research linking branding, HRM and COI to the brand strategies of internationalised firms. HRM and COI literature has extensively examined these issues on an individual basis: COI (Diamantopoulos *et al.*, 2017; Lopez & Balabanis, 2021; Lu *et al.*, 2016; Thøgersen *et al.*, 2020; Zeugner-Roth & Bartsch, 2020); internal branding and marketing (Löhndorf & Diamantopoulos, 2014; Murillo & King, 2019) and HRM capability (App & Büttgen, 2016; Barney, 2014; Day, 2014). In this way, it is paramount to ask and identify: What is the role of employees in leveraging COI-CSA and increasing the firm's performance?

We argue that the way in which employees are engaged and prepared to talk about a brand and its values (COI in this study) can enhance COI as a brand resource. The main thesis of this investigation is that firms need to develop an employee branding capability (EmpBCap) to increase the effect of COI-CSA. Three sets of data were gathered for this investigation, with 1,060 observations of executives working within internationalised Portuguese and Brazilian firms. We connect branding, HRM and COI literature to brand strategies of internationalised firms using the resource-based theory (RBT) and signalling theory. To ground the theoretical reasoning of EmpBCap as a predictor of COI-CSA, we drew from the RBT (Barney, 1991) and signalling theory (Spence, 1973). We conceptualised EmpBCap as the efforts made by the firm to implement a set of communication practices embedded within training and development (T&D) processes that are developed with employees to ensure that they internalise (understand, comprehend) and disseminate the brand values to internal and external audiences. We assert that EmpBCap can leverage the benefits generated by the incorporation of COI features as a firm resource (Suter, 2018) because employees have the responsibility of delivering on brand promises to customers (Piehler *et al.*, 2016) and exerting an effect on brand authenticity (Fritz *et al.*, 2017). The firm must first develop the EmpBCap through a set of practices and activities to ensure that employees internalise and communicate that value proposition (Kapferer, 2012; Miles & Mangold, 2004; Punjaisri & Wilson, 2011; Sirianni *et al.*, 2013). Signalling theory (Connelly *et al.*, 2011; Spence, 1973) explains how training can help employees to internalise brand values that contribute to the overall brand strategy (Karanges *et al.*, 2018; Kirmani & Rao, 2000). Based on signalling elements, there is a need to develop EmpBCap to enhance the use of COI as a brand resource, and we argue that employees play a pivotal role in the internalisation (receiver) and dissemination (signaller) of COI signals (Crouch *et al.*, 2020; Miles & Mangold, 2004).

The article contributes to management scholarship in different ways. First, it extends previous research on COI from the supplier perspective by demonstrating that EmpBCap is a predictor of COI-CSA and verifying the impact of COI-CSA on firm performance (Roth & Diamantopoulos, 2009; Samiee *et al.*, 2021; Suter *et al.* 2021). In addition, the article contributes to the understanding of the mechanisms used by firms to lead employees to internalise and disseminate brand information (Karanges *et al.*, 2018). Finally, it provides researchers with EmpBCap as a new measurement scale, thereby addressing calls from previous studies for valid brand-specific measures in internal brand management (Löhdorf & Diamantopoulos, 2014) and origin management (Josiassen & Harzing, 2008). For practitioners, the article shows the need for cross-functional brand efforts that include marketing, brand and HRM managers. The implementation of EmpBCap should be carefully developed to avoid an automatic or inauthentic behaviour of employees in their interactions with customers.

Theoretical background

COI-CSA relevance for internationalised firms

The COI-CSA construct has its roots in COI literature. In this article, rather than analysing the interplay between the image of a specific country, its products, brands, location of design and manufacture, and the impact on international consumer behaviour (Eroglu & Machleit, 1989; Koromyslov *et al.*, 2013; Lim & O'Cass, 2001; Lopez & Balabanis, 2021; Thøgersen *et al.*, 2020), we investigate COI from the supplier perspective (Zeugner-Roth & Bartsch, 2020). We argue that COI can be more than just a product/brand cue. We defend COI as a brand resource, given that it exerts an effect on a firm's reputation and its international strategy (Cuervo-Cazurra *et al.*, 2018; Mukherjee *et al.*, 2021; Munjal *et al.*, 2018; Newbury, 2012).

The development of research in COI from a firm perspective is increasing. Scholars observed that firms created processes to benefit from their COI, aiming to incorporate COI features into their brand strategies (Herstein *et al.*, 2014; Zeugner-Roth & Bartsch, 2020), and began to investigate it as a firm resource. COI features are further incorporated into brand strategy to add value to products and differentiate them through specific product/market positioning (Baker & Ballington, 2002) and sets of communication tools (Lopez & Balabanis, 2021; Zeugner-Roth & Bartsch, 2020). Such examples include the Brazilian flipflop brand Havaianas (Magnusson *et al.*, 2019), which emphasises the value and links with its origins using statements such as 'made of Brazilian summer'. Similarly, the Danish brewer Carlsberg group stresses 'the Danish way' on its label for the product brand Carlsberg (Hatch & Schultz, 2017), whilst the Dutch airline KLM uses an animation inspired by Delft Bleu art to communicate on-board safety procedures.

The arguments and examples presented reinforce the view of previous research (Suter *et al.*, 2018) that utilised the RBT principles (Barney, 1991; Barney & Wright, 1998) to defend COI as a firm resource. According to Suter *et al.* (2018, p. 48), COI is valuable because its features can be used in the brand-building process of internationalised firms to reinforce the brand and product image through the marketing mix and can add value to the brand and products through specific associations. COI is rare and intangible when properly articulated through the organisational capabilities and the organisation's brand by using each dimension of COI's textual and visual elements and natural and cultural resources in a differentiated fashion (Suter *et al.*, 2018). It then constitutes

a resource not only because of the complexity of its implementation and management by the firm but also because it is hard for the competition to imitate. This means that a firm internalises country-specific elements of COI and explores them through the brand capability to create an advantage; hence, the term 'country-specific advantage' (CSA; Rugman & Verbeke, 2002). Following this reasoning, the use of COI can go beyond being just a product/brand cue (Eroglu & Machleit, 1989) and can become an advantage only when COI attributes are incorporated and articulated through a brand strategy.

Previous research on COI-CSA has identified antecedents of COI-CSA – capability in marketing communication and the firm's country self-image (Suter *et al.*, 2018; 2021). However, the body of knowledge still lacks mechanisms to manage COI (Josiassen & Harzing, 2008) and other capabilities required to leverage COI to its full potential for the firm, such as investigations identifying the mechanisms that lead employees to internalise and disseminate brand information (Karanges *et al.*, 2018).

Employee branding capability

Employees are a resource that represents an important source of information and a vital point of contact with consumers (Kapferer, 2012). Firms can achieve greater advantage when employee actions and brand values are boosted by each other (Aurand *et al.*, 2005), as brands give employees direction and meaning (Berger-Remy & Michel, 2015). Brands are formed 'by the words and deeds of employees' (Berger-Remy & Michel, 2015, p. 31). In fact, employees can 'make or break the company's brand, and, ultimately, the company's results' (Sartain, 2005, p. 89), and thus, they should be factored into plans for brand development and subsequent operationalisation of COI brand values.

The efforts made by firms to communicate a brand with COI features are enhanced when the firm combines HRM and internal branding mechanisms (Punjaisri & Wilson, 2011) to internalise the firm's identity via different processes (Edwards & Edwards, 2013). In this case, HR practices include training and employee development processes as well as communication practices that send signals to employees about brand value and also shape expectations for long-term support and rewards, helping to foster higher employee engagement and commitment (Bal *et al.*, 2013; Klein *et al.*, 2012). These processes encourage employees to be aligned with, aware of and trained to deliver the brand promise (Piehler *et al.*, 2016; Sirianni *et al.*, 2013).

Given the relevance of mobilising employees to deliver the brand promise and satisfy consumers (Saleem & Iglesias, 2016), scholars in both the branding and HRM fields have been investigating the interplay between brand and employees (Saini *et al.*, 2022). As a result, two different but complementary concepts have emerged: employer branding—focused on actions to attract, motivate and retain prospective and current employees; and employee branding (used interchangeably with internal branding)—actions taken and processes put in place to promote the brand to employees, educate them on brand values and encourage them to embody/communicate the brand, particularly when they are interacting with customers (Aurand *et al.*, 2005; Saini *et al.*, 2022). In this article, we focus on the latter concept—employee branding—which is also known as internal branding. Employee branding can potentialise symbolic associations of employees with the brand (Iyer *et al.*, 2021). Therefore, we argue that the importance given by the firm to ensure that employees are engaged and prepared to talk about a brand and its values—COI in this study—can enhance COI as a brand resource. This requires firms

to develop the capability to implement the process by which employees internalise the desired brand image and become motivated to convey the brand image to customers and other organisations (Miles & Mangold, 2004, p. 68); we define this as the employee branding capability (EmpBCap).

Following the concept that capability is the coordination and articulation of resources and routines to a specific purpose (Helfat *et al.*, 2007; Helfat & Peteraf, 2003), we conceptualise the EmpBCap by building on the definitions of employee branding from Miles and Mangold (2004), Aurand *et al.* (2005) and Santos-Vijande *et al.* (2013) and ground the concept on the idea defended by Borgerson *et al.* (2009) that employees play an important role in co-creating the brand. EmpBCap is defined as the efforts made by the firm to implement a set of communication practices embedded within T&D processes that are developed with employees to ensure that they internalise (understand, comprehend) and disseminate the brand values to internal and external audiences. For that, firms use joint efforts from HRM and marketing managers to create, develop, implement and verify that employees are fully aware of the COI values that are relevant to the brand. EmpBCap facilitates the development of employees as brand agents and, therefore, is a firm capability that is built on a heterogeneous and complex path and is expensive for others to imitate (Barney, 2014; Srivastava *et al.*, 1998), develop, alter (Aaker & Joachimsthaler, 2000), substitute or acquire in the market (Barney, 1991, 1995).

Communication practices developed through T&D that are focused on brand awareness are central to the implementation of EmpBCap, as this leads to 'personified organisational commitment' (Glaveli & Karassavidou, 2011, p. 2915) and prompts employees to feel valued (Klein *et al.*, 2012). T&D focused on the relevance of COI as a resource to the firm can make employees aware of the COI brand values that should be conveyed as well as engage them in feeling that they are part of the branding process. Efforts made by the firm to implement communication practices and T&D to build the EmpBCap might include: a) training employees (sales force) to explain to customers the aspects related to the firm's COI features; b) transmitting information to employees on the importance of COI features used by the firm during sales; c) motivating employees to speak about the specificities of COI features incorporated by the firm; d) recognising the importance of employees in the transmission of information to customers about COI features; and e) valuing the cultural understanding that employees have of the firm's country of origin (Miles & Mangold, 2004; Punjaisri & Wilson, 2011; Punjaisri *et al.*, 2009).

Hence, the RBT grounds the rationale that employees are resources and EmpBCap a firm capability, but it does not explain the internalisation and dissemination processes of COI values by employees. According to De Chernatony *et al.* (2006), for employees to deliver the brand promise, they need to accept and internalise the brand values to express them in interactions within the firm and with customers. Therefore, we apply signalling theory to justify the relevance of communication and training practices in turning employees into COI brand agents. Signalling theory has been used to explain that firms have the ability through their HRM practices to send important signals and symbolic and cultural cues about the values of the firm, thereby shaping different stakeholder expectations (Martin & Cerdin, 2014). At the same time, this theory has been used by marketing scholars to explain brand signalling (Erdem *et al.*, 2006; Erdem & Swait, 2001; Karanges *et al.*, 2018; Kirmani & Rao, 2000; Rao *et al.*, 1999) as it helps us to better understand the processes used by firms to convey information to other

parties (Rahman *et al.*, 2018). Thus, we rely on signalling theory to explain how firms can influence employees and how employees can be a pivotal element to build COI-CSA.

Signalling theory and employee branding capability

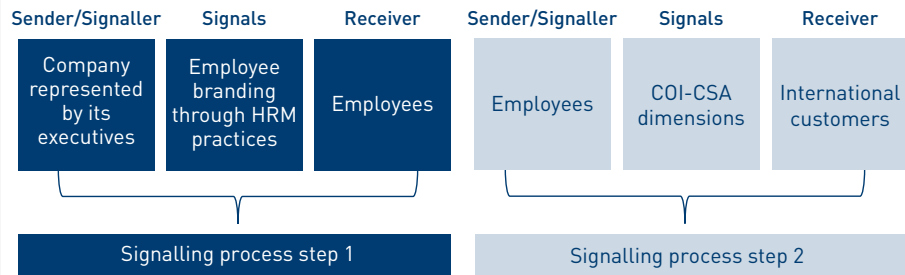
Signalling theory (Spence, 1973) highlights the need for different parties (employees, consumers/industrial buyers, competitors and suppliers) to have information to make informed decisions. It focuses attention on how individuals or firms transfer unobservable qualities, such as COI values, through observable signals (Jean *et al.*, 2021) and 'observable characteristics' (Spence, 1973, p. 357) in compensating for information asymmetries (Karanges *et al.*, 2018; Kirmani & Rao, 2000). Such information asymmetries can relate to an unawareness of the other party's characteristics or a concern with the behavioural intentions of another party (Stiglitz, 2000). Thus, this theory argues that the use of signals can reduce the information asymmetry between two parties (Spence, 1973), such as firm-employees and employees-customers.

The signalling process encompasses three key elements, namely the signaller (sender), the signal and the receiver (Connelly *et al.*, 2011). The signaller is the actor that sends the signal (Stevens & Makarius, 2015). Signals are considered 'observable characteristics attached to the individual that are subject to manipulation by him' (Spence, 1973, p. 357). Signals are also understood as sets of information about the firm, including brand features and values—such as COI cues (Crouch *et al.*, 2020)—that are conveyed to other actors (receivers) to de-codify and interpret the signals to make decisions (Mukherjee *et al.*, 2018). Signalling theory enables an analysis of elements within the signalling process and the relevance played by EmpBCap in the use of COI as a brand resource.

Internal branding and HR practices are central to EmpBCap (Saini *et al.*, 2022) since they are influenced by the brand values and the credibility of brand signals (Punjaisri & Wilson, 2011; Wilden *et al.*, 2010). We argue that the internal communication, whether written, personal/verbal or symbolic (Karanges *et al.*, 2018), and training practices can be viewed as signals that help foster stronger relationships with employees and subsequently help employees to internalise and convey COI values in their daily interactions with both internal and external customers (Haggerty & Wright, 2010; Punjaisri & Wilson, 2011).

The parties involved in the development of the EmpBCap are the firm (represented by its senior executives and managers) and the employees (working in more operational areas and interacting with customers). The signalling process is initiated by the firm as represented by its executives. The signals are comprised of internal communication and training practices related to the internalisation of COI brand values that are transmitted to employees who receive these signals (see Step 1, Figure 1). Employees are expected to receive, interpret and internalise these values (Karanges *et al.*, 2018) by decodifying and understanding the role they play in developing the brand. The signalling process then moves forward to Step Two (Figure 1) in which employees play the role of signallers, conveying the internalised brand values of COI and enhancing other COI-related mechanisms (COI-CSA dimensions) to promote and disseminate brand values to the firm's different stakeholders. Hence, EmpBCap represents the set of communication activities and practices articulated by firms to train and develop processes (signals) to ensure that employees internalise (decodify signals) and convey (become signallers of) brand values to internal and external audiences (Karanges *et al.*, 2018; Sirianni *et al.*, 2013).

FIGURE 1
Key elements of the employee branding capability signalling process



Source: Authors, based on Connelly *et al.* (2011); Spence (1973) and Suter *et al.* (2021).

Hypotheses development

Previous research defends COI as a brand resource that can become a powerful capability for firm differentiation—the COI-CSA (Suter *et al.*, 2018)—as it exerts an effect on firm reputation and its international strategy (Cuervo-Cazurra *et al.*, 2018; Mukherjee *et al.*, 2021; Munjal *et al.*, 2018; Newbury, 2012). However, due to the lack of studies on COI from the firm perspective, how to manage COI remains unclear (Josiassen & Harzing, 2008; Roth & Diamantopoulos, 2009; Samiee *et al.*, 2021). We claim that employees can leverage COI to its full potential for the firm because they represent an important source of information and a vital point of contact with consumers (Kapferer, 2012). We substantiate our reasoning with the internal branding literature and the signalling process utilised by firms to convey brand values (Erdem *et al.*, 2006; Erdem & Swait, 2001; Rahman, 2018). We call attention to the relevance of employees in the signalling process (Karanges *et al.*, 2018) since firms are more likely to achieve greater advantage when employee actions and brand values are amplified by each other (Aurand *et al.*, 2005).

In the signalling process of COI-CSA (see Figure 1), the employee plays an important role as both receiver and sender of signals (Karanges *et al.*, 2018). The identification of employees with the firm's brand values guides their behaviour and reinforces values, strengthening the brand image (Baumgarth & Schmidt, 2010). Therefore, the firm (represented by its executives) uses EmpBCap to develop communication and T&D practices to send specific signals to employees about the brand values of the firm (Karanges *et al.*, 2018; Miles & Mangold, 2004), seeking employee engagement (Bal *et al.*, 2013) by involving them in crafting the brand's meaning (Melewar, *et al.*, 2012). In this way, the employees are more likely to send brand signals. Such signals are central to the brand's management to foster positive attitudes towards the firm encouraging employees to internalise brand values, strengthen the brand's image and, most importantly, act as brand ambassadors (App & Büttgen, 2016; Piehler *et al.*, 2016). This places an emphasis on communication and T&D practices focused on employees, both of which are central in facilitating identification, internalisation and dissemination of the brand (Karanges *et al.*, 2018; Sirianni, 2013), which points to the relevance of the relationship between EmpBCap and COI-CSA and leads us to the following hypothesis:

Hypothesis 1 (H1): EmpBCap has a positive impact on COI-CSA.

Previous research has investigated COI as a firm resource that can be used in the brand strategy of internationalised firms (Herstein *et al.*, 2014; Zeugner-Roth & Bartsch, 2020) by using different COI elements (Suter *et al.*, 2018). Studies have also advocated that COI can leverage the competitiveness of the firm internationally (Cuervo-Cazurra & Un, 2015; Eddleston *et al.*, 2019; Suter *et al.*, 2018, 2021) as it impacts firm reputation and its international strategy (Cuervo-Cazurra *et al.*, 2018; Mukherjee *et al.*, 2021; Munjal *et al.*, 2018; Newbury, 2012). Thus, it is expected that COI-CSA will positively impact performance indicators. Export performance indicators, such as market growth, sales growth, market share and the opening of new markets abroad are commonly used in studies conducted with internationalised firms (Katsikeas *et al.*, 2000; Morgan *et al.*, 2004). No studies to date have examined the direct effect of COI-CSA on firm performance. To understand whether the incorporation of COI is a firm resource, it is imperative to verify if COI-CSA has a positive and significant effect on firm performance, leading to the following hypothesis:

Hypothesis 2 (H2): COI-CSA has a positive impact on firm performance.

EmpBCap must be developed by the firm to leverage its competitiveness because employees have face-to-face contact with customers, and EmpBCap allows them to establish a direct interaction between the customer and the brand (Martin *et al.*, 2005; Saini *et al.*, 2022; Siriani *et al.*, 2013). This two-way contact enables employees to identify the specific needs and problems of the buyer and tailor their communications accordingly as well as to convey COI signals, acting as signallers of the firm's brand (Karanges *et al.*, 2018). Consequently, employees help to guide the consumer and reinforce COI brand elements (Saleem & Iglesias, 2016). A firm with a strong EmpBCap has close contact with customers and can emit signals in an honest rather than fabricated way (Connelly *et al.*, 2011; Martin & Cerdin, 2014). This empowers employees to build relationships with consumers and nurtures trustworthiness in the delivery of the brand promise. Employees also develop the ability to transform intangible aspects (such as training and communication improvement processes) into tangible aspects (such as performance; Edwards, 2010; Saini *et al.*, 2022). These arguments suggest that EmpBCap helps firms to transform unobservable qualities of COI into observable signals that indirectly impact firm performance. Hence, we hypothesise:

Hypothesis (H3): EmpBCap has an indirect positive effect on firm performance.

Method

We collected data between 2016 and 2019 from three samples of executives responsible for firm internationalisation. The first ($n = 412$) and second ($n = 400$) samples constituted executives working in Brazilian internationalised firms, and the third was composed of executives working in Portuguese internationalised firms ($n = 248$), totalling 1,060 valid responses. The data collection was supported by the Qualtrics® platform ($n = 412$), phone calls ($n = 400$) and SurveyMonkey® web services based on e-mail lists of international firms ($n = 248$).

The COI-CSA scale (Suter *et al.*, 2018) was applied to measure the COI-CSA (items in Appendices B and C). We used indicators adapted from Morgan *et al.* (2004), Katsikeas *et al.* (2000), Anand and Ward (2004), Covin *et al.* (1990) and Atuahene-Gima (2005), such

as market growth, sales growth, market share and the opening of new markets abroad, which have been widely used in previous studies to measure firm performance, specifically in the case of firms that are primarily internationalised through export activities (which is the case in our study). However, we proposed a scale to measure employee branding capability, as this is absent in the marketing and HRM literature. We structured the questionnaire following procedures proposed by Suter *et al.* (2018) and asked respondents to indicate the degree of importance given by the firm to each item using a seven-point Likert scale (1-strongly disagree to 7-strongly agree). The electronically applied questionnaires used the random distribution function of the questions. The effect of CMB on data collection was reduced via the anonymisation of respondents (Podsakoff *et al.*, 2012).

We adopted three packages in the RStudio® (R Core Team, 2013; RStudio Team, 2020) environment to analyse the models based on Confirmatory Factor Analysis (CFA) and Structural Equations Modelling (SEM): lavaan (Rosseel *et al.*, 2020), semTools (Jorgensen *et al.*, 2021) and cSEM (Rademaker, 2021). We followed the literature recommendations to evaluate the model fit, invariance, convergent and discriminant validities and hypotheses testing (Hair *et al.*, 2018), as detailed in Appendix A (Analytical Procedures).

The employee branding capability (EmpBCap) measurement scale

We analysed data from three studies to test the hypotheses developed and validate the EmpBCap measure. Before surveying Brazilian and Portuguese firms, psychometric procedures were carried out to build and validate an instrument to measure the EmpBCap construct (Churchill, 1979; MacKenzie *et al.*, 2011), including two case studies to specify the construct and generate items that were subject to judgement by experts (face and content validity).

Based on the literature review and on the case studies¹, we built an initial pool of items to measure the EmpBCap construct and conducted a face validity with experts in three steps. The preliminary version of the instrument was composed of eight items and was analysed and critiqued by five international marketing researchers during a research group meeting focused on the scale development subject (DeVellis, 2016). This group helped to rephrase statements to make them clearer and easier to understand. We then interviewed eight managers working in different internationalised companies, all of whom used the COI to build brand values. All interviewees highlighted the importance of employees in understanding and conveying the brand to external audiences and agreed with the construct definition, but they suggested some modifications and reductions in the number of items (from eight to five items). They argued that some items were repetitive or not aligned with the construct definition. To ensure whether reducing the number of items was pertinent, we commissioned six marketing scholars specialised in scale development. The researchers analysed whether the text and semantics of the items were appropriate for the purposes of the study, specifically to avoid overlap in the items. All of them agreed that three items should be removed due to similarity with another item or because they were out of the scope of the construct conceptualisation.

The face validity steps provided us with the grounding to move forwards in the development and validation of the EmpBCap measure and to collect data using an instrument containing five items to measure the EmpBCap construct (see Table 1). CFA was then conducted on the EmpBCap. The first study (Study 1, S1) validated the internal

factorial structure with invariance analysis and convergent validity. Study 2 (S2) and Study 3 (S3) analysed the EmpBCap nomological network in the Brazilian and Portuguese contexts. S1 comprises the first sample ($n = 412$) and was used to compare results with S2 ($n = 400$) and S3 ($n = 248$; see Table 1).

Our research's unit of analysis is the firm, represented by export managers or marketers. The data were gathered from firms that have engaged uninterruptedly in export for at least five years (on the date that the data was collected). The firms were concentrated in the industrial sector (96%), especially in the transformation and machinery subsector (65%). Most of them were small (39%) or midrange (33%) in size, with export values up to 10,000 USD (39.3%) or ranging from 50,000 to 100,000 USD (32.6%). Our return rate for valid responses was 9.5%.

Results

Study 1: Employee branding capability

We generated nested models, fixing parameters to test EmpBCap invariance over three samples of executives working in internationalised firms. The first sample was used for Study 1 ($n = 412$), the second included the respondents for Study 2 ($n = 400$) and the third, the respondents for Study 3 ($n = 248$). The initial model was the configural, as presented in Table 1. This model has the same structure for all samples and guarantees a minimal comparability level.

Based on the values of factor loadings ($\lambda > 0.7$) and their statistical indicators (p -value < 0.01), we identified that the EmpBCap measurement model converged to the same meaning for all respondents around the theoretical proposition presented in our study. The set of evidence provides sufficient information to assume the quality of EmpBCap and its validation as a measure (Fornell & Larcker, 1981; Mackenzie *et al.*, 2011).

Complementarily, we conducted the statistics of EmpBCap fit with the test for invariance (see Table 2) following the procedures suggested by Steenkamp and Baumgartner (1998). Almost all indicators in the Configural model (Model A, see Table 2) showed the same result observed in convergent validity, meaning that the EmpBCap measure presents good psychometric properties.

The second model was specified as Full Metric (Model B, see Table 2), which means that factor loadings are fixed as equal across the groups (three samples). The result improved the goodness-of-fit for all indicators, including RMSEA—one indicator that previously did not represent a value inside the cutoff. The χ^2 differences test (p -value = 0.143) led to the conclusion that the Configural and Full Metric models are equal. In this way, we can conclude that the meaning across the EmpBCap levels is equal—even over the data collection particularities.

The Full Scalar model (Model D) was not supported, and it is even different from the Partial Scalar model (Model C, see Table 2, p -value < 0.01), meaning that some items have invariance and others vary entirely across the samples. It is possible to understand the roots of variance overhauling the average levels in Table 2. The results observed in Sample 1 consistently presented intercepts (τ) with lower levels. Based on modification indices (Steenkamp & Baumgartner, 1998), we identified that EmpBCap.3 and EmpBCap.5 (see Table 1) are the two items that guarantee partial scalar invariance, the minimum required to that condition (Steenkamp & Baumgartner, 1998).

1. Information and further details on these case studies can be provided by the authors on request.

TABLE 1
Study 1: Employee branding capability items, factorial structure and convergent validity

| | Items | Description - <i>It is important to...</i> | λ | τ | ε | r^2 | α | Ω | AVE |
|-----------------------|-----------|---|-----------|--------|---------------|-------|----------|----------|-------|
| Sample 1 (n = 412) | EmpBCap.1 | Train the sales team to explain customers aspects related to _____ (insert brand value - e.g. Country-of-Origin name) features incorporated by the brand. | 0.842 | 3.325 | 1.492 | 0.709 | 0.918 | 0.888 | 0.670 |
| | EmpBCap.2 | Transmit information to employees on the importance of the characteristics of _____ (insert brand value - e.g. Country-of-Origin name) features incorporated by the brand during sales . | 0.809 | 3.248 | 1.630 | 0.655 | | | |
| | EmpBCap.3 | Motivate employees to speak to customers on the specificities of _____ (insert brand value - e.g. Country-of-Origin name) features incorporated by the brand. | 0.847 | 2.939 | 1.204 | 0.718 | | | |
| | EmpBCap.4 | Recognise the importance of employees in the transmission of information to customers about _____ (insert brand value - e.g. Country-of-Origin name) features incorporated by the brand. | 0.840 | 3.148 | 1.302 | 0.706 | | | |
| | EmpBCap.5 | Consider important that the employee has a good knowledge of _____ (insert brand value - e.g. Country-of-Origin name) culture . | 0.823 | 3.051 | 1.505 | 0.678 | | | |
| PT (n = 248) | EmpBCap.1 | Train the sales team to explain customers aspects related to Portuguese features incorporated by the brand. | 0.921 | 5.155 | 0.407 | 0.848 | 0.978 | 0.964 | 0.883 |
| | EmpBCap.2 | Transmit information to employees on the importance of the characteristics of Portuguese features incorporated by the brand during sales . | 0.925 | 5.140 | 0.379 | 0.856 | | | |
| | EmpBCap.3 | Motivate employees to speak to customers on the specificities of Portuguese features incorporated by the brand. | 0.951 | 5.077 | 0.263 | 0.904 | | | |
| | EmpBCap.4 | Recognise the importance of employees in the transmission of information to customers about Portuguese features incorporated by the brand. | 0.963 | 5.045 | 0.184 | 0.927 | | | |
| | EmpBCap.5 | Consider important that the employee has a good knowledge of Portuguese culture . | 0.972 | 5.017 | 0.141 | 0.944 | | | |
| BR (n = 400) | EmpBCap.1 | Train the sales team to explain customers aspects related to Brazilian features incorporated by the brand. | 0.726 | 4.875 | 1.453 | 0.527 | 0.897 | 0.916 | 0.637 |
| | EmpBCap.2 | Transmit information to employees on the importance of the characteristics of Brazilian features incorporated by the brand during sales . | 0.842 | 5.136 | 0.644 | 0.709 | | | |
| | EmpBCap.3 | Motivate employees to speak to customers on the specificities of Brazilian features incorporated by the brand. | 0.888 | 5.228 | 0.467 | 0.789 | | | |
| | EmpBCap.4 | Recognise the importance of employees in the transmission of information to customers about Brazilian features incorporated by the brand. | 0.887 | 5.357 | 0.434 | 0.787 | | | |
| | EmpBCap.5 | Consider important that the employee has a good knowledge of Brazilian culture . | 0.691 | 5.258 | 1.264 | 0.478 | | | |

Legend 1: λ : factor loadings, τ : intercepts, ε : error variances, r^2 : squared factor loadings, se: standard errors.

Legend 2: α : Cronbach's reliability, Ω : McDonald's composite reliability, AVE: average variance extracted.

Note 1: All factor loadings are $\lambda > 0.7$ and show strong convergent validity at the item level, and this can be observed in all samples. The only exception is EmpBCap.5 (consider important that the employee has a good knowledge of the country culture) in the Brazilian sample—with $\lambda = 0.691$. However, this value is too close to the ideal cutoff, and the loading to others EmpBCap.5 presented higher levels that we can still conclude for the validity of the EmpBCap measure.

Note 2: The latent variable (LV) statistics also point in the same direction from that based on λ . Reliability values are consistently high (Hair *et al.*, 2020), with α (Cronbach, 1951) and Ω (McDonald, 1999) ≈ 0.9 in the three data collections. Variance extracted follows the same line, with AVE > 0.6 in all samples.

Neither of the adjustments of Partial Scalar invariance provided comparability conditions with Models D, E and F (Table 2). Both partial and full conditions of strict invariance were not observed in our samples. Moreover, the fit for all indicators decreased in quality. This evidence shows that the error variance (ε) is different across the samples. The results in Table 2 indicate that Portuguese executives have higher levels of agreement about the meaning of EmpBCap than Brazilian executives.

Study 2: Brazilian case

The hypothesis tested in Study 2 is the direct effect of EmpBCap over COI-CSA (H1). Before testing the criterion validity, we evaluated convergent and discriminant validities. All the items were statistically different from zero [$p < 0.01$, detailed in Appendix B], and most factor loadings (λ) were greater than 0.8. According to Sharma *et al.* (2005), few factor loadings presenting values close to 0.5 tend not to mis-specify the overall measurement model.

TABLE 2
Study 1: EmpBCap invariance

| Model | A | B | C | D | E | F |
|--------------------------------|------------|-------------|----------------|-------------|----------------|-------------|
| | Configural | Full Metric | Partial Scalar | Full Scalar | Partial Strict | Full Strict |
| Compared with: | - | A | B | C | C | C |
| df | 9.000 | 17.000 | 19.000 | 25.000 | 23.000 | 29.000 |
| df (Δ) | | 8.000 | 2.000 | 6.000 | 4.000 | 6.000 |
| χ^2 | 32.954 | 45.154 | 47.394 | 100.888 | 392.925 | 782.971 |
| χ^2 (Δ) | | 12.200 | 2.240 | 53.494 | 345.530 | 390.050 |
| χ^2 (Δ , p-value) | | 0.143 | 0.326 | 0.000 | 0.000 | 0.000 |
| χ^2 (Δ , sig.) | - | ns | ns | *** | *** | *** |
| AIC | 16436.580 | 16432.780 | 16431.020 | 16472.510 | 16768.550 | 17146.590 |
| BIC | 16689.850 | 16646.320 | 16634.620 | 16646.320 | 16952.290 | 17300.540 |
| CFI | 0.995 | 0.994 | 0.994 | 0.984 | 0.923 | 0.842 |
| TLI | 0.983 | 0.990 | 0.991 | 0.981 | 0.899 | 0.837 |
| GFI | 0.998 | 0.997 | 0.997 | 0.993 | 0.978 | 0.950 |
| AGFI | 0.987 | 0.989 | 0.990 | 0.983 | 0.943 | 0.896 |
| RMSEA | 0.087 | 0.068 | 0.065 | 0.093 | 0.213 | 0.271 |
| RMSEA (ci.lower) | 0.056 | 0.045 | 0.042 | 0.074 | 0.195 | 0.255 |
| RMSEA (ci.upper) | 0.120 | 0.093 | 0.089 | 0.112 | 0.232 | 0.288 |
| RMSEA (p-value) | 0.026 | 0.096 | 0.131 | 0.000 | 0.000 | 0.000 |
| SRMR | 0.011 | 0.032 | 0.033 | 0.047 | 0.065 | 0.076 |

Legend 1: p-value < 0.01 (***) and p-value < 0.05 (**) as sufficient evidence; p-value < 0.1 (*) as weak significance; and p-value > 0.1 (ns, non-significant).

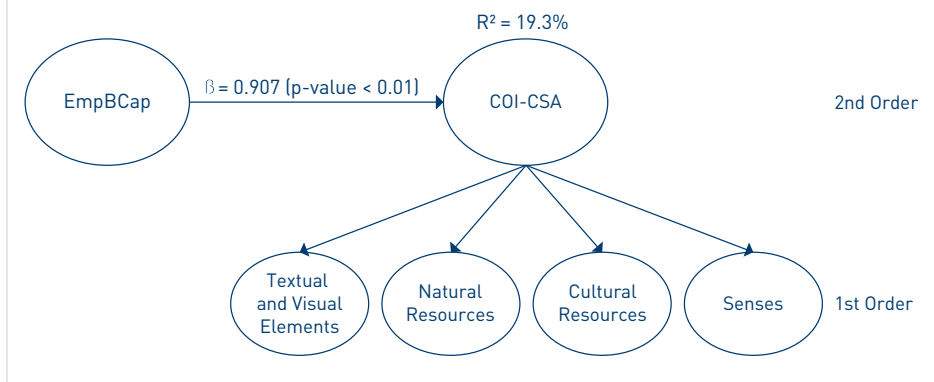
Legend 2: df: degrees of freedom. Incremental [Tucker-Lewis (CFI) and comparative fit (CFI) Indexes], goodness-of-fit [GFI and adjusted GFI (AGFI)], absolute indicators [standardised root mean square residual (SRMR) and root mean square error of approximation RMSEA] and Akaike (AIC) and Bayes (BIC) information criterion.

The Textual and Visual Elements dimension presented two of three loadings lower than expected, pulling down the reliability statistics, as $AVE < 0.5$. However, convergent validity levels remained near acceptable levels ($AVE \approx 0.5$; $\Omega \approx 0.7$). The statistics for other first-order dimensions kept α (Cronbach, 1951) and Ω (McDonald, 1999) > 0.7, most of them reliabilities greater than 0.8. COI-CSA as a second-order variable achieved statistical significance in factor loadings (p-value < 0.01) for all dimensions and $\Omega = 0.86$.

All variables performed discriminant validity (as detailed in Appendix C) based on point – with HTMT (Henseler *et al.*, 2015) and HTMT2 (Roemer *et al.*, 2021) < 0.85—and interval estimations—with upper limits lower than one (Voorhees *et al.*, 2016). This evidence, which is in accordance with convergent validities, supports our assumption that both EmpBCap and COI-CSA have good psychometric properties.

Results from Study 2 point to statistical significance in the relationship between EmpBCap and COI-CSA (p-value < 0.01; Figure 2). This association is positive ($\beta > 0$), strong and explains 19.3% of COI-CSA total variability. Thus, H1 was supported with executives (H1a) representing Brazilian internationalised firms. This finding controlled the possible influence of CMV because we included the unmeasured latent method factor (ULMF) to adjust the effect between our latent variable (Podsakoff *et al.*, 2012).

FIGURE 2
Study 2: Hypothesis testing for Brazilian sample

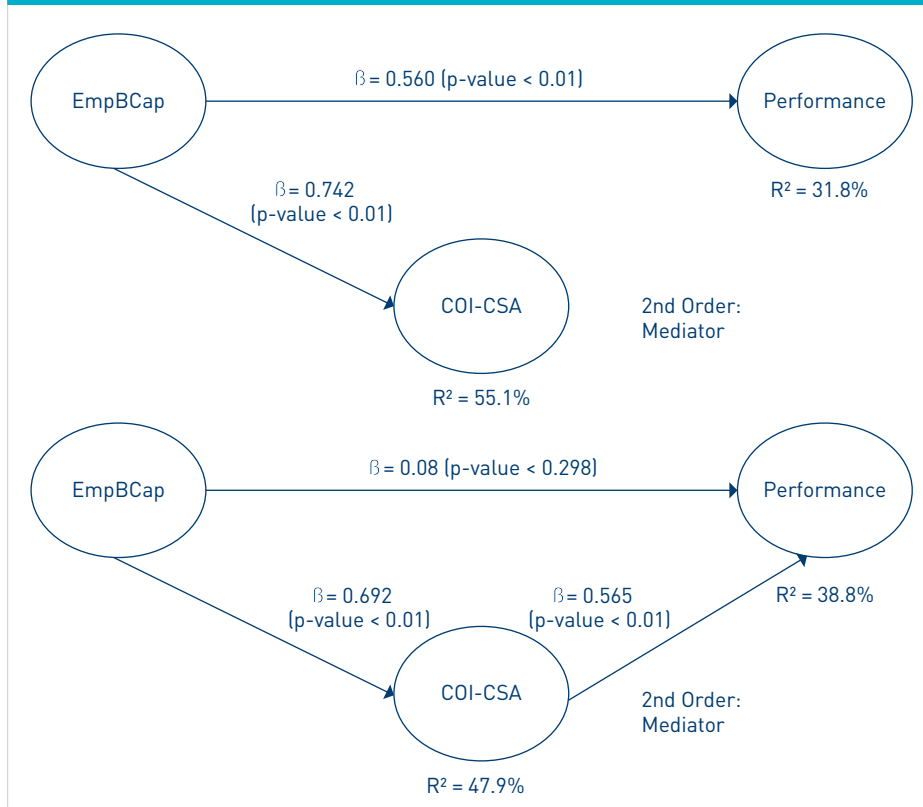


Study 3: Portuguese Case

Study 3 expands the criterion validity in two ways: (1) data representing a different context, Portuguese executives representing internationalised firms; and (2) new relationships in the EmpBCap nomological network, including Performance and indirect effects. However, we need to discuss the convergent and discriminant validation statistics, which are detailed in Appendix B and Appendix C, respectively. Textual and Visual Elements is the unique dimension with factor loading lower than 0.7, with $\lambda = 0.529$. TexVis.1 This is the same result observed in Study 2. The other observed variables are statistically different from zero (p-value < 0.01) and presented factor loadings larger than 0.8. We confirmed the robustness of convergent validity with the indicators that evaluate the LV, α (Cronbach, 1951) and Ω (McDonald, 1999) higher than 0.75 and $AVE > 0.6$, and the same was observed for COI-CSA as second order. Discriminant validity was verified for all LV through HTMT (Henseler *et al.*, 2015) and HTMT2 (Roemer *et al.*, 2021) coefficients in order to complete the evidence of psychometric fit of our measures.

All three latent variables were included to control the CMV based on the ULMF technique (Podsakoff *et al.*, 2012), thus the hypotheses then described have minimised CMB effects. Results from Study 2 confirm (p-value < 0.01) H1 in the Portuguese context (H1b), and this relationship presents more than double intensity ($R^2 = 55.1\%$) when compared with the Brazilian results in Study 2 ($R^2 = 19.3\%$). This relationship is maintained in the two models represented in Figure 3; the upper tests the direct effect and the lower the indirect. We also found evidence to confirm Hypothesis H2. In this way, COI-CSA positively impacts firm Performance (p-value < 0.01), which increases the total explanation of Performance to $R^2 = 38.8\%$ ($\Delta R^2 = 7.5\%$). Evidence for Hypothesis H3 is composed of (1) the difference in the direct effect of EmpBCap in Performance with/without the mediator (COI-CSA) and (2) the significance of the indirect effect. First, we observe that EmpBCap capability has a positive ($\beta = 0.560$) and significant (p-value < 0.01) direct effect on Performance that is converted to nonsignificant with COI-CSA inclusion (p-value = 0.298). Second, EmpBCap exerts an indirect positive effect ($\beta = 0.391$, p-value < 0.01) on firm Performance. This situation is named perfect, dominant, complete or full mediation (Baron & Kenny, 1986), which brings more complexity to the EmpBCap nomological network. The total effects over Performance are also positive ($\beta = 0.471$) and significant (p-value < 0.01).

FIGURE 3
Study 2: Hypothesis testing for Portuguese sample



Discussion and conclusion

By means of the analysis of the three surveys with 1,060 Brazilian and Portuguese executives, this paper sought to identify the role of employee branding capability (EmpBCap) on the country-of-origin image as a country-specific advantage (COI-CSA). The findings confirm hypothesis 1: that EmpBCap has a positive impact on COI-CSA; hypothesis 2: that COI-CSA has a positive impact on firm performance; and hypothesis 3: that EmpBCap has an indirect and positive effect on firm performance.

In line with Bah *et al.* (2020), by integrating the RBT (Barney, 1991) and signalling theory (Connelly *et al.*, 2011; Spence, 1973) in an internationalisation context, our article contributes to an understanding of the connection between both theories and provides further understanding of the brand signalling process (Karanges *et al.*, 2018; Kirmani & Rao, 2000). Our results reinforce previous research on internal branding regarding the relevance of developing internal marketing and HRM practices to ensure that employees internalise and convey brand values during interactions with customers (Karanges *et al.*, 2018; Sirianni *et al.*, 2013). To internalise brand values (COI features) and turn these into a key resource for the firm (a COI-CSA), firms need to send signals relating to brand values

that, in turn, are received by employees, internalised, decoded and communicated to customers (Karanges *et al.*, 2018). In other words, firms aiming to benefit from brand-related COI should invest in employee development and training as well as in internal marketing actions (Sirianni *et al.*, 2013) about COI features. While it is important to encourage a deeper appreciation of COI features, communication practices and training play an important role in deepening the strength of the bond between the firm and its employees and in ensuring an alignment between brand values (COI values) and employee values. T&D and communication practices provide positive signals to employees and create favourable perceptions of work, encouraging and developing a sense of autonomy in being able to manage and better represent brand and COI signals.

Our findings suggest that brands incorporate particular values, including COI attributes, and these features help employees to embrace brand values. The development of the EmpBCap is central to the dissemination of the brand values and the subsequent achievement of COI-CSA. The internalisation of brand values not only requires the development of specific marketing capabilities that capture and reflect how well the firm performs each of the customer connection processes (Day, 1994) but also to consider the importance of employee training and development to send particular signals to employees regarding their value to the firm (Bal *et al.*, 2013). These will foster positive attitudes towards the firm in employees, encouraging them to internalise brand values, strengthen a brand's image and disseminate the brand (App & Büttgen, 2016; Burmann & Zeplin, 2005).

Our article contributes to previous research on COI from a supplier perspective by cross-validating the COI-CSA scale and testing its impact on an outcome variable. To the best of our knowledge, this is the first study providing evidence on the positive effect of the usage of COI as a firm resource on firm performance. Another key contribution of our study resides in the conceptualisation and cross-validation of an instrument to measure the importance placed by firms to internalise and disseminate their brand values (in this case COI values and features) to and from their employees. The employee branding capability scale addresses the need for studies to develop a mechanism to measure internal brand management (Löhrndorf & Diamantopoulos, 2014) through brand signalling (Karanges *et al.*, 2018) and, at the same time, addresses long-standing research calls for the development of COI-related instruments from a managerial perspective (Josiassen & Harzing, 2008; Roth & Diamantopoulos, 2009; Samiee *et al.*, 2021;). The findings indicate that EmpBCap is a unidimensional construct, operationalised through five items that reflect the importance given by the firm to develop communication practices within the T&D routines regarding the brand values. Hence, our article also contributes to the internal branding literature.

Marketing, brand and HRM managers need to collaborate and work closely to implement practices that enhance the brand values' signalling processes. In addition, there is a need to train employees in the salient brand features, including country of origin. However, the role of training goes beyond that. Managers should be mindful of the signalling effects of training and internal communication and ensure that their training measures develop a sense of autonomy and belief in the firm and the brand. COI knowledge itself will not necessarily result in superior outcomes. However, the autonomy and commitment that the training develops and the extent to which it encourages personal development will also have a role to play in ensuring positive outcomes and employee brand commitment.

When implementing EmpBCap, the cross-functional brand efforts should be carefully developed to avoid automatic or inauthentic behaviour by employees in interactions with customers. We recommend that when incorporating COI values into the brand, managers should use the scale developed in this paper. First, the scale can be used to evaluate the firm's stage of application of EmpBCap, with the aim of understanding whether the firm should invest in COI-CSA or if the firm should allocate more efforts to developing EmpBCap before investing in COI-CSA. Second, managers should gauge employee responses to EmpBCap and evaluate whether signalling processes are effective. In this process, we suggest that managers need to identify and train volunteers for the brand advocacy role, which will help bring the brand's values to external stakeholders (Lee & Kim, 2021). Hence, it is imperative that firms invest in enhancing employee understanding of the brand through T&D and communication. In addition, firms can make use of roleplay trainings, in which employees can play the role of customers and employees and practice conveying the brand values in a risk-free environment (Sirianni *et al.*, 2013). Monitoring employees' brand understating is also necessary; for that, we suggest implementing 'mystery shopping' in which a professional customer interacts with employees and provides feedback to the firm on the way the employees communicated the brand (Sirianni *et al.*, 2013). We also suggest that the firm have brand leaders—role-models for the brand—to insure that employees' brand repertoire is aligned with the brand values (Saini *et al.*, 2022). To engage and make employees feel that they are part of the brand, firms can invite them to co-create and provide their views on aspects related to the brand, such as communication campaigns, storytelling and brand experiences (Saini *et al.*, 2022).

It is important to acknowledge that developing EmpBCap is not simple and requires further examination that was not considered in this investigation. We suggest that future studies as well as managers consider: a) that not all employees are motivated enough to engage in the EmpBCap development; b) that the incorporation of brand values is heterogeneous; and c) there can be noise in the signalling process. Hence, while the paper makes key contributions to the management field, it also presents limitations. First, it relies on a limited set of HR and internal branding practices. Further studies should unpack these relationships and test a range of mediating and moderating HR and marketing variables. Studies should examine the extent to which a differentiated HR framework is applied to employee branding capability and the outcomes of these on employee brand identification, employee loyalty, turnover and employee advocacy practices (Lee & Kim, 2021).

Future studies should test mediating and moderating variables, the impact of EmpBCap on consumer perceptions and verify the features of the COI that have the most impact on performance outcomes. In addition, other outcome variables should be considered with COI-CSA when collecting data with consumers, such as brand image and brand equity.

The cross-sectional and quantitative data collection, while useful, suggests the need for further qualitative enquiry to provide a deeper analysis of the impact of T&D and communication measures on EmpBCap and the extent to which these affect the COI signalling process. Further, our study shows that COI-CSA can assume more complex roles in a model and may indicate that COI-CSA can be analysed in more sophisticated relationships in future studies.

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APPENDIX A

Analytical procedures

Excellent fit is assumed (Hu & Bentler, 1999) when incremental [Tucker-Lewis (CFI) and comparative fit (CFI) Indexes] and goodness-of-fit [GFI and adjusted GFI (AGFI)] indices are greater than 0.95. For absolute indicators, the standardised root mean square residual (SRMR) needs to achieve SRMR < 0.06 and the root mean square error of approximation (RMSEA) needs to be smaller than 0.08 in point estimation. We also tested the hypothesis and estimated the confidence intervals (CI) for RMSEA (Chen *et al.*, 2008).

Other indicators were applied to test the invariance of EmpBCap between the samples, one step of statistical validation that gives evidence that respondents have the same meaning over the measurement items. The Akaike (AIC) and Bayes (BIC) information criterion needs to be lower in the concurrent models than the previous. We described the equivalence of models based on the statistical significance of χ^2 differences (Steenkamp & Baumgartner, 1998).

Discriminant validity was assessed with the heterotrait-monotrait ratio (HTMT) of the correlations (Henseler *et al.*, 2015) and HTMT2 (Roemer *et al.*, 2021). We interpreted these indicators in the Brazilian and Portuguese samples, both with the evaluation of point estimation, with cutoff equal to HTMT < 0.85, and the interval estimation, where the upper limits (ul) must be HTMT < 1 (Voorhees *et al.*, 2016).

Convergent validity was assessed based on average variance extracted (AVE) greater than 0.5 (Bacon *et al.*, 1995), rejecting the null hypothesis that factor loadings (λ) are equal to zero (p-value < 0.05), and alpha (α) internal consistency (Cronbach, 1951) and omega (Ω) composite reliability (McDonald, 1999) coefficients greater than 0.7.

The hypotheses testing interpreted the statistical significance, magnitude ($\beta > |0|$), and direction ($\beta > 0$ for positive and $\beta < 0$ for negative) of relationships. The significance was discussed in four different levels: p-value < 0.01 (***) and p-value < 0.05 (**) as sufficient evidence; p-value < 0.1 (*) as weak significance; and p-value > 0.1 (ns, non-significant), as relation equals zero. To better estimate the association in the nomological network, we included the unmeasured latent method factor (ULMF) to separate the common method variance (CMV) variability from that aimed for in the criterion validity. This approach is more efficient than others because it avoids collecting other variables (Podsakoff *et al.*, 2012) and is more robust than Harman single-factor (Chang *et al.*, 2010).

APPENDIX B

Study 2: Factor loadings (λ), intercepts (τ), and error variances (ϵ) with standard errors (se) for Brazilian Sample

| Brazilian Sample - Variables: | λ | se | τ | se | ϵ | se |
|---|-----------|-------|--------|-------|------------|-------|
| Textual and Visual Elements (COI-CSA): $\alpha = 0.719$; $\Omega = 0.665$; AVE = 0.455 | | | | | | |
| Use acronyms or names related to the firm's country of origin [TexVis.1] | 0.449 | 0.084 | 4.923 | 0.088 | 2.451 | 0.187 |
| Use the flag colours from the firm's country of origin in contact points with customers [TexVis.3] | 0.661 | 0.074 | 4.330 | 0.077 | 1.346 | 0.122 |
| Use the flag design from the firm's country of origin [TexVis.2] | 0.855 | 0.092 | 3.478 | 0.086 | 0.802 | 0.163 |
| Natural Resources (COI-CSA): $\alpha = 0.787$; $\Omega = 0.788$; AVE = 0.553 | | | | | | |
| Use natural resources from the firm's country of origin [NatR.1] | 0.682 | 0.127 | 4.475 | 0.079 | 1.331 | 0.117 |
| Highlight typical natural resources from the firm's country of origin [NatR.2] | 0.829 | 0.132 | 4.220 | 0.068 | 0.583 | 0.080 |
| Use biodiversity resources from the firm's country of origin [NatR3] | 0.733 | 0.120 | 4.362 | 0.070 | 0.899 | 0.087 |
| Cultural Resources (COI-CSA): $\alpha = 0.863$; $\Omega = 0.863$; AVE = 0.680 | | | | | | |
| Use aspects related to people's habits and customs from the firm's country of origin [CultR.1] | 0.849 | 0.096 | 3.805 | 0.078 | 0.680 | 0.074 |
| Use the diversity of cultural manifestations from the firm's country of origin [CultR.2] | 0.854 | 0.097 | 3.678 | 0.079 | 0.671 | 0.075 |
| Use aspects related to people from the firm's country of origin [CultR.3] | 0.763 | 0.087 | 3.615 | 0.076 | 0.959 | 0.083 |
| Other senses (COI-CSA): $\alpha = 0.877$; $\Omega = 0.884$; AVE = 0.717 | | | | | | |
| Use music from the firm's country of origin on the international website [Sen.1] | 0.830 | 0.073 | 3.533 | 0.087 | 0.934 | 0.096 |
| Use music from the firm's country of origin in international advertisement [Sen.2] | 0.938 | 0.074 | 3.556 | 0.089 | 0.380 | 0.096 |
| Use music from the firm's country of origin at sites of contact with the client [Sen.3] | 0.757 | 0.073 | 3.835 | 0.086 | 1.263 | 0.107 |
| Employee Branding Capability: $\alpha = 0.897$; $\Omega = 0.871$; AVE = 0.622 | | | | | | |
| Train the sales team to explain customers aspects related to ____ (insert Country-of-Origin name) features incorporated by the brand [EmpBCap.1] | 0.685 | 0.080 | 4.875 | 0.088 | 1.633 | 0.128 |
| Transmit information to employees on the importance of the characteristics of ____ (insert Country-of-Origin name) features incorporated by the brand during sales [EmpBCap.2] | 0.822 | 0.063 | 5.136 | 0.074 | 0.716 | 0.065 |
| Motivate employees to speak to customers on the specificities of ____ (insert Country-of-Origin name) features incorporated by the brand [EmpBCap.3] | 0.909 | 0.060 | 5.228 | 0.074 | 0.383 | 0.055 |
| Recognise the importance of employees in the transmission of information to customers about ____ (insert Country-of-Origin name) features incorporated by the brand [EmpBCap.4] | 0.875 | 0.058 | 5.357 | 0.071 | 0.476 | 0.053 |
| Consider important that the employee has a good knowledge of ____ (insert Country-of-Origin name) culture [EmpBCap.5] | 0.677 | 0.073 | 5.258 | 0.078 | 1.311 | 0.108 |

Note: all parameters (λ , τ , ϵ) are statistically different from zero (p-value < 0.01).

Legend 1: λ : factor loadings, τ : intercepts, ϵ : error variances, se: standard errors.

Legend 2: α : Cronbach's reliability, Ω : McDonalds' composite reliability, AVE: average variance extracted.

APPENDIX C

Study 3: Factor loadings (λ), intercepts (τ), and error variances (ϵ) with standard errors (se) for Portuguese Sample

| Portuguese Sample - Variables: | λ | se | τ | se | ϵ | se |
|---|-----------|-------|--------|-------|------------|-------|
| Textual and Visual Elements (COI-CSA): $\alpha = 0.757$; $\Omega = 0.802$; AVE = 0.638 | | | | | | |
| Use acronyms or names related to the firm's country of origin (TexVis.1) | 0.529 | 0.078 | 4.629 | 0.118 | 1.577 | 0.188 |
| Use the flag colours from the firm's country of origin in contact points with customers (TexVis.3) | 0.887 | 0.108 | 4.302 | 0.122 | 0.708 | 0.176 |
| Use the flag design from the firm's country of origin (TexVis.2) | 0.856 | 0.099 | 3.782 | 0.119 | 0.826 | 0.174 |
| Natural Resources (COI-CSA): $\alpha = 0.941$; $\Omega = 0.918$; AVE = 0.828 | | | | | | |
| Use natural resources from the firm's country of origin (NatR.1) | 0.882 | 0.068 | 5.254 | 0.100 | 0.392 | 0.055 |
| Highlight typical natural resources from the firm's country of origin (NatR.2) | 0.915 | 0.061 | 4.996 | 0.103 | 0.258 | 0.043 |
| Use biodiversity resources from the firm's country of origin (NatR3) | 0.930 | 0.070 | 5.061 | 0.105 | 0.277 | 0.051 |
| Cultural Resources (COI-CSA): $\alpha = 0.889$; $\Omega = 0.891$; AVE = 0.709 | | | | | | |
| Use aspects related to people's habits and customs from the firm's country of origin (CultR.1) | 0.814 | 0.084 | 4.224 | 0.108 | 0.677 | 0.088 |
| Use the diversity of cultural manifestations from the firm's country of origin (CultR.2) | 0.863 | 0.083 | 4.241 | 0.101 | 0.446 | 0.072 |
| Use aspects related to people from the firm's country of origin (CultR.3) | 0.851 | 0.087 | 4.243 | 0.102 | 0.549 | 0.080 |
| Other senses (COI-CSA): $\alpha = 0.955$; $\Omega = 0.957$; AVE = 0.869 | | | | | | |
| Use music from the firm's country of origin on the international website (Sen.1) | 0.959 | 0.066 | 3.722 | 0.106 | 0.171 | 0.038 |
| Use music from the firm's country of origin in international advertisement (Sen.2) | 0.961 | 0.066 | 3.753 | 0.104 | 0.156 | 0.033 |
| Use music from the firm's country of origin at sites of contact with the client (Sen.3) | 0.873 | 0.066 | 3.861 | 0.106 | 0.485 | 0.054 |
| Employee Branding Capability: $\alpha = 0.978$; $\Omega = 0.986$; AVE = 0.860 | | | | | | |
| Train the sales team to explain customers aspects related to ____ (insert Country-of-Origin name) features incorporated by the brand (EmpBCap.1) | 0.898 | 0.082 | 5.155 | 0.104 | 0.326 | 0.039 |
| Transmit information to employees on the importance of the characteristics of ____ (insert Country-of-Origin name) features incorporated by the brand during sales (EmpBCap.2) | 0.876 | 0.082 | 5.140 | 0.103 | 0.415 | 0.043 |
| Motivate employees to speak to customers on the specificities of ____ (insert Country-of-Origin name) features incorporated by the brand (EmpBCap.3) | 0.967 | 0.078 | 5.077 | 0.106 | 0.132 | 0.031 |
| Recognise the importance of employees in the transmission of information to customers about ____ (insert Country-of-Origin name) features incorporated by the brand (EmpBCap.4) | 0.943 | 0.077 | 5.045 | 0.102 | 0.193 | 0.029 |
| Consider important that the employee has a good knowledge of ____ (insert Country-of-Origin name) culture (EmpBCap.5) | 0.945 | 0.077 | 5.017 | 0.101 | 0.177 | 0.028 |
| Performance: from one ("much worse than competitors") to seven ("much better than competitors"): $\alpha = 0.869$; $\Omega = 0.899$; AVE = 0.604 | | | | | | |
| Market growth | 0.920 | 0.057 | 4.537 | 0.072 | 0.151 | 0.037 |
| Sales growth | 0.833 | 0.055 | 4.610 | 0.066 | 0.268 | 0.038 |
| Market share | 0.789 | 0.063 | 4.396 | 0.072 | 0.372 | 0.044 |
| Opening of new markets abroad | 0.602 | 0.081 | 4.216 | 0.089 | 0.893 | 0.095 |

Note: all parameters (λ , τ , ϵ) are statistically different from zero (p-value < 0.01).

Legend 1: λ : factor loadings, τ : intercepts, ϵ : error variances, se: standard errors.

Legend 2: α : Cronbach's reliability, Ω : McDonalds' composite reliability, AVE: average variance extracted.

APPENDIX D

Discriminant validities for Study 2 and Study 3

| | Brazilian Sample (Study 2) | | | | Portuguese Sample (Study 3) | | | |
|-------------------------------------|----------------------------|-----------|-------|------------|-----------------------------|-----------|-------|------------|
| | HTMT | HTMT (ul) | HTMT2 | HTMT2 (ul) | HTMT | HTMT (ul) | HTMT2 | HTMT2 (ul) |
| Textual and Visual Elements | | | | | | | | |
| Natural Resources | 0.400 | 0.542 | 0.362 | * | 0.562 | 0.669 | 0.569 | 0.687 |
| Cultural Resources | 0.730 | 0.796 | 0.714 | 0.752 | 0.778 | 0.850 | 0.798 | 0.894 |
| Other senses | 0.407 | 0.513 | 0.406 | 0.480 | 0.695 | 0.776 | 0.714 | 0.806 |
| Employee Branding Capability | 0.016 | 0.176 | 0.108 | * | 0.603 | 0.691 | 0.614 | 0.710 |
| Performance | + | + | + | + | 0.055 | 0.189 | 0.053 | * |
| Natural Resources | | | | | | | | |
| Cultural Resources | 0.560 | 0.648 | 0.536 | 0.642 | 0.622 | 0.712 | 0.619 | 0.716 |
| Other senses | 0.315 | 0.407 | 0.313 | * | 0.502 | 0.580 | 0.500 | 0.577 |
| Employee Branding Capability | 0.474 | 0.570 | 0.459 | 0.576 | 0.593 | 0.689 | 0.591 | 0.687 |
| Performance | + | + | + | + | 0.082 | 0.237 | 0.096 | * |
| Cultural Resources | | | | | | | | |
| Other senses | 0.417 | 0.519 | 0.414 | 0.496 | 0.640 | 0.715 | 0.638 | 0.716 |
| Employee Branding Capability | 0.214 | 0.329 | 0.188 | 0.319 | 0.685 | 0.749 | 0.685 | 0.745 |
| Performance | + | + | + | + | 0.188 | 0.324 | 0.178 | * |
| Other senses | | | | | | | | |
| Employee Branding Capability | 0.223 | 0.322 | 0.221 | * | 0.560 | 0.631 | 0.560 | 0.617 |
| Performance | + | + | + | + | 0.010 | 0.143 | * | * |
| Employee Branding Capability | | | | | | | | |
| Performance | + | + | + | * | 0.217 | 0.375 | 0.194 | * |

Note: upper limit (ul) statistics based on n = 1,000 bootstrapped replications.

Legend: + variable not available in this study; * impossible to calculate geometric mean.

APPENDIX E

Glossary of abbreviations

| |
|---|
| AVE: Average Variance Extracted |
| CMB: Common Method Bias |
| CMV: Common Method Variance |
| CFA: Confirmatory Factor Analysis |
| COI: Country-of-Origin Image |
| COI-CSA: Country-of-Origin-Image as a Country-Specific Advantage |
| CSA: Country-Specific Advantage |
| EmpBCap: Employee Branding Capability |
| HR: Human Resources |
| HRM: Human Resources Management |
| HTMT: Heterotrait–Monotrait Ratio (Henseler <i>et al.</i> , 2015) |
| IB: International Business |
| LV: Latent Variable |
| RBT: Resource-Based Theory |
| RMSEA: Root Mean Square Error of Approximation |
| SE: Standard Errors |
| SEM: Structural Equation Modelling |
| T&D: Training and Development |
| UL: Upper Limit |
| ULMF: Unmeasured Latent Method Factor |

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