

PSYCHOLOGICAL CAPITAL AND THE INTENT TO PURSUE EMPLOYMENT WITH DEVELOPED AND EMERGING MARKET MULTINATIONAL CORPORATIONS

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ABSTRACT

The influence of emerging market multinational corporations (EMNCs) is a force that is being felt in the world economy in the form of a relatively new phenomenon known as outward foreign direct investment (OFDI). OFDI from emerging and developing market multinational corporations (EMNCs), while in many ways still in its infancy, has begun to make its mark in the global economy [12]. Furthermore, investments by EMNCs into developed nations are expected to increase rapidly especially from India and China [10] [5]. As Indian and Chinese owned EMNCs enter into Western Europe and the United States, they will be faced with the critical challenge of attracting the right mix of human capital to move to their firms for employment. It is possible however that EMNCs entering into developed markets may be perceived as less attractive employers than their better known developed nation counterparts simply because of national origin [11]. In order to more efficiently recruit the talent necessary for their ventures to succeed, it may be beneficial to these organizations to identify which type of individuals might be most likely to pursue employment with them.

The ability of emerging market firms to attract talent workers for their developed market subsidiaries has, to date, been largely ignored. In order to help fill this gap, we suggest a promising management construct termed psychological capital may be one consideration for organizational leaders of EMNCs engaged in FDI to acquire the right talent workers for their industries. The emergence of studies relating to psychological capital is a result of a new positivist focus in management studies [1] [9] and the work on positive organizational behavior pioneered by Luthans and colleagues [7]. The term psychological capital, also known as PsyCap, has been invoked to describe the overall effect of combining the four psychological capacities of hope, optimism, resilience and self-efficacy into a single construct [8]. Therefore, our study attempts to explore the interaction between psychological capital and the intent of individuals to pursue employment with multinational corporations especially those from emerging market nations.

The experimental portion of our research was conducted by using a composite of two well established studies; one from the field of organizational attractiveness studies developed by Highhouse, Lievens and Sinar [3] and the other employed the condensed version of the Luthans and associates' [8] PsyCap questionnaire. We tested five theoretically derived hypotheses on current and future European and American talent worker participants (N = 703). Specifically, we examined the interaction between the level of psychological capital of a potential developed market job seeker and their subsequent intent to pursue employment with a multinational firm. The purpose was to see the independent effects of PsyCap on the dependent variable (intent to pursue). When PsyCap was entered into the regression model it predicted significant variance ($\beta = .23$; $p < .01$) lending support to our assumption that higher levels of PsyCap are related to a higher level of intention to pursue employment with a MNC. It was furthermore assumed that there would be a stronger link to PsyCap for those job seekers that were *more* attracted to

EMNCs. This assumption was however not supported as there was no significant difference found between attraction to EMNCs and MNCs in general. Our final assumption predicted an interaction such that those lower in risk avoidance and higher in psychological capital will be the most willing to pursue a job with an EMNC. The results of this analysis when taken in conjunction with the evidence provided by the previous analyses indicate full support ($\beta = -.56$; $p < .05$; $\Delta R^2 = .005$), although it must be noted that while statistically significant, the predictive power of the interaction was quite small.

Although this study is limited in its ability to directly prove any direct causal effects between PsyCap and intent to pursue employment, future research exploring the nomological network of PsyCap as it relates to the intentions of pursuing employment can prove to be a valuable contribution to the fields of positive organizational behavior and organizational attraction studies. Studies on the degree of PsyCap level differences between cultures and gender may provide additional insights into eventual developmental opportunities for psychological capital [6]. Finally, through researching the relationship of the psychological construct of PsyCap with the behavioral construct represented by an individual's intent to pursue [2], it is hoped that a new affirmative viewpoint and approach for comprehending and potentially predicting what type of individuals will be most likely attracted to working for an EMNC may be realized.

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