



Attracting talent through diversity at the top: The impact of TMT diversity and firms' efforts to promote diversity on employer attractiveness

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ABSTRACT

At a time where firms encounter a “race for talent”, it is crucial for many MNCs to present themselves as attractive employers. Failing to position themselves in the international labor market can reduce firms' ability to acquire valuable international human capital, thereby generating disadvantageous organizational effects. Against this backdrop, drawing on signaling theory and employer branding literature, our paper aims to shed light on the association between nationality diversity in the executive suite and MNCs' employer attractiveness. Our lines of argument build on the notion that top management team composition can affect MNCs' efforts to promote diversity among their employees. This focus on diversity, in turn, can affect MNCs' employer attractiveness. Examining firms from various European countries, we find that top management team nationality diversity is positively associated with firms' employer attractiveness for foreign job seekers. We also show that a firm's efforts to promote diversity mediate the relationship between TMT nationality diversity and employer attractiveness. We therefore advance the academic debate on diversity as an employer branding tool and a means to enhance employer attractiveness. In practical terms, we also provide valuable insights for firms wishing to transform into (more) diverse entities.

1. Introduction

The “race for talent” has become a major challenge for multinational corporations (MNCs) (Beechler & Woodward, 2009; Ewerlin, 2013; Hiltrop, 1999). Multiple factors contribute to this phenomenon: for instance, competition for qualified and well-educated individuals has increased, while demographic changes (i.e. an aging workforce) as well as “brain drain” have decreased labor supply in many countries (Baruch, Budhwar, & Khatri, 2007; Biondo, Monteleone, Skonieczny & Torris, 2012; Tarique & Schuler, 2010). Consequently, several European governments have opened up their labor markets to highly skilled migrants and local administrations have taken active measures to attract foreign employees, for example by offering tax reliefs to foreigners or by issuing “Green Cards” or “Blue Cards” (Docquier & Machado, 2016; Liebig, 2004: 157–186). This trend appears not only at the country level, but also at the organizational level – consequently, it has become increasingly important for firms to position themselves as attractive employers for potential (foreign) job seekers, in order to secure the provision of skilled labor (Wayne & Casper, 2012). In this vein, scholars argue that the ability to attract excellent human resources has become highly

important for firms in their international “race for talent” (Baum & Kabst, 2013).

Since employer attractiveness can be defined as “the envisioned benefits that a potential employee sees in working for a specific organization” (Berthon, Ewing, & Hah, 2005: 151), it is not surprising that extant research in this field provides several perspectives on “benefits” that can help firms attract certain groups of individuals. For instance, prior literature analyzes the fit between job seekers' needs and values on the one hand and perceived organizational characteristics of firms on the other hand (Hauswald, Hack, Kellermanns, & Patzelt, 2016). Other studies aim to identify factors that affect individuals' attraction to a firm (Jones, Willness, & Madey, 2014). In this context, variables such as firm reputation, firm size, firm location or industry are regarded as important criteria for employer attractiveness (Cable & Graham, 2000; Lievens, Decaestecker, Coetsier, & Geirnaert, 2001; Turban & Cable, 2003).

In our study, we link perspectives on employer attractiveness with the upper echelons approach to posit that the top management team (TMT) serves as a vehicle for influencing how job seekers perceive a firm (Bear, Rahman, & Post, 2010). More precisely, we argue that nationality diversity in the TMT can affect employer attractiveness. In this regard,

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we aim to investigate whether job seekers – and particularly foreign job seekers (i.e. potential foreign applicants for a job) – are attracted to firms with a nationally diverse TMT, i.e. firms with foreigners present at the top. To do so, we rely on signaling theory as well as employer branding literature and apply a mediator model to analyze the relationship between (i) TMT nationality diversity, (ii) firms' efforts to promote nationality diversity and (iii) firms' attractiveness as employers to foreign job seekers. A recent McKinsey study claimed that “more diverse companies are better able to attract top talent” (Hunt, Prince, Dixon-Fyle, & Yee, 2018: 4). Through our paper, we seek to investigate whether there is empirical justification for such an argument, and we also examine whether diversity initiatives by firms, i.e. promotion of diversity, have an effect on employer attractiveness.

Our analysis draws on TMT and employer attractiveness data of 99 firms across four European countries over a period of eight years. The results indicate that a nationally diverse TMT has a positive influence on the employer attractiveness of a firm. We also find a significant association between firms' efforts to promote nationality diversity and employer attractiveness. Furthermore, we reveal that firms' efforts to promote diversity mediate the relationship between TMT nationality diversity and employer attractiveness.

By focusing on foreign job seekers, we address a research gap that is caused by the evidence of increasing internationalization of labor markets and its consequences for organizational attraction and recruitment (Lambert, Basuil, Bell, & Marquardt, 2019). We answer calls to investigate novel outcomes in upper echelons research (Boada-Cuerva, Trullen, & Valverde, 2019), by investigating the link between TMT nationality diversity and employer attractiveness. With our paper, we offer new insights for the HR and marketing field, since we stress that TMTs (and their diversity) can be helpful in attracting potential employees in a “race for talent” (Baker, Pandey, Kumar, & Haldar, 2020). We also address calls to consider mediating factors in employer attractiveness research (Kaczmarek & Ruigrok, 2013), with a focus on firms' efforts to promote diversity. Practitioners can likewise benefit from our study, as it underlines the importance of diversity in the C-suite and shows that efforts to strengthen diversity in the focal firm can have positive effects on its attractiveness as an employer.

The structure of our paper is as follows: after laying the theoretical foundation for our study and developing our hypotheses (section 2), we present our empirical approach (section 3) and results (section 4). In an additional analysis, we not only focus on foreign job seekers, but on job seekers in general (section 5). We then continue with a discussion of our findings (section 6) and close with a conclusion, highlighting, among others, the contributions and practical relevance of our research, as well as its limitations (section 7).

2. A signaling theory and employer branding perspective on employer attractiveness

Signaling theory builds on the notion that, due to information asymmetries, firm outsiders (e.g. job seekers) can never obtain an adequate level of information to assess accurately a firm's true status (D'Aveni, 1990; Turban & Greening, 1997). Since they lack complete information about a firm, job seekers must therefore rely upon “diffuse” characteristics when judging a firm's situation and the working conditions within a firm. According to this logic, firms invest in sending signals in order to “reduce information asymmetry, which helps them reach their ultimate goal of positively influencing desired outcomes” (Taj, 2016: 339). These signals allow stakeholders, including investors, customers, job seekers or the general public, to make an immediate assessment about a firm (Carvalho & Areal, 2016: 483).

Signaling theory has been applied in recruitment research (Celani & Singh, 2011; Chapman, Uggerslev, Carroll, Piasentin, & Jones, 2005), and in TMT literature (Higgins & Gulati, 2006; Nielsen, 2010a; Schmid & Dauth, 2014; Zhang & Wiersema, 2009). Several studies have shown that the composition of TMTs as well as the characteristics of their

members represent specific signals to stakeholders (Cohen & Dean, 2005; Miller & Triana, 2009: 756). Wang (2013: 571) postulates that “signaling theory offers rationales for why job seekers are attracted to apply for a job”. Ultimately, job seekers infer from signals what it would be like to work for a specific firm (Saini, Rai, & Chaudhary, 2014: 108; Wayne & Casper, 2012: 126). Extant studies have shown that job seekers consider several factors as signals, such as firms' reputation (Wang, 2013: 571), their corporate social performance (Jones et al., 2014), their diversity management efforts (Martins & Parsons, 2007; Williams & Bauer, 1994) or “best place to work” certifications (Dineen & Allen, 2016: 93).

Adopting the signaling logic to the context of TMTs' diversity and firms' employer attractiveness, we argue that TMT nationality diversity can serve as a signal to increase a firm's appeal as a potential employer. In this regard, we establish a connection to employer branding and related literature. Employer branding has been defined as a “firm's efforts to promote, within and outside the firm, a clear view of what makes it different and desirable as an employer” (Backhaus & Tikoo, 2004: 501). It has repeatedly been associated with the recruitment (and retention) of talent, as employer branding eventually shapes the “exchange” between an employer and the potential employee – and thus eventually affects employer attractiveness (Backhaus & Tikoo, 2004; Rousseau, 2001).

According to employer branding literature, firms send out specific employer brand signals (Wilden, Gudergan, & Lings, 2010). These employer brand signals affect the mental perception a potential employee has of a firm, and thus they can mitigate the potential employee's (perceived) risk of choosing the respective firm as an employer (Aaker, 1991; Wilden et al., 2010). Wilden et al. (2010: 63) concluded that “employer branding efforts aim to communicate the expected utility a potential employee should anticipate from joining a company [...] This can also be described as employer attractiveness” (see, for a similar view, also Berthon et al., 2005). Put differently, a key objective of employer branding is to ensure that the company is “attractive to potential recruits” (Edwards, 2010: 8; see also Biswas & Suar, 2016; Cable & Graham, 2000). Given the complex and multi-faceted nature of employer branding efforts by firms (Edwards, 2010), we interpret TMT diversity as an important employer brand signal. Accordingly, firms are able to draw on TMT diversity as one of the means for employer branding, eventually serving as a signal that enhances employer attractiveness.

This train of thought applies especially to foreign job seekers. We argue that individuals with a foreign nationality may perceive nationality diversity in a TMT as a motivating factor in considering a job in a specific firm. TMT nationality diversity signals that promotions within a firm are not necessarily tied to individuals' national origin and that foreigners can reach the apex of the firm (Greve, Nielsen, & Ruigrok, 2009). Following considerations on employer branding, the diversity of TMT members may thus serve as a “symbolic” characteristic that describes the “intangible” aspects of a firm's identity that are desired by potential employees (Edwards, 2010; Lievens, Van Hoye, & Anseel, 2007). Consequently, diversity may fulfill the socio-emotional needs of and provide psychological benefits to potential employees (Edwards, 2010). Foreign job seekers may be attracted to firms that are open towards diversity issues and show that diverse employees “are welcomed in the organization” (Jonsen, Point, Kelan, & Griebel, 2019: 8). Moreover, TMT nationality diversity may signal a potential match between foreign job seekers' personal characteristics and the values of the respective firm (Ng & Burke, 2005). In other words, emphasizing nationality diversity can be beneficial for firms as foreign job seekers make a positive assessment of the person-organization fit, which in turn can result in higher employer attractiveness (Berthon et al., 2005; Morley, 2007; Ng & Burke, 2005; Wilden et al., 2010). In addition, having a nationally diverse TMT can convey that diversity aspects are generally important in a firm (Cox & Blake, 1991; Ely, 1994; Millikens & Martins, 1996; Rynes & Rosen, 1995). We thus hypothesize as follows:

Hypothesis 1. TMT nationality diversity positively affects employer attractiveness for foreign job seekers.

The success of firms' diversity efforts highly depends on the successful integration of diversity initiatives in firms' corporate strategies; moreover, support from (top) management as well as an organizational culture that values diversity are important factors for the successful implementation of diversity initiatives in MNCs (Loden, 1996; Robinson & Dechant, 1997; Wentling, 2004). In a similar vein, "management's role includes such things as communicating the importance of diversity as a business issue throughout the organization through policy statements, memos, letters, company newsletters and newspapers, and reports" (Wentling & Palma-Rivas, 2000: 41). The latter is also in line with the employer branding literature, which proposes that successful employer branding is heavily influenced by the communication of the benefits a potential employee will have on joining the company (Wilden et al., 2010). Furthermore, diversity efforts require C-level support and commitment (Hunt et al., 2018). Following this line of argument, we assume that TMT nationality diversity, i.e. the presence of foreigners at the top of a firm, will generally enhance diversity efforts within a firm. Furthermore, we expect that foreign top managers are motivated to strengthen a firm's diversity efforts even more, in order to promote other foreign employees within their firm (Davoine & Ravasi, 2013; Wentling & Palma-Rivas, 2000). Moreover, we argue that firms with foreign top managers on the board and with a diverse TMT composition have a higher likelihood of exhibiting a rather transnational or geocentric orientation (Adler & Gundersen, 2007; Perlmutter, 1969), which enables them to better assess the true value of diversity and to promote a corporate culture that supports diversity and inclusion (Wentling, 2004).

Hypothesis 2. TMT nationality diversity positively affects a firm's efforts to promote diversity.

"Perceived organizational support" or the "leadership of top management" are likewise crucial for employer branding (Biswas & Suar, 2016). Accordingly, it is not only the symbolic characteristic of TMT diversity that matters directly for employer attractiveness: a firm's efforts to promote diversity among its employees can likewise be a direct signal to foreign job seekers. In terms of employer branding, efforts to promote diversity (and the communication thereof) eventually also contribute to the attractiveness of the employer (Wilden et al., 2010). In this context, it is reasonable to assume that a firm's diversity efforts can result not only in diversity programmes, but also in respective communication activities, implemented in annual reports, websites, career magazines, job fairs, etc. (Egan & Bendick, 2003; Wilden et al., 2010). Signaling theory suggests that in the absence of other information about an organization, such as its corporate culture (Scott, Heathcote, & Gruman, 2011), foreign job seekers will draw inferences about the organization based on peripheral cues gained from sources a firm uses for its communication purposes (Braddy, Meade, & Kroustalis, 2006). This occurs primarily because applicants assume that these cues or characteristics are representative of the entire organization (Rynes, Bretz, & Gerhart, 1991). Moreover, we expect that a firm's diversity efforts result in observable (recruitment) actions such as "diversity days" or "career weeks" during which diversity is valued (Wentling & Palma-Rivas, 2000). Ultimately, we argue that both communication activities and recruitment actions are perceived by foreign job seekers as signals that illustrate a firm's openness towards diversity. Foreign job seekers may especially value firms' efforts to promote diversity and will more likely apply to a firm if the envisioned firm-specific benefits that they perceive are in congruence with the set of factors that are of importance to them (Saini et al., 2014).

Hypothesis 3. A firm's efforts to promote diversity positively affect employer attractiveness for foreign job seekers.

As illustrated in Fig. 1, our conceptual model assumes a direct

association between TMT nationality diversity and firms' employer attractiveness for foreign job seekers (H1). We also assume a direct association between TMT nationality diversity and firms' efforts to promote diversity (H2). These efforts, in turn, are expected to affect firms' attractiveness as employers for foreign job seekers (H3), and thus they mediate the relationship between TMT nationality diversity and employer attractiveness for foreign job seekers.

3. Method

3.1. Sample and data collection

The foundation of our sample, which covers the time period between 2008 and 2015, are the top 100 firms included in the employer attractiveness ranking published by Universum¹ for each of the following four European countries: Germany, the Netherlands, the United Kingdom and Switzerland.² These four countries allow us to depict the European corporate landscape, which is made up of heterogeneous economies that nevertheless display certain commonalities.

First, we believe that our selection of countries is advantageous for several reasons. To begin with, the four countries are highly suitable for investigating our main research question, i.e. the attractiveness of employers in Europe for foreign job seekers from across the world: all countries are Central and Western European economies, which are particularly interesting for foreign job seekers from different parts of the world, and arguably more so than many countries in Southern or Eastern Europe (Jennissen, 2003; Mahroum, 2000; Okólski, 2007). Furthermore, the four countries are home to many large MNCs, which are visible to job seekers far beyond the borders of the domestic market (Beechler & Woodward, 2009; Van Veen & Marsman, 2008). Aside these similarities, the countries in our sample display certain differences, which make them an appropriate cross-section of (Central and Western) European economies. The Netherlands and Switzerland have smaller populations than Germany and the UK (Heijltjes, Olie, & Glunk, 2003; Kaczmarek & Ruigrok, 2013). As a consequence of a relatively small pool of domestic job seekers, firms in these countries were forced to internationalize their recruiting efforts early on, which might also result in higher TMT diversity (Greve et al., 2009; Ruigrok & Greve, 2008; Van Veen & Marsman, 2008). In contrast, German and UK firms can draw on a larger pool of domestic talent, which might also affect TMT composition. Furthermore, our sample reflects the fact that different European countries have different (informal) barriers to entering the job market, especially related to language (Harzing & Feely, 2008). Whereas English is the national language in the UK and also very common and proficiently spoken in the Netherlands, German as a national language is still very important in Germany; Switzerland constitutes a multi-language environment without English as a national language (Cooke, 2009; Harzing, Köster, & Magner, 2011).

Second, our research design requires the selection of countries. Universum surveys are conducted annually for different countries. In this context, the countries considered for the Universum survey are subject to change over time, which is why it is necessary to focus on

¹ *Universum* is an international firm with a distinct focus on employer branding and on the analysis of students' career expectations. The Universum employer attractiveness ranking is published annually for a variety of different countries and contains information on the most attractive firms to work for in each country.

² We only consider those firms that were (continuously) part of the employer attractiveness ranking throughout our investigated time period of 2008–2015. This leads to a maximum of 792 firm-years that can be used in our empirical analysis. We could not consider a firm if it was either not listed in the top 100 in all years within the period of 2008–2015 or if any other variable related to a respective company-year was missing. This also applies to the control variables. As we do not impute values, an observation is dropped as soon as data on any control variable is missing.

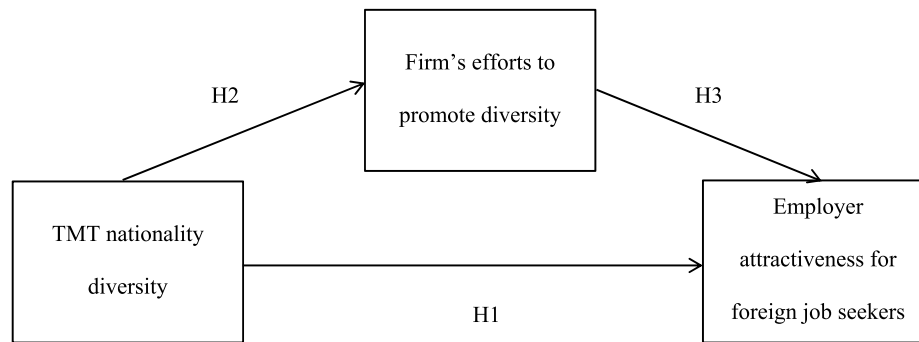


Fig. 1. Conceptual model.

those that have permanently been part of Universum's surveys between 2008 and 2015. With Germany, the Netherlands, the United Kingdom and Switzerland, we only include countries that fit this requirement. This allows us to ensure a consistent and balanced sample for our entire investigation period, for which we are able to conduct an extensive data collection by hand.

Furthermore, our approach of choosing a few select countries (in a European context) is in accordance with several other studies on upper echelons that either choose the same countries as the ones in our sample or rely on a selection of countries to represent a cross-section of a specific region (see, for instance, Andrews & Higson, 2014; Georgakakis, Greve, & Ruigrok, 2017; Georgakakis & Ruigrok, 2017; Georgakakis, Greve, & Ruigrok, 2021; Tanova & Holtom, 2008; Wilson & Williams, 2000).

In line with previous studies, we rely on external employer attractiveness data (Baum & Kabst, 2013; Dineen & Allen, 2016; Schweitzer, Ng, Lyons, & Kuron, 2011). In this regard, we draw on the employer attractiveness ranking by Universum, which has been repeatedly referred to as a source to assess the favorability of employers (see, for instance, Biswas & Suar, 2016; Holtbrügge & Kreppel, 2015; Saini & Jawahar, 2019; Sivertzen, Nilsen, & Olafsen, 2013). By using an employer attractiveness ranking, we follow recent findings that stakeholders such as job seekers place great importance on employer attractiveness rankings (Saini et al., 2014), while firms strive to be highly ranked in these surveys (Wayne & Casper, 2012). Moreover, extant studies claim that being recognized as an "attractive employer" by a third party institution sends a strong signal to applicants (Carvalho & Areal, 2016) and conveys the notion of adequate career perspectives and good working conditions to the public.

The employer attractiveness ranking ("Ideal Employer Ranking") is based on a survey conducted by Universum in collaboration with universities, student associations and other related organizations. Universum's survey procedure is standardized across countries. The survey is distributed via the respective university contacts, including departments/chairs, as well as career and alumni organizations/networks, student organizations and social media. In the survey, participants choose their favorite employers, whilst being obliged to reflect on characteristics they associate with attractive employers and apply them to their selection of firms (Universum, 2020). Prior to selecting their most attractive employers in the survey, participants answer questions about the attributes they associate with an attractive employer. The attributes do not appear in a specific order in the survey; they encompass a variety of different aspects, including the commitment to diversity and inclusion, and can be associated with every possible firm in the survey. In the ranking procedure, participants receive a firm list. From this list, participants choose all firms, i.e. potential employers, they find attractive (there is no limit to the number of employers they might choose at this point). In a next step, participants are asked to narrow down their initial selection to five employers which they would consider applying to and working for. Throughout the selection procedure, participants are

once again asked to connect the attributes they link with attractive employers (i.e. diversity, gender equality, etc.) to their individual selection of the most attractive employers. This overall procedure may prevent firms from becoming part of the final ranking just because they are "well-known". The final selection of five employers eventually enters the employer attractiveness ranking for the respective country.

To create the ranking for each country, Universum maps the educational institutions of the participants (in terms of aspects like number of students). The responses originating from a specific institution are then depreciated or appreciated with a weighting factor (depending on whether the institution was overrepresented or underrepresented in the survey). For the final employer attractiveness ranking, the weighted responses are accumulated across institutions in a given country. This procedure allows capturing the actual distribution of students in a country and ensures comparability of employer attractiveness data between years.

In terms of background, the vast majority of participants in the survey under investigation are currently enrolled Bachelor's and Master's students, i.e. undergraduate and graduate students, from business-related fields of study (95–98% Bachelor's and Master's students for the countries in our sample in 2015).³ The largest share of participants in the survey originates from age group 20 to 25 (between 67% and 74% of all participants depending on the country; age group 20 to 29 accounts for 70–87% of all participants in 2015).

During the period 2008–2015, the yearly average number of students in business-related fields of study that submitted their "votes" was 8954 for Germany, 3189 for the Netherlands, 3876 for the UK, and 3509 for Switzerland. Thereof, the average number of *foreign* business-related students (per year) in the respective countries that submitted their votes during the period 2008–2015 was 821 for Germany, 626 for the Netherlands, 1855 for the UK, and 1033 for Switzerland.

Whereas our data on employer attractiveness stems from Universum, our data on TMT nationality diversity and our data on diversity initiatives were hand-collected by drawing on firms' annual reports. We will explain this in more detail in section 3.2.

3.2. Variables

3.2.1. Dependent variable

While we are aware that there are different ways to measure employer attractiveness (Berthon et al., 2005; Highhouse, Lievens, & Sinar, 2003), we assess the dependent variable *employer attractiveness* by using the employer attractiveness ranking by Universum. In this ranking, firms are ranked between 1 and 100, where 1 represents the most attractive firm a foreign job seeker would consider applying to/working for, and 100 represents the least attractive firm. Our

³ This approach is in line with studies like Turban and Greening (1997). To cover all relevant degrees, students pursuing country-specific degrees (e.g. diploma) are also invited to participate in the survey.

approach builds on the conceptualization of [Turban and Greening \(1997\)](#), whereby firms' attractiveness as an employer is also based on a ranking that stems from an assessment by business students: employer attractiveness of a firm mirrors different facets that make it worthwhile working for it, including its diversity and diversity efforts ([Backhaus, Stone, & Heiner, 2002](#); [Ersoy & Aksehirli, 2015](#); [Kumari & Saini, 2018](#); [Williams & Bauer, 1994](#)). Choosing this ranking enables us to apply a more robust time-series approach to investigate our research question empirically, as we are able draw on employer attractiveness data over many years and dating back as far as the start of our sample period (which would not have been possible with other approaches). We use a ranking that focuses on employer attractiveness in general since we need data that allow us to assess the impact of diversity on employer attractiveness as a whole, aside from other potentially influential factors for which we also control (see section 3.2.4).

3.2.2. Independent variable

Our independent variable is *TMT nationality diversity*. We hand-collect data on diversity in the top management team from annual reports published by the respective firms in our sample. We measure the independent variable by calculating the [Blau \(1977\)](#) index $[1 - \sum p_i^2]$, where p is the percentage of top management team members with the i th category. The higher the score of the Blau index is, the greater the diversity in the TMT ([Blau, 1977](#); [Cho & Hambrick, 2006](#)). Blau's index is widely applied in diversity research and is recommended specifically to calculate diversity as a reflection of variety with categorical variables such as nationality or gender ([Harrison & Klein, 2007](#); [Miller & Triana, 2009](#): 766).

3.2.3. Mediator variable

To measure *firm's efforts to promote diversity* we again analyzed the annual reports of the firms in our sample. Drawing on annual reports to gauge firms' focus on diversity-related issues appears as an adequate approach, as an increasing number of firms use their annual report to communicate their diversity efforts ([Lievens et al., 2001](#): 47; [Wentling & Palma-Rivas, 2000](#): 43). In particular, extant research supports the notion that TMTs can highlight the importance of diversity within a firm via policy statements, memos, letters, speeches, corporate newsletters or newspapers, and reports ([Wentling & Palma-Rivas, 2000](#)). Arguing from a corporate governance perspective, it has been stated that firms with diverse boards disclose "diversity efforts in the companies' [...] annual report" ([Terjesen, Aguilera, & Lorenz, 2015](#): 242).

We conducted a computer-aided text analysis (CATA) to measure a firm's efforts to promote diversity, using the software *atlas.ti* ([Short, Broberg, Cogliser, & Brigham, 2010](#)), which is often employed in content analysis research ([Ossenkop, Vinkenburg, Jansen, & Ghorashi, 2015](#)). Similar to the approach taken by [Cho and Hambrick \(2006\)](#), we analyzed each annual report for every firm and every year in our analysis. Applying a deductive approach, we went through several steps to develop a relevant dictionary for our analysis. First, we defined a set of words that are closely related to the terms "nationality" and "diversity". Second, we used thesauruses to identify major synonyms of the initial word lists. To enhance validity, we used two academic scholars as judges to rate the collected items. The independent judges are experts in the area of TMT and diversity research. To gauge interrater agreement, we followed the recommendation made by [Short et al. \(2010\)](#) and applied [Holsti's \(1969\)](#) formula $[2M/(n_1 + n_2)]$ which represents the ratio of coding agreements to the total number of coding decisions ([Miles & Huberman, 1994](#)). M represents the number of agreements between the two judges, and n_1 and n_2 are the number of coding decisions made by judge 1 and judge 2. The interrater agreement score for the two judges was 0.78 for the final set of words related to the terms "nationality" and "diversity". This result indicates strong concordance between the two judges ([LeBreton & Senter, 2008](#)). Third, we examined each annual report to count the number of words related to the terms "nationality" and "diversity" (using the software *atlas.ti*). We assumed that higher

numbers of these terms in annual reports correspond with relatively high efforts to promote diversity within a firm whereas relatively low word counts represent low efforts to promote diversity.

3.2.4. Control variables

To capture adequately the complex nature of the factors influencing employer attractiveness in general, first, we control for TMT-level as well as for firm-level factors. It is important to consider *TMT size*, because larger TMTs are more likely to comprise foreign TMT members ([Kaczmarek & Ruigrok, 2013](#)). In addition, we assume that a larger TMT is more visible and hence has the potential to send a "stronger" signal than a smaller TMT. We measure TMT size as the total number of TMT members reported in a firm's annual report. In addition, we control for *TMT gender diversity* (also based on information found in annual reports), as the presence of female board members might influence the diversity signal and the related focus on nationality diversity in the firm ([Miller & Triana, 2009](#)). In line with the measurement of TMT nationality diversity, we calculate the [Blau \(1977\)](#) index for TMT gender diversity. Information on top managers' gender was collected through annual reports.

Employer attractiveness may also be influenced by a variety of additional factors at firm level which we take into account by applying an extensive set of control variables. Scholars argue that the location of firms' headquarters can influence their attractiveness as employers ([Newbury, Gardberg, & Belkin, 2006](#)). More specifically, [Newbury et al. \(2006\)](#) posit that foreign-headquartered firms are less attractive employers than domestically-based firms. Hence, we control for the location of the headquarters (*HQ location*) with a dichotomous variable. If headquarters are located in one of the respective home countries (i.e. in Germany, the Netherlands, the United Kingdom or Switzerland), the variable is coded as 1, and if headquarters are located in a foreign country (i.e. outside the respective country), the variable is coded as 0. In addition, we control for the size of the city in which the firms' headquarters is located. *HQ city size* is measured with a dichotomous variable coded as 1 if the headquarters is located in a city with a population of more than 500,000 inhabitants and 0 otherwise. Controlling for the headquarters' city size is important as foreign job seekers might consider a firm that is located in a large city such as London, Amsterdam or Berlin as a more attractive employer, because they might find it easier to integrate in an urban environment.

Extant research shows a link between a firm's public perception and the successful attraction of applicants ([Turban & Cable, 2003](#); [Wayne & Casper, 2012](#): 125). In this regard, influential factors are firm size and financial performance. The size of the firm plays an important role in employer attractiveness research since, in general, large firms are considered more appealing ([Peretz, Levi, & Fried, 2015](#)). We control for firm size, measured as the logarithm of the total number of employees (i.e. *employees (log)*) and the logarithm of total sales (i.e. *sales (log)*) ([Carter, 2006](#)). To account for the potential attractiveness of firms with a good performance, we capture their financial performance and control for profitability measured as *ROA previous year* and *ROA current year* ([Barkema & Shvyrkov, 2007](#); [Kaczmarek & Ruigrok, 2013](#)). We also control for firms' degree of internationalization by including the *foreign sales to total sales (FSTS)* ratio, since highly international firms might be more attractive to foreign job seekers. As familiarity with a firm has shown to influence employer attractiveness ([Cable & Graham, 2000](#)), we control for whether a firm has and is a *popular brand*, which is measured with a dummy variable. If the respective firm is included in the Interbrand Best Global Brands Ranking, the variable is coded as 1, and 0 otherwise. Finally, in accordance with the common approach in time-series regressions, we include *year dummies* in our model to control for time-specific effects.

3.2.5. Analytical strategy

We employ mediated regression models ([Baron & Kenny, 1986](#); [Lee & Park, 2006](#)) to test our hypothesized relationships. Specifically, we set

up regression models to test the relationship between (1) TMT nationality diversity and employer attractiveness, (2) TMT nationality diversity and a firm’s efforts to promote diversity and, finally, (3) a firm’s efforts to promote diversity and employer attractiveness for foreign job seekers. We do not expect to encounter issues with regard to reverse causality in our models. An employer attractiveness ranking published in year $t = 1$ may not affect TMT diversity or a firm’s efforts to promote diversity in year $t = 0$.

Our data set is a panel (time-series data), which has several advantages (Hitt, Gimeno, & Hoskisson, 1998). One major advantage is that panel data methods can control for unobserved heterogeneity and improve statistical explanatory power, as the sample size is larger and individual effects, as well as effects for an entire sample, are captured (Baum, 2006; Greene, 2012). Nevertheless, there are disadvantages, such as cross-sectional heteroscedasticity and within-unit serial correlation, when conducting statistical tests (Cermeno & Grier, 2006). As these disadvantages occur, the assumptions of constant variance and uncorrelated error terms for ordinary least squares (OLS) are violated, which leads us to use generalized least squares (GLS) to correct for heteroscedasticity and auto-correlated error terms (Greene, 2012). In addition, we conduct a Hausman specification test, which helps determine the preferred model, i.e. a fixed effects model or a random effects model, when using panel data (Greene, 2012). The Hausman specification test is important to consider, because it tests whether the error term c_i and the independent variable x_{it} are correlated (Wooldridge, 2010). The random effects model is well specified when c_i and x_{it} are uncorrelated, which means that the individual-level effects are adequately modeled by a random effects model. The test results show partial support for the random effects model (H1: $\chi^2(16) = 13.23$, $\text{prob} > \chi^2 = 0.6557$; H2: $\chi^2(16) = 182.45$, $\text{prob} > \chi^2 = 0.0000$; H3: $\chi^2(16) = -30.65$, $\chi^2 < 0$). While the Hausman specification test is applied, its command might provide incorrect statistics, as it assumes that the random effects estimator is fully efficient, which is usually not the case (Wooldridge, 2010). Furthermore, we opt for more convincing support for our random effects approach across all of our models. Therefore, we conduct a Breusch-Pagan Lagrange multiplier test, which is sensitive to the assumption of normality and is based on a robust estimator (Greene, 2012). The Breusch-Pagan Lagrange multiplier test is a test for heteroscedasticity, where the squared OLS residuals are regressed on the explanatory variables in the model, which helps to decide between a random effects model and an OLS model (Wooldridge, 2016). The test revealed significant results (H1: $\chi^{-2} = 1092.08$, $\text{prob} > \chi^{-2} = 0.0000$; H2: $\chi^{-2} = 738.47$, $\text{prob} > \chi^{-2} = 0.0000$; H3: $\chi^{-2} = 1014.61$, $\text{prob} > \chi^{-2} = 0.0000$), which means that the random effects model is preferred for the investigation of all of our hypotheses.

4. Results

Table 1 includes an overview of the descriptive statistics and correlations. Table 2 shows the analysis of the direct effect of TMT nationality diversity on employer attractiveness. The mediation effect is displayed in Tables 3 and 4, where Table 3 includes the analysis of the relationship between TMT nationality diversity on firms’ efforts to promote diversity. Table 4 presents the analysis of the effect of firms’ efforts to promote diversity on employer attractiveness.

Hypothesis 1 predicts a positive relationship between TMT nationality diversity and employer attractiveness for foreign job seekers. As shown in Table 2, the relationship is empirically supported with a coefficient of 7.268 and a significance level of $p < 0.1$, which means that firms with a nationally diverse TMT are perceived as more attractive employers by foreigners. Hypothesis 2 substantiates that nationality diversity in the TMT is positively related to a firm’s efforts to promote nationality diversity. We are also able to support this hypothesis with our analysis, with a coefficient of 18.62 at $p < 0.01$ (Table 3). Finally, Hypothesis 3 suggests that the focus on nationality diversity is positively related to employer attractiveness for foreign job seekers. Our results

Table 1
Descriptive statistics and correlations.

Variables	Mean	S.D.	1	2	3	4	5	6	7	8	9	10	11	12	13
1 TMT nationality diversity	0.36	0.29	1												
2 TMT gender diversity	0.09	0.13	0.03	1											
3 TMT size	6.85	3.22	0.25 ***	0.10 ***	1										
4 HQ location	0.83	0.38	0.16 ***	-0.09 **	-0.18 **	1									
5 HQ city size	0.42	0.49	-0.16 ***	0.06 *	0.07 *	0.01	1								
6 Employees (log)	10.79	1.28	0.02	0.02	0.28 ***	-0.13 ***	0.13 ***	1							
7 Sales (log)	9.84	1.48	0.03	-0.05	0.30 ***	-0.24 ***	0.11 ***	0.78 ***	1						
8 FSTS	56.45	27.89	0.39 ***	-0.09 **	0.11 ***	-0.05	-0.27 ***	0.12 ***	0.15 ***	1					
9 ROA current year	6.02	5.87	0.12 ***	0.08 **	-0.02	0.04	-0.18 ***	-0.04	-0.07 *	0.28 ***	1				
10 ROA previous year	6.46	6.09	0.12 ***	0.07 *	-0.03	0.05	-0.18 ***	-0.03	-0.07 *	0.27 ***	0.75 ***	1			
11 Popular brand	0.19	0.39	0.02	-0.06	0.17 ***	-0.17 ***	0.04	0.31 ***	0.40 ***	0.20 ***	0.13 ***	0.13 ***	1		
12 Firm’s efforts to promote diversity	59.85	47.98	0.08 **	-0.05	0.17 ***	0.00	0.27 ***	0.17 ***	0.26 ***	0.01 ***	-0.19 ***	-0.20 ***	0.09 **	1	
13 Employer attractiveness	-47.73	28.23	0.15 ***	-0.02	0.09 **	0.18 ***	-0.05	0.26 ***	0.28 ***	0.16 ***	0.07 *	0.06	0.38 ***	0.28 ***	1

* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

Table 2

GLS regression with employer attractiveness for foreign job seekers as dependent variable and TMT nationality diversity as independent variable.

Variables	
TMT nationality diversity	7.268* (3.929)
TMT gender diversity	3.923 (8.215)
TMT size	0.646* (0.340)
HQ location	21.93*** (3.036)
HQ city size	-2.890 (2.127)
Employees (log)	2.099 (1.341)
Sales (log)	2.810** (1.180)
FSTS	-0.0365 (0.0445)
ROA current year	0.211 (0.254)
ROA previous year	-0.0709 (0.247)
Popular brand	22.66*** (2.726)
Constant	-127.9*** (10.75)
Number of observations	603
Number of firms	93
Year dummies	Included
Wald Chi ²	215.54***

Robust standard errors in parentheses.

***p < 0.01, **p < 0.05, *p < 0.1.

Table 3

GLS regression with firm's efforts to promote diversity as dependent variable and TMT nationality diversity as independent variable.

Variables	
TMT nationality diversity	18.62*** (6.089)
TMT gender diversity	-16.96 (12.02)
TMT size	0.672 (0.532)
HQ location	4.831 (4.389)
HQ city size	11.97*** (3.329)
Employees (log)	6.813*** (1.943)
Sales (log)	2.349 (1.770)
FSTS	-0.0232 (0.0661)
ROA current year	-0.786* (0.403)
ROA previous year	-0.817** (0.388)
Popular brand	2.275 (4.481)
Constant	-27.95* (15.44)
Number of observations	757
Number of firms	99
Year dummies	Included
Wald Chi ²	245.21***

Robust standard errors in parentheses.

***p < 0.01, **p < 0.05, *p < 0.1.

Table 4

GLS regression with employer attractiveness for foreign job seekers as dependent variable and firm's efforts to promote diversity as independent variable.

Variables	
Firm's efforts to promote diversity	0.145*** (0.0226)
TMT gender diversity	5.226 (7.961)
TMT size	0.562* (0.320)
HQ location	21.64*** (2.855)
HQ city size	-4.022* (2.053)
Employees (log)	1.224 (1.296)
Sales (log)	2.653** (1.143)
FSTS	-0.0215 (0.0406)
ROA current year	0.353 (0.248)
ROA previous year	0.0771 (0.241)
Popular brand	22.54*** (2.644)
Constant	-127.3*** (10.43)
Number of observations	603
Number of firms	93
Year dummies	Included
Wald Chi ²	266.60***

Robust standard errors in parentheses.

***p < 0.01, **p < 0.05, *p < 0.1.

show empirical evidence with a coefficient of 0.145 and a significance level of $p < 0.01$ (Table 4). This means that foreign job seekers indeed perceive a firm's focus on nationality diversity as an important criterion that also mediates the role of TMT nationality diversity for employer attractiveness.

In addition, it is interesting to note that several control variables have a significant effect. For the first hypothesis, we find an effect of *HQ location* with a coefficient of 21.93 and a significance level of $p < 0.01$. Moreover, *popular brand* also has an influence with a coefficient of 22.66 and a significance level of $p < 0.01$. Additionally, *TMT size* and *sales* positively influence employer attractiveness for foreign job seekers. For *Hypothesis 2*, the *number of employees* (6.813 at $p < 0.01$) and *HQ city size* (11.97 at $p < 0.01$) positively affect a firm's efforts to promote diversity, i.e. it might be fostered by a larger workforce and in urban areas. For the third hypothesis, the results for *HQ location* are 21.64 ($p < 0.01$), and the results for *popular brand* are 22.54 ($p < 0.01$) respectively; *TMT size* and *sales* again display significant effects as well.

5. Additional analyses

In addition to our main analysis focusing on foreign job seekers, we considered the question whether nationality diversity in the C-suite is even relevant beyond the group of foreign job seekers (see, for instance, Ghemawat & Vantrappen, 2015). Hence, we raised the question how job seekers in general – independent from their nationality – perceive a nationally diverse TMT. In relation to this point, we addressed the question whether a firm's efforts to promote diversity generally influence its employer attractiveness. Hence, we conducted an additional analysis to investigate if:

- TMT nationality diversity positively affects employer attractiveness for job seekers in general (domestic and foreign).

ii. A firm’s efforts to promote diversity positively affect employer attractiveness for job seekers in general (domestic and foreign).

Our approach was motivated by the evidence that diversity and the promotion thereof are not only issues relevant to specific subgroups of job seekers, but they are also increasingly valued by many applicants, whether they are foreign or not (Featherstone, 2019; PageGroup, 2017). Our results do not indicate that TMT nationality diversity positively affects employer attractiveness for all job seekers, as shown in Table 5 (additional analysis i). However, we find support for a significantly positive effect of firm’s efforts to promote diversity on employer attractiveness for all job seekers, with a coefficient of 0.134 at $p < 0.01$, as Table 6 shows (additional analysis ii). TMT nationality diversity significantly affects a firm’s efforts to promote diversity (see the results of the main analysis, i.e. Table 3).⁴ Consequently, we observe a mediation effect in which there is no direct association between TMT nationality diversity and employer attractiveness for all job seekers, but where only a firm’s efforts to promote diversity mediate this relationship.

It is noteworthy that several controls, including *HQ location*, *employees* and *popular brand* have a significant impact on firms’ employer attractiveness (as displayed in Tables 5 and 6). The Hausman Specification test again partially provides results implying a random effects model specified with $\chi^2(16) = 44.52$, $\text{prob} > \chi^2 = 0.0002$ and $\chi^2(16) = 39.91$, $\text{prob} > \chi^2 = 0.0008$. The Breusch-Pagan Lagrange multiplier tests fully support the utilization of random effects models ($\chi^{-2} = 1354.17$,

Table 5

GLS regression with employer attractiveness for all job seekers as dependent variable and TMT nationality diversity as independent variable.

Variables	
TMT nationality diversity	5.594 (3.853)
TMT gender diversity	10.41 (7.810)
TMT size	0.619* (0.336)
HQ location	23.97*** (2.944)
HQ city size	0.555 (2.075)
Employees (log)	3.295*** (1.230)
Sales (log)	0.460 (1.123)
FSTS	-0.0754* (0.0426)
ROA current year	0.158 (0.244)
ROA previous year	0.322 (0.235)
Popular brand	19.31*** (2.736)
Constant	-120.6*** (9.882)
Number of observations	658
Number of firms	96
Year dummies	Included
Wald Chi ²	180.18***

Robust standard errors in parentheses.

***p < 0.01, **p < 0.05, *p < 0.1.

Table 6

GLS regression with employer attractiveness for all job seekers as dependent variable and firm’s efforts to promote diversity as independent variable.

Variables	
Firm’s efforts to promote diversity	0.134*** (0.0223)
TMT gender diversity	11.27 (7.613)
TMT size	0.513 (0.318)
HQ location	23.17*** (2.802)
HQ city size	-0.944 (2.012)
Employees (log)	2.630** (1.197)
Sales (log)	0.0399 (1.098)
FSTS	-0.0646* (0.0390)
ROA current year	0.266 (0.239)
ROA previous year	0.455** (0.230)
Popular brand	19.03*** (2.667)
Constant	-117.6*** (9.632)
Number of observations	658
Number of firms	96
Year dummies	Included
Wald Chi ²	223.40***

Robust standard errors in parentheses.

***p < 0.01, **p < 0.05, *p < 0.1.

$\text{prob} > \chi^{-2} = 0.0000$; $\chi^{-2} = 1265.70$, $\text{prob} > \chi^{-2} = 0.0000$).

Overall, the results of our additional analysis support our conceptual model and add additional insights, beyond the findings of the main analysis, on the association between TMT nationality diversity and employer attractiveness. For employer attractiveness for foreign job seekers, we find evidence of both a direct effect of TMT nationality diversity as well as an indirect relationship with a firm’s efforts to promote diversity as a mediator. For employer attractiveness for all job seekers, we only find support for the indirect effect, in which a firm’s efforts to promote diversity mediate the relationship between TMT nationality diversity and employer attractiveness, whereas no direct relationship between our predictor and outcome variable can be identified. In other words, while we observe both direct and mediation effects related to employer attractiveness for *foreign* job seekers, we encounter a pure mediation effect for employer attractiveness for *all* job seekers.

6. Discussion

Our results confirm our hypotheses and allow us to respond to calls in prior literature. Wilden et al. (2010: 59) have stated that “despite increasing competition in employment markets, little research has explored the mechanisms by which potential employees evaluate prospective employers [...]”. Departing from the dominant HR and marketing focus of prior literature, we add an upper echelons perspective to the investigation of factors associated with employer branding and their association with employer attractiveness (see also, for instance, Ewing, Pitt, De Bussy, & Berthon, 2002).

We show how different “diversity signals” might be perceived differently by various target groups. For foreign job seekers, both TMT nationality diversity and firm’s efforts to promote diversity have a direct effect on employer attractiveness (alongside the mediating effect of firm’s efforts to promote diversity). For all job seekers, no direct effect of TMT nationality diversity on employer attractiveness is observable – only mediation via a firm’s efforts to promote diversity. Accordingly,

⁴ We can draw on the results of the main analysis as this model does not have to be adjusted for the additional analysis, because it does not contain any employer attractiveness measure.

direct signals in the form of (top-level) firm representatives with an international background might be particularly relevant for foreign job seekers (perhaps especially if they come from their own country/cultural area). A cohort including all job seekers, i.e. also domestic job seekers, might be drawn more towards the overall “diversity inclination” of the firm, which can be affected by TMT nationality diversity. Job seekers in general (whether domestic or foreign) might pay more attention to the consequences of TMT nationality diversity, such as enhanced efforts to facilitate diversity, and focus less on TMT nationality diversity itself. In other words, TMT nationality diversity is not as relevant as a direct influence for all job seekers; rather, it can act as an indirect force that affects an employer’s brand in terms of diversity and thus its employer attractiveness.

Our results confirm and add to arguments in prior literature according to which an employer brand, and consequentially employer attractiveness, are shaped not only by profitability or other performance indicators, but also by firms’ objectives and efforts to promote diversity (Edwards, 2010; Iseke & Pull, 2019; Kumari & Saini, 2018; Turban & Greening, 1997). Several features associated with organizational approval were introduced by Edwards (2010). We can link our results to these findings, since we expect that TMT diversity or efforts to promote diversity positively affect employee relations as well as the perceived proper treatment of groups such as foreign employees. This may in turn enhance “affinity” towards an organization, especially for foreign job seekers (Edwards, 2005, 2010; Martin, 2008; Martin, Beaumont, Doig, & Pate, 2005). Our results therefore also provide further insights to substantiate the argument according to which employer branding and employer attractiveness are highly relevant in the race for talent, as we show that “soft” factors such as diversity are decisive next to aspects such as firm performance (Biswas & Suar, 2016).

Through our results, we also provide novel input into the notion that employer attractiveness suffers from high information costs potential employees usually have (Wilden et al., 2010). In other words, an employer becomes less attractive to an applicant if he or she has a hard time finding out what he or she wants to know about the firm. Whether key employees of the firm (such as TMT members) are international, or whether a firm supports diversity, however, is information that is relatively easy to come by. Accordingly, due to relatively low information costs, aspects such as TMT diversity or a firm’s efforts to promote diversity may indeed have a good chance of positively influencing employer attractiveness – especially for those interested in diversity issues.

It is very likely that the impact of TMT nationality diversity and firm’s efforts to promote diversity on employer attractiveness might even increase in the future. Diversity continues to gain importance in society in general, and because firms put increasing effort into fostering or promoting diversity (also in corporate governance codes), not least as a result of pressure exerted by different stakeholder groups (Cabeza-García, Fernández-Gago & Nieto, 2018; Cuomo, Mallin, & Zattoni, 2016; Herring, 2009; Hoang, Abeysekera, & Ma, 2018; Richard, 2000; Robinson & Dechant, 1997). Furthermore, despite recent protectionist measures by some countries around the world, globalization still continues to accelerate in many areas, such as commodity flows or talent mobility (Potrafke, Rothardt & Wuthrich, 2020; Rodrik, 2018). It might thus be fruitful to monitor further the development of diversity (efforts), as a potential indicator and/or consequence of globalization, and employer attractiveness.

7. Conclusion

7.1. Contributions

In the context of an increasing talent shortage at a global level, MNCs are required to formulate and implement strategies that enable them to attract foreign job seekers and to retain them within their organization (Theurer, Tumasjan, Welpe, & Lievens, 2018). The present study

advances the understanding of the factors that can enhance employer attractiveness by showing that nationality diversity in the executive suite can have a signaling effect for foreign job seekers.

Through our study, we contribute to the existing literature in several ways. First, while much has been learned about how (top) managers’ characteristics and TMT diversity shape organizational performance as well as corporate and business strategies (Erhardt, Werbel, & Shrader, 2003; Homberg & Bui, 2013; Jaw & Lin, 2009; Richard, Kirby, & Chadwick, 2013; Upadhyay & Zeng, 2014; Wei & Wu, 2013), other potential outcomes have received far less attention. Our study addresses the call to explore new – and yet understudied – dependent variables in upper echelons research (Boada-Cuerva et al., 2019; Carpenter, Geletkanycz, & Sanders, 2004). In contrast to previous studies, our analysis combines a “traditional” upper echelons construct (i.e. TMT nationality diversity) with an outcome construct from the HR and marketing field (i.e. employer attractiveness). Thus, we advance upper echelons research by moving beyond an investigation of general firm-level outcomes, such as the performance effects of diversity (Nielsen, 2010b). Applying an upper echelons approach in a new context, we provide evidence that top managers’ characteristics can have an influence on employment, particularly on employer attractiveness for job seekers (next to other influential factors, such as firm-level characteristics). By doing so, we illustrate that MNCs can leverage TMT nationality diversity to increase their appeal to potential employees. Moreover, our findings support previous upper echelons research that emphasizes the impact of individuals’ nationality and the role of TMT nationality diversity as a powerful analytical construct (Hambrick, Davison, Snell, & Snow, 1998; Nielsen & Nielsen, 2013).

Second, our analysis helps to advance HR and marketing literature by offering a more nuanced understanding of TMTs’ role in the employee attraction process. Recent literature has suggested that “demographic diversity” in the form of “nationality” should also be considered in studies related to diversity (Baker et al., 2020: 243). Our results indicate that TMT nationality diversity can enhance employer attractiveness – not only for foreign, but also for all job seekers, as demonstrated by our additional analysis. Hence, we shed more light on concrete attributes that can help MNCs develop valuable strategies to attract international talent. We highlight the role of individuals’ characteristics and the benefits of a person-to-organization fit in the job selection process and thus contribute to a better overall understanding of the rationale for TMT diversity in MNCs (Robinson & Dechant, 1997). MNCs may utilize TMT nationality diversity as one key element in their employer branding strategies to promote themselves clearly as attractive employers. Moreover, we also provide a more comprehensive perspective regarding the mechanisms that help firms to present themselves as attractive employers. To date, considerable research attention has been given to impressions of the job (Konrad, Corrigan, Lieb, & Ritchie, 2000) and of the employer (e.g. Highhouse, Thornbury, & Little, 2007; Lievens, Van Hoye, & Schreurs, 2005). Previous research, however, paid very little attention to the question of how impressions of co-workers and top managers are related to attraction to an organization (also referred to as the “person-to-person fit”; Kristof-Brown, Zimmerman & Johnson, 2005). Our findings support the notion that selecting a non-native top manager can serve as “very powerful signal”, because it provides evidence of an “absence of glass ceilings at the company” (Ghemawat & Vantrappen, 2015: 74–75; see also Stafsudd, 2006: 185) and ultimately enhances a firm’s attractiveness as an employer. While the (non-) absence of glass ceilings has been studied in numerous publications about female top managers (e.g. Arvate, Galilea, & Todescat, 2018; Cook & Glass, 2014), we present a study on the signaling effect of nationality diversity at the board level.

Third, our conceptual model advances upper echelons research, as scholars have argued that “moderating and mediating variables in the TMT demography research represent a step in the right direction” (Kaczmarek & Ruigrok, 2013: 513). In a similar vein, researchers in the employer attractiveness field have called for more studies to explore

mediators that influence job seekers' intention to apply (Wang, 2013: 569–570). We therefore not only argue and empirically show that nationality diversity in the top management team is a direct signal to attract foreign job seekers, but we also highlight an important indirect channel of translation: as our results underline, we find that our mediator variable (i.e. a firm's efforts to promote diversity) is affected by TMT nationality diversity, and also has a positive effect on employer attractiveness. Therefore, we confirm the findings of Turban and Cable (2003), who have already pointed out that firms need to express their efforts in fostering diversity to gain a competitive advantage in attracting highly qualified employees (i.e. by enhancing the employer brand). Moreover, our findings support the argument that top managers play a pivotal role in managing the reputation of a firm (Davies & Chun, 2009) and that the presence of diversity initiatives in firms' communication (such as annual reports, websites and social media channels) can have an impact on firms' attractiveness as employers (e.g. Dineen & Allen, 2016; Sivertzen et al., 2013).

Our study is also of managerial relevance. It helps firms to understand better the antecedents of employer attractiveness and provides top managers with measures that can enhance the attraction and recruitment of job seekers (Leekha & Sharma, 2014). In times of a “race for talent”, it is crucial to understand that C-Suite diversity sends a signal and that TMT diversity may serve as a mechanism that can help firms position themselves as attractive employers (Ghemawat & Vantrappen, 2015). In this regard, our results encourage firms with an emphasis on diversity (initiatives) to communicate their diversity or related efforts proactively, as it may have direct positive effects at the firm level. Furthermore, our study helps firms assess the value and the business impact of diversity initiatives more accurately. While previous conceptualizations of the “bottom line impact” of a diverse TMT focus on financial (performance) variables and strategic outcomes, such as firms' internationalization efforts (Robinson & Dechant, 1997; Slater, Weiland & Zwirlein, 2008), our research unveils a rather direct and non-financial implication of TMT diversity.

7.2. Limitations and avenues for further research

Our study has limitations that at the same time offer potential avenues for future research. First, our empirical analysis of employer attractiveness is based on rankings. The employer attractiveness ranking by Universum allows us to conduct a time-series investigation of our research question, in which we can rely on employer attractiveness data for many years in the past – and across different European countries. As in other studies (e.g. Turban & Greening, 1997), our measure of employer attractiveness is a quantitative assessment that is shaped by different characteristics of the firm that are relevant to job seekers. We provide evidence that diversity is one factor (among others) that influences employer attractiveness. However, in the future, qualitative studies could investigate in more detail how precisely TMT nationality diversity (or a firm's efforts to promote diversity) actually translate into job seekers' attitudes towards potential employers. In-depth interviews with job seekers may be an appropriate approach for future studies of this kind.

Second, the sample in our study is limited to a specific group of individuals. Participants in the Universum survey are mostly first-time job seekers, and they are quite homogeneous in terms of age and work experience. Therefore, the results of our analyses may not be applicable to other groups of job seekers (e.g. experienced professionals, middle managers or top management team candidates). Future research is thus needed to explore the association between TMT characteristics and employer attractiveness for different groups of employees.

Third, we acknowledge that our mediator variable may not capture all of a firm's efforts to promote diversity within a firm. By drawing on text analyses, we aim to gauge the importance of diversity efforts within a firm. However, this investigation is limited to a specific medium, namely text documents, and may entail problems such as impression

management by firms (Windscheid, Bowes-Sperry, Jonsen, & Morner, 2017). Thus, future research could shed more light on interpersonal, non-written and non-verbal dynamics that may promote or hinder firms' diversity efforts (Wentling, 2004). In line with this argument, prospective studies might investigate the signaling role of prominent foreign top management team members, such as the CEO or the CFO, as their functional roles (Menz, 2012) and their exposure to the public may enable them to send even stronger signals to job seekers than the nationality diversity of the entire TMT.

Fourth, we choose the setting of four European countries for our empirical investigation (i.e. Germany, Switzerland, the Netherlands, and the UK). While we argue that these countries constitute a valid cross-section of (Central and Western) European economies, we nonetheless acknowledge that investigating other countries, such as France or Sweden, might deliver further insights into how diversity influences employer attractiveness in other institutional or cultural contexts. For future studies, it might therefore be worthwhile extending the geographical scope, for instance to other countries in Europe, or to investigate our research question on other continents, such as Asia. Moreover, in terms of systematic differences between countries, we stressed that differences in English language prevalence or proficiency might affect employer attractiveness, but we did not measure language discrepancies – which might be another promising avenue for future research.

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