



## COMMENTARY

# Contribution of immigrant employees to international marketing standardisation strategies selection

## An exploratory study

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### Abstract

**Purpose** – Previous studies on the contribution of immigrant employees (IE) have mainly focused on immigrants from non-Western industrialised countries. Few studies have explored the contribution of immigrants from the European Union (EU). The purpose of this commentary is to present the outcomes of a recent study on immigrant employees from the EU region.

**Design/methodology/approach** – This paper examines the experience of 77 New Zealand firms operating in 11 EU markets. Only 10 percent of the firms investigated hired IE to assist or manage their firms' marketing activities in the EU region, suggesting employment of IE is still in its infancy stage. The EU is the largest immigrant source region, which contributes more than 30 percent of total immigrants to New Zealand in 2005. This study uncovers the profile of firms which have, or have not, utilised such a strategy.

**Findings** – It was found that, at present, the users of IE are larger in size, equipped with higher international business experience, FDI mode users and operate more in the consumer durable and industrial product sectors. Among marketing environmental factors examined, competitive environment accounted for the most variation. The extent of standardisation difference of price and place was the highest.

**Originality/value** – The findings of this study imply that the choice of IE from the EU region might relate to a firm's size, international business experience, market entry mode selection, product type and host market environment and characteristics (e.g. market size). IE might also have contributed to a firm's choice of pricing and place standardisation strategy. However, these relationships need to be verified by future research.

**Keywords** European Union, New Zealand, Immigration, Immigrants, Employees, Standardization

**Paper type** Viewpoint

### Introduction

When conducting international business operations, firms can acquire assistance from external sources (e.g. government trading organisations) and/or internal sources (e.g. immigrant effects). An immigrant effect represents the assistance from a firm's immigrant employees (IE), or employers, when it conducts business in the immigrants'

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country of origin market (Hyde and Chung, 2002). The former effect is more often used in marketing and business management (Gould, 1994; Enderwick and Akoorie, 1994), which is the focus of this study. It is suggested that immigrants' knowledge about their birthplace is particularly significant in a number of key aspects, including market environment, market information, legal regulations, business contacts and languages (Gould, 1994; Ramaseshan and Patton, 1994; Rauch, 1999; Saxenian, 2000; Harcourt, 2003).

Probably due to its importance to a country's economy (Peters, 2002; Department of Labour, 2005; Gregory, 2005), research concerning the contribution of immigrants has become an emerging research theme recently (Gould, 1994; Ramaseshan and Patton, 1994; Rauch, 1999; Chung and Enderwick, 2001; Chung, 2002; Rauch and Trindade, 2002; Wagner *et al.*, 2002). It is suggested that the choice of IE is likely to be affected by organizational, product and environmental factors. It is also proposed that IE can influence a firm's selection of international marketing strategies in a host market. Most of the available literature on this subject has focused on immigrants from non-Western developing countries and few studies have focused on IE from developed countries such as the EU. As the contributions of immigrants from the EU region are increasingly important to the economy of many host countries including New Zealand (Department of Labour, 2005; Gregory, 2005), it seems appropriate to explore this issue further. The EU is the largest source region of immigrants, which contributes more than 30 percent of total immigrants to New Zealand (Department of Labour, 2005). This exploratory study seeks to provide some insights on this new research theme by uncovering some possible contributions of IE from the EU region. The profile of firms which have, and those which have not, employed IE to assist or manage their marketing activities in the EU region will be highlighted. In this study, factors such as organisational, product-related, environmental, market entry mode and international marketing strategies will be examined.

### Methodology

This study employed a postal survey to collect its primary data. The sampling frame was 233 firms while the total number of usable questionnaires returned was 77 firms (response rate = 33 percent). In total the respondent firms operated in 11 EU country markets (Table I). The IE are from three countries, including Germany, Italy, and the UK. Only 10 percent of respondents surveyed hired IE to assist or manage their firms' marketing activities, suggesting that this strategy is still in its infancy stage of development. As indicated, immigrants from the EU region have made up the largest proportion of all immigrants to New Zealand (Department of Labour, 2005).

In this study, IE are defined as those who recently emigrated from their country of origin and have business knowledge of both their country of origin and resident country. They were hired to assist to design a marketing programme for their country of origin market. Firm size was measured by the number of full-time employees (Erramilli and Rao, 1993). A firm's international business experience was measured by the number of years in international business, the number of countries in which it has had continuous business operations and the number of years it has operated in the host markets (Cavusgil *et al.*, 1993). The market entry mode factor was measured by whether a firm has used FDI (e.g. marketing subsidiaries), or a non-FDI (e.g. exporting), mode to serve the host market (IE's country of origin) markets. Product type was measured under one of the three categories; consumer non-durables, consumer durables and industrial products (Boddewyn and Grosse, 1995). Marketing

	IE – No ( <i>n</i> = 69)	IE – Yes ( <i>n</i> = 8)	Difference
Employees (full-time)	231	959	728
Years in international business	20	36	16
Number of countries	13	42	29
Years in market (firm)	10	32	22
<i>Entry mode</i>			
FDI	23.2%	62.5%	39.3%
Non-FDI	76.8%	37.5%	-39.3%
<i>Product category</i>			
Consumer non-durables <sup>a</sup>	40 (58%)	2 (25%)	-33%
Consumer durables	13 (19%)	2 (25%)	6%
Industrial products	16 (23%)	4 (50%)	27%
<i>EU host markets</i>			
Belgium	2 (2.9%)		
Denmark	1 (1.4%)		
France	5 (7.2%)		
Germany	20 (28.9%)	1 (12.5%)	
Ireland	3 (4.3%)		
Italy	3 (4.3%)	1 (12.5%)	
Spain	4 (5.8%)		
Sweden	1 (1.4%)		
Switzerland	3 (4.3%)		
The Netherlands	3 (4.3%)		
The UK	24 (34.8%)	6 (75%)	
<i>Environment</i> (1 = very similar; 5 = very different)			
Political <sup>b</sup>	2.72	3.17	0.45
Legal	2.47	2.21	-0.26
Economic	3.11	2.62	-0.49
Competitive	2.95	3.91	0.96
Infrastructure	2.50	2.54	0.04
Cultural	2.43	2.31	-0.12
Customer	2.72	2.25	-0.47
<i>Programme</i> (1 = very similar; 5 = very different)			
Product <sup>c</sup>	1.77	1.50	-0.27
Price	2.76	2.16	-0.60
Place	2.62	1.91	-0.71
Promotion	2.55	2.75	0.20

**Notes:** <sup>a</sup> Examples of consumer non-durables include food products. Consumer durables include carpet, auto accessories. Examples of industrial products are ingredients and machinery equipment;

<sup>b</sup> Political = interference from the host government; Legal = regulations on price and sales conditions, performance and packaging; Economic = GNP/capita, labour cost, stage of development and purchasing power; Competitive = nature of the market and market share position; Infrastructure = distribution infrastructure and media availability; Cultural = understanding and interpretation of advertisement, literacy and education level, linguistic and connotative implications, socio-cultural customs and taboos. Customer = purchasing habits, conditions of product usage, preferences and consumption patterns;

<sup>c</sup> Product = characteristics, brand name, packaging, design, positioning; Price = wholesale/retail price, pricing method, offer of price discounts; Place = outlets, channels, roles/management of sales force, role of middlemen; Promotion = role of advertising, basic theme, copy, creative expression, media allocation, sales promotion

**Table I.**  
Respondent profile  
(New Zealand firms,  
*n* = 77)

environmental variables were determined by a group of items (e.g. political, legal, competitive) (Cavusgil *et al.*, 1993; Baalbaki and Malhotra, 1993; Cavusgil and Zou, 1994; Zou and Cavusgil, 2002). The environmentally-related factors were measured by the differences, or similarities, between the home and host markets (1 = very similar; 5 = very different) (Table I).

Marketing programme elements were measured by a five-point scale (1 = very similar; 5 = very different) (Baalbaki and Malhotra, 1993; Cavusgil *et al.*, 1993; Chung, 2003; Theodosiou and Leonidou, 2003). The measurement of the programme elements allows a comparison of a firm's product being marketed at home *vis-a-vis* host markets (Table I).

## Findings

### *Organisational factors*

As shown in Table I, this study suggested that the variation of firm size between non-IE and IE users is large (959 *vs* 231). Probably related to the availability of their resources, this outcome indicates that large size firms are probably more likely to use immigrant employees to design their marketing programme for the host markets. This suggests that the selection of IE might be related to a firm's size when operating in the EU. This finding indicates that the influence of firm size on the selection of IE is probably varied between EU and other regions because the literature suggests that the choice of immigrant effect is not likely to be related to a firm's size (Fang, 2001; Harcourt, 2003).

Past studies have revealed that the choice of IE can assist firms to increase their knowledge about a foreign host market (Gould, 1994; Ramaseshan and Patton, 1994; Chung and Enderwick, 2001). When firms are lacking in international business experience, they tend to use IE effect more, as the employment of IE can help them better understand the business environment in the host market. The results of this study showed that firms which have employed IE tend to have a higher extent of international business experience and have been operating longer in the host markets than the non-IE users (Table I). This reveals that the influence of international business on the selection of IE is probably different between EU and other regions as the direction of influence is varied between this study and that of previous studies. This inconsistent result suggests that future research on this issue is needed.

Market entry mode was also suggested to be related to the selection of IE effect (Lever-Tracy *et al.*, 1991; Enderwick and Akoorie, 1994). As shown in Table I, FDI mode users were more likely to use IE, thus, previous studies' findings were confirmed.

### *Target market characteristics*

Previous studies suggested that firms from English-speaking countries are more likely to use IE when operating in a non-English-speaking country (Gould, 1994). The UK and Ireland have been classified as belonging to the same group of countries as New Zealand (Hofstede, 1980; Ronen and Shenkar, 1985). This cultural similarity suggests that New Zealand firms operating in these two countries are probably less likely to use IE. Contrary to this expectation, this study found that most of the IE were from the UK. This might indicate that, in addition to cultural factors, there could be other variables such as market size in the firm's decision to hire IE. The economy in the UK has been cited as the largest in the EU (Europa, 2005). This inconsistent finding begs for further research attention.

### *Nature of product*

Likewise the result of this study pointed out that IE firms are more likely to operate in the industrial and consumer durable sectors while non-IE users tended to operate more in the consumer non-durable sector. This suggests that product type is probably a factor for the selection of IE. This finding, however, is not consistent with those found in other regions. It is recommended that marketing of consumer non-durable products are more sensitive to the local consumption and cultural differences (Jain, 1989; Baalbaki and Malhotra, 1993; Boddewyn and Grosse, 1995) and IE is often able to assist firms to overcome such barriers when operating in a foreign host market (Dunlevy and Hutchinson, 1999; Rauch and Trindade, 2002; Wagner *et al.*, 2002).

### *Environmental factors*

A host market's environment was also suggested to have an influence on a firm's choice of marketing strategies (Buzzell, 1968; Sorenson and Wiechmann, 1975; Jain, 1989; Baalbaki and Malhotra, 1993; Chung, 2005; Roper, 2005). IE is often used to overcome the environmental differences between the home and host markets (Gould, 1994; Enderwick and Akoorie, 1994). The outcome of this study revealed that, among all factors examined, competitive environment had the highest variation between IE and non-IE users. This implies that competitive environment is most likely to be a factor in deciding whether to hire immigrant employees from the EU region.

### *Marketing strategies selection*

Past research also indicates that a firm's choice of IE is likely to be related to its choice of marketing standardisation strategies. It has been suggested that firms tend to use a more highly adapted programme when they engaged IE (Chung, 2002). Overall, this study showed that the extent of differentiation of the four programme elements was not large. Its result, however, indicated that the variation of degree of standardisation was mostly to occur in the price and place elements (Table I). This might imply that firms are more likely to use IE to make standardisation decisions concerning pricing and place elements if a significant variation existed between IE and non-IE users in this aspect.

### **Conclusions**

As discussed, research that focused on IE from the EU in the marketing standardisation strategies is still in its developmental stage. In this commentary, the profile of firms which have hired IE from the EU region was analysed and discussed. In general, some of these findings were not consistent with earlier studies that focused on IE from non-Western developing countries. As such, the relationships proposed in this commentary need to be verified by future studies. Specifically future research should consider the following; First, future research should examine statistically the relationships proposed in this study. In order to perform this task successfully, their sample size needs to be enlarged and they should include more firms that have used IE. These studies should also focus on firms that are based in countries which have adopted a similar immigration policy to New Zealand's (e.g. Australia, Canada, USA, South Africa). Second, the samples reported in this study are mainly from large developed EU countries. Future studies should include other EU countries such as central and east European countries that have recently jointed the EU.

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