The Antecedents and Consequences of Country Reputation Management (CRM): An Agenda for Future Research

Zulhamri Abdullah\textsuperscript{a}, Bahtiar Mohamad\textsuperscript{b}, Raji Ridwan Adetunji\textsuperscript{c},
\textsuperscript{a}Communication Department, FBMK, Universiti Putra Malaysia, Malaysia,
\textsuperscript{b}Advanced Communication Research Unit (ACRU), School of Multimedia Technology and Communication, Universiti Utara Malaysia, Malaysia,
\textsuperscript{c}College of Communication and Media Sciences, Zayed University, United Arab Emirates (UAE),

The purpose of this paper is to develop and validate a proposed conceptual framework on country reputation in an organisational context. A literature review was analysed to identify the key variables of country reputation. It is believed that a reliable and valid multidimensional framework was obtained to measure country reputation. Three main antecedents of country reputation are effective government, an appealing environment, and an advanced economy. In addition to this, the purchase intentions of imported products are the consequences of country reputation. The study is among the first attempt to develop a proposed conceptual framework of country reputation. The study contributes to Malaysia's reputation of literature in the sense of improving national development for the critical inquiry of impression management.

Key words: Country reputation, Effective government, Natural resources, Advanced economy.

Introduction

Country reputation is defined as an image of a country over a long period (Passow, Fehlmann, & Grahlow, 2005). Moreover, the reputation of a country can be defined as the perception of a country, transmitted by both international and domestic communities, based on the receipt of information and also personal experience (Abdullah, 2010; Astro, 2013). The reputation of a country has also been measured using the country's reputation index
This index (CRI) is based on the Fomburn’s Reputation Institute (RI), one of the corporate reputation models by Fombrun & Riel (1997) and also a corporate reputation quotient (Fombrun, Gardberg, & Sever, 2000). Furthermore, the management of corporate identity (Mohamad et al., 2019; Abdullah & Abu Seman, 2018) and reputation in an Asian country (Abdullah, 2009) is vital for today’s companies to stimulate entrepreneurial development (Ekpe et al., 2015; 2016). Thus, there is a positive relationship between corporate reputation and country reputation (Kang & Yang, 2010).

Fombrun developed a Country RepTrak model to measure the best country reputation worldwide (Trad & Prado 2018; Berens et al., 2011). The dimensions and attributes of Country Rep Track® are illustrated in Figure 1. As stated in Country Rep Track®, there are three important dimensions of country reputation, which are: effective government, an advanced economy, and an appealing environment (Trad & Prado, 2018). Moreover, based on the report by Reputable Institute in 2018, the top-ten reputable countries were the Netherlands, Denmark, Japan, Canada, Australia, New Zealand, Norway, Switzerland, Finland and Sweden. However, Malaysia achieved 29th in the ranking (Trad & Prado, 2018). Therefore, it can be concluded that the ranking of reputable countries is not based on the size of the country's area or population.

**Figure 1. Country Rep Track® Dimensions and Attributes**

![Country Rep Track® Dimensions and Attributes](source)

Being safe, welcoming, beautiful and highly principled influences a country's reputation. As a valuable asset, Trad and Prado (2018) clarify that the reputation of a country involves seven factors, which are: being a safe place; people are friendly and welcoming; an appealing lifestyle; appearing as a beautiful country; being an enjoyable country to be in; the population are responsible participants of the global community, and; being an ethical country (Abdullah...
et al., 2017). Moreover, country reputation can strongly influence consumer intention toward countries' products (Kang & Yang, 2010).

With the growing importance of country reputation, several studies have examined the roles of the country's reputation as an independent variable – one which may affect international consumers' intention to purchase products (Raza et al., 2019; Kang & Yang, 2010), or the process of building its competitive advantage (Szwajca, 2017). Besides that, country reputation is also used as a moderator variable. Fullerton and Kendrick (2017) mention country reputation as having been used as the moderator of tourism advertising effectiveness. Despite independent and moderator variables, country reputation has also been used as the dependent variable. Seo’s study attempts to identify the effects of online connectedness and information on country reputation (2013).

The aim of this paper is to examine the antecedents and consequences of CRM by providing an integrative framework for future research. The remainder of the paper is organised into three primary parts. To begin with, country reputations are defined and their properties are examined. Second, the antecedents of CRM are investigated. Third, relationships between CRM and its consequences are examined. The paper concludes with several incisive suggestions.

**Antecedents of Country Reputation**

Various factors drive a country's reputation. There is effective government, natural features, advanced economy, cultural appeal and also leadership competence. More explanations of all these variables are presented in the next section.

**Effective Government**

As admitted in Country Rep Track®, the institutional environment, business environment, political and social policies, safety, international participation, being an ethical country and the efficient use of public resources can be attributes of effective government influencing country reputation (Trad & Prado, 2018). Numerous studies regarding government effectiveness include Harymawan and Nowland (2016) and Best and Burke (2017). Harymawan and Nowland (2016) studied 2073 firms to examine the effect of government effectiveness on earning's quality and political connections. The study confirms that government effectiveness plays a role in increasing the earnings quality of politically connected firms. However, a study by Best and Burke (2017) found that government effectiveness becomes an important factor for electricity transitions in developing countries. A large data sample from 135 developing countries is used in this study.
Proposition 1: Effective government has a positive significant effect on a country's reputation.

Natural Features

Besides effective government, natural features are also identified as antecedents of country reputation. Natural features can be relevant, affecting a country's reputation. Some research has examined how natural features influence country reputation, like that by Trad and Prado (2018), Lee, Toth and Shin (2008) and Szwajca (2017). As stated in Country Rep Track®, a beautiful and enjoyable country can be an attribute of an appealing environment in influencing country reputation (Trad & Prado, 2018). The study by Lee, Toth and Shin (2008) found that natural features like beautiful environments in South Korea influence the country's reputation. The study seeks the personal opinion of twenty (20) leaders who work across the nation, regarding routes and the cognitive categorisation of national reputation formation of South Korea. South Korea is located in a temperate climate with humid and subtropical wetlands with terraced terrain; therefore, South Korea is suitable for military stationing or for tourists for leisure.

Despite the country reputation being the dependent variable, the previous study by Szwajca (2017) examines the importance of country reputation as an independent variable. This study attempts to examine the importance of country reputation to build a competitive advantage in the global market. Natural features like attractive natural environments had tempted tourists to visit and at the same time increased the country's revenue.

Proposition 2: Natural resource has a positive significant effect on the country's reputation.

Advanced Economy

Despite effective government and natural features, an advanced economy is another predictor of country reputation. As reported in Country Rep Track® 2018, advanced economy includes well-known brands, high-quality products, services, technology, being a contributor to global culture, values education, and a well-educated and reliable workforce (Trad & Prado, 2018). Having large multinational companies like Samsung, Honda and others can contribute to country reputation. For example, Lee et al. (2008) conducted a study in South Korea to investigate the factors that drive the national reputation formation of South Korea. This study confirms that large multinational companies and technological advances like those of Samsung and Hyundai become a symbol of South Korea's economic advancement. Recognising and experiencing these products resulted in people thinking that South Korea had an advanced economy and became a country with a high-technology reputation. Moreover, hardworking attitudes and high motivation toward education can drive South
Korea economic success (Lee et al., 2008). As has been concluded by the US leader, the democracy and development of economic progress is considered as quite impressive and strong.

Besides that, as Szwajca (2017) states, country reputation is important to building a competitive advantage in the global market. Szwajca (2017) notes that the result of the study also admits that a good reputation can increase revenue, lower capital cost, make it easy to obtain the best workforce, and also reduce the associated risk of conducting business activity.

**Proposition 3:** An advanced economy has a positive significant effect on the country reputation

**Cultural Appeal**

Cultural appeal is also one of the important factors influencing country reputation. Culture can be simply defined as a way of life. Lifestyle, and a friendly and welcoming people were attributes of the appealing environment as stated in Country Rep Track® (Trad & Prado, 2018). Moreover, culture plays a strong role in a country's reputation (Che-Ha et al., 2016). Several researchers examine the effect of culture on a country's reputation, like Che-Ha et al., (2016); Dinnie (2004); Holtzhausen and Fullerton (2015); Lee et al., (2008); Yousaf and Li (2015) and Joshi et al., (2016).

The study by Che-Ha et al., (2016) on 445 respondents across Malaysia examines the factors of country reputation from the country's citizens’ perspectives. This study insists that culture has a significant relationship to country reputation. This means that culture plays a major role in examining country reputation.

Similarly, Dinnie's (2004) results admit that culture affects country reputation. Moreover, another study by Holtzhausen and Fullerton (2015) in South Africa found that culture becomes the most stable and hardest factor to influence country reputation. This study was conducted to identify the dimensions that affect country reputation; more than 1200 adults from the USA form the sample of the study.

Warm, friendly, kind and generous are common attitudes that influence country reputation (Lee et al., 2008). Previous researchers Lee et al., (2008) examine the factors that affect South Korea's reputation. The study reveals that a warm, friendly, kind and generous attitude becomes the most attributes of South Korea people mentioned by respondents. Besides this, music culture also can increase the reputation of the country. Lee et al., (2008) found that the pop culture of South Korean in music (and films) had attracted people to get to know the country. This study confirms that cultural appeal influences country reputation. Reciprocally,
Yousaf and Li (2015) note that cultural appeal is affected by Pakistan's country reputation. This study involves universities student from eight cities in Pakistan.

However, a study by Joshi et al., (2016) found that cultural resources have positive significant relationship toward international tourism growth. This means that countries rich in cultural attraction typically attract more tourists than other countries.

**Proposition 4:** **Cultural appeal has a positive significant effect on the country's reputation.**

**Leadership Competence**

Initially, several studies found that leadership competence also affects country reputation. Leadership competency can be defined as the ability to perform certain tasks. Commonly, if a leader is competent, better and more effective performance will be achieved. Moreover, as reported by Society for Human-Resource Management (SHRM), most studies found that leadership competencies are best taught by exposure and experience to different situations (Society for Human-Resource Management [SHRM], 2009). There are numerous studies regarding the effect of leadership competencies like those by James and Wooten (2004); Holtzhausen and Fullerton (2015) and Yousaf and Li (2015). Leadership competencies are very important, especially in a crisis (Adamu, Mohamad & Abdul Rahman, 2018; Baninajarian & Abdullah, 2009). James and Wooten (2004) clarify five phases of a crisis which include signal detection, preparation or prevention, containment or damage control, business recovery and also learning.

A previous study by Holtzhausen and Fullerton (2015) investigating country reputation factors in South Africa extracts leadership as one of the country reputation dimensions. This study focuses on a large data set of more than 1200 USA adults. Similarly, Yousaf & Li (2015) also admit that leadership appeal is affected by Pakistan's country reputation. This study involves university students from eight cities in Pakistan.

**Proposition 5:** **Leadership competence has a positive significant effect on a country's reputation.**

**Influence of Country Reputation on the Purchase Intention of Imported Products**

The impact of country reputation on buyers' purchase intentions, assessments and perceptions has been the most studied topic of marketing, communication, and management in recent decades. A lot of researchers have tried to find the effects of country reputation on product assessments, attitudes on product development, purchase intentions and preferences for purchase (Aichner et al., 2017; Parkvithee & Miranda, 2012). The impact of country
reputation is the same as that of brand, price and quality, but it can offer much better potential. Country reputation allows customers to assess the price of a commodity, the performance and other attributes of a product, as a guideline. One of the effects of country reputation is a significant market preference determinant. The attitude of customers of a commodity is distinct from its origin (Raji, et al., 2020). As a measure of price for products and services, consumers take country reputation as an external indicator. Consumers create brand images and likewise, shape country images for other countries. They develop a brand image of a country through the country’s image, which constitutes consumers’ stereotypical beliefs. For example, “Italian pizzas are superb,” “Japanese electronics are reliable,” and “German cars are excellent.” It is argued that many consumers assume that a label of "Made in" may place emphasis on "superior" or "inferior for the particular product (Degoma & Shetemam, 2014).

Extensive reading of the literature shows that product assessments have an effect on a country's reputation (Le, et al., 2017). Specifically, a more favourable assessment of a country's reputation may lead to a beneficial evaluation towards the products that originate from that country. In evaluating international goods, country reputation is extremely important, primarily, from two key viewpoints: quality and purchasing value. One of the initial principles of the phenomenon of country of origin was the interpretation of the nation's image developed by Nagashima (1970). Consumers favouring a specific country of origin may relate to the image, reputation and stereotype that consumers connect to the products from a particular country. This favourable image is based on several factors such as representative goods, national features, economic and politics, history and traditions. To the contrary, some see country image as a contemplation of the general views of consumers about the quality of goods manufactured in and the essence of humanity from that country. The COO effect is about how customers view goods from a country, precisely.

Extant literature shows that the impact of country reputation may reflect product evaluation and the process of decision making because it influences the prevision of the likelihood by customers of the basic characteristics of products made in a particular country (Batra et al., 2000; Peterson & Jolibert, 1995). A variety of studies show market demand for goods from developed countries such as the USA, those in Europe, and Japan. This demand was usually linked to the high level of economic and technological development that translates as high quality and improved product performance.

According to Parkvithee and Miranda (2012), global marketing literature indicates that buyers are worried about where consistency is to be expected of goods. In other words, country reputation is one of the most important measures of product quality in addition to brand name, appearance and design. Furthermore, with the advent of e-commerce, the importance of external indicators is evident as many Internet communications are
Country reputation in the global market is, however, a complicated problem. Several scholars regard country reputation of a product as being of the country where they produce or assemble the products (Degoma & Shetemam, 2014; MacKenzie et al., 1986). These scholars show the decision of the customer to purchase one product depends on where the product is manufactured. Meanwhile, other scholars argue that country reputation of one product is in regards to a headquarters location regardless of where the company produces or manufactures products, because the particular country assembling the products may differ over time or else the company has an outsourcing arrangement with several assembly countries.

With regard to the intention to purchase a product, several scholars show that consumer perception of country reputation has a substantial effect on the purchasing intention of consumers (Degoma & Shetemam, 2014). Batra et al., (2000) also conclude that the country reputation of imported goods strongly influences consumer attitudes towards that brand, in regards to the impact of local brands or non-local origin on consumer attitudes in developing countries. For example, Asian consumers always regard Western products as better than local one as they set stereotypical a mentality that the “West is good.”

Furthermore, Chao’s research (1993) finds that customer perceptions of product qualities are dictated by the products’ country of design and assembly; that is, the more receptive the customers are to country reputation details, the more they are perceived in the product quality. Peterson and Jolibert (1995) discovered that the size of the observed country of origin effect was regarded whether a primary antecedent was dependent on a perceptual quality or reliability or purchase intention,.

In a nutshell, it is argued that purchase intention is known to be the motive for every consumer seeking to buy a specific brand product (Raji, et al., 2020; 2019). In other words, it also implies that if once a commodity is tested and if the commodity is worth buying, customers can purchase again. MacKenzie et al. (1986) establish purchase intention measures associated with attitudes to products to discover consumers’ actions. There are several contexts that resist customers’ intended behaviours. Specifically, in determining the existing impact of a country’s reputation on behavioural results, it is suggested that such resistance in assessing the real effects of country reputation towards behavioural outcomes, for instance, the tendency to reinforce the inherent characteristics of a product to take the brand name as a source of country reputation (D’Astous and Ahmed, 1999). Nonetheless, it is argued that the strong and likely compensatory effect of country reputation may equalise a poor brand product. In addition, the buying intentions for specific brands in West Germany, Japan and Italy were examined by business executives in the USA and Turkey. Purchase intention relates to personal commitment more than perceptual assessment, and so measures more influential history. The authors claim that the purpose to purchase is the dependent measure.
for investigating the effect of country reputation. Certain findings further suggest that a high corporate reputation's ability to buy as it sends out a commodity price warning has significant effects on customers (Aichner et al., 2017). This research therefore illustrates the voluntary collection of country reputation knowledge as part of the purchasing decision phase, centered on prior literature.

**Proposition 6:** Country reputation is positively influenced the purchased intention of imported products.

As summarised from the previous literature review it was found that effective government, natural features, an advanced economy, cultural appeal and leadership competence have all significantly influenced country reputation. Since the previous study was conducted in different countries, this study aims to know the effect of the antecedents to country reputation in Malaysia, because it may be that the effect of factors is different for each country. Hence, this study attempts to examine the influence of effective government, natural features, an advanced economy, cultural appeal and leadership competence on country reputation in Malaysia.

**Figure 1. Conceptual Framework of Country Reputation**

![Conceptual Framework of Country Reputation](image)
Conclusion

Based on past research, it is concluded that an effective government, an appealing environment and an advanced economy play vital roles in the perception of country reputation. Thus, this study aims to develop a proposed conceptual framework of country reputation. Specifically, it also aims to investigate the effect of the antecedents towards country reputation in Malaysia, since the previous studies cater mostly to other countries. This study is among the first attempt to develop a proposed conceptual framework of country reputation. This study contributes to the country reputation literature, in the sense of improving national development for the critical inquiry of impression management.

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