The Impact of Word of Mouth on Organizational Attractiveness

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Abstract

Many organizations have attempted to determine the most effective communication channel between organizations and potential applicants. The present study attempts to identify if word of mouth (WOM) influences organizational attractiveness by having 240 MBA students take part in a scenario experimental design. In addition, it also aims to test the moderating effect of tie strength and expertise. The study is implemented with a scenario experiment addressing the issue of employment decision making. The subjects were asked to read scenarios and imagine that they were experiencing them. Subsequently, they filled out the questionnaires of organizational attractiveness. The results indicate that word of mouth has a significant impact on organizational attractiveness. The moderating effects of potential applicants’ tie strength with senders and expertise of senders are also supported. In practice, the study indicates the effect of word of mouth on organizational attractiveness, suggesting that organizations should put more effort into improving positive organizational word of mouth. Theoretically, it demonstrates the effect of positive word of mouth and the moderating effect of tie strength with senders and expertise of senders on organizational attractiveness.

Keywords: Word of mouth, tie strength, expertise, organizational attractiveness

1. Introduction

Word of mouth is the basis of interpersonal communication and has been recognized as an important and credible information source (Mahajan et al., 1990) which can bring credible information to information receivers. Many companies now put effort into recruitment activities in order to attract higher quality applicants and ensure that only appropriate persons are employed (Townsend, 2007). The early recruitment practices may influence recruitment outcomes by affecting job seekers’ perceptions and application decisions during the first phase of recruitment (Cable et al., 2000; Gatewood et al., 1993). However, the effect of recruitment activities mostly depends on organizational attractiveness, which indicates the organizational reputation of an excellent employer and the attraction of potential employees to work for the company (Highhouse et al., 2003). Organizations with high attractiveness to potential talent will increase the effectiveness of their overall staffing systems (Murphy, 1986) and obtain a huge competitive advantage over their rivals (Michaels et al., 2001).

Organizations need to deliver and communicate a particular message about the organization to a target group of potential applicants through a specific channel or source to enhance their organizational attractiveness (Barber, 1998). This implies that recruitment-related information sources and their characteristics can be important antecedents of organizational attractiveness (Van Hoye and Lievens, 2005). Job seekers receive information from internal recruitment sources (e.g. recruitment advertising) and external sources (e.g. publicity and word of mouth) (Van Hoye and Lievens, 2005). From so many sources, word of mouth as an external recruitment-related source can transmit both positive and negative
information, and provide specific diagnostic information about important job and organizational characteristics (Van Hoye and Lievens, 2005). Word of mouth is defined as an interpersonal communication about an organization as an employer, or about specific jobs (Van Hoye and Lievens, 2005). It is more easily accessible in memory because of its personal and more vivid nature, and thus is more likely to enhance the perceptions of potential applicants (Feldman and Lynch, 1998). Although word of mouth is thought to be an important external recruitment source, previous studies have mainly focused on consumer behavior, but rarely on organizational recruitment issues and organizational attractiveness (Van Hoye and Lievens, 2005). Many studies have found the effect of word of mouth on organizational attractiveness and image (Collins and Stevens, 2002; Rynes et al., 1991).

Van Hoye and Lievens (2007) indicated that word of mouth often comes from different sources (e.g. friends, family, acquaintances, neighbors, advisors). Characteristics of word of mouth sources are likely to influence their effects on organizational attractiveness (Van Hoye and Lievens, 2007). We discuss the two characteristics of tie strength and expertise in this study. Some studies have indicated that word of mouth from strong ties such as friends who have a better relationship commitment and interpersonal trust, is more likely to be used, and is more influential and has a greater effect than that from weak ties (Reingen and Kernan, 1986; Bansal and Voyer, 2000). Moreover, Gilly et al. (1998) suggested that the expertise of senders is an influential factor in terms of the effect of word of mouth. In addition, information senders with high expertise in specific fields have been indicated to have great influence and persuasion on information receivers’ involvement (Yukl and Falbe, 1991; Petty et al., 1983). By the same token, word of mouth from experts makes the information more credible.

Based on the above discussion, our work contributes in the following two ways. First, we have extended the previous work and examined the moderating effect of tie strength and expertise. Second, we examine the effect of word of mouth by scenario experimental design on MBA students who will graduate and find jobs within one year in the application-making process to clarify the relationship between word of mouth and organizational attractiveness.

2. Theory and hypothesis

2.1 Organizational attractiveness

Organizational attractiveness represents an attitudinal construct that can already be measured in the stages of early recruitment, and that has been found to be related to actual application and job choice decisions in later stages (Collins and Stevens, 2002). The previous studies have defined organizational attractiveness based on organizational level and individual level. In an organizational context, organizational prestige or perceived reputation could be considered as a component of organizational attractiveness, implying that the organization probably has a reputation as an excellent employer (Highhouse et al., 2003). At the individual level, organizational attractiveness refers to applicants who would like to work for the organization and exert a great deal of effort to work for it (Highhouse et al., 2003). In order to understand the potential applicants’ intention regarding their application decisions, organizational attractiveness based on definition of individual level was adopted in this study.

2.2 Word of mouth (WOM)

ERP Word of mouth is conceptualized as an interpersonal communication about an organization as an employer, or about specific jobs (Van Hoye and Lievens, 2005). Examples include conversations with friends and advice from independent experts. Bone (1995) indicated that word of mouth represents an experiential recruitment source, as it occurs between people in an informal manner and exerts a particular type of informational social
influence. Cable and Turban (2001) reported that word of mouth is an external information source that is not under the direct control of the organization. Previous studies have indicated that some characteristics of word of mouth are likely to influence its effects. Dellarocas (2003) suggested that word of mouth, as a kind of face to face communication, be provided through all kinds of media (e.g. telephone or internet). Furthermore, everyone can provide word of mouth information such as friends, family and even complete strangers (Smith and Vogt, 1995). Furthermore, as word of mouth is an external source that does not have the explicit purpose of promoting the organization, it can convey both positive and negative information (Cable and Turban, 2001; Bone, 1995; Smith and Vogt, 1995).

Although previous studies have defined word of mouth as having both positive and negative dimensions, in practice, most word of mouth senders are willing to give positive but not negative word of mouth information. Usually, senders will give general rather than negative information by word of mouth unless the receivers have a very close relationship with the senders. Bansal and Voyer (2000) indicated that friends with strong ties are more willing to express their feelings and opinions, and information from friends with strong ties is perceived as being more credible. Therefore, instead of using the term negative word of mouth, non-positive word of mouth is used in this study. Non-positive word of mouth is defined as the information senders just giving general information about the subject in neither a positive nor a negative way.

2.3 Word of mouth and organizational attractiveness

As noted above, word of mouth is an external and informal recruitment related information source. Moser (2005) indicated that informal sources which provide more accurate and specific information about jobs allow applicants to apply for jobs that better fit their interests and skills. In addition, some studies have also stated that informal recruitment sources generally have stronger effects on organizational attractiveness, application decisions, and job choice decisions than formal sources (Allen et al., 2004; Breaugh et al., 2003; Collins and Han, 2004; Collins and Stevens, 2002).

The classification of recruitment sources model (Cable and Turban, 2000) suggests that word of mouth is an experiential-external recruitment information source which can influence organizational attractiveness. In addition, the Accessibility-diagnosticity model (Feldman and Lynch, 1998; Herr et al., 1991) posits that a recruitment-related information source is diagnostic if it helps potential applicants to decide whether a specific organization would be a good or a bad employer for them. This model also indicates that experiential sources are likely to have a greater impact on organizational attractiveness than informational sources because they are more easily accessible in memory (Herr et al., 1991). In later studies, Van Hoye and Lievens (2005) suggested that the effect of word of mouth improves potential applicants’ perceptions of organizational attractiveness based on the accessibility-diagnosticity model.

Based on the above assumption, the word of mouth in this study consists of both positive and non-positive information. Van Hoye and Lievens (2005) found that positive word of mouth could enhance organizational attractiveness after negative publicity. Moreover, the same result also implies that positive word of mouth has a significant influence on organizational attractiveness for applicants (Collins and Stevens, 2002; Van Hoye and Lievens, 2007). While the word of mouth senders gave non-positive information in neither a positive nor a negative way, it may not have any impact on the organizational attractiveness for word of mouth receivers.

Word of mouth is an efficient informal recruitment-related information source for potential applicants’ application decisions. Previous studies have shown that positive word of
mouth has a significant impact on organizational attractiveness. Therefore, the organizational attractiveness is expected to meet a higher level in the positive word of mouth condition than in the non-positive word of mouth condition. Accordingly, we propose the following hypothesis:

\[ H1: \text{The level of organizational attractiveness is greater in the positive word of mouth than in the non-positive word of mouth condition.} \]

2.4 Tie strength with senders

Van Hoye and Lievens (2007) indicated that word of mouth can come from many different sources (e.g. friends, family, acquaintances, neighbors, job incumbents, university personnel) through different social networks (Green et al., 1995). Therefore, the characteristics of these sources are likely to influence organizational attractiveness. Marsden and Hurlbert (1998) indicated that applicants can access information about desirable jobs or better information resources with better social networks. Moreover, personal contact has been indicated as being the primary way in which job seekers collect the information they need (Campbell and Rosenfeld, 1985). Granovetter (1973) indicated that job seekers look for different kinds of information through different kinds of ties. For example, the previous studies imply that infrequent ties often lead to a job of superior quality as academicians seem to look for their first job with strong ties (Granovetter, 1973; Murray et al., 1981). Accordingly, tie strength is indicated as an important factor for job seekers looking for different job information through different interpersonal contacts. Tie strength is defined as the closeness of the social relationship between the senders and receivers (Brown and Reingen, 1987). Van Hoye and Lievens (2007) divided tie strength into strong ties and weak ties. Close friends are an example of strong ties, whereas seldom contacted acquaintances represent weak ties.

Strong ties are perceived as more influential than weak ties. Word of mouth from strong ties is likely to be used more often because stronger ties are more readily available and have more frequent interactions (Reingen and Kernan, 1986). The senders and receivers with strong ties would have a better relationship commitment and interpersonal trust than those with weak ties (Brown and Reingen, 1987). Moreover, Bansal and Voyer (2000) indicated that the effect of word of mouth from strong ties is greater than that from weak ties. Friends with strong ties are more willing to express their feelings and opinions, and information from friends with strong ties is perceived as being more credible (Bansal and Voyer, 2000).

Previous studies have indicated that the effect of word of mouth on organizational attractiveness might be greater for strong ties (Bansal and Voyer, 2000; Fisher et al., 1979; Pornpitakpan, 2004; Van Hoye and Lievens, 2007). Fisher et al. (1979) found that friends are perceived as a highly credible information source and have a positive effect on organizational attractiveness. Moreover, word of mouth from a friend is perceived as being more credible and has a more positive effect on organizational attractiveness than does word of mouth from an acquaintance (Van Hoye and Lievens, 2007). Accordingly, we propose the following hypothesis:

\[ H2: \text{Positive word of mouth from strong ties will enhance organizational attractiveness to a greater extent than from weak ties.} \]

2.5 Expertise of senders

Yukl and Falbe (1991) indicated that expert power, which has become one of the most powerful sources of influence, is influenced by expertise, special skills, or knowledge. For example, most of us follow the advice that our doctor gives us because of his high level of expertise. Consumer behavior research has indicated that expertise influences customers’
decisions (Gilly, et al., 1998). Similarly, applicants seek and follow suggestions from experts. Bristor (1990) defined expertise as the extent to which the source is perceived as being capable of providing correct information, and expertise is expected to induce persuasion because receivers have little motivation to check the veracity of the source’s assertions by retrieving and rehearsing their own thoughts. Thus, word of mouth information from senders with high expertise is influential on applicants in making application decisions.

Hovland et al. (1953) indicated expertise as one important determinant of information source credibility. Fisher et al. (1979) proposed that one is most likely to listen to and believe an individual who is perceived as being very knowledgeable about the subject at hand. Furthermore, Petty et al. (1983) implied that the expertise of the information source had a greater impact on persuasion of information receivers’ involvement. Based on the above discussion, we can expect that expertise of senders increases information credibility. Receivers tend to believe senders with high expertise because they might bring more credible information. In other words, effect of word of mouth on organizational attractiveness is stronger from senders with high expertise. Meanwhile, information about organizations via positive word of mouth from senders with high expertise is more credible for applicants than that from those with low expertise. Applicants are expected to make application decisions by taking positive word of mouth from senders with high expertise. In other words, the effect of positive word of mouth on organizational attractiveness would be greater for high expertise. Accordingly,

H3: Positive word of mouth will enhance organizational attractiveness to a greater extent with high expertise than with low expertise.

3. Method

3.1 Participants and procedure

Potential participants were approached by the class leader and asked whether they were willing to participate in a paper-and-pencil study addressing the issue of employment decision making. When students agreed, they were given the materials and were seated in a classroom during their break time. Then, each participant read one of eight different scenarios and was asked to imagine that s/he was seeking a new job as in the described situation. After reading the scenarios, they were asked to fill out the questionnaires of organizational attractiveness to provide information about their job application decisions.

In order to minimize external interference due to applicants’ different background characteristics, the participants’ professional background and work experience were controlled in this study. The participants were 240 full time MBA students in Taiwan who are going to be looking for jobs soon and who have the same professional background, either with minimal or no work experience. The sample consisted of 111 men and 129 women. The participants’ mean age was 25.49 years. Approximately eighty percent of the participants had no work experience, while 20.4% had full-time work experience of less than 4 years.

3.2. Scenario experimental design

A 2 × 2 × 2 between-subject factorial design was applied, with word of mouth (positive vs. non-positive), moderators of tie strength (strong ties vs. weak ties) and expertise (high vs. low), and the dependent variable of organizational attractiveness as the experimental variables. We attempted to identify the relationship between word of mouth, characteristics of word of mouth information source (tie strength and expertise), and organizational attractiveness in this study. The experimental situations are elaborated as follows.
3.3 Situational variables

3.3.1 Word of mouth

Based on Shang et al. (2007) definition, we conceptualized positive word of mouth as interpersonal communication as an information source of positive organizational perception. The situation of word of mouth was operationalized as general information that applicants often receive. Positive word of mouth was stated as “Overall, this company is quite good, especially for employee development and benefits. The future growth of this company is expected to be prosperous”, whereas non-positive word of mouth was stated as “The working environment and employee benefits in this company are about average, nothing to say good or bad”.

3.3.2 Tie strength with senders

On the basis of Duhan et al. (1997) definition, tie strength in this study was conceptualized as relationship closeness between word of mouth senders and receivers. The situation of tie strength was operationalized as strong ties and weak ties. In the situation of strong ties, the participants were told that this person was a friend to whom they were strongly tied, whereas in the situation of weak ties, the same person was presented as an acquaintance to whom they were weakly tied.

3.3.3 Expertise of senders

Bristor (1990) indicated that expertise comes from a person’s experience and knowledge. Based on Bristor (1990)’s definition, we conceptualized expertise as the extent to which a person has experience and knowledge in a specific field. The situation of expertise was operationalized as high expertise and low expertise. High expertise was stated as having good experience and knowledge in a specific field, whereas low expertise was stated as having no experience or background knowledge in a specific field.

All three situation variables were applied in a between-subject factorial design. We had eight scenarios (Scenarios A to H) combined by the three situational variables. An example of “Scenario A” with manipulation of positive word of mouth, strong ties, and high expertise is stated as follows.

“You are going to graduate from school soon and are worried about finding a job. Recently, a company has been recruiting management associates but you are not sure if you should apply for that position or not. In this case, you are asking for your advisor’s suggestions. Your advisor (a) has a close relationship with you, (b) has good experience and knowledge in that industry, (c) told you that this company is quite good, especially for employee development and benefits, and the future growth of this company is expected to be prosperous.”

3.4 Dependent variable

3.4.1 Organizational attractiveness

Organizational attractiveness was measured by Turban and Keon’s (1993) organizational attraction scale. The scale includes five items: (a) I would exert a great deal of effort to work for this company, (b) I am interested in pursuing an application with the company, (c) I would like to work for the company, (d) I would accept a job offer, (e) I am no longer interested in the company except as a last resort (reversed). All items were rated from strongly disagree (a) to strongly agree (e) using a five-point Likert scale. The Cronbach’s alpha was 0.817. We summed up the five items as the organizational attractiveness score in the following analysis. This study attempts to determine the relationship between word of mouth and organizational attractiveness. In addition, we also explore the interaction between word of mouth with tie
strength and with expertise respectively, in terms of how they influence organizational attractiveness. Therefore, we conducted two-way ANOVA and simple main effect to test the hypotheses in this study.

4. Results

4.1 Demographic profile

Firstly, we examined if there was a significant variance in demographic variables among the randomly assigned eight groups, and clarified if the samples met normal distribution. The results show that there was no significant group variance for gender ($\chi^2(7) = 7.89, p = 0.342$), age ($\chi^2(7) = 48.69, p = 0.49$) or full time work experience ($\chi^2(7) = 11.67, p = 0.11$), indicating that our randomly assigned groups were appropriate.

4.2 Descriptive statistics and hypotheses test

Table 1 shows the descriptive statistics of all studied variables and correlations by calculating the eta values for all studied variables, including the broken down conditions. The results indicated that word of mouth significantly correlated to organizational attractiveness ($\eta = 0.19, p < 0.01$); tie strength with senders also significantly correlated to organizational attractiveness ($\eta = 0.13, p < 0.05$); however, the correlation between expertise and organizational attractiveness did not meet the significant level ($\eta = 0.03, n.s.$). Further, we also performed the intercorrelation test on each condition. The results indicated that word of mouth significantly correlated to organizational attractiveness under the condition of strong tie ($\eta = 0.35, p < 0.001$), high expertise ($\eta = 0.26, p < 0.01$) and low expertise ($\eta = 0.20, p < 0.05$). In addition, tie strength with senders under the condition of positive word of mouth significantly correlated to organizational attractiveness ($\eta = 0.28, p < 0.01$) and expertise under the condition of positive word of mouth also significantly correlated to organizational attractiveness ($\eta = 0.41, p < 0.001$).

In order to analyze the effect of each variable in detail, two-way ANOVA were conducted to examine the main effect of word of mouth, the interaction effect of word of mouth and tie strength with the senders, and word of mouth and the expertise of the senders.
Table 1. Descriptive statistics and correlation to organizational attractiveness.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>s.d.</th>
<th>N</th>
<th>H</th>
</tr>
</thead>
<tbody>
<tr>
<td>organizational attractiveness</td>
<td>3.87</td>
<td>.53</td>
<td>240</td>
<td></td>
</tr>
</tbody>
</table>

Broken down by conditions

<table>
<thead>
<tr>
<th>WOM</th>
<th>240</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong tie</td>
<td>120</td>
<td>.35</td>
</tr>
<tr>
<td>Weak tie</td>
<td>120</td>
<td>.05</td>
</tr>
<tr>
<td>High expertise</td>
<td>120</td>
<td>.26</td>
</tr>
<tr>
<td>Low expertise</td>
<td>120</td>
<td>.20</td>
</tr>
<tr>
<td>Tie Strength with senders</td>
<td>240</td>
<td></td>
</tr>
<tr>
<td>Positive WOM</td>
<td>120</td>
<td>.28</td>
</tr>
<tr>
<td>Non-positive WOM</td>
<td>120</td>
<td>.02</td>
</tr>
<tr>
<td>Expertise</td>
<td>240</td>
<td></td>
</tr>
<tr>
<td>Positive WOM</td>
<td>120</td>
<td>.41</td>
</tr>
<tr>
<td>Non-positive WOM</td>
<td>120</td>
<td>.03</td>
</tr>
</tbody>
</table>

*p < 0.05, **p < 0.01; DF = 1 for all variables

4.2.1 Main effect of word of mouth

We examined the main effect of word of mouth by two-way ANOVA. The results in Table 2 show that word of mouth significantly influences organizational attractiveness ($F = 9.55$, 9.69, $p < 0.01$, $\eta^2 = 0.39$), which is also consistent with the findings of Van Hoye and Lievens’ (2007) study. The results indicate that the two groups of word of mouth have significantly different impacts on organizational attractiveness. Moreover, the results also indicate that organizational attractiveness in the positive word of mouth condition ($\bar{X} = 3.98$) is greater than that in the non-positive word of mouth condition ($\bar{X} = 3.77$), which supports H1.

The Interaction Effect of Word of Mouth and Tie Strength with Senders. The results in Table 2 also indicate that the main effect of tie strength with senders ($F = 4.35$, $p < 0.05$, $\eta^2 = 0.18$) is significant. Furthermore, the interaction effect of word of mouth and tie strength with senders also shows significance ($F = 5.46$, $p < 0.05$, $\eta^2 = 0.23$). The interaction plot of word of mouth and tie strength with senders in Figure 1 also implies significant results.

Table 2. Two-way ANOVA of word of mouth and tie strength with senders.

<table>
<thead>
<tr>
<th>Variance</th>
<th>Type I SS</th>
<th>MS</th>
<th>$F$</th>
<th>$\eta^2$</th>
</tr>
</thead>
<tbody>
<tr>
<td>WOM</td>
<td>2.52</td>
<td>2.52</td>
<td>9.55**</td>
<td>0.39</td>
</tr>
<tr>
<td>Tie strength with senders</td>
<td>1.15</td>
<td>1.15</td>
<td>4.35*</td>
<td>0.18</td>
</tr>
<tr>
<td>WOM $\times$ tie strength with senders</td>
<td>1.44</td>
<td>1.44</td>
<td>5.46*</td>
<td>0.23</td>
</tr>
</tbody>
</table>

*p < 0.05, **p < 0.01; DF = 1 for all variables

The above results imply that the interaction effect of word of mouth and tie strength with senders influences the outcome variables of organizational attractiveness. However, in order to clarify the effect of word of mouth (positive vs. non-positive) and tie strength with senders
(strong ties vs. weak ties) respectively, a simple main effect analysis was conducted to examine the respective main effect on positive and non-positive word of mouth and strong ties and weak ties. The results are also shown in Table 3.

Table 3. Simple main effect of word of mouth and tie strength with senders.

<table>
<thead>
<tr>
<th>Variance</th>
<th>SS</th>
<th>MS</th>
<th>F</th>
<th>η²</th>
</tr>
</thead>
<tbody>
<tr>
<td>WOM</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strong ties with senders</td>
<td>3.89</td>
<td>3.89</td>
<td>16.69***</td>
<td>0.12</td>
</tr>
<tr>
<td>Weak ties with senders</td>
<td>0.08</td>
<td>0.08</td>
<td>0.25</td>
<td>0.002</td>
</tr>
<tr>
<td>Tie strength with senders</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Positive WOM</td>
<td>2.58</td>
<td>2.58</td>
<td>9.89**</td>
<td>0.08</td>
</tr>
<tr>
<td>Non-positive WOM</td>
<td>0.01</td>
<td>0.01</td>
<td>0.03</td>
<td>0.004</td>
</tr>
</tbody>
</table>

*p < .01, ***p < .001; DF = 1 for all variables

The results in Table 3 present the simple main effect analysis on word of mouth with the group of strong ties with senders, which shows significance ($F = 16.69, p < 0.001, \eta^2 = 0.12$). The results indicate that there is significant variance between groups of positive and non-positive word of mouth. Positive word of mouth on organizational attractiveness in the situation of strong ties with senders ($X = 4.12$) is significantly greater than in the group of non-positive word of mouth ($X = 3.76$). Moreover, the simple main effect analysis on tie strength with senders with the group of positive word of mouth shows significance ($F = 9.89, p <0.01, \eta^2 = 0.08$), which indicates that there is significant variance between the group of strong ties and weak ties with senders. The results also imply that strong ties with senders on organizational attractiveness in the situation of positive word of mouth ($X = 4.12$) is significantly greater than in the group of weak ties with senders ($X = 3.83$), which supports hypothesis 2.

![Interaction plot of word of mouth and tie strength with senders.](image)

Figure 1. Interaction plot of word of mouth and tie strength with senders.
4.2.2 The interaction effect of word of mouth and expertise of senders

The results in Table 4 indicate that the main effect of word of mouth meets the significant level ($F = 9.69$, $p < 0.01$, $\eta^2 = 0.39$), and the main effect of expertise of senders shows no significance ($F = 0.28$, n.s., $\eta^2 = 0.01$). The interaction effect of word of mouth and expertise meets the significance level ($F = 13.09$, $p < 0.001$, $\eta^2 = 0.53$). However, since the interaction effect is statistically significant as shown in Table 3, it is no surprise that the plot of the interaction in Figure 2 would show this effect.

Table 4. Two-way ANOVA of word of mouth and expertise of senders.

<table>
<thead>
<tr>
<th>Variance</th>
<th>Type I SS</th>
<th>MS</th>
<th>F</th>
<th>$\eta^2$</th>
</tr>
</thead>
<tbody>
<tr>
<td>WOM</td>
<td>2.52</td>
<td>2.52</td>
<td>9.69**</td>
<td>0.39</td>
</tr>
<tr>
<td>Expertise of senders</td>
<td>0.073</td>
<td>0.073</td>
<td>0.28</td>
<td>0.001</td>
</tr>
<tr>
<td>WOM × expertise of senders</td>
<td>3.41</td>
<td>3.41</td>
<td>13.09***</td>
<td>0.53</td>
</tr>
</tbody>
</table>

$p < 0.01$, **$p < 0.001$; $DF = 1$ for all variables

The above results imply that the interaction effect of word of mouth and expertise of senders influences the outcome variables of organizational attractiveness. However, in order to clarify the effect of word of mouth (positive vs. non-positive) and expertise of senders (high vs. low) respectively, a further analysis was conducted to examine the respective main effect on positive and non-positive word of mouth and high expertise and low expertise of the senders. The results are also shown in Table 5.

Table 5. Simple main effect of word of mouth and expertise of senders.

<table>
<thead>
<tr>
<th>Variance</th>
<th>SS</th>
<th>MS</th>
<th>F</th>
<th>$\eta^2$</th>
</tr>
</thead>
<tbody>
<tr>
<td>WOM</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High expertise of senders</td>
<td>5.90</td>
<td>5.90</td>
<td>23.62***</td>
<td>0.07</td>
</tr>
<tr>
<td>Low expertise of senders</td>
<td>0.03</td>
<td>0.03</td>
<td>0.12</td>
<td>0.04</td>
</tr>
<tr>
<td>Expertise of senders</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Positive WOM</td>
<td>2.24</td>
<td>2.24</td>
<td>8.50**</td>
<td>0.17</td>
</tr>
<tr>
<td>Non-positive WOM</td>
<td>1.24</td>
<td>1.24</td>
<td>4.83*</td>
<td>0.001</td>
</tr>
</tbody>
</table>

$p < 0.05$, *$p < 0.01$, **$p < 0.001$; $DF = 1$ for all variables

The results in Table 5 present the simple main effect analysis on word of mouth with the group of high expertise senders, which shows significance ($F = 23.62$, $p < 0.001$, $\eta^2 = 0.17$). The results indicate that there is significant variance between the groups of positive and non-positive word of mouth. Positive word of mouth on organizational attractiveness in the situation of high expertise of senders ($\bar{X} = 4.11$) is significantly greater than in the group of non-positive word of mouth ($\bar{X} = 3.67$). In addition, the simple main effect analysis on expertise with the group of positive word of mouth shows significance ($F = 8.50$, $p <0.01$, $\eta^2 = 0.07$), which indicates that there is significant variance between the group of high expertise and that of low expertise senders. The results also imply that the effect of high expertise senders on organizational attractiveness in the situation of positive word of mouth ($\bar{X} = 4.11$)
is significantly greater than that of the group of low expertise senders ($\overline{X} = 3.84$), which supports hypothesis 3. Meanwhile, the simple main effect analysis on expertise of senders with the group of non-positive word of mouth in Table 5 also shows significance ($F = 4.83, p < 0.05, \eta^2 = 0.04$), indicating that there is significant variance between the groups of high expertise and low expertise of senders. The results also imply that the effect of high expertise on organizational attractiveness in the situation of non-positive word of mouth ($\overline{X} = 3.67$) is significantly lower than in the group of low expertise of senders ($\overline{X} = 3.87$).

![Interaction plot of word of mouth and expertise of senders.](image)

5. Discussion and conclusions

5.1 The effect of positive word of mouth

Most previous studies have treated the potential applicant as an individual decision maker, ignoring other external influences (Barber, 1998; Cable and Turban, 2001). However, besides individual influence, we expect that applicants’ decisions should also be influenced by other social factors through different communication sources. Based on this perspective, we examined the impact of word of mouth, one of the recruiting information sources, on organizational attractiveness.

The previous studies indicated that positive word of mouth has a greater impact on organizational attractiveness to potential applicants through informal sources than other recruitment sources (e.g. newspaper advertisements and employment agencies) (Breaugh and Starke, 2000; Saks, 2006; Zottoli and Wanous, 2000). The results of this study support the argument that organization attractiveness is greater in the positive word of mouth condition, which accounts for positive word of mouth being an influential external communication source. In practice, organizations should increase their organizational attractiveness in order to recruit more highly-desired applicants and to improve their organizational competitive abilities by stimulating positive word of mouth.
5.2 The moderating effect of tie strength and expertise

Tie strength with senders and expertise of senders are operationalized as informational source characteristics in this study. The results imply that the relationship between positive word of mouth and organizational attractiveness are moderated by tie strength with senders, which accounts for positive word of mouth having a greater effect on organizational attractiveness than non-positive word of mouth with strong ties, whereas the effects of positive and non-positive word of mouth do not differ for weak ties with senders. Our findings are in line with the previous study of Fisher, et al. (1979) which implied that information from friends is more reliable and has a positive effect on organizational attractiveness.

Expertise of senders is also supported to moderate the relationship between positive word of mouth and organizational attractiveness. The results in this study imply that the effect of positive word of mouth is significantly greater than that of non-positive word of mouth with high expertise senders. However, both positive and non-positive word of mouth with high expertise senders are shown to have a significant influence on organizational attractiveness. To clarify this result, the situation of the high unemployment rate in Taiwan, especially the unemployment rate among new university graduates, might help to explain this situation. We assume that these new graduates might apply for any possible position because they are afraid of not getting “a job” rather than being concerned about getting “a good job”, even though they did not get positive word of mouth information from credible communication sources. However, the actual cause of this situation still needs to be clarified in the future.

Our results imply that positive word of mouth can have an influential impact on organizational attractiveness as an important and credible communication source for organizations and applicants. As word of mouth is an external information source, this might be achieved through indirect strategies (e.g. campus recruitment, internships) to improve organizational attractiveness (Van Hoye and Lievens, 2007). Furthermore, organizations should also pay more attention to the impact of tie strength with senders and expertise of senders on word of mouth, which might help to have a greater impact on organizational attractiveness through right communication sources via positive word of mouth. In practice, although organizations cannot control word of mouth directly, they should put more effort into possible word of mouth sources, such as building a positive organizational image, maintaining good employee relationships within the organization, and even cooperation with schools or career consultants. Finding the appropriate communication sources to enhance positive word of mouth between organizations and applicants can have direct benefits for organizational attractiveness.

5.3 Limitations and future research suggestions

Word of mouth was manipulated by scenario experimental design in this study. The participants were asked to express the extent to which they were attracted by the organizations in certain situations after reading our materials. We tried to simulate the realistic process by which graduates apply for jobs after asking for others’ opinions. However, there are still some limitations such as insufficient information (organizational reputation, work place, salary, and job descriptions) provided. The purpose of this study was to explore the effect of word of mouth and characteristics of word of mouth senders on organizational attractiveness by randomly assigning participants to each situation by a scenario experimental design. Therefore, those factors such as organizational factors and job characteristics were not included, but can be considered in future studies. In addition, this study only manipulated two situational variables of tie strength with senders and the expertise of the senders in this study. However, other situational variables such as information richness and receivers’ activeness
have been indicated in previous marketing research. In addition, individual characteristics might influence the effect and credibility of word of mouth. Thus, those situational variables are expected to be considered for future study.

Moreover, the impact of word of mouth was tested using a scenario experimental design with 240 MBA students who are going to look for a job within one year. Though we tried to control those possible factors (e.g. subjects’ background, working experience), it is difficult to set the scenarios to be exactly the same as the actual recruitment context. Therefore, applying this issue in an actual recruitment context for future studies is encouraged. Moreover, the sample of full time MBA students in this study implies that most of the participants have no work experience and will be looking for jobs within a year. However, Individuals who have actually experienced a selection process, especially those who are actively engaged in such a process, may be motivated and influenced by different factors than those that motivated the individuals in this rather artificial design. We suggest that future studies focus on participants who have different background characteristics, for instance, those in different professional fields, or those who are jobless or re-employed, to explore the influence of different background characteristics.

This study manipulated the impact of positive and non-positive word of mouth in this study to examine the effect of word of mouth on organizational attractiveness. As Van Hoye and Lievens (2005) indicated, the effect of negative word of mouth is even greater than that of positive word of mouth; however, negative word of mouth was not considered in this study. In this case, we cannot make a comparison between the effect of positive and negative word of mouth, though our study supported the effect of positive word of mouth on organizational attractiveness. Therefore, we suggest that future studies focus on the effect of negative word of mouth or make a comparison between positive and negative word of mouth.

5.4 Conclusion

This study was based on previous work on word of mouth to examine the effect of word of mouth using a scenario experimental design and involving 240 MBA students who will look for jobs within one year. In addition, this study also extended the previous work to determine the information source characteristics of word of mouth, tie strength and expertise. The results indicate the relationship between positive word of mouth and organizational attractiveness. Meanwhile, strong ties and high expertise are also supported as having a moderating effect. The results imply that organizations can try to improve their word of mouth by putting effort into information source characteristics such as achieving through indirect strategies (e.g. campus recruitment, internships) to improve organizational attractiveness. Moreover, organizations can try to identify the most appropriate communication sources between organizations and applicants to directly enhance their organizational attractiveness.

References


