Home Country as a Cue for Supplier Competences

Abstract

In business-to-business area, customers can use a supplier's home country as a cue for supplier assessment. To shed light on the mechanisms behind this phenomenon, we propose to conceptualize the cue as consisting of two levels: Home country information as an observable characteristic on the surface level, and organizational competences of suppliers on the deep level, inferred from the surface level. By applying a qualitative approach, the repertory grid method, we interview 17 purchasing agents from car manufacturers in three European countries. Our results provide evidence that home country serves as a cue for organizational competences of suppliers. Through the empirical study, we outline a system of nine categories that reflect organizational competences of suppliers.

Keywords – home country, country of origin, business-to-business, supplier assessment, organizational competences, repertory grid method

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INTRODUCTION

In business-to-business (B2B) markets buying and selling across borders implies that customers have to carry out a cross-border assessment and selection of their international suppliers. In the course of assessment, customers observe a supplier's geographical origin, or "home country," and may use this information as a cue to shape their preferences (e.g. Ahmed and D'Astous, 1995; Bradley, 2001; Samiee, 1994). Thus, a customer's observations as they relate to a supplier's home country can serve as explicit cue for implicit attributes presumed to be relevant. In other words, home-country information may play a role as a salient attribute in cross-border B2B markets.

Previous consumer marketing research has addressed the influence a country's information has on product evaluation, referring to this influence as country-of-origin (COO) effects (for an overview, see Saran and Gupta, 2012). This research describes COO information as a cue in evaluating product quality and other characteristics of a product (Bloemer et al., 2009; Verlegh and Steenkamp, 1999). Therefore, COO effects in business-to-consumer (B2C) marketing pertain to products or brands as objects of customer decision-making (Bilkey, 1993; Lee et al., 2013). Although researchers generally acknowledge the existence of COO effects in B2B settings (e.g. Bradley, 2001; Dzever and Quester, 1999; Houman and Chao, 2003; Insch, 2003; Samiee, 1994), specific differences between B2B and B2C marketing must be considered. In B2B settings, purchasing agents assess the supplier organization's characteristics holistically, in contrast to a typical end-consumer's more narrow perspective on the product (Cunningham and White, 1973). Researchers have suggested a shift of emphasis in COO research from product- to firm-level considerations for the B2B sphere (Samiee, 1994; Bradley, 2001).

One immediate implication from this shift consists in the use of terminology. For products, "origin" signifies the country from which they came in the context of cross-border sales; this is not the case for companies that are objects of suppliers' assessments. Companies do not leave, so it does not make sense to refer to their origin. Instead, in a B2B context, we prefer the term "home country effect" over "country-of-origin effect." A firm's home country is understood as "the nation with which it is identified culturally, normatively, operationally and/or by its founding" (McGahan and Victer, 2010, p. 146).

Research on COO effects within B2B is still scarce, with only about 20 extant studies on the topic to date (Houman and Chao provided an overview of 18 studies in 2003). Many COO studies related to B2B focus on the product as the object of assessment with some exceptions: Few studies investigate the COO effect on supplier evaluation criteria (e.g. Chang and Kim, 1995; Güdüm and Kavas, 1996) and provide quantitative evidence thereof. They rely only on few and basic evaluation criteria derived from early studies and yet do not explore the cue's dimensions more deeply in order to provide a comprehensive picture (see Houman and Chao, 2003). Therefore, some authors called for more research on a better understanding of the components of the cue (Güdüm and Kavas, 1996).

This gap is surprising as international sourcing has increased considerably and supplier companies might be even more interested in knowing how purchasing agents may be influenced by home country perceptions. A deeper understanding of the cue is also important for customers in order to scrutinize their purchasing activities.

The purpose of this research is to investigate more comprehensively the nature of a supplier's home country as cue in supplier assessment. We introduce a novel perspective: Involving findings from supplier management, we believe the role of supplier competences is the

implicit dimension behind explicit home-country information. Our contribution is based on the following research question: What are the primary competence traits that are typically subject to a customer-perceived cue effect from supplier home country information?

To address this question, we first position the topic in existing streams of literature. We then describe our qualitative empirical study, which identifies corresponding categories behind a home-country cue effect. We conclude with a literature review on the resulting categories and a discussion on the contributions and limitations of this research.

LITERATURE REVIEW

The home-country cue as a surface- and deep-level phenomenon

A cue is defined as a "characteristic, event, quality or object, external to a person, that can be encoded and used to categorize a stimulus object" (Schellinck, 1983, p. 470). Hence, a cue generally consists of a stimulus object that can be observed, as well as an underlying characteristic that is inferred from the stimulus. In other words, a cue contains a surface level (the stimulus) and deep level (the underlying characteristic). COO, generally defined as "information pertaining to where a product is made" (Zhang and Yong, 1996, p. 51), is a typical example of a cue in consumer decision-making, like a product's price or brand. Any influence caused by COO information on e.g. product evaluation, risk perception or buying intention can be referred to as COO effect (Diamantopoulos and Zeugner-Roth, 2011). Supplier home country, the corresponding term of COO in the field of supplier assessment, is a cue in B2B settings, too. COO has been investigated as a cognitive and automatic cue in literature. We will briefly summarize these findings and consider their relevance for the home country cue in B2B.

COO or home country as a cognitive and automatic cue

Traditionally, COO has been viewed as a cue that is processed consciously by consumers who evaluate a product's characteristics, such as quality (Bloemer et al., 2009). Thus, a cognitive process takes place when consumers are provided with a product's COO information. A theoretical foundation for cue usage lies in cue utilization theory (Olson, 1972; Richardson et al., 1994), which maintains that consumers use various cues to make inferences when assessing a product (Jacoby et al., 1971).

A theoretical foundation lies in cue utilization theory (Olson, 1972; Richardson et al., 1994), which maintains that consumers use various cues to make inferences when assessing a product (Jacoby et al., 1971). Cues support the consumer in associating explicit information with hidden and implicit characteristics. The cue's use depends on its predictive and confident value (Bloemer et al., 2009). The predictive value is the perceived strength of the link between the cue and the attribute being evaluated (Olson, 1972; Richardson et al., 1994). The confident value is the confidence that consumers attribute to the COO as a valuable cue (Olson, 1972).

Cues are furthermore distinguished as intrinsic and extrinsic variants (Richardson et al., 1994). Intrinsic cues are inherent characteristics directly related to the product that, if modified, change the product's physical characteristics (e.g. ingredients). Extrinsic cues, though also product-related, are external to the physical product (e.g. price, brand name, and packaging). COO is such an extrinsic cue (Verlegh and Steenkamp, 1999). Particularly in the absence of direct information about objects for evaluation, consumers resort to extrinsic cues as cognitive shortcuts (e.g. Chattalas et al., 2008).

COO as a cognitive cue has also been investigated in B2B literature (e.g. Ahmed et al., 1994; Bradley, 2001; Chen et al., 2011; Chetty et al., 1999; Houman and Chao, 2003; Insch, 2003; Quester et al., 2000; White, 1979). Chetty et al. (1999) confirmed the influence of COO information on purchasing managers from New Zealand who evaluated the quality of component parts and machine tools from industrialized, newly industrialized and industrializing countries. Another study (Insch, 2003) also confirmed COO influences on purchasing agents' perceptions of product quality of two high risk products using a sample of US and Mexican purchasing agents. Bradley (2001), however, could not find a direct effect of COO influences on preferences for a company. He only discovered that company effects dominate COO effects, and that company effects when driven by marketing-mix variables create an interaction effect with country effects.

Instead of viewing COO as a cognitive cue, some scholars also investigated affective and automatic processing of the COO cue. Here, COO serves as a stereotype-driven attribute that relates the product to country-specific associations (Verlegh and Steenkamp, 1999). Drawing on research on cognition (Schneider and Shiffrin, 1977; Shiffrin and Schneider, 1977), Liu and Johnson have shown that the cue can have an unconscious and automatic effect on consumers' evaluation because "country-specific stereotypes can be spontaneously activated by the mere presence of COO cues in the environment and they may influence product evaluations even when consumers do not intend to base their judgments on COO information" (2005, p. 87). They conclude that a country's stereotypes still can influence judgments, even when consumers are provided with sufficient accurate information for an unbiased evaluation and are told that COO information is irrelevant to the product's performance. Automatic processes are fast, effortless and may evade control by the subject (Herz and Diamantopoulos, 2013; Liu and Johnson, 2005). In addition to cognitive and conscious processing, affective and automatic processing of the COO cue complements the COO effect. The two ways of processing are not mutually exclusive; in fact, they interact, and their boundaries are "fuzzy" (Isen, 1984; Verlegh and Steenkamp, 1999, p. 524). In this study we will not distinguish how the cue is processed; however, we believe the cue's perpetual presence ensures the relevance of investigating it.

In contrast to B2C, where a product's COO information may not be present in a consumer's mind (Magnusson et al., 2011) or may be hidden by companies, information on a supplier's home country is always present in minds of purchasing agents when considering a supplier and can hardly be hidden by the supplier itself as purchasing agents are provided with more detailed information. If the cue is present, then it is very likely to be processed—either cognitively or automatically.

Research on automatic information processing refers to individuals and has been applied to consumers. It seems obvious that findings on automatic cue processing would be applicable in B2B research too, though some differences should be addressed. In comparison to consumers, purchasing agents are better informed and their decision processes are policy-driven and more rationalized (Samiee, 1994). However, they cannot escape processes that are determined by their human characteristics of automatic processing, which might be subject to perception biases as well. In short, purchasing agents might not be able to act in a completely rational manner, although they intend to do so.

In B2C, COO research adheres to a product-related understanding of the COO cue. For B2B research, it has been suggested that COO literature should consider entire suppliers instead of just their products (Bradley, 2001; Turnbull, 1985). Several authors (Güdüm and Kavas, 1996; Håkansson and Wootz, 1975; Houman and Chao, 2003; Turnbull, 1985) emphasized

that purchasing agents do not just evaluate product quality, but rather the "quality of the supplier" (Houman and Chao, 2003). In this paper we adopt a supplier firm–related view, too.

Few studies have investigated the influence of COO on supplier evaluation criteria (Chang and Kim, 1995; Güdüm and Kavas, 1996; Thorelli and Glowacka, 1995). However they referred to only six very basic supplier evaluation criteria (Houman and Chao, 2003) and conducted quantitative research to find evidence for the effect. None of them applied a qualitative approach to investigate what the cue consists of in order to provide a more comprehensive picture of the COO cue in supplier assessment. Furthermore, the existing studies did not involve recent findings from supplier management, which contributed considerably to an enhanced understanding of supplier assessment.

We therefore believe that the nature of home-country cue in supplier assessment is not yet fully understood and that additional research is needed. We ask what composes the cue in the context of supplier assessment and propose to conceptualize home country information as implying supplier competences.

Home country as a cue for supplier competences

To generate this new insight, it is helpful to understand what customers principally seek in assessing supplier companies. Customer companies in B2B markets interact with suppliers less to procure products and services as input factors for their own operations and more to gain access to competences they deem important but do not have (Goffin et al., 1997; Ulaga and Eggert, 2006; Zerbini et al., 2007). Thus, industrial suppliers often must compete on competences to convince customers to buy from them (Zerbini and Borghini, 2015).

Competences are "complex bundles of skills and accumulated knowledge, exercised through organizational processes that enable firms to coordinate activities and make use of their assets" (Day, 1994, p. 38). They establish the foundation for the emergence of a firm's competitive advantage (Barney, 1991). This competitive power results from those competences' distinctive features, including their nature as a source of customer value, their uniqueness in the marketplace and their immunity to imitation attempts (Teece et al., 1997).

Purchasing agents have an interest in assessing a vendor's competence profile because these competences indicate the supplier's efficiency, networking and effectiveness (Möller, 2006). Furthermore, the competence profile can be a basis for assessing not only the future value potential delivered to the purchasing agent (Möller and Törrönen, 2003) but the specific dimensions of supplier value (Harmsen and Jensen, 2004) as well. However, assessing the supplier's competence profile poses three challenges to purchasing agents.

First, there may be constraints that inhibit the visibility of the supplier's competence profile to the prospective buyer. These constraints may include the suppliers' lack of willingness to disclose their competence profile: Since competences are key sources of competitive advantage (Hamel, 1991) and their value lies in their rareness and inimitability (Barney, 1991; Barney et al., 2001), vendors may be reluctant to disclose their competences to prospective purchasing agents, who can integrate backward with those learned vendor's skills and displace the supplier (Wolter and Veloso, 2008). Another constraint is the supplier's limited ability to represent and disclose its competence profile. This profile could remain unknown, without being recognized by the buyer (Zerbini and Borghini, 2015).

Second, there may be constraints at the buyer level. Specifically, the buying organization may lack the absorptive capacity (Cohen and Levinthal, 1990) that is needed to acquire, process

and use the knowledge from the supplier competence profile; accordingly, the buyer may be unable to assess the supplier competence profile's value potential (Möller, 2006). Past research on concurrent sourcing broached this issue, finding that some purchasing agents opted for an hybrid strategy of outsourcing and manufacturing at the same time, specifically to ensure that their own manufacturing would facilitate the adequate capacity maintenance so that they could evaluate suppliers (Parmigiani, 2007).

Third, there may be situational constraints related to the selection context. Competences are bundles of sticky and tacit knowledge, which typically demand long processes of interaction and socialization (e.g. Nonaka, 1994) to be identified, shared and absorbed (Lane and Lubatkin, 1998). These processes typically develop within long-term, well-established relationships, which allow the parties to establish an understanding and to share know-how that can be leveraged to build relationship-specific assets (Dyer and Singh, 1998). They may be harder to develop, however, within the realm of supplier selection processes, where interaction takes on an adversarial character, efficiency is critical and information sharing is limited.

This raises the question of whether purchasing agents implement alternative strategies to infer the supplier competence profile when either a supplier- or buyer-level constraint inhibits assessment ability. In this paper, we are specifically interested in home country, and we argue that home country can serve as a cue to identify a supplier's competence profile. There are two rationales for our argument.

First, it has been established in prior research on strategy that different countries provide specific firm-level conditions that influence the specialization of firms in given competence profiles (Kogut, 1991). There is evidence from past research in innovation management about the causalities between a company's home country, and its innovation capabilities—such as, in this study, competences (Sun, 2009).

Second, countries may provide context-level conditions for the generation of competitive advantages (Porter, 1990), which act at the industrial system level, favoring the development of competence profiles that are critical to succeed in that specific system. This is the case, for example, in many industrial districts, where localized knowledge spillovers may allow for developing ad hoc competence profiles (i.e. Camisón and Forés, 2011; Quatraro, 2009).

Accordingly, we recognize that whenever the tacit nature of competences hampers a purchasing company's attempts to identify and assess external sources of competences, the purchasing agent will resort to more implicit and indirect modes of assessment (Möller and Törrönen, 2003). Consistent with this line of reasoning, we explore this possibility: If the home country context shapes competences, home country information would reflect competences, at least to some degree. Applied to our two-level framework of cue mechanisms within a B2B context, home country may act as an observable trait at the surface level by signaling a deeper-level, the unobservable dimension of the supplier's competence profile. Thus, the importance of competence information for supplier assessment, the challenges in accessing competence information, the role of the country context in shaping these competences, and the findings from cognition research on information processing put home country information in a considerably important position for customers' supplier assessment.

Figure 1 depicts the basic mechanism. We emphasize that our conceptualization does not refute the existence and importance of many other explicit criteria and implicit cues in assessing a supplier's competence structure (e.g. Schiele, 2006).

*** insert Figure 1 about here ***

METHODOLOGY

Research Method

Our research question is novel and exploratory, and qualitative research seems appropriate. Focus groups, in-depth interviews and projective techniques are general methods of qualitative research. Although focus groups and interviews have several advantages, they are also regularly criticized for three inherent disadvantages (Bailey, 1994). These two methods have the tendency to nourish biases caused by the interviewer or other participants. Also, focus groups and interview results might be biased because of the researcher's subjective influence during data analysis (Corbin and Strauss, 2008; Morgan, 1996). Lastly, comparisons between complex findings are difficult (Kuß and Eisend, 2010).

The third method, projective techniques, is defined as "a structured indirect way of investigating the whys of situations" (Donoghue, 2000, p. 47). Repertory grid technique (RG) is a projective technique that has been suggested as a way to overcome the shortcomings of focus groups and in-depth interviews (Lemke et al., 2003). The method is powerful in uncovering complex tacit perceptions while maintaining a high level of standardization. In marketing research it has been applied to business relationships (Lemke et al., 2003), industrial products (Lichtenthal and Goodwin, 2006), service management (Lemke et al., 2011) and sales force management (Cron et al., 2014). However, it has not been applied in the field of international marketing.

RG originates from Kelly's personal construct theory (Kelly, 1955). According to this theory, individuals make sense of their environment by assessing contrast or stating similarity and dissimilarity. The dimensions of similarity and dissimilarity are referred to as "personal constructs" and help people organize their thinking. With RG, researchers aim to uncover a person's repertoire of such implicit constructs. Basically, the method consists of a triadic elicitation procedure (Jankowicz, 2004). To undertake triadic elicitation, first, a set of elements is chosen and written on paper cards. This set represents the type of objects under investigation—for example, supplier home countries. Second, from this set of, typically, 10 cards, the researcher draws three, then asks the respondent to select two that are similar to each other yet different from the remaining third card. The interviewee denominates the differentiation characteristic—that is, the construct. Finally, the researcher invites the respondent to justify his or her grouping verbally. This justification should contain a generalization term reflecting the construct. When this step is completed, the researcher draws three new cards, and the procedure reiterates until saturation is reached. In our context the constructs we want to uncover are customer assumptions, inferred from home country information, about supplier competences.

Sample selection

In qualitative research purposeful sampling is suggested in addition to theoretical sampling (Sandelowski, 1995). In our context this includes the systematic choice of an industry sector; companies on the customer side; and informants, with whom we conducted interviews.

We decided for Europe's automotive sector with car producers (i.e. original equipment manufacturers, or OEMs) acting as customers and component manufacturers as suppliers. Supplier competences are of great importance to this industry's customers. They often have to decide what knowledge they should possess, or determine when collaborating with and

accessing a partner's knowledge might be more appropriate (Grant and Baden-Fuller, 1995). Second, according to 2012 financial reporting, a major OEM in Europe sourced up to 68% of its overall procurement volume from European suppliers, reinforcing the belief that a sufficient amount of cross-border business exists within the sector. Finally, Europe is a relatively small and heterogeneous region with different nations, which allows country effects to be studied.

The European carmakers industry association, ACEA, listed 14 member companies in 2014. Of these companies, 12 focus on producing passenger cars; we excluded from our sample design the two that focus on commercial vehicles. In addition, we excluded four companies whose home base is outside Europe. The remaining eight passenger car manufacturers are dispersed over five countries: Germany, France, Italy, the United Kingdom and Sweden. Among them, the German, French and Italian manufacturers are the largest with respect to volume output, measured in number of cars. We thus decided to compose our company sample of French, German and Italian passenger car OEMs. The inclusion of key informants from different companies and different countries increases the sample variation, which might enrich data quality (Flick, 2012; Patton, 1990).

Within car manufacturing companies, supplier assessment typically lies in the hands of procurement managers, who have a broad insight into the supplier industry. Thus, home country as a cue for supplier assessment would be salient to procurement managers, who can be considered organizational key informants (Patton, 1990) for our research purpose. In order to ensure interviewees' expertise, we set the minimum work experience at two years.

In 2014, the authors established contacts, receiving cooperation from 17 respondents. This sample size is not atypical for qualitative research and exceeds the minimum threshold of 12 (Krippendorff, 2013). Table 1 summarizes those respondents' demographic data. All respondents are male.

*** insert Table 1 about here ***

Data Collection and Data Preparation

To prepare RG interviews with key informants, we composed a set of 20 cards, each displaying the name of a European country that is home to automotive supplier companies. This group included Austria, Belgium, the Czech Republic, Finland, France, Germany, Hungary, Italy, the Netherlands, Norway, Poland, Portugal, Romania, Serbia, Slovakia, Slovenia, Spain, Sweden, Turkey and the United Kingdom. According to suggested standards for RG research, the pool of objects from which to draw triads should be generated by each interviewee individually (Jankowicz, 2004); this procedure deviates from that suggestion. We justify this adaptation as we can presume that our informants are familiar with the European automotive supply sector.

Interviews took place either on the premises of the interviewee's employer or at a neutral place nearby. We conducted them in Germany, France and Italy, and on average, they took approximately one hour. First, we informed respondents briefly about the topic. Next, we asked each respondent to sort out from the set of 20 those countries with which he was not familiar as a supplier home country. Typically, this process left between 12 and 15 cards on the table. Interviewees then underwent the triadic elicitation procedure. We took great care to stress that the respondent should not envision a single supplier firm from this country but rather suppliers from one country as a group. They were also instructed to focus on supplier organizations as a whole, not on the individuals working for the companies who acted as their

contacts. Finally, the respondent explained his construct using his own words. On average, we performed eight rounds of triadic elicitation.

We allowed all respondents to be interviewed in their native language (German, French or Italian). Because RG requires a high level of interaction between researchers and interviewees as well as a high level of cognitive effort (Fromm, 2004), natural articulation in one's native language is a great deal easier.

All interviews were voice-recorded, then transcribed in the original language before finally being translated into German by an external translator. The research team members checked these translations for correctness. We aggregated the material into a single document of 102,076 words. At this stage we recorded and documented 142 triadic elicitations.

DATA ANALYSIS AND RESULTS

We applied an RG-specific procedure of content analysis (Jankowicz, 2004), closely following Lemke et al.'s (2011) example.

Standardization of construct names

Using the text compiled for each conversation in a triadic elicitation, we first executed a standardization procedure to identify and eliminate repetitive constructs by defining standardized construct names (Lemke et al., 2011). This reduced the list of 142 raw constructs over all respondents to 36 standardized construct names. To establish reliability, two research team members executed this procedure independently, then discussed commonalities and discrepancies, thus providing for "inter-observer consistency" (Krippendorff, 2013, p. 271). Table 2 presents all standardized construct names.

Categorization of constructs

After standardization, we began categorization, which aims to group the constructs on a more abstract level according to their content proximity (Krippendorff, 2013). Categories are first identified, then results are tabulated and finally the category system's reliability is established (Jankowicz, 2004).

Firstly we wrote our 36 constructs on cards, with the name of each, including a short explanation. During a workshop, the three authors generated, named and defined nine categories. Then we asked an independent researcher, Coder 1, from outside the author team to undertake an equivalent categorizing process. For the two schemes available at this stage, we calculated an inter-coder reliability index of 49%, indicating the level of agreement (Jankowicz, 2004). Through a discussion about the categorization differences among the authors and the independent researcher, a revised system emerged with improved construct allocation and category definitions. We then presented a second independent researcher, Coder 2, with two separate lists of all categories and all constructs, including definitions. This coder then allocated each construct to a category, and we calculated a level of agreement by comparing the original construct/category scheme with the newly created one. In this case, a value of 58% resulted. Again, we discussed differences and executed changes to category labels and construct allocations. We repeated the procedure two times with two additional independent researchers, coders 3 and 4, before finally arriving at an agreement index of 80%, which goes beyond the 79% that Lemke et al. (2011) find acceptable.

Table 2 reports the final list of categories and standardized constructs assigned to the respective constructs. Constructs that did not have categorization consensus from the coders during the various discussions are reported in the bottom row without a category label.

*** insert Table 2about here ***

Our initial research question asked for supplier competence traits, which are subject to customers' cue processing induced by a home country effect. In order to compare these nine categories with extant literature (Krippendorff, 2013), we reviewed existing competence literature. At first glance, they all seemed to qualify as organizational competences by definition. Accordingly, the categories can all be referred to as bundles of organizational knowledge and skills that enable firms to coordinate activities and make use of their assets (Day, 1994). On closer analysis, we found literature on each category and will discuss them briefly.

Customer orientation. Blocker et al. described customer orientation as activities of a company aiming at "responding to customers' articulated needs and … striving to proactively understand their latent and future needs" (2011, p. 218). A firm's customer orientation is an important ability in creating value for its customers, and "companies' ability to learn about the market and to act on the basis of this knowledge" is decisive for its performance (Harmsen and Jensen, 2004, p. 533). This definition reflects very well the constructs aggregated in our category customer orientation. For example, a supplier's "awareness of customer's cost situation" implies a deep understanding of a customer's competitive position and the willingness to make offers that support that position.

Process orientation and efficiency. Generally, processes of collaboration with market partners aim to ensure efficacy. According to Zacharia et al., "process competence reflects the firm's ability to select appropriate partners, establish processes to monitor and manage the initiative, and resolve conflicts and differences of opinion as they arise" (2011, p. 594) and it aims to increase efficiency (Möller and Törrönen, 2003). In our context interviewees mentioned constructs such as organizational inertia or structured work, which hinder or promote efficiency through collaboration and decision-making processes.

Project management orientation. To successfully implement projects, companies need "skills and knowledge in coordinating the scheduling and monitoring of defined activities to ensure that the stated objectives of … projects are achieved" (Stratman and Roth, 2002, p. 603). Söderlund and Tell (2009) explicitly conceptualized project management as consisting of project generation, organization and leadership capabilities as well as teamwork within projects. In our study coders categorized the constructs of "flexibility" (that is, the ability to react to changes and new challenges during a project) and "goal orientation" to the category of project management.

Solution orientation. Evanschitzky et al. define solution as "individualized offers for complex customer problems that are interactively designed and whose components offer an integrative added value by combining products and/or services" (2011, p. 657). Storbacka (2011) posited the need for a specific set of competences that companies should dispose of if they want to succeed in the solution business. This can be referred to as solution competence, pertaining to both the solution's development and deliverance. Such competences might then drive a supplier firm's market performance (Jacob, 2006). Our study also yielded the construct "co-design capability," which referred to "the capacity of actively supporting the co-design" (as stated by an interviewee), highlighting the importance of customization and cooperation.

Technology orientation. Technology orientation is one of the most important capabilities (e.g. (Krasnikov and Jayachandran, 2008), and it refers to a firm's ability to develop and use substantial technological resources (Moorman and Slotegraaf, 1999). This capability encompasses new product development, manufacturing processes, technology development and forecasting an industry's technological change (Song et al., 2007). In addition, interviewees told us that for automobile manufacturers it is especially important how technological know-how is diffused across supplier tiers. They define such a construct as the "diffusion of technological skill in the supply system" and "supply chain's ability to support a client."

Innovation orientation. Innovation orientation has been defined as a company's ability to use and implement knowledge (Quatraro, 2009). Hence, innovation competence also comprises "what the firm really does given what it knows" (Zawislak et al., 2012, p. 18). It is a key to remaining competitive and strongly anchored in extant competence literature (Sun et al., 2012; Zawislak et al., 2012) across studies in different industries and countries (e.g. Harmsen and Jensen, 2004). Our category also comprises the construct "design competence," which emphasizes supplier capabilities in product design.

Sustainability orientation. Supplier's commitment to sustainability has become more important for customers due to legal and societal norms. In general sustainability refers to economic, social and environmental norms. Competence in sustainability refers to adherence of principles of sustainable development in the product development process (Tingström et al., 2006). This is reflected by the respective category in our study.

Supplier-manufacturer relationship orientation. This generally enables cooperative relationships between suppliers and their partners (in our case, the manufacturers) by increasing the relational bonds between the firms (Mirani et al., 2001). It supports suppliers in managing the quality of their interactions with partners (Wiertz et al., 2004). Our constructs illustrate this category—integration capability, willingness to cooperate or invest in relationship.

Quality orientation. With varying intensity, companies undertake efforts in engineering and production to improve existing products. This typically involves "experimentation, learning, and creation of new knowledge or combining new with old knowledge after the start of production of a product and its release into the market" (Mallick et al., 2013, p. 188). Quality primarily refers to the level of conformity with previously set specifications. In their seminal article, Teece et al. (1997) mentioned quality competence of a firm explicitly as one very typical source of competitive advantage. The quality category in our study yielded as constructs quality awareness, quality performance and attention to detail, all of which describe the degree of precision during processing of orders.

Comparing the findings from our study with positions stated in existing literature, we find support for classifying the categories we have discovered as organizational competences of suppliers. Therefore, we conclude that our initial research question—concerning typical competence traits describing deep-level assumptions associated with surface-level information on a supplier's home country—can be answered with the list of nine competence categories emerging from this study. These categories together build the deep-level assumptions of the cue, triggered by the home-country cue's presence (i.e. information on the prospective supplier's home country is available and perceived).

Existing literature on purchasing agents' perception of foreign suppliers basically investigated six evaluation criteria (Houman and Chao, 2003). Delivery reliability, suppliers'

technical competence and supplier's commercial competence were found in our study as well. However, solution orientation, process orientation and efficiency, project management orientation and sustainability orientation are completely new categories. Furthermore single constructs as e.g. diffusion of technological knowhow across tiers, awareness of customers cost situation, serious business (formal and informal adherence to rules and regulations) and long term orientation emerged in our study for the first time.

Few interviewees told us that home country is irrelevant when they evaluate suppliers. This points to the cognitive processing of information, when the cue is used consciously. As mentioned before, however, literature has shown that cues are also processed unconsciously and automatically (Schneider and Shiffrin, 1977; Shiffrin and Schneider, 1977). Therefore, interviewees' reluctance to admit the influence of the supplier home country might be the "limitation of their abilities to discern the sources of influences on their evaluative judgments rather than the COO effects per se" (Liu and Johnson, 2005, p. 87).

The category system shows competences that are tacit, so they cannot be measured and accessed easily. For example, categories such as customer orientation or project management orientation illustrate what we had described as "the tacit nature of competences," since they are difficult to be assessed from a customer's perspective and are thereby more likely to be subject to evaluation by the home-country cue.

DISCUSSION AND CONTRIBUTION

Implications

This study's objective is to validate our assumption that the deep level of the home-country cue can be conceptualized as organizational competences of suppliers. Our study yields nine competence categories, resulting in several theoretical, methodological and practical contributions.

Our theoretical contribution is the introduction of a framework that conceptualizes the cue in cross-border supplier assessment on two levels: the supplier's home country information as the surface-level manifestation, and organizational competences on the cue's deep level, as attributed by purchasing agents. Our home-country cue investigation results in a specification of different competence categories that play roles in assessing cross-border suppliers. We aggregate constructs emerging from our study to more abstract categories. In accordance with our literature review, we can identify the nine different categories as competences. The category system facilitates the specification of the competences that our study's purchasing agents deem important.

Furthermore, our study also makes a methodological contribution. We introduce RG as a new method for qualitative research in the field of COO/home-country effects, and it has turned out to be a good instrument to stimulate country effects. Interviewees readily articulated constructs, as a result of the country stimulus presented to them in the form of cards with the names of countries representing supplier home countries. These constructs were evoked by interviewees solely; the interviewer bias can be estimated as low. The standardized interviewing procedure considerably facilitates results comparability.

From a practical perspective, the insight might enable customers in a B2B procurement context to scrutinize their purchasing activities more carefully by understanding mechanisms that to date have occurred mostly implicitly. Suppliers could also better understand the customer's assessment and, as a result, direct their own activities more effectively.

Limitations and future research

Our study is solely on the European automotive sector. To sustain the new framework, replication in other industries and countries is necessary, as the list of competence traits may be different elsewhere. Future research could address this issue.

In our study a "forced" exposure to the supplier home-country cue was employed. Such a forced exposure might result in a more intense and controlled information processing of interviewees, especially when only one stimulus is used (Herz and Diamantopoulos, 2013). We ask that future research scrutinize COO cue processing as it relates to B2B in a more natural setting.

In addition, we do not separate cognitive and affective processing. We do not generate insights on the strengths of both types of processing. Future research should disentangle cognitive and automatic information processing to find out what is the dominant effect.

We do not distinguish between different dimensions of COO, such as country of manufacture or country of brand (see Jaffe and Nebenzahl, 2006). Brand origin is an important cue in supplier assessment as well. However, this study focuses on the home-country cue, based on arguments from literature. The investigation of other cues and differentiation between COO dimensions is a future research possibility.

This qualitative study's results provide a basis for quantitative studies that could test the competence categories as well as relationships with other variables. Additional research should address these issues in order to support the stability of our findings and generalizability of the effects.

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Table 1: Demographics of sample respondents

Average age	41 years
Average total work experience	15 years
Academic education (at least Bachelor's degree)	100%
Leadership responsibility	13 (76%)
Nationality:	
German	7 (41%)
Italian	6 (35%)
French	4 (24%)

Table 2: Constructs and categories

Category	**Constructs (standardized)**
Process orientation and efficiency	Efficiency (lack of) inertia, emphasis on written communication, structured work, process orientation, process speed, knowledge of business requirements
Innovation orientation	Innovation, design competence
Customer orientation	Awareness of customer's cost situation, delivery reliability, engagement and motivation of employees, customer orientation, open communication
Project management orientation	Goal orientation, project management skills, flexibility
Quality orientation	Quality performance, quality awareness, attention to detail
Supplier–manufacturer relationship orientation	Willingness of supplier to invest in relationship with manufacturer, integration capability/ability to cooperate and openness, serious business, long-term orientation
Solution orientation	Creative solutions, problem-solving competence, co-design capability
Sustainability orientation	Sustainability
Technology orientation	Technological competence, diffusion of technological know-how across tiers
Constructs for which coders did not agree on a single category	Economic conditions, locational cost factors, industrial maturity, geographical distance, bureaucratic complexity, bargaining power, financial power of suppliers

Figure 1: Two-level nature of home-country cue