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Conceptualizing Country-of-Origin Image as a Country-Specific Advantage: An Insider Perspective

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ABSTRACT

This study proposes a new approach to the Country-of-Origin Image (COI) literature. Unlike previous research which considers COI from an outsider (external) perspective, it argues that the COI phenomenon should be understood from an insider (internal) perspective, that is, how national stakeholders within the home country perceive COI. Measuring the image of a country from the insider perspective can help its national stakeholders recognize COI as a valuable resource that can be translated into a Country-Specific Advantage (CSA). It thus introduces a novel construct of 'Country Self-image' (CSI) and identifies the insider perspective as an antecedent of COI based CSA (COI-CSA). The study adapts and validates a scale of CSI to this effect and tests the relationship between CSI and COI-CSA by performing structural equation modeling (SEM) on a dataset collected from two different surveys. The resulting adapted scale of CSI comprises six dimensions and twenty-three items.

Keywords: Country-of-origin Image (COI); Country-Specific Advantage (CSA); Country Self-Image (CSI); Measurement Scale; Resource; Country Brand.

1. INTRODUCTION

The Country-of-Origin Image (COI) phenomenon has been on the agenda of International Business (IB) scholarship for quite some time. Scholars treat COI as a source of country-specific advantage (CSA) for the firm (Eddleston, Sarathy, & Banalieva, 2019), and show its effects on various aspects of the firm's internationalization, such as entry strategy, partner selection (Stevens, Makarius & Mukherjee, 2015), and quality of relationship with the government in host countries (Cuervo-Cazurra & Un, 2015; Cui & Jiang, 2009; Wang, Hong, Kafouros & Wright, 2012). Given these significant implications of COI for the firm's internationalization, we argue that COI is at the center of IB research. However, scholars seem to take the COI phenomenon indubitably, on the supposition that country image is formed externally in the eyes of outsiders (do Valle, Mendes & Guerreiro, 2012; Hao, Paul, Trott, Guo, & Wu, 2019; Zeugner-Roth & Bartsch, 2020), and that the firm does not have any control over it. This leaves a gap in our understanding as to how country image can be managed by the firm and what elements underlie COI that leads to CSAs?

We address this gap by examining COI from the insider perspective. Our approach presents a sharp contrast to the default disposition of COI as the outsider perspective (do Valle et al 2012; Hao et al., 2019; Zeugner-Roth & Bartsch, 2020). The insider perspective of COI allows the firm to comprehend what constitutes the image of their home country and how it can be leveraged to gain competitive advantages in the market. As the insider perspective requires self-evaluation of country image by insiders (i.e. internal or national stakeholders, such as local citizens, businesses and government), we refer it as Country Self-Image (CSI). We argue this is an important line of enquiry because by comprehending country image from an internal perspective, we can not only understand how firms can translate COI into a CSA but also know how a manifestation of COI that is negative in the eyes of external stakeholders, might be mitigated by the firm.

Our conjecture is based on the fact that different stakeholders within a country co-create its image (Yalkin, 2018) and convey it to others (Hao et al., 2019). The image of a country will only become a valuable resource for that country and its firms when internal stakeholders have cognition of their country's strengths (and weaknesses) which form its image and they can identify the aspects which can be a source of CSA. In this vein our research aims to address the following questions. Is CSI an antecedent of CSA? If yes, then which aspects of country features are considered valuable (capable of building a CSA) by the national stakeholders?

For our theoretical reasoning, we draw upon the principles of signaling theory. Signaling theory (Connelly, Certo, Ireland & Reutzel, 2011; Spence, 1973; 2002) is apposite for our study as it provides the necessary theoretical underpinning relationship between internal stakeholders and country image. In essence, internal stakeholders act as signalers and the country image represents a set of signals that they transmit to external stakeholders, such as international business partners (Stevens, Makarius & Mukherjee, 2015). We argue country image can be a signal of quality, reliability and other features (Kirmani & Rao, 2000) that can affect perceptions, and influence external stakeholders (Diamantopoulos, Florack, Halkias & Palcu, 2017). However, country image can be an efficacious signal (capable of building CSA) if and only if it is assessed positively by its internal stakeholders, primarily firms who use country image as an indicator of quality. In addition, self-assessment (CSI) can help firms to identify the fit between signals and fundamental features or attributes behind country image, as it serves as a relevant tool to avoid discrepancies between the signal, source of the signal, and the signaler. This also means that CSI can help national stakeholders operating as multiple signalers to identify the features of country image that can be developed as a resource capable of translating into a CSA and, at the same time, to emit correct signals to outsiders, reducing possible informational gaps (asymmetry).

We use the case of Brazil for our empirical investigation. Scholars (e.g. Contractor, 2013; Cuervo-Cazurra, 2012; Cuervo-Cazurra & Ramamurti, 2017; Lu, Heslop, Thomas, & Kwan, 2016; Mukherjee, Makarius & Stevens, 2021) argue that COI is especially important for firms originating from emerging markets as the external stakeholders tend to have a different perception to theirs home countries which can manifest into a country-specific advantage (or disadvantage) for these firms (Cuervo-Cazurra & Genc, 2008; Cuervo-Cazurra & Ramamurti, 2017). Among various emerging markets, we chose to study Brazil for the following reasons. First, the Brazilian government and the Brazilian Investment and Trade Agency have adopted a strategy called 'Be Brasil' (APEX, 2019a) to foster a Brazilian image for industrial promotion, which fits perfectly with the aims of our study. Second, Brazil is well-recognized across the globe for its creativity, hospitality, natural resources and culture (Magnusson, Westjohn & Sirianni, 2019), which are also matters of pride for its citizens, indicating Brazil has a strong country image widely recognized around the globe. Third, owing to its strong image, Brazilian firms (including foreign firms having presence in Brazil) have started using the Brazilian image as a distinguishing feature, notably 'Hipanema' and 'L'Occitane au Bresil' (both French firms), 'The Rio Amazon' (British firm), and Havaianas and Natura cosmetics (Native Brazilian firms) (Magnusson et al., 2019). Finally, there is an increasing demand from the internal audience to improve the country image (APEX, 2019b; Mariutti & Giraldi, 2019).

In order to conceptualize and explicate the CSI construct and its role as an antecedent of CSA, we reviewed and integrated the literature on COI from different areas of social science and selected a conceptual definition that is coherent with our theoretical arguments (Carneiro & Faria, 2016). We draw on 'Country-of-Origin Image', 'Country Brand' and 'Nation Brand' literature (Anholt, 2005; 2010; Fetscherin, 2010; Kotler & Gertner, 2002; Martin & Eroglu, 1993; Rojas-Méndez, 2013; Zeugner-Roth & Žabkar, 2015) to conceptualize and

operationalize the CSI construct. CSI is a country-level construct of country image capturing descriptive, inferential and informational beliefs that internal stakeholders have about their country. It is manifested into six dimensions: export/product competitiveness, governance, culture, people, tourism and immigration and investments, enabling researchers to identify aspects (signals) of the country-image that are recognized as a valuable resource by internal stakeholders. To validate the instrument two surveys were conducted gathering data from two samples of internal stakeholders: a) members of the public (first), and b) executives of Brazilian businesses representing internationalized companies (second). Our results show that CSI is positively associated with CSA.

We contribute to the literature by bringing an innovative approach, which examines the perennial phenomenon of COI from the insider perspective. This novel perspective, referred to as CSI, provides scholars with a holistic construct focused on strategic aspects of a country's image, more specifically, on the signaler - signal relationship. At the same time it addresses the aspiration of recent studies on further unpacking the COI phenomenon (Jaffe & Nebenzahl, 2006; Johansson, 2014; Karens, Eshuis, Klijn & Voets, 2016), specially from an internal perspective (Heslop, Nadeau, & O'Reilly, 2010). In addition, we contribute to signaling theory by adding the principle of self-assessment to the signaling environment which can ensure internal validation of signals before these are broadcast. By doing this we also address the long-standing call for research to investigate the role of local context in signal alignment (Connelly et al., 2011), whilst at the same time revealing a mechanism which can plug the gap between rhetorical and substantive signals (Steigenberger & Wilhelm, 2018). Our study raises significant managerial and policy implications.

2. LITERATURE REVIEW AND THEORETICAL BACKGROUND

A large stream of IB research is dedicated to examining the sources and nature of competitive advantages, which are considered essential for the firm's internationalization

(Dunning, 1993; Eden & Dai, 2010; Mathews, 2006). A seminal contribution to this aspect was made by Rugman &Verbeke (1992), who suggested competitive advantages of the firm can be classified into two broad categories: a) firm specific advantages (FSAs); and b) country-specific advantages (CSAs). Competitive advantages that are unique to a firm and reside within the firm's boundary are FSAs. These primarily include assets owned by the firm, such as advanced technology, talented human resource, globally known brands, and access to capital. In contrast, competitive advantages, that arise from natural resource endowments, local talent and skills, and the macro economic conditions of the firm's home country are referred to as CSAs. For example, the ability of Chinese firms to produce at a lower cost on account of the low wage rate in China is a country-specific advantage. CSAs include the home country's cultural values, societal norms and other institutional assets that can be leveraged by the firm in its internationalization strategy.

Unlike FSAs, which are unique to the firm, CSAs arise from local context (Buckley & Munjal, 2017), and therefore are generally available to all local firms embedded within the country. Firms have to deploy time, effort and resources to generate FSAs, while CSAs are inherited by the firm (Gugler, 2017; Narula, 2012). Given the general availability of CSAs to all firms embedded in the home market, it is unlikely that CSAs can provide competitive advantage in the domestic market. However, the firm can exploit CSAs in the international market against foreign competitors, who may not have similar access to them.

We argue that Country-of-Origin Image can also be regarded as a CSA given its ability to impact on the reputation and internationalization strategy of the firm (Cuervo-Cazurra, Luo, Ramamurti & Ang, 2018; Mukherjee et al., 2021; Newburry, 2012; Munjal, Budhwar & Pereira, 2018). We refer to this type of CSA as COI based CSA (COI-CSA). Like traditional CSAs, COI-CSA can provide competitive advantage to the firm in the international market. It is an intangible resource which can add value to the firm during the course of its

internationalization. Many firms tend to utilize 'made in' or 'designed in' labels to leverage a specialization of their home country. Apple uses 'Designed in California' to indicate the technological capabilities of the United States on their high-tech products, such as iPhones and iPads. However, we argue that in order to realize the positive effect of country image as a competitive advantage, that insider stakeholders must acknowledge its utility to businesses. Without this recognition country image may be either ignored altogether or not fully utilized by the firm to gain sufficient advantages out of it.

Suter, Borini, Floriani, da Silva & Polo's (2018) study provide a conceptualization and measure for COI-CSA. According to these authors, country-specific advantages that can be publicly available to firms embedded in a country can be built from both tangible and intangible resources. Tangible resources related to physical resources available in a country. It identifies aspects related to the biodiversity of country and natural resources that are often used by firms engaged in manufacturing and mining activities. Intangible resources include social and other incorporeal characters of a country, categorized into a) cultural heritage, b) visual and textual elements, c) and senses. Cultural heritage covers social, intangible characteristics of a country embedded within its national culture, such as habits, cultural manifestations and people's lifestyles, that can be incorporated by the firm into its international marketing strategy. The visual and textual elements capture the aspects of country's image used by the firm in the branding process through illustrations and/or written texts, such as the country name, acronyms, the flag and its colors. This also helps to distinguish the firm from its competitors. Finally, the senses element is concerned with aspects related to the country's sensorial image. This includes intangible features such as typical music and cuisine from the country, its landscape, and other features that are conveyed through touch, hearing and smelling.

COI-CSA seems to be a robust construct as it covers dimensions that can be leveraged by the firm to develop its international strategy and gain competitive advantage across borders

(Heslop, Papadopoulos, Dowdles, Wall, & Compeau, 2004; Van Ittersum, Candel, & Meulenberg, 2003; Wang & Lamb, 1983). More importantly it helps us comprehend and conceptualize certain intangible features as CSAs that are often exploited by the firm in its international marketing strategies, while conveying its association with its home country to international consumers (d'Antone & Merunka, 2015; Herstein, Berger & Jaffe, 2014). Studies suggest firms use a range of tangible and intangible attributes to derive CSA, such as natural resources, cultural resources, and textual, visual and sensory elements associated with their country (Aichner, 2014; Magnusson, Westjohn & Zdravkovic, 2011; Papadopoulos & Heslop, 2014; Samiee, 2011; Samiee, Shimp & Sharma, 2005; Suter et al., 2018; Thakor & Kohli, 1996; Usunier, 2011).

We argue that to exploit these tangible and intangible attributes as a source of advantage, an internal appreciation of these features in generating CSA is a must. In this respect, it is also worth stating that country image varies across industries. While home country attributes may be an advantage for some industries, for others it may become a source of disadvantage. Moreover, some stakeholders may value home attributes while others may not. This is especially true for our context of emerging market, where some internal stakeholders may not hold a high opinion of their country. We argue in all such cases an internal assessment of country image is necessary as it can inform when the firm should or should not use country image as a source of CSA, as well as identify which attributes may be leveraged and which should be avoided.

2.1 Measures to access the COI at the country level: from an outsider to an insider perspective

The first COI related scale was developed by Nagashima (1970) and was labeled Country-of-Origin (COO). This scale was used in numerous studies, but over time, scholars realized that the scale could not clearly distinguish whether it was measuring the country's or the product's

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image (Martin & Eroglu, 1993). The subject evolved, new conceptualizations of the construct and new scales were proposed embracing other dimensions, such as brand image (Thakor & Pacheco, 1997; Wall, Liefeld & Heslop, 1991), and country image (Carneiro & Faria, 2016; Martin & Eroglu, 1993; Pappu, Quester & Cooksey, 2007). Consequently, the scholarly focus was gradually refined from analyzing the differences in brand/product evaluations and preferences, based on the notion of origin of a product, to considering the image of countries under investigation. Attitude aspects of the consumer information processing such as cognitive (belief), affective (emotions) and conative (intended/actual behavior) components were embraced (Diamantopoulos, Arslanagic-Kalajdzic & Moschik, 2020; Zeugner-Roth & Diamantopoulos, 2009; Zeugner-Roth & Žabkar, 2015) and in an international business context the concept began to be called Country-of-Origin Image (COI).

From a broader perspective, COI is conceptualized as "the total of all descriptive, inferential and informational beliefs one has about a particular country" (Martin & Eroglu, 1993:192). This perspective focuses on cognitive components, such as the beliefs, impressions and ideas one has about another country. It embraces various cognitive aspects, e.g. economy, technology, politics, people, culture, landscape/environment and climate (Carneiro & Faria, 2016; Zeugner-Roth & Diamantopoulos, 2009; Zeugner-Roth & Žabkar, 2015). Following this macro view, scholars started to associate COI features at country level analysis (Graby, 2014; Jaffe & Nebenzahl, 2006; Pappu & Quester, 2010). Researchers in other fields, such as, geography and tourism (Elliot & Papadopoulos, 2016; Fetscherin & Stephano, 2016; Zeugner-Roth & Žabkar, 2015), public diplomacy (Gertner, 2011; Howell & Sundberg, 2015; Nye, 2008), sociology, and international law (Mariutti, 2017), became interested in using the construct in their respective disciplines and government bodies started to exploit its practical usage in promoting their countries (Papadopoulos, 2004). Thus, over time, the COI phenomenon has gained a broader outreach in different disciplines of social science and, at the

same time, has turned into an important competitive factor, not just for companies, but also for governments and other institutions as a "fundamental element of a country's reputation" (Mariutti, 2017:241).

To gain strategic insights into the development of a country brand and its image, practitioners and scholars started to develop measures to evaluate a country's position worldwide (Mariutti & Tench, 2016). The extant literature suggests three measures of COI at the country level that can provide direction for comprehending the CSI construct. The first one was proposed by a consultant Simon Anholt (2005) who is applauded for coining the term 'Nation Brand'. In 2005, he developed a tool to measure competitiveness for a nation which later evolved into a National Brand Index (NBI) known as the 'Anholt-GfK Roper Nation Brand Index'. This index is used to perform an annual study in fifty countries to understand how each country perceives the image and reputation of the others (Mariutti & Tench, 2016). Anholt's instrument employs six dimensions, namely: a) Export - seen as a key component of the economic strength of a country and its potential; b) Governance - measuring the public's consideration of the level of national competence and justice; c) Culture - presents perceptions of different nations with respect to the national heritage and appreciation of the culture; d) People - measures the reputation of the population in terms of competence, education, hospitality and friendliness; e) Tourism - covers the level of interest in visiting a country; and f) Investment and Immigration - captures the power to attract investment and people to live, work or study in the country.

Another country-brand measure proposed by FutureBrand consultancy (2016) is the Country Brand Index (CBI). The methodology of this index is more complex than that of the NBI because it combines qualitative and quantitative studies. The dimensions examined by the CBI are: a) Value system –aspects related to the political system, respect for the environment and tolerance; b) Quality of life –health, education, standard of living, and security in the

country; c) Business potential – perception of the business environment as good for business, advanced technology, and good infrastructure to develop business; d) Heritage and culture – points of historical interest, art and culture and natural beauty; e) Tourism – monetary value, variety of attractions, hotels and accommodations, food; and f) Made-in – features of products made in the country such as authenticity, level of quality, and uniqueness.

Comparing the dimensions of the CBI and the NBI, we can identify similarities and overlaps, e.g. the 'exports' dimension of NBI encompasses two dimensions of the CBI, 'Business Potential' and 'Made in' (see Table 1). NBI considers an additional dimension 'Immigrant and Investment' which evaluates a country's potential to attract foreign investment and talented residents (Hakala, Lemmetyinen & Kantola, 2013). This dimension represents an important indicator for the economic and social identity of a country by assessing its image in terms of openness to FDI and willingness to welcome immigrants. Examples of countries recognized by conveying a positive image within this dimension are the USA, as the land of immigrant, and China for attracting high levels of foreign investment. In this sense, NBI seems to be a more robust measure, especially for research conducted in the discipline of business studies.

The Country Brand Strength Index (CBSI), the third famous index, was proposed by Fetscherin (2010). In line with the studies of the NBI and the CBI, the CBSI consists of the following dimensions: a) Export – identifies, through the level of exports, whether the country has a strong country brand , b) Tourism – checks how strong the country brand is by looking at the level of tourism arrivals, c) Direct Foreign Investment - indicates the strength of the country brand by analyzing the level of inward FDI, d) Immigration – measures the strength of the country brand using the level of immigration as an indicator and e) Government Environment – the central dimension of the construct, as a government can manage and nurture a positive environment going beyond supporting exports, attracting tourism, investments, and

immigration, by enabling "the development of an overall positive and strong country brand" (Fetscherin, 2010:470). This index assesses the strength of a country's brand using objective secondary data (Hao et al., 2019). However, this makes its applicability and the comparability of results with the other two measures difficult. In addition, although the extant literature on COI emphasizes the important role played by a country's culture and its people on the country's image (Suh, Hur & Davies, 2016; Zeugner-Roth, Diamantopoulos & Montesinos, 2008), CBSI does not consider the cultural aspects of the country's population and habits. Thus, it neglects two major dimensions for measuring a country's image. Table 1 summarizes the dimensions of the NBI, CBI and CBSI measures, as discussed above.

Insert table 1

All three measures provide invaluable insights into different dimensions that collectively provide a measurement for CSI. However, the dimensions used in these measures are externally focused. Clearly, scholarly attention on the relevance of internal stakeholders in determining country image has remained sparse. We argue that the internal stakeholders' perception is equally important (Heslop et al., 2010; Ruzzier, & De Chernatony, 2013). It allows us to understand and recognize the potential of each facet/dimension of country image to be used as a resource and operationalize the positive use of it in building country image. In addition, internal stakeholders co-create the country image (Yalkin, 2018) as they produce, reflect, disseminate and reconfigure the image of their country. They play the role of COI ambassadors (Rawson, 2007) by acting as a mouthpiece in communicating the desired experience to the external audiences (Hao et al., 2019). Thus, internal stakeholders are considered a powerful marketing tool for countries, as they are "more effective, long lasting, provide global coverage and, in reality, cost nothing as compared to the traditional country marketing avenues" (Yousaf & Li, 2015:408). Importantly, the insider focused approach on

COI is pivotal in minimizing information asymmetry between internal and external stakeholders. However, very few studies consider the insider perspective on evaluating country image, whilst none investigate this as a country level resource that can be recognized as a country-specific advantage.

2.2 Signaling Theory and Country Image

We argue that the use of signaling theory can enhance our understanding of the conceptualization of the CSI construct, that is the insider perspective, and its application as a country-specific resource by generating insights into "the nature and efficacy of signals" (Stevens & Makarius, 2015:264), such as COI, sent by internationalized firms. The main advantage of signaling theory lies in its ability to take into account the role of insiders (national stakeholders) as signalers, broadcasting country image to external stakeholders, and its focus on the feedback loop that aids in minimizing information asymmetry arising between the signaler and the receiver (Pecot, Merchant, Valette-Florence & De Barnier, 2018).

The core of signaling theory explains that imperfect and asymmetric information results in uncertainty in commercial transactions between two parties (Connelly et al., 2011, Erdem, Swait & Valenzuela, 2006; Mukherjee, Makarius & Stevens, 2018; Stevens & Makarius, 2015). Hence, the signaler must strive to reduce information asymmetry by showing honesty in signaling, improving the quality of the signal itself, and possibly by forming a feedback loop directed towards themselves (Durcikova & Gray, 2009) whilst providing substantive evidence for signals broadcasted (Steigenberger & Wilhelm, 2018). Signalers are insiders. They have privileged information that is not generally available to outsiders (Connelly et al., 2011). The information can be about an individual (Spence, 1973), a product (Kirmari & Rao, 2000), a brand (Erdem et al., 2006; Pecot et al., 2018), a corporation or a group which belongs to it (Mukherjee, et al., 2018) or a service (Stevens, Makarius & Mukherjee, 2015). Signals are cues, attributes or activities that can convey information about the features, qualities, reputation

(Mukherjee et al., 2018; Stevens & Makarius, 2015) and characteristics of economic agents (Spence, 1973). Hochwarter, Ferris, Zinko, Arnell, & James (2007) argue a signaler can manipulate signals to achieve greater or lesser fit. Insiders are armed with both positive and negative private information, and it is up to them to decide whether (and how much) to convey to outsiders (Connelly et al., 2011). However, it is important that signalers choose coherent, reliable cues to achieve signal fit, i.e. the extent to which the signal is associated with features of its economic agent. A good signal can avoid discrepancy between the signal and signaler. Thus, the theory focuses on actions taken by insiders to purposely communicate positive or negative aspects.

In contrast, receivers are outsiders/external stakeholders who lack privileged information held by signalers. Receivers seek information through signals as it helps them in minimizing information asymmetry and thereby aids in deciding their course of action (Stevens & Makarius, 2015). Connelly et al. (2011) also suggest that access to full information gained from the signals communicated by the signaler can help them in making decisions. However, it is important to note that "for signaling to take place, the signaler should benefit by some action from the receiver that the receiver would not otherwise have done; this usually involves selection of the signaler in favor of some alternatives" (p. 45). In information terms, the receiver sends back feedback to the sender so that any gap in information transmitted between signaler and receiver is reduced (Kirmani & Rao, 2000).

We argue the process of conveying and managing country image to international stakeholders can be understood with the help of signaling theory. From the succinct review of signaling theory provided above, it can be seen that throughout the process of signaling country image, it is likely that there will be asymmetric information between the two parties (Erdem et al., 2006) - national stakeholders and international ones, and the onus of sending quality signals of country image honestly to external stakeholders (who are keen on receiving correct

information) lies on the internal stakeholders. However, prior research on COI has mostly looked at the outsider perspective and its feedback messages, neglecting the role of internal ones. We argue that to exploit COI and convey it in a beneficial, strategic and an effective way, it is necessary to focus on reaching an information equilibrium between signaler and receiver, based on signal honesty and signal fit.

To assist us in comprehending and applying signaling theory to the COI context we built a timeline, represented in Figure 1. It presents the four key elements in the signaling environment: signaler, signal, receiver and feedback (Connelly et al., 2011). The first key element is the insider stakeholders, represented by different stakeholders within one country playing different roles, such as citizens, businesspeople, industry agents, policy makers. The internal stakeholders act as signalers (in time t=0). They collectively hold all possible information about the features and qualities of their country (being it positive and/or negative) which are manifested in its image. Internal stakeholders should acknowledge that there is merit in reflecting their country's image. This can not only enable them to send good signals and communicate clearly with the external stakeholders but may also help local firms in using COI as a resource inherited from their home country.

The second key element is signals (transmitted at time t=1) which are "observable characteristics attached to the individual [the signaler] that are subject to manipulation by him". (Spence, 1973:357). Signals are qualities and features of the image of a given country conveyed to the receivers (Kirmani & Rao, 2000). In our study, signals relate to country image. These are by nature rhetorical signals, e.g. when we say, 'Great Britain' or 'China - The World's Factory' or even metaphors like 'made in', they are stylistic statements conveying country image. However, these rhetorical signals can be converted into substantive signals by associating them with the country's observable characteristics or features which forms its image. However, it is necessary that the signalers undertake self-evaluation of the signals that

they present to form country image. We argue this can not only minimize information asymmetry difference between the signals, signalers, and the perception of external stakeholders (Spence, 2002) but also help bridge the gap between rhetorical and substantive signals (Steigenberger & Wilhelm, 2018), thus, eventually improving the overall quality and reliability of signals.

This is when CSI emerges as an important measure to identify the potential of country image as a source of CSA. We posit CSI as a new element of the signaling environment that resides between signalers (t=0) and signals (t=1). In other words, CSI is an intermediary element which takes in the form of an assessment conducted (at time t =0.5) by internal stakeholders to identify right signals for conveying country image. It also helps signalers to internally validate and choose coherent exploitable signals, and at the same time comprises relevant characteristics of the signaling process, such as honest signal and signal fit.

The outsiders or receivers are different international stakeholders that have an interest in the image of that country, such as international consumers, international investors, governments from other countries establishing diplomatic relations, among others. They receive the signals emitted at a later stage (time t=2) and then after processing the information, i.e. signals received they transmit feedback (in time t=3) back to the signaler.

Insert figure 1
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3. METHODOLOGY

In this section we present the methods and steps taken to answer the research questions adopted for this study, i.e. Is CSI an antecedent of CSA? And which aspects of country features are considered valuable resource by the national stakeholders? We first present the steps to adapt and validate the CSI scale. Then, we describe the procedures to verify the relationship between CSI and COI-CSA.

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The literature on scale development recommends the use of several procedures for developing better measures. The first two procedures/steps specify the construct domain and generate a sample of items (Churchill, 1979). Accordingly, we grounded the conceptualization and operationalization of the CSI construct on the extant literature. Based on the literature review, mainly drawing from Martin & Eroglu (1993:192), we conceptualized CSI as the descriptive, inferential and informational beliefs that internal stakeholders have about their country. CSI, therefore, enables researchers to identify aspects (signals) of the country-image that are recognized as valuable resource by internal stakeholders. It is a general country-level construct of country image (Zeugner-Roth & Žabkar, 2015) that encompasses a range of cognitive aspects, ranging from people and culture to economy and governance (as reviewed in section 2.1 and summarized in Table 1) that can constitute a country image construct from the perspective of internal stakeholders. This further indicates that CSI is a hierarchical and multidimensional construct (Martin & Eroglu, 1993) reflecting the degree to which each dimension of the country image is recognized as a resource by the insider stakeholder. The target respondent of the CSI scale is the national stakeholder who can be represented by a sample of the common citizen or a group of businesspeople or government agents, among others as long as the group accurately represents the domestic perspective.

The next step is building a pool of items. However, as Churchill points out, "researchers should have good reasons for proposing additional new measures given the many available for most constructs of interest, and those publishing should be required to supply their rationale" (1979:67). Therefore, we reviewed the extensive body of knowledge on the subject and opted to build on the existing literature to measure the CSI construct. We already presented the three different measures of COI: the CBI, CBSI and the NBI (see Table 1), that could be adapted to CSI. By analyzing the information in Table 1, we can observe that these measures are similar but the NBI is relatively comprehensive. We have therefore adapted the NBI to form the scale

for our CSI construct. Our choice to use the NBI was made based on three more reasons: 1) it is a multidimensional instrument that embraces the CSI conceptualization; 2) it captures relevant cognitive dimensions that are part of the CSI construct, encompassing the cultural dimension not considered by CBSI and the people dimension not considered by CBSI and CBI; 3) Anholt is internationally recognized as a leading authority in the subject of country branding and his instrument is widely used by scholars in country image studies

Thus, the CSI is proposed as a second-order construct encompassing six first-order cognitive dimensions: i) 'Export/Product Competitiveness' dimension which seeks to capture the internal stakeholder belief on their country's strengths in science, technology and creativity regarding products and services that have the potential to be competitive in international contexts (Anholt, 2010; Rojas-Méndez, 2013); ii) 'Governance' dimension which measures the perception of internal stakeholders of their government's competence and honesty, respect for citizens, and behavior towards issues of global interest such as peace, environmental protection and global poverty (Anholt, 2010; Fetscherin, 2010; Rojas-Méndez, 2013), iii) 'Culture' which measures the understanding of internal stakeholders with regards to the cultural heritage of the country and its contemporary culture: music, food, arts (Anholt, 2010; Rojas-Méndez, 2013); iv) 'People' dimension which seeks to identify the internal stakeholder perspective towards the people of their country in social and professional terms (Anholt, 2010); 'Tourism' dimension which concerns the beliefs internal stakeholders have about the country's resources in terms of natural beauty, history, geography and tourist attractions (Anholt, 2010; Fetscherin, 2010; Kotler & Gertner, 2002); and finally, the 'Immigration and Investment' dimension which measures the perception of internal stakeholders regarding the country's power to retain talent and attract capital as well as the economic and business environment of the country (Anholt, 2010; Fetscherin, 2010; Rojas-Méndez, 2013).

After defining the CSI construct domain and choosing the measure to be adapted, we conducted specification tests to ensure that the items included would capture the CSI construct. We translated the items with the help of two independent translators following the recommendation of Church (2010). Taking the primary version of the translated scale, we commissioned three marketing researchers with an emphasis in IB to ensure face validity. The researchers analyzed the original scale and the translated one to verify whether the text and semantics were appropriate for the purposes of this study.

Based on the face validity survey, a few adjustments were made. Decisions to modify the instrument were based on the relevancy of the questions about COI to the national perspective and on the ability of the national stakeholders to respond to the questions without experiencing confusion or unnecessary frustration (Babakus & Mangold, 1992). This procedure was necessary because the target respondents of the original version of the questionnaire were foreign citizens (citizens of a nation assessing the COI of a different nation). However, in our study, the target respondents would assess the COI of their own country. Hence some items have been modified and others divided into more items as recommended by the consulted researchers. For example, the item "the country makes major contributions to innovations in science and technology" was divided into two items, namely "the country makes great contributions to innovation" and "the country makes great contributions in science and technology."

The face validity exercise showed that some items in the dimensions of people, tourism and immigration and investments should be rewritten because the established items were designed to capture the external perspective, whereas this study evaluates the internal perspective. While measuring the CSI, the item should be focused on the domestic image. Some modifications suggested in face validity - like the one proposed by the researchers that we should not just translate the scale because it is necessary to understand the context in which

the study will be applied - were supported by Church's (2010) recommendations and proved to be pertinent to the proposal of this study.

The NBI for one nation evaluating the perceptions of another consists of twenty-three, seven-point Likert scale, questions. After the face validity with marketing scholars, the new version of the scale comprised twenty-five items. We pre-tested the scale with twenty potential respondents – insider stakeholders (ten researchers and ten citizens). Changes were made to items to make the sentences clearer. Table 2 shows the original and the final version of the scale items before face validity.

Insert table 2

The final questionnaire was validated through two studies at two different times and with two different domestic target audiences/groups of internal stakeholders because we wanted to ensure that the measure captures the insider perception regardless of the citizen's position within the nation (Table 3). The respondent is asked to indicate the level of agreement towards the statements regarding his/her country on twenty-five statements using a scale of 1 (strongly disagree) to 7 (strongly agree).

The first survey was held between November and December 2015 via the Internet with the help of the online tool SurveyMonkey. The target stakeholder group for our first data collection was the average citizen. We focused on collecting data from Brazilian consumers. Three criteria were used to define the profile of our sample a) the nationality (only Brazilians could participate), b) age (participants had to be older than seventeen) and c) the educational level (respondents should have a reasonable level of cultural awareness in order to answer the survey; thus, a high school diploma was required).

The sample of the second study was obtained from the Funcex database. Among the 4,192 Brazilian exporting companies, 442 were contacted by phone. Marketers or the export

department manager answered the questionnaire via a telephone interview, and 400 observations were considered valid. The second survey took place between July and August 2016. Table 3 details features from sample 1 and 2.

Insert table 3

To process and analyze the studies we performed descriptive analysis, applying uni-variate data analysis. After a critical analysis of the consistency of responses, we calculated descriptive statistics (averages, measures of dispersion and shape measures). The Kolmogorov-Smirnov test (Hair, Black, Babin, Anderson & Tatham, 2009) showed that none of the variables for either survey presented a normal distribution. Then, we validated the scale using structural equation modelling (SEM) using SmartPLS 2. First, we rotated the scale for adapted CSI with data from survey 1 and survey 2. The validating process involved analyzing various indicators and procedures, as commonly used in prior research using survey data (Chin, 1998; Cohen, 1992; Fornell & Larcker, 1981; Hair, Hult, Ringle & Sarstedt, 2014; Henseler, Ringle & Sinkovics, 2009).

Our other variable of interest is COI-CSA. To measure the COI-CSA construct we followed a scale developed by Suter et al. (2018) comprising twelve items divided into four dimensions: natural resources, cultural resources, visual and textual elements, and senses to measure COI based CSA (see Table 4 to observe COI-CSA construct items). We argue that firms can benefit from their home country image, however, the process of COI transformation into a firm resource, requires that the firm first recognizes COI as a positive resource (Suter et al., 2018), which is the relationship that we investigate in the second part of our study. Figure 2 shows our conceptual model along with CSI as independent variable and COI-CSA as dependent variable. It also shows the dimensions along which both theoretical variables are measured.

Insert table 4 and figure 2
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4. DATA ANALYSIS

4.1 Study 1-Brazilian Citizens

The first analysis assessed the average variance extracted for each construct and indicated that all constructs (scale dimensions) showed values of average variance extracted (AVEs) above 0.50. However, one of the items of the export dimension presented a low factor load (0.30). We decided to remove the item and assess the AVE again following recommendations from Hair et al. (2014) and Lee & Hooley (2005). The removal of items with low loadings is a common procedure when working with scales (Lee & Hooley, 2005). Moreover, it is recommended that a small-scale size is used when possible (Churchill, 1979). After withdrawing the item, we reached suitable factor loading and AVE settings to continue other analyses. Table 5 shows the quality indicators of adjustment for the factor model after this removal.

Insert table 5

The values for AVE of each CSI dimension were greater than 0.50. Therefore, the model presented convergent validity (Fornell &Larcker, 1981). Indicators for the reliability of the model were also appropriate as the values of the composite reliability for all constructs (dimensions of CSI) were above 0.70 (the reference value).

The indicators obtained for the internal consistency of the first samples showed that most dimensions had a Cronbach's alpha above 0.70, except for the construct "People" (0.6572) and the construct "Culture" (0.6821). The literature suggests the acceptance of indicators with reference values above 0.70; however, values between 0.60 and 0.70 are

considered reliable for exploratory research (Hair et al., 2014) such as this study. Therefore, we decided not to adjust the items of the two dimensions following the recommendations of Hair et al. (2014). We verified the discriminant validity using the Fornell & Larcker (1981) criterion. Also, we identify that all the data (Culture 48%, Export 43%, Governance 28%, Immigrants and Investment 58%, People 37% and Tourism 40%) show that R^2 values of all constructs are above 26%, thus the effect of all constructs for the model are sound (Cohen, 1988).

4.2 Study 2-Brazilian Businesspeople

To understand CSI from the firm's perspective, we carried out the same analyses as in the first study, but now with marketing and export managers of firms. The questionnaire no longer included the item removed from the first study. We first analyzed the average variance extracted for each construct. All the dimensions showed AVEs values greater than 0.500. Nevertheless, one item from the tourism dimension presented a load factor lower than the reference value 0.500. To decide whether the item should be removed, we analyzed the composite reliability indicators and Cronbach's alpha in combination with the sense making of the item. We decided to remove the item from the model and ran the PLS algorithm again. After the item removal the Tourism dimension AVE got an acceptable result (0.759) and the results of the discriminant validity tests were adequate (Table 6).

Insert table 6

Next, we evaluated the determination coefficients of Pearson (R^2) to measure the quality of the fitted model by testing the relationship between CSI dimensions (first order variables – latent variables) and the CSI construct (second order variable). The effects of the constructs of the model (CSI construct and its dimensions) remained within acceptable measures, ranging between medium (from 13% to 26%) and strong effect (above 26%) as

outlined in Table 7. The results are in line with Cohen's (1988) recommendations for social science studies, where Pearson coefficients above 2% are considered low effect; between 13% and 26% medium effect and above 26% strong effect.

Insert table 7

A multigroup analysis was performed to compare differences in means of the constructs between the two different internal stakeholders (Citizens, study 1 and Businesspeople, study 2). The permutation analysis results show that there is no difference in means for the CSI constructs. The Culture dimension was the dimension (first order construct) closest to a difference, however, it was not significant (0.05). Consequently, the multigroup analysis also identified that it was not possible to distinguish the two samples for the CSI construct. Table 8 presents PLS-Multi Group Analysis results.

Insert table 8

It is important to note that descriptive analysis of the average scores of each CSI dimension inform positive and negative aspects of the COI. Considering the Likert scale (1 to 7) - explained in the methodology section - we identify 3.5 as a cutoff point for the average score of each dimension. Thus, dimensions with an average score above 3.5 indicate a positive evaluation of insider stakeholders and can be used as resource by firms in the international market. On the other hand, dimensions with average scores below 3.5 reflect negative assessment by insider stakeholders. Based on accessing the average score for each of the six CSI dimensions' we identified that People (with average 5.8515), Tourism (5.0885), Exports (4.7175), Culture (4.6490) and Investment and Immigrant (4.2828) are evaluated positively by the national stakeholders in Brazil. The only CSI dimension identified with a low average score was Governance (2.8754). Thus, our analysis suggest that People and Tourism are regarded as

most valuable country image dimensions, followed by Exports, Culture and Investment and Immigrant. On the other hand, Governance can be accounted as the weakest dimension of CSI in this study.

4.3 The association of Country Self-Image and COI-CSA

To estimate whether CSI is an antecedent of COI-CSA as proposed in the research questions, we ran statistical tests as suggested by scholars (Chin, 1998; Cohen, 1992; Fornell & Larcker, 1981; Hair et al., 2014; Henseler, et al., 2009) to analyze the association between CSI and COI-CSA using PLS-SEM. First, we examined the internal consistency of each construct analyzing the Composite Reliability (Hair et al., 2014). All variables met the criteria (above 0.7), ranging from 0.803 to 0.935 (Hair et al., 2014). The convergent validity was verified by checking the AVE values for each variable. All AVE presented values above 0.5 (Fornell & Larker, 1981) demonstrating a significant satisfactory degree of convergent validity. To ascertain discriminant validity of the first-order constructs we used the criterion of Fornell & Larcker (1981) which implied the use of a correlation matrix to compare the correlation scores of the constructs with the square root of each AVE for each construct (Carberry, Bharati, Levy & Chaudhury, 2017) (see Table 9). The results for all variables regarding the validation criteria for internal consistency, the convergent validity and the discriminant validity were met as detailed on Table 9.

Insert table 9

To estimate the quality of the model, two indicators were used a) the predictive validity (Q^2) that evaluates the accuracy of the adjusted model (Hair et al., 2014), and b) the effect sizes (f^2), which evaluates how much each latent variable contributes to the model fit (Hair et al., 2014). The results of both indicators were obtained using the Blindfolding procedure of the SmartPLS. The Q^2 for all constructs presented values above zero and the values of f^2 for

all constructs are above than 0.35. The values of R^2 for COI-CSA dimensions ranged from 42.35% to 75.38%, whereas the values of R^2 for CSI dimensions ranged from 20% to 65.44%.

Insert table 10

Table 9 and Table 10 shows the coefficients and the t statistics for the direct relationship between CSI and COI-CSA (Table 10) and the relationship between each second-order construct and its dimensions (first-order constructs) (Table 11).

Insert table 11

Results show that Country Self-image is positively associated with COI-CSA (p>0.01 and R2 = 0.128). Based on the results presented above, the model to measure the CSI scale can be considered valid and it is possible to conclude that there is an association between CSI and COI-CSA.

5. DISCUSSION AND CONCLUSION

In contrast to the existing literature on COI, which has been overly focused on the outsiders (external) perspective (Diamantopoulos et al., 2020), our study explores COI from insider perspective and examines it as an antecedent of COI-CSA. It contributes to the extant literature on COI and addresses the call for the extension of country image (Magnusson et al., 2019). It proposes the importance of assessing country image from the insider perspective, and to this effect it introduces a novel multidimensional CSI construct and a scale for its measurement. The adapted scale of CSI construct comprises six dimensions, namely tourism, exports, people, culture, investment and immigration and governance. The study argues that the CSI construct can help in cognizing the aspects that constitute country image, and the extent

to which these features (as acknowledged by internal stakeholders) are capable of generating CSA.

Our study provides valuable insights regarding the management of country image and elucidates its impact on the firm's internationalization. The extant literature indicates that COI affects the firm's internationalization (Eddleston et al., 2019; He & Zhang, 2018) but does not suggest how to manage it. Our study sheds light on this important aspect. It suggests that the underlying principle of self-evaluation, proposed in our CSI construct, allows the firm to identify and exploit attributes of their home country that can be a source of competitive advantage and exploitable in the market. At the same time, it also helps the firm to identify country features that should not be part of its competitive strategy; some attributes may have an adverse effect on the firm and therefore should be avoided in order to mitigate any pre-disposed negative perceptions held by outsiders.

An extrapolation of our findings may be that the benefit of managing country image is not limited to the recognition of CSA, which is generally available to all local firms originating from the country but that it may also help the firm in developing corresponding FSAs (Buckley, Munjal, Enderwick & Forsans, 2016) and determining its foreign market entry strategy (Scalera, Mukherjee, & Piscitello, 2020). Since this idea is not empirically examined in our study we suggest future research can borrow this idea and develop further the extant literature on COI. Such an empirical scrutiny will align with scholarly opinion that FSAs are shaped by CSAs and the firm exploits both types of advantages together during its internationalization (Buckley, Forsans & Munjal, 2012; Hennart, 2009; Narula & Verbeke, 2015). Successful leveraging of COI-CSA into creating FSA can be exemplified through the case of Natura Cosmetics – a Brazilian multinational enterprise (Jones & De Pinho, 2007). The company built its herbal cosmetic products and brand image by exploiting Brazil's image of a country rich in natural resources and culturally diverse (Suter, Borini, Coelho, de Oliveira Junior & Machado,

2019). Other successful examples are Brazilian beachwear fashion firms, such as Adriana Degreas, Osklen, Agua de Coco and Cecilia Prado, that make use of Brazilian nature and popular sites in product prints, the techniques of traditional crafts, bright colors and Brazilian patterning in product design as well as the Brazilian lifestyle in communication. These firms, originating in an emerging economy, are benefiting from its country image because they have recognized a fit between the country and their industry image (Roth & Romeo, 1992; Spielmann, 2016) by exercising the CSI rationale. Although these firms did not use a structured measure, nonetheless they provide anecdotal evidence exemplifying the concept. More in-depth examination using detailed case studies would help to clarify the relationship between COI-CSA and FSAs and their joint effect on the firm's competitiveness.

5.1 Theoretical Implications

We argue that our work offers significant theoretical implications for future research and contributions in addition to the aspects identified above. First, the CSI perspective sheds light on how COI related competitive advantages are formed by the firm. The extant literature in IB and strategy position competitive advantages (CSAs or FSAs) as necessary for internalization (Dunning, 1993; Eden & Dai, 2010). In the absence of such advantages the firm resort to externalization (Kedia & Mukherjee, 2009). However, the literature does not provide enough understanding of how competitive advantages are formed by the firm. Our study provides insights into this key aspect *via* the principle of self-evaluation. Second, much of the literature on emerging markets suggests a low-cost base at home provides a fundamental CSA to local firms (Contractor, 2013; Cuervo-Cazurra et al., 2018; Munjal, 2014) while ignoring the very basic fact that often these firms suffer from a stigma (Cuervo-Cazurra & Ramamurti, 2017; Cuervo-Cazurra, & Un, 2015; Moeller, Harvey, Griffith & Richey, 2013) along with liabilities of emergingness (Fiaschi, Giuliani & Nieri, 2017; Madhok & Keyhani, 2012). We

argue an appreciation of positive attributes whilst at the same time acknowledging weak features may help these firms to leverage their CSAs appropriately.

We posit that an appreciation of the insider approach advocated is critical to the success of firms from emerging markets such as Brazil. It can help local firms demystify stereotypes held by external stakeholders that firms and products originating from emerging markets are usually inferior. Havaianas' approach towards strategic brand building shows how the firm circumvents an overall unfavorable COI by identifying and incorporating positive features of the country image, such as vibrant colors, joy and fun into its positioning (Magnusson et al., 2019). Nonetheless, we acknowledge that the impact of COI varies across product categories (Carneiro & Faria, 2016; Eddleston et al., 2019; Spielmann, 2016). If the stereotypical thinking about certain aspects is positive, e.g. fun culture, welcoming people, football and tourism in the case of Brazil, then firms can easily leverage COI to develop their competitive advantages (Spence & Essoussi, 2010). However, if the COI association is negative then the firm has to evolve special mechanisms to overcome the COI related disadvantages. In both cases, an internal recognition of COI is recommended.

Our empirical context of country image also contributes to signaling theory and its general comprehension for the international business discipline. It advocates for self-evaluation as an intermediary stage that falls between insiders and their act of transmitting signals. It also suggests that the principle of self-evaluation (CSI) improves the quality and honesty of signals, which in turn can minimize information asymmetry between signalers (insiders) and receives (outsiders). Moreover, self-assessment can also bridge the gap between rhetoric image and substantive image *via* identifying and presenting the real characteristics and features of the country by insiders to outsiders.

5.2 Practical Implications

Our study offers practical implications for managers and policy makers. The insider perspective of COI presents an effective tool which managers can use to minimize informational asymmetry (Spence, 2002). As explained above it provides guidance on the process of managing COI and its impact on competitive advantages for the firm. More specifically, our study can help managers to identify positive as well as negative elements of COI and decide what signals should be communicated to receivers (international stakeholders). Managers can validate the positive image domestically with their consumers and employees before devising COI-CSA based internationalization strategies (Carneiro & Faria, 2016).

At the same time, the internal perspective of COI can give guidance to the government, international trade agencies and industry associations to attract tourism and foreign investment, promote exports, and boost international relations. We acknowledge that some nations, for example, some less developed countries, may have an inferior insider view due to political, diplomatic, religion or economic development issues. In these cases, CSI can help governments and firms to orchestrate a plan to develop the Country Image internally. Although the results of the study are limited to the context of Brazil the approach towards CSI presented here is generalizable. We, therefore, recommend that future studies use different countries to conduct a cross-validation of the model. Furthermore, future research can analyze the relationship and impact of CSI on firm performance. Marketing scholars can also investigate the impact of cosmopolitanism (Riefler & Diamantopoulos, 2009), Xenocentrism (Balabanis & Diamantopoulos, 2016) and ethnocentrism (Shimp & Sharma, 1987) on the CSI. IB scholars can go beyond the investigation of COI-CSA and may examine CSI as an antecedent of corporate reputation (Mukherjee et al., 2018; Newburry, 2012; Stevens & Makarius, 2015). Other studies can examine the impact of CSI on brand image and verify whether CSI moderates the relationship between COI (receiver perspective) and a firm's brand image, integrating all

signaling theory elements into one research model. Scholars exploring inbound tourism and FDI can investigate the impact of CSI on other variables of interest to tourism. Finally, our study is based on data collected from two internal stakeholders (citizens and businesspeople). In the future, we suggest the inclusion of other internal stakeholders as target respondents, such as policymakers and executives working in international trading agencies, to add other perspectives to the use of the CSI scale.

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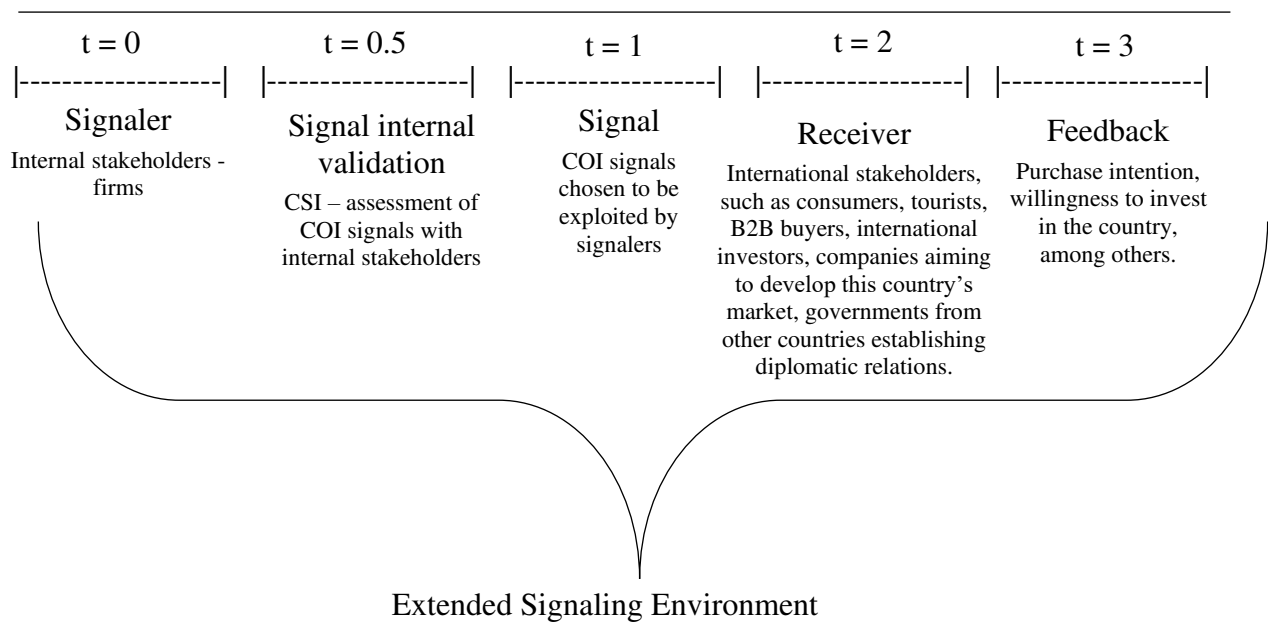
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Figure 1 – Signaling Timeline applied to COI

t = 0	t = 0.5	t = 1	t = 2	t = 3
|------------------|	|------------------|	|------------------|	|------------------|	|------------------|
Signaler	Signal internal validation	Signal	Receiver	Feedback
Internal stakeholders - firms	CSI – assessment of COI signals with internal stakeholders	COI signals chosen to be exploited by signalers	International stakeholders, such as consumers, tourists, B2B buyers, international investors, companies aiming to develop this country's market, governments from other countries establishing diplomatic relations.	Purchase intention, willingness to invest in the country, among others.

Extended Signaling Environment

Source: Authors based on Connelly et al. (2011)

Figure 2: Country Self-Image and COI-CSA
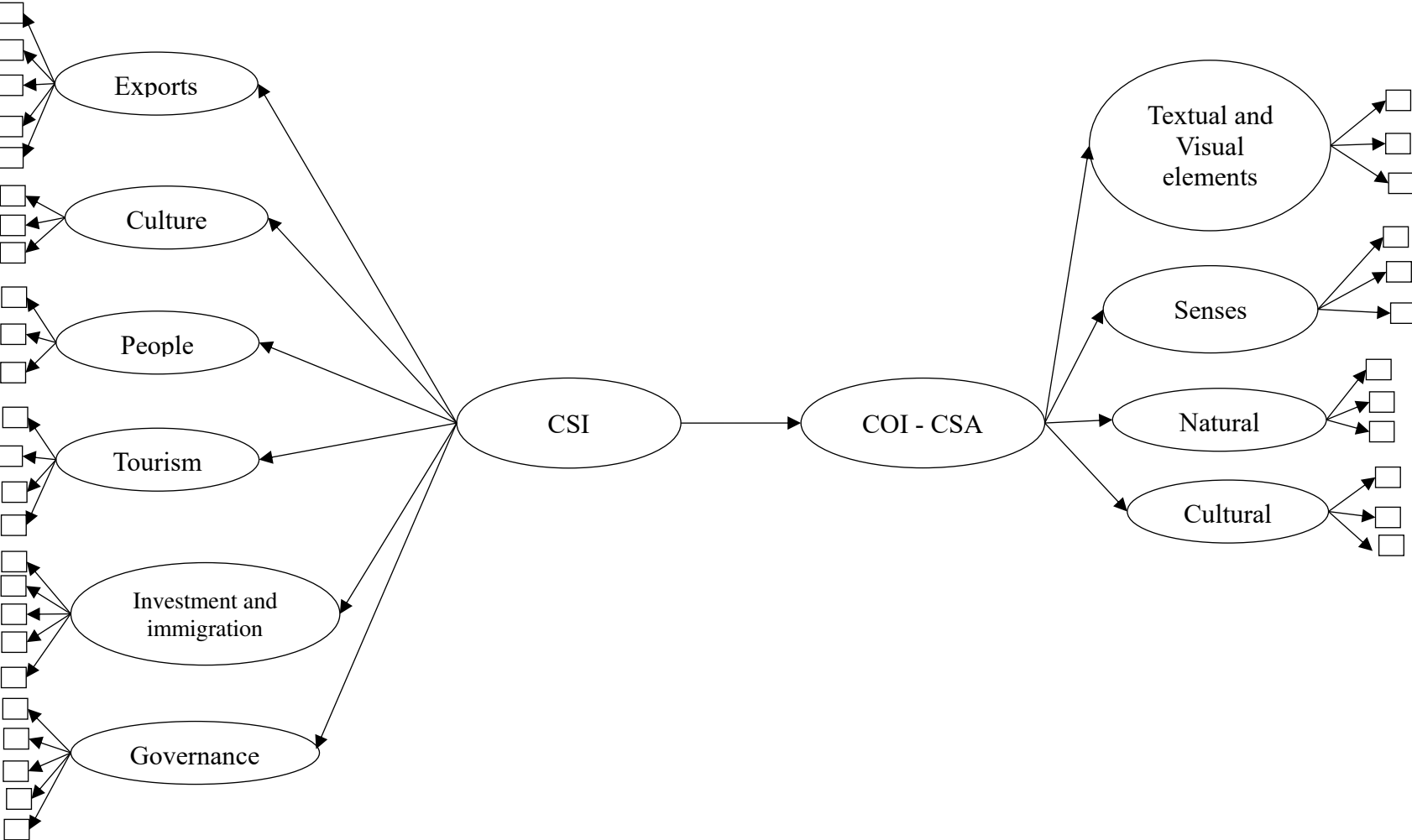
Table 1– Scales and dimensions to measure the country brand construct

Measurement scale	The Nation Brands Index (NBI, 2005)	Country Brand Index (CBI) – (FutureBrand, 2010).	Country brand strength index (CBSI) - (Fetscherin, 2010).	Dimensions of our study
Dimensions	- Exports;	- Business Potential; - Made in.	- Exports;	- Exports
	- Governance;	- Value system;	- Government environment.	- Governance
	- Heritage and Culture;	- Heritage and culture;		- Culture
	- People;	- Value system; - Quality of life;		- People
	- Tourism;	- Tourism;	- Tourism;	- Tourism
	- Immigration and investment.		- Immigration; - Foreign Direct Investment;	- Immigrants and Investments

Source: Authors

Table 2 – Scale items before and after the adaptation and validation process.

	Original (NBI, 2011)	Adaptation of Items
Exports:	1) makes a major contribution to innovation in science and technology; 2) is a creative place with cutting-edge ideas and new ways of thinking; 3) If you notice a product is made in the following countries, would you feel less good/better about buying the product;	1) (name of the country) makes great contributions to innovation. 2) (name of the country) makes great contributions to science and technology. 3) (name of the country) is a creative place. 4) (name of the country) it is a place with cutting-edge ideas and new ways of thinking. **5) Knowing that a product is made in your country, you would feel better about buying it (withdrawn during Study 1)**
Governance:	1) is competently and honestly governed; 2) respects the rights of its Citizens and treats them with fairness; 3) behaves responsibly in international peace and security; 4) behaves responsibly to protect the environment; 5) behaves responsibly to help reduce world poverty;	1) (name of the country) is competently and honestly governed. 2) The government (name of the country) respects the rights of its Citizens and treats them fairly. 3) The government (name of the country) behaves responsibly in relation to international peace and security. 4) The government (name of the country) behaves responsibly to protect the environment. 5) The government (name of the country) behaves responsibly to help reduce global poverty.
Culture:	1) excels at sports; 2) has a rich cultural heritage; 3) is an interesting/exciting place for contemporary culture such as music, films, art and literature.	1) (name of the country) excels in sports. 2) (name of the country) has a rich cultural heritage. 3) (name of the country) is an interesting place with contemporary culture such as music, movies, arts and literature.
People:	1) would like a person from this country as a close friend; 2) the people would make me feel very welcome; 3) willingness to hire well-qualified people from this country.	1) The (citizen from the country) is a good friend. 2) The (citizen from the country) makes people feel welcome (hospitality). 3) The (citizen from the country) are well qualified to be considered for employment by international companies.
Tourism:	1) strongly like/not like to visit if money is no object; 2) rich in natural beauty; 3) rich in historic buildings and monuments; 4) has a vibrant city life and urban attractions	**1) If money were no object I would love to travel the (name of the country) (withdrawn during Study 2)** 2) (name of the country) is rich in natural beauty. 3) (name of the country) is rich in historical buildings and monuments. 4) (name of the country) has a vibrant city life and urban attractions.
Immigration and investments	1) willingness to live and work for a substantial period; 2) place with a high quality of life; 3) good place to study for educational qualifications; 4) has businesses I'd like to invest in; 5) country cares about equality in society;	1) (name of the country) is a good country to live. 2) (name of the country) is a good country to work. 3) (name of the country) is a country with high quality of life. 4) (name of the country) is a good place to study and to acquire educational qualifications. 5) (name of the country) is a country that cares about equality in society.

Source: Authors

Table 3 – Data Collection

First Survey			Second Survey		
How	SurveyMonkey		**How**	By Phone Interview	
When	Between November and December 2015		**When**	Between July and August 2016	
Who	Brazilian consumers		**Who**	Brazilian Export Companies	
Profile	a) the nationality (only Brazilians could participate), b) the age (participants must have been older than seventeen) and c) the educational level (respondents should have a reasonable level cultural awareness)		**Profile**	a) the nationality (only Brazilians companies could participate), b) Marketers or the export department manager should answer the questionnaire c) Export uninterruptedly during 5 years	
Sample	**Age average**	38 years old	**Sample**	**Companies**	96% Industrial Sector
				sub-sector	65%transformation and machinery
	Gender	53% female		**Region**	17 States:
	Educational Level	78% held a BSc diploma		**States**	43% São Paulo 17% Rio Grande do Sul 14% Paraná South 8% Santa Catarina 7% Minas Gerais 2% Rio de Janeiro 2% Espirito Santo 7% Others
				Size	17% large companies 33% midrange 39% small 10% microenterprises
				exported value range a year (USD)	39,3% up to 10,000 32,6% 50,000 and 100,000 17,3% above 100,000 9,8% above 10,000 to 50,000
Questionnaires	**Total**	474	**Questionnaires**	**Total**	4,192
	Valid	418		**Contacted**	442
				Valid	400

Source: Authors

Table 4 – COI-CSA items

Dimensions	Items
Thinking about the main product line of the company offered abroad and point out the level of agreement of the company with the following statements (1- Strongly disagree and 7 – Strongly agree). **It is important to.....**	
Natural resources	*Use natural resources from the company's country of origin*
	Highlight typical natural resources from the company's country of origin
	Use biodiversity resources from the company's country of origin
Cultural resources	*Use aspects related to people's habits and customs from the company's country of origin*
	Use the diversity of cultural manifestations from the company's country of origin
	Use aspects related to people from the company's country of origin
Senses	*Use music from the company's country of origin on the international website*
	Use music from the company's country of origin in international advertisement
	Use music from the company's country of origin at sites of contact with the client
Visual and Textual elements	*Use acronyms or names related to the company's country of origin*
	Use the flag design from the company's country of origin
	Use the flag colors from the company's country of origin in contact points with customers

Source: Suter et al. (2018)

Table 5 – Specification of the general structural model (Study 1)

	Latent Variable	AVE	CR	R2	Cronbach	1	2	3	4	5	6
1	Culture	0.6175	0.8267	0.4857	0.6821	**0.786**					
2	Exports	0.6726	0.8908	0.4348	0.8348	0.388	**0.82**				
3	Government	0.6391	0.8983	0.2876	0.8611	0.294	0.185	**0.799**			
4	Imm._Invest.	0.5826	0.874	0.5791	0.8193	0.376	0.319	0.438	**0.763**		
5	People	0.6062	0.8134	0.3739	0.6572	0.312	0.329	0.076	0.381	**0.779**	
6	Tourism	0.602	0.8579	0.4046	0.78	0.456	0.319	0.054	0.287	0.457	**0.78**

Source: Authors, based on first survey data

Table 6 – Model reliability (Study 2)

	Latent Variable	AVE	CR	R2	Cronbach	1	2	3	4	5	6
1	Culture	0.576	0.803	0.390	0.633	**0.759**					
2	Exports	0.693	0.900	0.432	0.852	0.277	**0.832**				
3	Governance	0.793	0.938	0.555	0.912	0.430	0.345	**0.890**			
4	Imm. Investments	0.650	0.881	0.610	0.820	0.392	0.408	0.415	**0.806**		
5	People	0.618	0.829	0.210	0.702	0.239	0.294	0.169	0.308	**0.786**	
6	Tourism	0.759	0.902	0.394	0.829	0.361	0.248	0.289	0.467	0.305	**0.871**

Source: Authors, based on second survey data

Table 7 – R^2 values

Latent Variable	R2 Study 1	R2 Study 2
Culture	0.486	0.404
Exports	0.435	0.455
Governance	0.288	0.571
Imm_Invest.	0.579	0.651
People	0.374	0.218
Tourism	0.405	0.419

Source: Authors, based on first and second survey data

Table 8 – PLS-Multi Group Analysis

	Path Coefficients-diff (Study1 - Study2)	p-Value original 1-tailed (Study1 vs Study2)	p-Value new (Study1 vs Study2)
CSI_ -> Culture	0.003	0.430	0.860
CSI_ -> Exports_	-0.061	0.815	0.371
CSI_ -> Governance	-0.285	1.000	0.000
CSI_ -> Immigration and investments	-0.067	0.898	0.203
CSI_ -> People	0.125	0.039	0.079
CSI_ -> Tourism_	0.048	0.304	0.609

Source: Authors, based on SmartPLS reports.

Table 9 - Model reliability CSI and COI-CSA

		Latent Variable	AVE	CR	R2	Cronbach	1	2	3	4	5	6	7	8	9	10
CSI	1	Culture	0.576	0.803	0.400	0.633	**0.758**									
	2	Exports	0.692	0.900	0.428	0.852	0.284	**0.831**								
	3	Governance	0.744	0.935	0.581	0.913	0.446	0.346	**0.862**							
	4	Imm.Investments	0.605	0.884	0.654	0.836	0.4	0.437	0.4746	**0.777**						
	5	People	0.619	0.829	0.200	0.702	0.239	0.293	0.16	0.279	**0.786**					
	6	Tourism	0.759	0.902	0.392	0.829	0.361	0.248	0.289	0.464	0.305	**0.871**				
COI-CSA	7	Cult. Res.	0.807	0.926	0.753	0.880	0.284	0.181	0.241	0.265	-0.011	0.143	**0.898**			
	8	Natural Res.	0.725	0.887	0.523	0.811	0.157	0.284	0.208	0.287	0.1	0.204	0.501	**0.851**		
	9	Senses	0.725	0.886	0.423	0.806	0.146	0.179	0.215	0.21	0.082	0.076	0.424	0.307	**0.851**	
	10	Tex.Vis	0.703	0.875	0.635	0.785	0.266	0.022	0.237	0.218	0.012	0.158	0.627	0.418	0.359	**0.838**

Source: Authors, based on SmartPLS reports

Table 10 - Coefficients and the t statistics

	Original Sample (O)	Standard Deviation (STDEV)	T Statistics (|O/STERR|)
CSI -> COI-CSA	0.358	0.0521	6.8765

Source: Authors, based on second survey data

Table 11 – Coefficients and the t statistics of the first order constructs

	Original Sample (O)	T Statistics (|O/STERR|)
COI-CSA -> Cult.Res	0.8682	74.6761
COI-CSA -> Nat.Res	0.7232	21.0057
COI-CSA -> Senses	0.6508	14.0626
COI-CSA -> Tex.Vis	0.7971	38.1209
CSI -> Cult	0.6326	17.7889
CSI -> Ex.Prod	0.6547	16.3622
CSI -> Gov.	0.7627	31.1809
CSI -> Imm	0.8089	40.5945
CSI -> People	0.4483	8.9759
CSI -> Tour	0.6263	17.7475

Source: Authors, based on second survey data