The role of national institutions in the effects of consumers' perceived customer orientation and firm innovativeness

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ABSTRACT

Many multinational corporations force global customer orientation and firm innovativeness. However, little is known about how or why they benefit from perceived customer orientation and firm innovativeness in one country but not in another. The authors fill this gap by referring to information processing and institutional theories. They contribute to research by analyzing the roles of country development and dimensions of national culture in the direct and indirect effects of perceived customer orientation through firm innovativeness on consumer product purchase intention across 53 countries. The results of multilevel structural equation modeling show different explained variances of the institutions and varying moderations for the differently strong effects of perceived customer orientation and firm innovativeness. Institutional theory strongly complements behavioral theorizing. The findings have direct implications for managers interested in understanding how perceived customer orientation and firm innovativeness interact and attract consumers in different country contexts.

1. Introduction

Perceived customer orientation (i.e., perception of a firm's focus on customers and on satisfying their needs, Dean, 2007; Vaquero Martín, 2021; Walsh et al., 2009) and perceived firm innovativeness (i.e., perception of firm activities that result in novel, creative, and impactful offers for markets, Kunz et al., 2011; Kassemeier et al., 2022; Kim et al., 2015) are important sources of competitive advantage. Consumers consider both in purchase situations; both affect firm performance (Eisingerich & Rubera, 2010; Jean et al., 2017), and firm's customer orientation is known to reinforce firm innovativeness (Jean et al., 2017; Kibbeling et al., 2013). Multinational corporations (MNCs), such as Zara, acknowledge the effects of perceived customer orientation and innovativeness by referring to consumer insights (Inditex, 2022). However, respective perceptions of an MNC may be valuable for consumer decisions in one country but not in another. Adidas examines differences in consumer perceptions in selected countries to identify consumer-driven opportunities and innovative approaches (Adidas, 2022, pp. 83, 88). However, MNCs can go further, including country differences to exhaust such insights across nations. This study analyzes

whether and how national institutions impact the effects of perceived customer orientation and innovativeness on product purchase intentions across 53 countries (the likelihood that consumers will buy products of an MNC in the future, van der Lans et al., 2016). We contribute to research by examining country development and dimensions of national culture as important continuous moderators in the research field.

Prior consumer studies have mostly analyzed the effects of either perceived customer orientation or perceived innovativeness on consumer responses such as purchase intention (see Fig. 1).[1] National studies indicate contradictions in developed and emerging countries (e. g., indirect vs. direct effects of perceived customer orientation in Germany vs. Chile, Habel et al., 2020; Valenzuela et al., 2010, or of perceived firm innovativeness in the USA vs. China, Jin et al., 2015; Yen et al., 2020). Few international studies show country differences when also observing emerging countries rather than only developed ones (Falkenreck & Wagner, 2011; Hubert et al., 2017; Kassemeier et al., 2022; Kim, 2016). A research gap exists regarding the joint effect of perceived customer orientation and firm innovativeness. Only Meißner et al. (2017) conceptualize effects of perceived customer orientation in terms of specific customer empowerment activities regarding firm

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innovativeness and purchase intentions. However, they study different extents of joint value creation between customers and firms and find direct effects for only one of four activities, for one of two firms, and only in the USA. In contrast, Eisingerich and Rubera (2010) show stronger effects of perceived firm customer orientation in China and of perceived firm innovativeness in the UK without linking both constructs. They assume, but cannot test, cultural difference as the possible reason for the differences found, while further studies do not support this assumption (Vaquero Martín, 2021 found no difference between Germany and UK; Swoboda & Batton, 2020 no role of cultural dimensions for customer orientation across 44 nations).

In summary, we see research gaps and a considerable number of contradictory insights in the literature, which we address by analyzing two research questions: How does perceived customer orientation affect product purchase intention, both directly and indirectly, through perceived firm innovativeness across nations? Whether and how do the degree of country development and national cultural dimensions moderate these effects? The study thereby offers two important research contributions.

First, analyzing cross-national effects of perceived customer orientation through perceived firm innovativeness contributes to our knowledge. We respond to calls for cross-national analysis (Eisingerich & Rubera, 2010; Meißner et al., 2017). Our arguments align with national studies and meta-analyses that show firms' perceived customer orientation encourages firm innovativeness by adequately catering to consumers' needs (Kirca et al., 2005; Meißner et al., 2017). This connection is novel in cross-national research. Only one study shows mixed results for a similar conceptualization (empowerment) but is limited to the USA. Understanding the cross-national influence of perceived customer orientation on product purchase intention and the role of perceived firm innovativeness therein, as suggested in management studies (e.g., Jean et al., 2017; Kirca et al., 2005), is crucial for assessing its applicability from a consumer perspective. This is particularly interesting for MNCs serving consumers globally (e.g., Eisingerich & Rubera, 2010; Meißner et al., 2017). We also contribute to research by applying the more general information processing theory. This theory provides a novel and advantageous cognitive basis for explaining the focal effects, inserts new theoretical rationales in this research stream, and fits ex-post survey designs. Consumers process both information cues differently in product purchase situations (Bettman, 1970; Gürhan-Canli et al., 2018).

Second, we contribute to research by providing new insights into the roles of the degree of country development and cultural dimensions that have not yet been studied as continuous moderators. Scholars call for respective analysis (e.g., Ha & John, 2010; Rubera & Kirca, 2017). However, information processing theory posits only a context dependence of cognitive processes. We additionally employ institutional theory as an appropriate approach to explain the cross-national differences

that information processing theory does not account for. Institutions are known to affect consumer cognition differently (Beckert, 2010; Camacho et al., 2014; Swoboda & Batton, 2020). Novel theoretical explanations for a moderation of the degree of country development contribute to respective contradictory observations in emerging vs. developed countries. Country development is an important institution for MNCs, as certain strongly economically growing emerging markets gain importance (Gürhan-Canli et al., 2018; Rubera & Kirca, 2017). We also develop theoretical rationales for the role of cultural dimensions, which scholars have previously assumed or studied with contradictory results. Different cultural approaches have their own merits. We follow the approach of Schwartz (1994), as it is theory-based, treats culture psychologically, and is superior when analyzing consumer cognitive processing of MNC cues (De Mooij, 2017; Swoboda & Batton, 2019). Theoretically, the degree of country development or national cultural dimensions may reinforce or diminish consumers' access, processing, or relevance of information cues. Multilevel structural equation modeling (MSEM) can show the explained variances of each moderator. On that basis, a portfolio illustrates countries or country groups in which the effects of both constructs are reinforced (or diminished) most. This insight is valuable, for example, to managers in corporate headquarters who coordinate customer interests globally to assess how and why respective activities are more important sources of competitive advantage.

This study proceeds as follows: Based on theoretical conceptualizations, we derive and test hypotheses with 43,597 consumer evaluations from 53 countries and then discuss our contributions.

2. Theory and hypotheses

We propose a framework in which country development and the dimensions of national culture, as important national institutions, moderate the effects of perceived firms' customer orientation and innovativeness on product purchase intention (see Fig. 2).

2.1. Perceived customer orientation and firm innovativeness

Management research conceptualizes customer orientation as firms' focus on their target buyers, as firms' dominant dimension in their market orientation by Narver and Slater (1990); Deshpandé et al. (1993); Wang et al. (2016) and as a driver of customer responses, firm performance, and profitability (Feng et al., 2019; Kirca et al., 2005). Similarly, firms' innovativeness (Deshpandé et al., 1993; Rubera & Kirca, 2012) affects their market position or performance (Rubera & Kirca, 2012; Jean et al., 2017; Ozkaya et al., 2015). Moreover, firms' customer orientation is conceptually an important driver of firm innovativeness, for which satisfying existing or anticipating future consumer needs, information gathering, and a customer-centric organization or

		Effects of Perceived Customer Orientation	Effects of Perceived Firm Innovativeness
National Studies	Developed Countries	Aurier/Séré de Lanauze 2012; Fuchs/ Schreier 2011; Habel et al. 2020[1]; Ha/John 2010[1]; Hammami et al. 2021[1]	*Boisvert/Ashill 2011[1]*; *Chang et al. 2016[1]*; *Fazal-e-Hasan et al. 2019*; *Francioni et al. 2021*; Henard/Dacin 2010; *Hetet et al. 2020*; Jin et al. 2015[1]; Kim et al. 2015; Kunz et al. 2011; Kurtmollaiev et al. 2022; *Leckie et al. 2018[1]*; Marín-García et al. 2021[1]; *Pappu/Quester 2016*; Rubera/Kirca 2017; Schulz/Voelckner 2020; *Shams et al. 2017*; Shin/Larson 2020[1]; van Riel et al. 2021[1]
		Meißner et al. 2017	
	Emerging Countries	Ndubisi 2012[1]; Valenzuela et al. 2010	Lin 2019[1]; *Lin et al. 2019*; Upadhye et al. 2019; *Wong/Haque 2022*; *Wu/Ho 2014*; Yen et al. 2020[1]
International Studies		Swoboda & Batton 2020	Falkenreck/Wagner 2011; *Hubert et al. 2017*; Kassemeier et al. 2022; *Kim 2016*
		Eisingerich/Rubera 2010; Vaquero Martín 2021	

Note: Brand-/product-level (vs. corporate-level) in *italics*; [1] Service firms like retailer, restaurants. References not included in reference list.

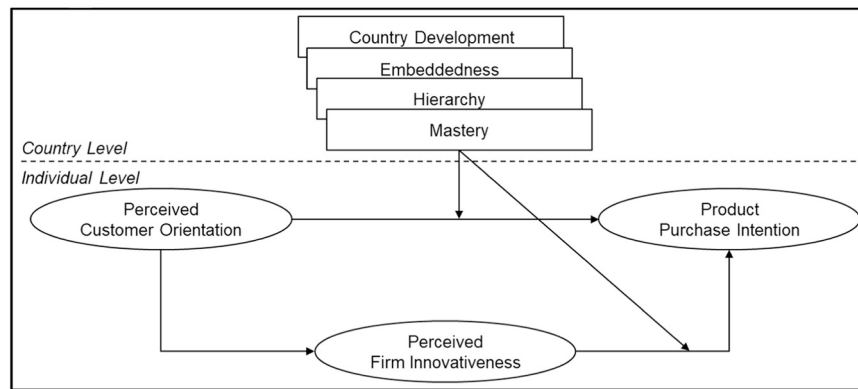**Fig. 1.** Literature Review (Consumer Studies).

Fig. 2. Conceptual Framework.

employees are reasons (Jean et al., 2017; Kibbeling et al., 2013; Kirca et al., 2005; Wang et al., 2016).

Consumer research generally conceptualizes *perceived* customer orientation in terms of consumers' perceptions of a firm's focus on customer needs, or, more specifically, regarding firm activities such as empowerment, branding, or customer involvement in product development (Aurier & Séré de Lanauze, 2012; Fuchs & Schreier, 2011; Vaquero Martín, 2021). Perceived firm innovativeness is an evaluation of firms' novel, creative, and impactful ideas and solutions, in contrast to perceived product or brand innovativeness and novelty, for example (Pappu & Quester, 2016; Rubera et al., 2011). Conceptualizations of customer orientation effects are either indirect or direct (e.g., Habel et al., 2020; Swoboda & Batton, 2020); those of firm innovativeness are often directed at firm attractiveness, quality, consumer intention, or loyalty (Kassemeier et al., 2022; Kurtmollaiev et al., 2022; van Riel et al., 2021). Two studies conceptualize both these general constructs as unconnected independent variables (Eisingerich & Rubera, 2010; Vaquero Martín, 2021), while one conceptualizes specific customer empowerment effects on perceived innovativeness (Meißner et al., 2017).

These studies adopt different theories: exchange theory assumes that consumers reciprocate partners that contribute to a relationship; inference theory assumes varying levels of information availability on specific attributes; and a framework where empowerment activities change perceived firm innovativeness for various reasons. We propose an approach based on a more general, cognitive theory. Both perceptual constructs represent information cues that are cognitively processed in decision situations. Information processing theory offers a stringent rationale for the general effects of perceived customer orientation and firm innovativeness (Bettman, 1970; Newell et al., 1958): it proposes processing sequences such as selective *access/perception* or *encoding* of cues, their further *processing/retrieval* in memory, and a *relevance evaluation* for rationally bounded decisions (Hansen, 2005; Holbrook & Hirschman, 1982). Information processing theory thus offers an appropriate cognitive-theoretical basis for the indirect relationship between perceived customer orientation and product purchase intention via perceived firm innovativeness (Tybout et al., 1981). Consequently, perceived customer orientation can be accessed to a greater (lesser) degree than firm innovativeness, can be more (less) difficult to further process in memory, as it is more (less) abstract and complex information, and can be more (less) relevant in product purchase decisions (Bettman et al., 1998; Ferguson & Mohan, 2020; Habel et al., 2020). More abstract information, if encoded, likely causes a retrieval of further firm information (Bettman, 1979; Gürhan-Canli et al., 2018; Hansen, 2005). This could be perceived firm innovativeness, which is more object-relevant (Roy, 2018; Tybout et al., 1981) and directly relatable to product decisions (Hetet et al., 2020; van Riel et al., 2021). Information processing theory states that the amount or sequence of information processing varies due to socialization or culture (e.g., Gürhan-Canli et al., 2018;

Shaw, 1990). However, it does not specify such contexts. We thus refer to institutional theory as a complementary approach.

2.2. Institutional theory

Institutional theory provides an appropriate and widely established conceptualization regarding country differences in national institutions (e.g., Deephouse et al., 2016; Griffith et al., 2023). It is a useful overarching theory that accounts for country differences in consumers' information processing. Institutions represent the rules of the game that govern the actions of individuals in a society (North, 1990, p. 3). We refer to the institutional economics perspective, as it conceptualizes the institutions in this study (Kostova et al., 2020). Formal institutions, such as country development, represent explicit rules, structures, or outcomes in a society, while informal institutions, such as national culture, represent abstract codes, or values that provide meaning in everyday life (North, 1990, p. 4). Both affect consumers' perceptions or MNCs' performance (El Ghoul et al., 2017; Kraft & Bausch, 2018). We conceptualize their moderation of perceived customer orientation and firm innovativeness effects, as we are interested in how they change the salient cognitive effects on product purchase intentions.

We follow the prevailing conceptualization of a country's development, referring to its economic, social, and human condition (Blut & Wang, 2020; Çilingirtürk & Koçak, 2018). This institution influences firm activity or performance and consumer evaluation or response (El Ghoul et al., 2017; Gürhan-Canli et al., 2018; Kraft & Bausch, 2018; Swoboda & Batton, 2020). It affects consumers' information processing (Beckert, 2010; Sheth, 2011). For example, perceived customer orientation and firm innovativeness may be more important in more (vs. less) developed countries, where consumers more often access respective information and value it as more relevant (Gürhan-Canli et al., 2016). Despite their mixed findings, scholars have not yet theorized the respective mechanisms for perceived customer orientation or firm innovativeness.

National culture represents a set of beliefs, roles, and values that are shared in a society (Triandis, 1995, p. 6). It affects firm activity or performance (Kraft & Bausch, 2018; Shao et al., 2010; Tihanyi et al., 2005) and consumer perception or intention (Camacho et al., 2014; Griffith et al., 2022; Rubera et al., 2011). We refer to the theory-based cultural value approach of Schwartz (1994), which is more comprehensive and less research context-dependent than other approaches (e. g., Berry et al., 2010; Rubera et al., 2011). It differentiates embeddedness, hierarchy, mastery, and opposite dimensions and explains most variance in cross-national studies on MNC reputation, for example (Schwartz, 2014, p. 548; Swoboda & Batton, 2019). Respective cultural values variously influence consumers' information processing (Beckert, 2010; Gürhan-Canli et al., 2018; Shaw, 1990). For example, perceived customer orientation may not align with consumers' values in more embedded societies (e.g., De Mooij, 2017; Schwartz, 1999). However,

scholars present inconclusive results on the moderation of national cultural dimensions (e.g., Eisingerich & Rubera, 2010; Swoboda & Batton, 2020).

Next, the hypotheses are derived. We construct the three theoretical information processing mechanisms on an individual-level, complemented by institutional theory mechanisms on a country-level.

2.3. Hypothesis development

According to information processing theory, both generally perceived customer orientation and firm innovativeness can directly affect consumers' product purchase intention if they are cognitively processed in a decision situation, i.e., encoded, retrieved, and judged as relevant (Bettman, 1970; Hansen, 2005; Tybout et al., 1981). An information cue can directly affect behavioral intentions if it is strongly perceived (i.e., encoded and retrieved) and judged to be relevant in a decision situation (e.g., Holbrook & Hirschman, 1982). It may also indirectly affect intention by activating the retrieval of further information in memory that is more directly relevant to the decision (e.g., Tybout et al., 1981). Empirically, however, scholars remain inconclusive on the effects of both constructs (e.g., for customer orientation Aurier & Séré de Lanauze, 2012; Habel et al., 2020; Ndubisi, 2012; for firm innovativeness Francioni et al., 2021; Jin et al., 2015; Kim, 2016). We assume direct effects of perceived customer orientation and firm innovativeness.

Moreover, we theorize dependencies between the constructs and differences in these effects.

Perceived customer orientation increases firm innovativeness perceptions for various reasons. This relationship is useful and profitable from a management research and practice view (Jean et al., 2017; Kibbeling et al., 2013). MNCs such as Unilever apply a consumer-oriented approach to drive innovativeness (Unilever, 2021). Consumers associate customer-oriented firms with higher innovativeness, as they are less constrained in innovation or have access to more ideas and sources (Meißner et al., 2017; Vaquero Martín, 2021). Customer orientation comprises more abstract and experience-based information. Its processing activates further firm-related cues (Tybout et al., 1981). This activation supports the retrieval of further product purchase-related information, such as firm innovativeness (Bettman, 1979; Roy, 2018).

The indirect (vs. direct) effect of perceived customer orientation is stronger, as is the direct effect of perceived firm innovativeness (vs. customer orientation), for at least two reasons. Customer orientation is more difficult to communicate and encode for consumers (Habel et al., 2020; Swoboda & Batton, 2020). This hampers its processing and direct effects. Moreover, in product purchasing decisions, firm innovativeness is a more relevant cue (Kunz et al., 2011; Tybout et al., 1981). It is more easily processed because it more likely enables customers to reach a decision (Fazal-e-Hasan et al., 2019; Gürhan-Canli et al., 2016). In consumer product purchase behavior, attributes of tangible goods are still a major reference, in contrast to firms that purchase products and related customer-oriented services (Ha & John, 2010).

We propose the following hypothesis:

H1. : (a) Perceived customer orientation and (b) firm innovativeness have a positive direct effect on product purchase intention, while (c) perceived customer orientation has a stronger indirect (vs. direct) effect on product purchase intention through perceived firm innovativeness.

The degree of *country development* has been shown to affect consumers' evaluations or perceptions (e.g., Blut & Wang, 2020; Swoboda & Batton, 2020). We expect the degree of country development to positively moderate the effects of perceived customer orientation and firm innovativeness, as it affects consumers' cognition and information processing (Beckert, 2010; Bettman, 1970; Gürhan-Canli et al., 2018).

In *more developed countries*, perceived customer orientation likely affects purchase intention, as MNCs are often founded in these countries,

which fosters the perception of customer orientation cues through improved access and encourages information processing (Habel et al., 2020; Hansen, 2005). It can be a relevant cue for consumers who differentiate MNCs in strong competition (Gürhan-Canli et al., 2016; Gupta et al., 2018; Ozkaya et al., 2015). In *less developed countries*, consumers have limited resources, are constrained, or historically less exposed to MNCs and access less information (Gupta et al., 2018; Sheth, 2011). Although MNCs are seen as global icons, they base judgments primarily on brand or product cues (Ferguson & Mohan, 2020; Özsomer, 2012). Firms' customer orientation has a weaker direct effect on their intention or behavior (Ndubisi, 2012; Swoboda & Batton, 2020).

According to information processing theory, a greater access to and easier processing of customer orientation information by consumers in *more developed countries* more likely activates further information stored in memory (Bettman, 1979; Tybout et al., 1981). Perceived customer orientation strongly activates firm innovativeness perception (e.g., Schreier et al., 2012). Firm innovativeness itself is also a relevant and strong cue in consumers' product purchase decisions in those countries that most strongly emphasize advantages of innovative offerings (Gürhan-Canli et al., 2016; Upadhye et al., 2019). For consumers in *less developed countries*, firm innovativeness is less strongly retrieved in memory or activated (Pappu & Quester, 2016; Sheth, 2011). While it can be relevant for purchase intention, consumers may experience a gap between judgment and behavior (Gupta et al., 2018).

We hypothesize the following:

H2. : An increasing degree of country development positively moderates (a) the direct effect of perceived customer orientation and (b) its indirect effect on product purchase intention through firm innovativeness.

Among the cultural value dimensions, *embeddedness* treats "people […] as entities embedded in the collectivity" (Schwartz, 2014, pp. 551–552). It affects MNC evaluations or behavioral intentions (Camacho et al., 2014; Griffith et al., 2022; Rubera et al., 2011). However, its moderation has been assumed but not shown (Eisingerich & Rubera, 2010; Swoboda & Batton, 2020). As it strongly affects information processing, we expect a negative moderation.

Individuals in more embedded societies value conformance with group norms and blend in with society, while those in less embedded societies follow individual values (Schwartz, 1999, 2014, p. 551). Perceived customer orientation addresses the needs and concerns of individual customers, which fits the values of *less embedded societies* (Schwartz, 1999; Vaquero Martín, 2021). It is accessed, encoded, and processed as highly relevant information for individual values (Gupta et al., 2018; Hansen, 2005). It may guide consumers toward individual fulfillment, facilitating the relevance of processed cues (Fuchs & Schreier, 2011; Ndubisi, 2012). *More embedded societies* are less receptive to customer orientation cues, as they do not fit their major values. Other valuable symbols of group belonging are more likely to be perceived and processed instead (Gürhan-Canli et al., 2018).

In *less embedded societies*, activation of firm innovativeness cues by customer orientation perception is likely because of individuals' broadminded habits, appreciation of novelty, or drive to express their beliefs (Eisingerich & Rubera, 2010; Schwartz, 2014, p. 551). These individuals are receptive to accessing firm innovativeness perceptions and appreciate firms that change markets and improve people's lives (Griffith et al., 2022; Hansen, 2005). In contrast, individuals in *more embedded societies* may hinder innovation as they cherish tradition, oppose novel things, and are less receptive to acess innovativeness cues (Talay et al., 2019). Such consumers seek help from their larger support networks rather than process innovation cues in decision making (Eisingerich & Rubera, 2010). However, perceived firm innovativeness may benefit society, suiting *more embedded societies*' values (e.g., health or environmental protection; De Mooij, 2017; Falkenreck & Wagner, 2011; Upadhye et al., 2019).

We carefully propose the following:

H3.   : An increasing degree of embeddedness negatively moderates (a) the direct effect of perceived customer orientation and (b) its indirect effect on product purchase intention through firm innovativeness.

Hierarchy refers to the degree to which the unequal distribution of power and authority is accepted by a society (Schwartz, 2014, pp. 551–552). This dimension has been shown to affect consumer perceptions or intentions (Camacho et al., 2014; Griffith et al., 2022; Rubera et al., 2011). We are the first to study the contextual role of hierarchy in our context and assume a negative moderation.

Individuals in more hierarchical societies expect explicit order and accept their assigned position; in opposite societies, individuals value social justice and equality (Schwartz, 1999). In *less hierarchical societies*, individuals want to feel seen and valued by MNCs, thus, they more easily access customer orientation cues (Schwartz, 1999; Swoboda & Batton, 2020). Congruence with their cultural values may facilitate the processing of acquired information and render it more relevant in purchasing situations (Gürhan-Canli et al., 2018; Hansen, 2005). In *more hierarchical societies*, consumers may perceive MNCs as authorities or value their competence (Camacho et al., 2014). However, they do not expect to be the focus, as is suggested by customer orientation, and thus process respective information less (Habel et al., 2020; Holbrook & Hirschman, 1982).

In *less hierarchical societies*, activation of firm innovativeness cues theoretically more likely occurs due to easier customer orientation processing (Tybout et al., 1981). Firm innovativeness perceptions likely differentiate competing MNCs in consumers' minds (Kunz et al., 2011; Kurtmollaiev et al., 2022). Innovation cues are more relevant in purchasing situations (Kim et al., 2015). In *more hierarchical societies*, incongruence between customer orientations and cultural values theoretically hampers the activation of firm innovativeness cues (Bettman, 1979). Consumers perceive MNCs as superior and with market-changing power, but innovativeness thoughts may be less strongly accessed in purchasing situations as consumers do not strive for any associated advancement (Fazal-e-Hasan et al., 2019; Gupta et al., 2018). However, consumers may consider innovativeness in a decision situation if they see it as relevant to stabilizing their own position in society (Rubera et al., 2011).

We hypothesize the following:

H4.   : An increasing degree of hierarchy negatively moderates (a) the direct effect of perceived customer orientation and (b) its indirect effect on product purchase intention through firm innovativeness.

Mastery reflects people's preference for changing their environment to attain group or individual goals (Schwartz, 2014, p. 552). Research has shown its role in consumer behavior (e.g., Shao et al., 2010; Swoboda & Batton, 2020) but not within our context. We assume a positive moderation.

Individuals in high-mastery societies are independent and strive for advancement in pursuit of their goals; in low-mastery societies, individuals strive to fit in and protect their environment (Schwartz, 1999). In *high-mastery societies*, individuals cherish unique and sophisticated offerings to reach their goals (Shao et al., 2010). Firms' customer orientation is an easily accessed and relevant cue as it is congruent with cultural values and conveys, for example, that consumers have a certain influence over firms' offerings (Camacho et al., 2014; Gürhan-Canli et al., 2018). In *low-mastery societies*, individuals seek to fit into their environment, which likely discourages their access to customer orientation cues (Hansen, 2005; Schwartz, 1999). They do not strive to express themselves through their purchases and thus judge customer orientation cues as less relevant (Fuchs & Schreier, 2011; De Mooij, 2017).

In *high-mastery societies*, customer orientation perceptions likely activate object-relevant firm innovativeness thoughts in consumers' minds (Gürhan-Canli et al., 2018). Firm innovativeness is a relevant cue as firms perceived as innovative are associated with leaders changing

established markets and catering to consumers' endeavors (Kassemeier et al., 2022). Consumers tend to exploit new opportunities in their pursuit of individual goals, which renders firm innovativeness relevant in a decision situation (Kurtmollaiev et al., 2022). In *low-mastery societies*, shared values that discourage change-inducing efforts likely hinder consumers' access to firm innovativeness thoughts (Schwartz, 2014, p. 552). Consumers here have been shown to be less likely to buy innovative offerings; thus, firm innovativeness cues are less relevant (De Mooij, 2017). However, this may differ if respective offerings cater to shared group goals (Schwartz, 1999).

We propose the following:

H5.   : An increasing degree of mastery positively moderates (a) the direct effect of perceived customer orientation and (b) its indirect effect on product purchase intention through firm innovativeness.

3. Empirical study

3.1. Sample

The data derive from a long-term cooperation with a German MNC offering, for example, nonprescription drugs, skin, and beauty care products globally.[2] The MNC uses a standardized, centrally managed approach toward its customer and innovation orientation. The corporate center annually conducts surveys in many countries regarding their perceptions of the MNC. This study was conducted in 53 countries selected due to their importance for the MNC and by questioning up to 1,000 respondents in each country. We and a research agency conducted qualitative and quantitative pretests. *First*, similar items provided by several scholars for both constructs were pretested by us within two consumer focus groups (N = 7–8 respondents). Participants' difficulty understanding some items led to few item adjustments. *Second*, data for the pretests in the eight most important countries for the MNC was collected by the agency (panel of N = 250 each, quota sample). These led to further item adjustments to obtain satisfactory results regarding hierarchy of effects, face validity, construct equivalence, reliability, and validity for the final measurements across nations.

In the main study, the agency collected the data simultaneously in all countries using a cross-national internet panel approach and a network of partner agencies, referring to quota selection requirements in every country (66% average participation rate). The agency was briefed and controlled panel quality by preventing false respondents, instructional manipulation checks, and straight-lining or random clicking (Abbey & Meloy, 2017). Text-appealing strategies were used to highlight the public benefit of participating, and bonus points were offered (Pedersen & Nielsen, 2016). Screening criteria were used to select the respondents in each country. Quota sampling regarding age and sex distributions was applied based on information provided by the national registration offices. For various reasons, the sample was restricted to the urban population between 18 and 65 (55) years in developed (emerging) countries (Özsomer, 2012; Mandler et al., 2021). In each country, only respondents with higher education/profession levels and above-average incomes were included in the sample to increase sample comparability across nations. Initially, the respondents had to indicate their (un) prompted awareness of the MNC (based on a five-point Likert-type scale, 1 =I do not know the MNC to 5 =I know the MNC very well). Only the respondents with at least general knowledge (=2) were included in the survey, leading to 45,651 evaluations.

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[2] We developed the surveys for the MNC and obtained access to the resulting data for research purposes in return. However, due to confidentiality, we cannot name the MNC or its product brands, but it has been ranked among the 50 most innovative firms in the world (BCG, 2018) and the top 5 most innovative firms active in Germany (in a 2023 survey of 3700 innovation experts and in a 2022 survey referring to patent registrations, which we cannot quote for confidentiality reasons).

After eliminating outliers based on the Mahalanobis distance, 43,597 respondents remained. The sample is not representative, as ex-post comparisons with official numbers showed (see Table 1). Tests for univariate and multivariate normality indicated non-normally distributed data. A maximum likelihood estimator with robust standard errors was used to test the hypotheses (Maydeu-Olivares, 2017).

3.2. Measurement

Individual-level variables were measured on a five-point Likert-type scale (1 =strongly disagree to 5 =strongly agree, see Table 2). Perceived customer orientation was conceptualized using four items following Dean (2007); Walsh et al. (2009); Narver & Slater (1990). Three items adapted from Kurtmollaiev et al. (2022); Kunz et al. (2011); van Riel et al. (2021) were used to measure perceived firm innovativeness. For consumer product purchase intention, three items were used, following Maxham and Netemeyer (2002) and van der Lans et al. (2016). A commercial translation agency applied parallel blind translation-back-translation with translation reviews. To maximize construct equivalence, minor item adjustments such as cultural rephrasing were made (Yang et al., 2019).

At the country-level, the degree of country development was measured by the Human Development Index (HDI, Blut & Wang, 2020; Çilingirtürk & Koçak, 2018). The index was used measuring three dimensions (life expectancy, education, gross national income, United Nations Development Programme, 2018). We tested the more economic but in consumer studies less often used Global Competitiveness Index (GCI) and Gross Domestic Product (GDP) in stability checks. The cultural dimensions of embeddedness, hierarchy, and mastery were measured referring to the most recent data by Professor Schwartz. We controlled for the remaining dimensions in each model and tested opposite dimensions in stability checks (i.e., autonomy, egalitarianism, harmony).[3]

On the individual-level, we controlled for sex (0 =male; 1 =female), age, and brand familiarity (measured by one item, "How familiar are you with [MNC] and its products?", Mandler et al., 2021; Steenkamp et al., 2003). Controls may affect whether consumers process certain information in their minds or view it as relevant (Bae et al., 2021; van der Lans et al., 2016). We controlled for the number of respondents per country, as unequal numbers could affect the results (Hox et al., 2018, p. 215). In each cultural model, we controlled for the remaining two cultural dimensions, as they have been shown to influence consumers' behavioral intentions (e.g., De Mooij, 2017).

As consumers are nested in countries, the requirements for MSEM were tested. Calculating the intraclass correlation coefficients, which were estimated within a null model without predictor variables, showed that multilevel modeling is highly adequate (Hox et al., 2018, pp. 4–13). 15.6% of the variance in product purchase intention could be attributed to country differences.

Tests for reliability and validity as well as correlations yielded satisfactory results (Hair et al., 2018, pp. 675–676; Zhou et al., 2010, see Tables 2–4). AVE values supported convergent validity (Bagozzi & Yi, 1988; Fornell & Larcker, 1981). Tests for discriminant validity indicate that the constructs are distinct from each other (Fornell & Larcker,

1981); the correlations underline this distinction (Zhou et al., 2010). We additionally performed the test of Anderson and Gerbing (1988, see Web Appendix A).[4]

Multilevel reliability was confirmed (respective values exceeded the threshold of .8, Geldhof et al., 2014, see Table 5). After comparing the validity coefficients of the factor score procedures (see Table 6), regression scores were used for customer orientation and innovativeness to reduce model complexity (Kline, 2015, pp. 127–129).

Common method variance (CMV) was ex-ante addressed by an appropriate questionnaire design and by ensuring confidentiality, for example. Ex-post, a single-factor test showed significantly lower fit values than the proposed model ($\Delta\chi^2(35) = 39,581.063$, $p < .001$). The marker variable technique was performed with occupation as a theoretically unrelated marker variable (Lindell & Whitney, 2001). It revealed no significant changes in correlations; the method variances were less than 2.0% (Williams et al., 2010). CMV seems not to be an issue in this study (see Web Appendix B).

Endogeneity tests were conducted to reveal any potential bias from omitted variables (Zaefarian et al., 2017). The MNC's employee orientation was selected as a theoretically related instrumental variable for customer orientation (one item, Janz & Prasarnphanich, 2003). After ensuring its strength using an F-test, an efficient model was calculated (Hox et al., 2018, p. 61). The model comparison did not show any significant changes in the effects of customer orientation (Hausman, 1978). Customer orientation is exogenous (see Web Appendix C).

Full scalar invariance was achieved between every country (Steenkamp & Baumgartner, 1998; see Web Appendix D). Multilevel measurement invariance was tested following the procedure of Jak et al. (2013), which is applicable to a large number of groups. All factor loadings were considered equal across levels. Cluster bias is not a problem in this study.

3.3. Method

To test the hypotheses, MSEM was performed in Mplus 8.8. We chose a covariance-based approach because we conceptualized a reflective measurement model, the widely established approach to multilevel modeling (e.g., Davidov et al., 2012, Heinberg et al., 2020, Sarstedt et al., 2016). MSEM is highly suitable for large samples across nations, for modeling moderated mediation across levels; it simultaneously considers interactions among individual- and country-level variables and shows variances within and between countries (Hox et al., 2018, pp. 212–214, 271–274; Preacher et al., 2010, 2016). As sample sizes increase, estimates and standard errors become more accurate. However, p-values show statistical significance without providing information on the magnitude of the effects. Mplus offers only b-values; thus, we calculate effect sizes (Khalilzadeh & Tasci, 2017; Marsh et al., 2009), but the explained country-level variances demonstrate the relative importance of each moderator. Due to model complexity and the conceptually explainable correlation between country development and two cultural dimensions, the moderators are not tested simultaneously (Kline, 2015, pp. 127–128).

The moderated mediation analysis was based on calculating random intercept and slope models (Hox et al., 2018, pp. 64–65; Preacher et al., 2016; Zhao et al., 2010). AIC and BIC were calculated to assess model fit. A baseline model including only individual-level control variables was calculated. Perceived customer orientation and firm innovativeness were added as predictor variables. Due to model complexity, the independent variables and all moderators were grand mean centered (Ryu, 2015). The level-one models are as follows:

$$INNO_{ij} = \beta_{0j} + \beta_{2j}(CO_{ij}) + r_{ij}, \qquad (1)$$

---

[3] As the United Nations Development Program and Schwartz's cultural values data do not offer values for all countries in our data set, we have replaced data from a few countries with data from the nearest neighboring country (following Steenkamp & Geyskens, 2006). Taiwan was replaced by China. We estimated the models without Taiwan with stable results (see Table F.2, Web Appendix) but did consider the country in the study due to complexity and model identification reasons. Missing cultural data for Morocco, Saudi Arabia, United Arab Emirates, and Vietnam were replaced by data from Senegal, Oman, and Thailand. We estimated models without including those countries with stable results (see Table F.4). For model complexity and identification reasons, the countries remained in the study.

[4] The Web Appendix is available here: http://bit.ly/3O7xqe2.

Table 1
Sample Characteristics.

	N	Sex (%)		Age Groups (years, %)				
		Male	Female	18–25	26–35	36–45	46–55	56–65
Argentina	921	49.8	50.2	17.7	26.6	22.0	18.2	15.4
Australia	869	49.9	50.1	11.7	22.0	23.6	20.0	22.7
Austria	911	50.3	49.7	13.5	20.0	22.0	23.8	20.7
Belgium	904	50.8	49.2	15.2	17.4	23.6	24.3	19.6
Brazil	931	51.1	48.9	36.8	28.4	20.8	14.0	.0
Canada	858	49.3	50.7	20.3	21.2	22.1	16.7	19.7
Chile	903	47.8	52.2	12.4	32.0	46.2	9.4	.0
China	837	51.9	48.1	28.3	31.7	23.7	16.4	.0
Colombia	967	50.4	49.6	22.6	24.3	22.2	18.6	12.2
Costa Rica	936	53.2	46.8	21.4	40.2	25.3	13.1	0.0
Croatia	887	48.8	51.2	7.2	27.1	49.4	16.3	0.0
Czech Republic	676	55.0	45.0	10.5	19.7	23.7	21.3	24.9
Denmark	733	54.4	45.6	13.4	20.1	21.3	20.9	24.4
Egypt	498	70.3	29.7	31.7	25.9	29.5	12.9	.0
Finland	897	48.3	51.7	18.1	19.0	20.4	19.3	23.3
France	889	49.0	51.0	18.3	21.7	20.7	13.6	25.6
Germany	952	50.1	49.4	17.1	17.9	24.7	23.3	17.0
Greece	910	43.5	56.5	13.5	32.4	29.9	18.9	5.3
Hungary	867	49.4	50.6	12.7	19.8	25.1	19.1	23.2
India	848	52.0	48.0	24.5	26.9	22.1	26.5	.0
Indonesia	944	52.3	47.7	17.1	28.7	26.9	19.1	8.3
Ireland	746	49.2	50.8	10.6	25.5	23.1	22.5	18.4
Italy	961	48.9	51.1	14.0	22.3	22.8	21.4	19.5
Japan	551	52.5	47.5	11.8	15.4	21.2	22.5	29.0
South Korea	715	49.0	51.0	6.7	16.9	24.8	30.5	21.1
Malaysia	750	54.5	45.5	16.7	28.0	26.4	21.1	7.9
Mexico	969	48.1	51.9	32.7	28.3	23.0	16.0	.0
Morocco	352	55.1	44.9	28.1	35.2	25.3	11.4	.0
Netherlands	859	48.0	52.0	13.4	18.7	23.9	23.4	20.6
New Zealand	712	48.0	52.0	16.9	16.6	24.0	23.7	18.8
Norway	595	56.3	43.7	12.1	19.3	22.0	22.2	24.4
Philippines	906	49.2	50.8	19.1	32.0	23.3	15.8	9.8
Poland	935	49.7	50.3	18.5	23.6	18.9	21.7	17.2
Portugal	948	48.3	51.7	7.9	28.0	47.9	16.2	0.0
Romania	908	40.5	59.5	17.6	25.3	25.3	21.6	10.1
Russia	908	52.4	47.6	22.2	25.1	26.0	26.7	.0

Table 1 (*continued*)

	N	Sex (%)		Age Groups (years, %)				
		Male	Female	18–25	26–35	36–45	46–55	56–65
Kingdom of Saudi Arabia	576	53.8	46.2	25.5	31.6	29.7	13.2	.0
Singapore	842	71.0	29.0	11.9	26.7	27.3	24.5	9.6
Slovakia	772	52.4	47.6	12.4	22.5	23.6	19.8	21.6
Slovenia	859	53.1	46.9	12.7	21.4	22.7	22.2	21.0
South Africa	786	50.3	49.7	25.3	25.8	20.4	28.5	.0
Spain	964	49.4	50.6	14.2	23.3	24.9	20.7	16.8
Sweden	590	53.2	46.8	18.3	16.8	21.4	19.5	24.1
Switzerland	899	50.7	49.3	10.7	18.6	23.2	27.8	19.7
Taiwan	786	51.8	48.2	11.1	28.0	33.0	28.0	.0
Thailand	885	50.8	49.2	18.3	28.6	27.7	25.4	.0
Turkey	924	48.7	51.3	17.3	33.8	27.7	21.2	.0
Ukraine	823	66.7	33.3	18.6	30.3	25.3	25.9	.0
United Arab Emirates	672	52.0	48.0	19.5	42.7	29.6	8.2	.0
UK	748	50.4	49.6	15.2	22.5	24.3	18.7	19.3
USA	906	50.2	49.8	13.8	20.5	24.3	24.5	16.9
Venezuela	929	50.2	49.8	13.7	37.0	41.3	8.0	.0
Vietnam	683	55.5	44.5	18.0	29.0	29.4	15.7	7.9
Total	43,597	51.1	48.9	17.0	25.4	26.1	20.0	11.5

Table 2
Reliability and Validity.

	Item	MV/Std.	FL	KMO	ItTC	α	CR	AVE	λ
How do you as a consumer perceive [MNCs] customer orientation?									
Perceived Customer Orientation	[MNC] is always concerned and committed to its customers.	3.56/1.04	.869	.858	.826	.924	.926	.759	.813
	[MNC] understands and takes customer needs seriously.	3.51/1.04	.893		.846				.892
	[MNC] has the aim to always satisfy its customers.	3.46/1.00	.897		.849				.887
	[MNC] has employees who are concerned about customer needs.	3.49/.93	.815		.780				.882
How do you as a consumer evaluate [MNCs] innovativeness?									
Perceived Firm Innovativeness	[MNC] is a creative leader in research and technology.	3.74/1.00	.820	.742	.751	.878	.878	.706	.868
	[MNC] change the markets and improves people's quality of life through its new products.	3.69/1.04	.833		.760				.800
	[MNC] is a pioneer in developing innovative products.	3.78/.99	.870		.785				.850
How do you assess your purchase behavior at the [MNC] in the future?									
Product Purchase Intention	In the future, I intend to use products from [MNC].	3.69/1.12	.913	.771	.875	.942	.942	.844	.912
	I will consider products from [MNC] for my next purchase over others.	3.65/1.11	.910		.873				.926
	I will definitely buy products from [MNC], they are one of my favorites.	3.65/1.14	.931		.888				.915

Note: α=Cronbach's Alpha ($\geq$.8); AVE=Average Variance Extracted (>.5); CR=Composite Reliability ($\geq$.6); FL=Factor Loadings (EFA; >.5); ItTC=Item-to-Total Correlation ($\geq$.5); KMO=Kaiser—Meyer—Olkin Criterion ($\geq$.6); λ=Factor Loadings (CFA; >.5); MV=Mean Value; Std.= Standard Deviation.

$$PI_{ij}= \beta_{0j}+ \beta_{3j}(INNO_{ij})+ \beta_{ILC}(ILC_{ij})+r_{ij}, \qquad (2)$$

$$PI_{ij}= \beta_{0j}+ \beta_{1j}(CO_{ij})+ \beta_{3j}(INNO_{ij})+ \beta_{ILC}(ILC_{ij})+r_{ij}, \qquad (3)$$

where i indicates the consumers in a country, and j displays the countries. PI_{ij} represents consumer i's purchase intention in country j. CO_{ij} and $INNO_{ij}$ represent consumer i's perceived customer orientation and firm innovativeness in country j. ILC_{ij} denotes control variables at the individual-level. The first-level intercept β_{0j} of each individual equation and the individual-level slopes β_{1j}, β_{2j} and β_{3j} are allowed to vary across countries. r_{ij} represents the individual-level error term of each equation.

Table 3
Discriminant Validity.

Constructs		Perceived Customer Orientation	Perceived Firm Innovativeness	Product Purchase Intention
	AVE	.759	.706	.844
Perceived Customer Orientation	.759	-	-	-
Perceived Firm Innovativeness	.706	*.376*	-	-
Product Purchase Intention	.844	*.360*	*.608*	-

Goodness of fit statistics: CFI= .992; TLI= .988; RMSEA= .041; SRMR= .013; χ^2 = 280,499.334; df= 45.

Note: AVE=Average Variance Extracted (>.5); CFI=Comparative Fit Index (>.95); RMSEA=Root Mean Squared Error of Approximation (<.05); SRMR=Standardized Root Mean Residual (<.08); TLI=Tucker Lewis Index (>.95); values in italics represent squared correlations between constructs.

Then, a second baseline model was calculated to include three country-level controls as well as country-level moderator variables to predict variation in the β coefficients:

$$\beta_{0j}=\gamma_{00}+ \gamma_{01}(CLV_j) + \gamma_{02}(CLC_j)+u_{0j}, \quad (4)$$

$$\beta_{1j}= \gamma_{10}+ \gamma_{11}(CLV_j)+ u_{1j}, \quad (5)$$

$$\beta_{2j}= \gamma_{20}+u_{2j}, \quad (6)$$

$$\beta_{3j}= \gamma_{30}+ \gamma_{31}(CLV_j)+u_{3j}, \quad (7)$$

where γ_{00} denotes the country-level intercept of product purchase intention and γ_{10} and γ_{20} the intercepts of the country-level random slope of perceived customer orientation and firm innovativeness. CLV_j displays the country-level moderators (degree of country development, embeddedness, hierarchy, mastery), and u_{qj} (q=0, 4) are country-level residual variances. CLC_j denotes the country-level control variables (number of consumers per country, remaining cultural dimensions). For each moderator, a separate model was calculated to predict variations in β coefficients. The following comprises Eqs. (1)–(7) and shows the multilevel moderated mediation with cross-level interactions:

$$PI_{ij}=\gamma_{00}+\gamma_{01}(CLV_j)+\gamma_{10}(CO_{ij})+\gamma_{11}(CLV_j)$$
$$(CO_{ij})+\gamma_{20}(CO_{ij})+\gamma_{30}(INNO_{ij})+\gamma_{31}(CLV_j)(INNO_{ij})$$
$$+\gamma_{ILC}(ILC_{ij})+\gamma_{CLC}(CLC_j)+error. \quad (8)$$

3.4. Results

The results of the hypothesis tests are shown in Table 7. The model fit indexes, such as TLI and CFI, are satisfactory.

Perceived customer orientation directly and positively affects product purchase intention (b=.276, $p < .001$). Furthermore, perceived customer orientation positively affects product purchase intention indirectly through perceived firm innovativeness (b=.405, $p < .001$). Hypotheses *H1a-b* are supported. The indirect effect is significantly stronger than the direct effect (b=.130, $p < .001$), supporting *H1c*, and perceived firm innovativeness generally affects consumer intentions more strongly. The effects explain 53.3% of individual-level variance, irrespective of country differences.

An increasing degree of country development increases the direct effect of perceived customer orientation ($b_{CO\times CD\to PI}$=.474, $p < .001$), supporting *H2a*. However, *H2b* is rejected due to a nonsignificant moderation of country development ($b_{INNO\times CD\to PI}$=−.041, $p > .05$). The moderator explains 50% of country-level variance. Importantly, the strong effects of perceived firm innovativeness remain stable. We discuss this nonsignificant result in the discussion section.

The degree of embeddedness negatively moderates the direct effect of perceived customer orientation ($b_{CO\times EMB\to PPI}$=−.132, $p < .001$), in support of *H3a*. The indirect effect through firm innovativeness is not significantly moderated ($b_{INNO\times EMB\to PPI}$=.018, $p > .05$); thus, *H3b* is rejected. Hierarchy negatively moderates the direct effect but not the

Table 5
Multilevel Reliability.

	Alpha		Composite Reliability		Maximal Reliability	
	α_W	α_B	ω_W	ω_B	H_W	H_B
Perceived Customer Orientation	.914	.992	.916	.994	.919	.998
Perceived Firm Innovativeness	.865	.984	.866	.985	.869	.988
Product Purchase Intention	.932	.997	.932	.997	.933	.998

Note: α=Alpha (≥.8); ω=Composite Reliability (≥.8); H=Maximal Reliability (≥.8); W=Within (Individual) Level; B=Between (Country) Level.

Table 6
Comparison of Factor Scores.

	Regression Scores Validity Coefficients	Item Parceling Validity Coefficients
Perceived Customer Orientation	.959	.817
Perceived Firm Innovativeness	.906	.823

Table 4
Correlations.

	(1)		(2)		(3)		(4)		(5)		(6)		(7)		(8)		(9)		(10)		(11)
CO (1)	1																				
INNO (2)	.749	***	1																		
PPI (3)	.746	***	.763	***	1																
Sex (4)	.002	ns	-.004	ns	-.001	ns	1														
Age (5)	-.088	***	-.020	**	-.103	***	-.004	ns	1												
BF (6)	.614	***	.570	***	.621	***	-.025	***	-.067	***	1										
CPC (7)													1								
CD (8)													.000	ns	1						
EMB (9)													-.016	***	-.020	***	1				
HIER (10)													-.004	***	-.023	***	.084	***	1		
MAS (11)													.003	***	-.002	***	-.002	***	.028	***	1

*p<.05; **p<.01; ***p<.001; ns=not significant.
Note: BF=Brand Familiarity; CD=Country Development; CO=Perceived Customer Orientation; CPC=Consumers per Country; EMB=Embeddedness; HIER=Hierarchy; INNO=Perceived Firm Innovativeness; MAS=Mastery; PPI=Product Purchase Intention.

Table 7
Results.

| | | | Null Model | | Baseline Model | | Random Intercept Model | | | | Random Intercept and Slope Model | | | | | | | |
| | | | | | | | Full Model | | Baseline Model | CD | | | EMB | | HIER | | MAS | |
			b	p	b	p	b	p	b	p	b	p	b	p	b	p	b	p
Direct Effects																		
CO	→PPI *(H1a)*						.276 (.551)	***	.276 (.551)	***	.275 (.549)	***	.275 (.549)	***	.275 (.549)	***	.275 (.549)	***
INNO	→PPI						.526 (1.022)	***	.526 (1.022)	***	.526 (1.022)	***	.526 (1.022)	***	.526 (1.022)	***	.526 (1.022)	***
CO	→INNO						.771 (1.586)	***	.771 (1.586)	***	.771 (1.586)	***	.771 (1.586)	***	.771 (1.586)	***	.771 (1.586)	***
Indirect Effect																		
CO	→INNO	→PPI *(H1b)*					.405 (.809)	***	.405 (.809)	***	.405 (.809)	***	.405 (.809)	***	.405 (.809)	***	.405 (.809)	***
Difference Indirect vs. *Direct Effect of CO (H1c)*							.130	***	.130	***								
Cross-Level Interaction																		
CD	→PPI										-1.051 (.182)	***						
	xCO	→PPI *(H2a)*									.474 (.947)	***						
	xINNO	→PPI *(H2b)*									-.041 (−.080)	ns						
EMB	→PPI												.260 (.189)	***				
	xCO	→PPI *(H3a)*											-.132 (−.264)	***				
	xINNO	→PPI *(H3b)*											.018 (.035)	ns				
HIER	→PPI														-.008 (−.007)	ns		
	xCO	→PPI *(H4a)*													-.049 (−.098)	*		
	xINNO	→PPI *(H4b)*													-.013 (−.025)	ns		
MAS	→PPI																.120 (.037)	ns
	xCO	→PPI *(H5a)*															.099 (.198)	ns
	xINNO	→PPI *(H5b)*															-.077 (−.150)	ns
Controls																		
Sex	→PPI		.049	***	.019	**	.019	**	.019	**	.019	**	.019	**	.019	**	.019	**
Age	→PPI		-.009	ns	-.021	***	-.021	***	-.021	***	-.021	***	-.021	***	-.021	***	-.021	***
BF	→PPI		.399	***	.083	***	.083	***	.083	***	.083	***	.083	***	.083	***	.083	***
CPC	→PPI						.021	ns	.056	ns	.166	**	.175	**	.177	**
EMB	→PPI												.260	***	.262	***
HIER	→PPI								-.010	ns			-.010	ns
MAS	→PPI								.119	ns	.120	ns
Residual Variance (Individual Level)			.861		.676		.316		.316		.316		.316				.316		.316	
Residual Variance (Country Level)			.159		.067		.016		.016		.008		.007				.007		.008	
Explained Variance (Individual Level)					21.5%		53.3%		.0%									
Explained Variance (Country Level)							.0%		.0%		50.0%		56.3%		56.3%		50.0%	
AIC			275,504.627		265,796.206		309,866.296		309,868.243		309,815.100		309,803.337		309,829.415		309,836.610	
BIC (Adjusted)			275,587.198		265,895.291		310,031.438		310,038.890		310,002.261		310,001.508		310,027.585		310,034.781	

*p<.05; **p<.01; ***p<.001; ns=not significant; b=Unstandardized Coefficients. Effect sizes shown in brackets.
Note: BF=Brand Familiarity; CD=Country Development; CO=Perceived Customer Orientation; CPC=Consumer per Country; EMB=Embeddedness; HIER=Hierarchy; INNO=Perceived Firm Innovativeness; MAS=Mastery; PPI=Product Purchase Intention.

effect through innovativeness ($b_{CO \times HIER \to PPI} = -.049$, $p < .05$; $b_{INNO \times HIER \to PPI} = -.013$, $p > .05$), thus *H4a* is supported, and *H4b is* not. Mastery shows no significant moderation at all, thus *H5a* and *H5b* are rejected ($b_{CO \times MAS \to PPI} = .099$, $p > .05$; $b_{INNO \times MAS \to PPI} = -.077$, $p > .05$). Embeddedness and hierarchy account for 56% of country-level variance, while embeddedness elicits the stronger effect. We discuss the insights in the discussion section.

Individual-level covariates sex, age, and brand familiarity have significant and expected effects. The country-level covariates are mostly nonsignificant.

3.5. Stability checks

For stability reasons, a random split-half test was used to ensure the robustness of the results (with satisfactory values for multilevel reliability for both groups, Geldhof et al., 2014, see Web Appendix E). Both the direct effect of perceived customer orientation on consumer product purchase intention and the indirect effect through perceived firm innovativeness remained stable for both samples.

Additionally, alternative models were tested (see Web Appendix F).

First, effects and moderations of perceived customer orientation and firm innovativeness as two independent variables were tested. The effects are significant: perceived customer orientation was moderated by most moderators ($b_{CO \times HDI \to PPI} = .526$, $p < .001$; $b_{CO \times EMB \to PPI} = -.134$, $p < .001$; $b_{CO \times HIER \to PPI} = -.052$, $p < .05$; $b_{CO \times MAS \to PPI} = .078$, $p > .05$), while perceived innovativeness was not ($b_{INNO \times HDI \to PPI} = -.059$, $p > .05$; $b_{INNO \times EMB \to PPI} = .018$, $p > .05$; $b_{INNO \times HIER \to PPI} = -.012$, $p > .05$; $b_{INNO \times MAS \to PPI} = -.071$, $p > .05$).

Second, the moderating effects of more economically oriented country development measures were tested. The results for GCI are in line with those for HDI ($b_{CO \times GCI \to PPI} = .005$, $p < .001$; $b_{INNO \times GCI \to PPI} = -.002$, $p > .05$). The results for GDP are partly in line with those for HDI ($b_{CO \times GDP \to PPI} = .013$, $p > .05$; $b_{INNO \times GDP \to PPI} = -.007$, $p > .05$). However, GDP explains only 6.3% of country-level variance and is more volatile over time (Çilingirtürk & Koçak, 2018).

Third, the moderating effects of the opposing dimensions of embeddedness, hierarchy, and mas-tery were tested. Individuals pursuing their own beliefs and thoughts (intellectual) or feelings and emotions (affective) characterize highly autonomous societies (Schwartz, 2014, p. 551). The dimensions show opposite signs for perceived customer orientation ($b_{CO \times AAU \to PPI} = .091$, $p < .001$; $b_{CO \times IAU \to PPI} = .113$, $p < .001$); moderations of perceived firm innovativeness are nonsignificant ($b_{INNO \times AAU \to PPI} = -.007$, $p > .05$; $b_{INNO \times IAU \to PPI} = -.016$, $p > .05$). Similar opposite signs emerge for egalita-rianism (defined as the degree to which individuals recognize others as moral equals sharing basic interests; Schwartz, 2014, p. 551): $b_{CO \times EGA \to PPI} = .130$, $p < .001$ and $b_{INNO \times EGA \to PPI} = .031$, $p > .05$. The opposite dimension of nonsignificant mastery (harmony, referring to individuals' preference for fitting into rather than changing their environment, Schwartz, 2014, p. 552) shows surprisingly significant effects for perceived customer orientation ($b_{CO \times HAR \to PPI} = .079$, $p < .01$), not for perceived innovativeness ($b_{INNO \times HAR \to PPI} = -.004$, $p > .05$). However, we do not further explore this stability insight.

Fourth, we tested all moderators for the perceived customer orientation-innovativeness relationship. The degree of country development shows a significant moderation ($b_{CO \times HDI \to INNO} = .217$, $p < .05$), but cultural dimensions do not ($b_{CO \times EMB \to INNO} = -.008$, $p > .05$; $b_{CO \times HIER \to INNO} = -.008$, $p > .05$; $b_{CO \times MAS \to INNO} = -.050$, $p > .05$). We discuss this insight in the discussion section.

Fifth, we tested Hofstede's dimensions of individualism, power distance, and masculinity, which can very generally be seen to relate to the dimensions of Schwartz (Swoboda & Batton, 2019). The test shows the expected moderations; only masculinity is nonsignificant ($b_{CO \times IND \to PPI} = .001$, $p < .01$; $b_{INNO \times IND \to PPI} = .000$, $p > .05$; $b_{CO \times POD \to PPI} = -.001$, $p < .05$; $b_{INNO \times POD \to PPI} = .000$, $p > .05$; $b_{CO \times MASC \to PPI} = .000$, $p > .05$; $b_{INNO \times MASC \to PPI} = .000$, $p > .05$). This supports our results.

Sixth, we tested our model with a sample comprising three competitors of our focal MNC in each country. As mentioned in the sample section, the corporate center of our focal MNC annually conducts panel surveys regarding its own evaluation in many countries. Additionally, evaluations of different major competitors in each country are included in the survey. Competitors in each country are selected due to their importance for the focal MNC based on competitive strength and membership in a similar strategic group. We confirmed their activity in the same industry to obtain a kind of control group. Significant effects of perceived customer orientation on product purchase intention and through perceived firm innovativeness emerge ($b = .236$, $p < .001$ and $b = .397$, $p < .001$). The direct effect is moderated by all institutions except mastery ($b_{CO \times CD \to PPI} = .398$, $p < .001$; $b_{CO \times EMB \to PPI} = -.079$, $p < .001$; $b_{CO \times HIER \to PPI} = -.048$, $p < .01$; $b_{CO \times MAS \to PPI} = .018$, $p > .05$), while the moderations of the indirect effect remain nonsignificant ($b_{INNO \times CD \to PPI} = -.029$, $p > .05$; $b_{INNO \times EMB \to PPI} = -.004$, $p > .05$; $b_{INNO \times HIER \to PPI} = -.004$, $p > .05$; $b_{INNO \times MAS \to PPI} = -.009$, $p > .05$). Our results appear stable beyond a single MNC.

4. Discussion

Scholars have recommended that research on perceived customer orientation and firm innovativeness should extend beyond single- or few-country studies (Eisingerich & Rubera, 2010; Meißner et al., 2017). We acted upon these recommendations and examined cross-national differences in respective effects and the important role of country contexts referring to institutional theory. This is an important issue because the perception that a firm's focus is on customers and satisfying their needs, as well as firm activities resulting in novel, creative, and impactful offers for markets, might be beneficial for MNCs in one country but not in another. We found different effects of perceived customer orientation and innovativeness as well as different explained country-level variances in moderations. We address these below in greater detail.

4.1. Contribution to theory

Regarding our *first research question*, we examined consumers' intentional behavior dependence on information processing of customer orientation and innovativeness perceptions of MNCs across nations. By providing theoretical rationales based on information processing theory, we contribute to the mostly national research on either perceived customer orientation or perceived firm innovativeness. This study supports the direct relevance of conceptualizations of customer orientation for behavior (e.g., Hammami et al., 2021; Valenzuela et al., 2010) but also their indirect relevance (e.g., Habel et al., 2020; Ndubisi, 2012). We notably extend these conceptualizations and clarify inconclusive insights; the indirect (vs. direct) effect of perceived customer orientation is significantly stronger cross-nationally, as is the direct effect of perceived innovativeness (vs. customer orientation). Studies have thus far provided inconclusive insights in developed and emerging countries (Pappu & Quester, 2016; Wu & Ho, 2014). This study also extends the framework of Meißner et al. (2017), who theorize the effects of more specific consumer empowerment activities through perceived firm innovativeness but observe them only in the USA among one of four activities. We theorize more general perceptions of firms' customer orientations and innovativeness across nations. Both have been studied by Eisingerich and Rubera (2010) and Vaquero Martín, (2021) as unconnected independent variables, revealing mixed effects in China and the UK, for example. Thus, we offer novel rationales and insights for the dependent effects of both constructs. These are important for understanding the abovementioned effects cross-nationally from a consumer perspective. However, we cannot infer which of the three theoretical mechanisms dominate in each hypothesis; scholars should deepen our insights and examine the effect of each mechanism in experiments, for example (e.g., Hansen, 2005).

Regarding our *second research question*, we have examined the cross-national roles of important national institutions, as contextual factors in the information processing of consumers' customer orientation and innovativeness perceptions of MNCs (Ha & John, 2010). We respond to calls for respective analysis (e.g., Rubera & Kirca, 2017), address the mixed results in studies in developed vs. emerging countries, and clarify the mixed assumptions regarding the role of national cultural dimensions in prior studies (Falkenreck & Wagner, 2011; Kim, 2016; Swoboda & Batton, 2020). We contribute to research by theorizing and supporting these moderations and by showing their explained country-level variance. Including country development and national cultural dimensions as continuous moderators is important, enabling us to gain further insights into the moderating roles of both country-level factors and to draw conclusions about countries that are not directly considered in our study.

However, the roles of both national institutions emerge only for the direct effects of perceived customer orientation; they are nonsignificant for perceived firm innovativeness. These findings are contrary to possible assumptions based on a general interest in the roles of national contexts in perceived firm innovativeness (e.g., Falkenreck & Wagner, 2011). However, they are consistent with recent efforts to examine more complex relationships among national contexts and firm activities that result in novel and impactful offers for markets for firm performance (Jean et al., 2017; Ozkaya et al., 2015). We also address the mixed results on perceived firm innovativeness that show (Eisingerich & Rubera, 2010; Falkenreck & Wagner, 2011) or refute (Kassemeier et al., 2022; Vaquero Martín, 2021) country differences. Firm innovativeness is accessed and retrieved in memory, rendering it relevant for rationally bounded decisions, independent of national contexts. One reason for the insignificant moderation of country development could be that consumers perceive innovative firms as a source of advancement in their country's development through offerings that are more efficient and of higher quality (Wu & Ho, 2014). Perceived firm innovativeness may also affect consumer intentions in more embedded and hierarchical societies if it matches respective values, such as supporting society's well-being, stabilizing expected hierarchical positions, or catering to shared goals (Rubera et al., 2011; Schwartz, 1999). However, stability tests show that the customer orientation-innovativeness link is moderated by the degree of country development. Accessed customer orientation cues stimulate the retrieval of further information such as firm innovativeness in memory as more relevant information for product purchase in more developed countries (Roy, 2018; Tybout et al., 1981). These rationales of information processing theory have been underscored, but their particular theoretical mechanisms need further research in light of our moderators, as do further cross-national moderations of innovativeness.

Moreover, we contribute to research by specifying the role of country contexts in perceived customer orientation effects. The degree of country development is a strong multiplier for consumers' processing of perceived customer orientation, directly and through firm innovativeness information (Bettman, 1970; Gürhan-Canli et al., 2016). We contribute to international research by conceptualizing country development for the first time and by clarifying inconclusive assumptions. The insights are important because of the growing importance of economically growing emerging markets for MNCs (e.g., Rubera & Kirca, 2017). In contrast, culture, especially embeddedness and hierarchy, may diminish those effects. The role of national cultural dimensions has been assumed in the past, mostly as an exclusively important institution, but not tested. We add to the few empirical studies that provide mixed insights concerning cultural differences in their focal countries (Eisingerich & Rubera, 2010; Swoboda & Batton, 2020; Vaquero Martín, 2021). Importantly, our findings indicate that the degree of the cultural dimensions embeddedness and hierarchy explain slightly more country-level variance than country development. However, no significant moderation effect could be found for mastery. Providing theoretical rationales and examining the moderating roles of all national cultural dimensions is important because we show that every dimension must be considered independently. Previous research has observed only a few dimensions of national culture (e.g., Eisingerich & Rubera, 2010 referring to culture but studying only three, Falkenreck & Wagner, 2011 only one out of five of Hofstede's cultural dimensions). We demonstrate that the other dimensions should not be overlooked. Since some dimensions have a significant effect while others do not, it is not possible to make assumptions on national culture as a single factor. Our study thus aligns with research suggesting that embeddedness corresponds to the most important national cultural dimension in cross-national consumer research (e.g., De Mooij, 2017; Gupta et al., 2018; Swoboda & Batton, 2020). Country-level institutions are worth studying in research on consumers' perceived customer orientation of MNCs.

4.2. Practical relevance

For managers at headquarters coordinating, for example, MNCs' customer interests worldwide, this study underlines the benefits of firms' perceived customer orientation and innovativeness. Studying both effects cross-nationally is valuable for gaining knowledge on the major pathway to product purchase intention and on the important role of country contexts (e.g., Meißner et al., 2017).

Managers see that consumers' perceptions of an MNC's focus on customers and satisfying customer needs are directly and indirectly advantageous. Perceptions of firm activities that result in novel or creative offers to markets represent the main path for consumer information processes and behavior across nations. Respective activities are more important sources of competitive advantage.

Country environment is of paramount importance for understanding reinforcing and diminishing information processing contexts. Perceived firm innovativeness is effective regardless of context. Customer orientation effects are moderated by country development and national cultural dimensions, in opposite directions, requiring tradeoff decisions. A country portfolio with embeddedness, as the most impactful cultural dimension, illustrates this with direct implications for MNCs (Fig. 3). This is important as managers may need to focus on only few dimensions due to limited resources. We extend and clarify the results obtained in single countries with findings contradicting our observations (e.g., a negative moderation of individualism, Eisingerich & Rubera, 2010, or uncertainty avoidance, Falkenreck & Wagner, 2011). Our study supports other assumptions in single studies conducted in, e.g., the USA (Meißner et al., 2017), South Korea (Ha & John, 2010), or Chile (Valenzuela et al., 2010), concerning their position in the portfolio, thereby extending their single-country perspectives.

- ■ Field I: Customer orientation has the strongest direct effect in countries with higher levels of development and lower levels of embeddedness. Individuals strive to evolve uniquely to fulfill their own ideas, which may reinforce perceived customer orientation effects (Schwartz, 2014, p. 551). In Western European and American countries, MNCs profit most from customer-oriented activities.
- ■ Field II: Country development enhances, and embeddedness reduces, this effect. We carefully recommend customer orientation activities because their effects are reinforced in higher development countries (e.g., Hong Kong, Israel); careful assessment is required in high embeddedness countries (e.g., Saudi Arabia, UAE).
- ■ Field III: Lower country development diminishes, and lower embeddedness reinforces, this effect. Because of the opposite rationale of Field II, and since only a few countries are located here (e.g., Brazil, Portugal), we recommend careful customer orientation activities.
- ■ Field IV: The effect is diminished by the degrees of country development and embeddedness. Perceived customer orientation is less relevant. Alternative activities to attract consumers are recommended.

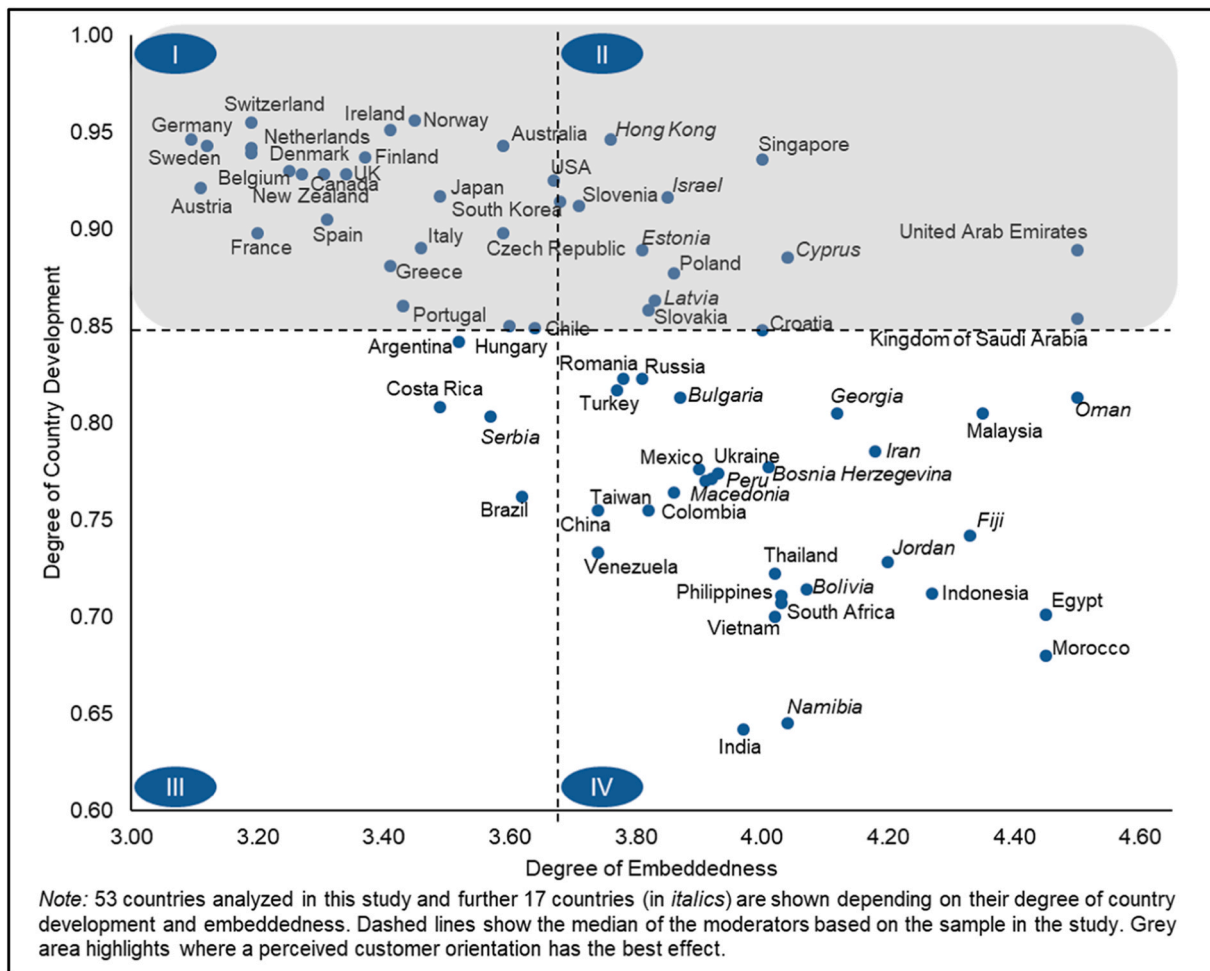The portfolio shows where MNCs should invest in customer-oriented

Fig. 3. Country Portfolio.

activities or transfer established successful ones from other countries. MNCs may also estimate respective effects before entering new countries by referring to the countries' levels of country development and embeddedness.

5. Limitations and further research

This study has certain limitations that suggest future research directions.

Although we carefully collected specific data, database expansion can enable further conclusions, for example, by analyzing different customer orientations, innovation activities, or industries (e.g., Rubera & Kirca, 2017). Our cross-national design improves external validity, while future studies may place emphasis on country-specific designs or internal validity. This study includes more developed than emerging countries. In a balanced sample, perhaps a weaker direct and indirect effect of perceived customer orientation on product purchase intention may emerge. Moreover, a longitudinal study design would account for changes in perceptions over time (Ndubisi, 2012; Yen et al., 2020).

Measuring purchases objectively is an obvious but difficult to realize goal in 53 counties. For various reasons, we measured perceived customer orientation as one construct, whereas differentiating affective from cognitive orientations (Aurier & Séré de Lanauze, 2012; Ndubisi, 2012) and customer centricity from empowerment activities (Habel et al., 2020; Meißner et al., 2017) can provide finer-grained insights. Perceived firm innovativeness can also be measured by differentiating affect from cognition or their respective effects (Kunz et al., 2011). Finally, qualitative research allows the development of emic,

country-specific measures, which may enhance construct equivalence assessment (Ford et al., 2018). Due to the high number of countries surveyed and the resulting need for item comparability, we use slightly modified, imposed etic scales (Yang et al., 2019).

Regarding our conceptual framework, scholars may study further independent variables in addition to customer orientation (e.g., self-relevance, Eisingerich & Rubera, 2010) and the antecedents of perceived customer orientation, which help steer its effects (e.g., information reliability, Ndubisi, 2012). Perceived customer orientation can be mediated by further constructs, which should be studied in parallel with firm innovativeness, as can the strong direct effect of firm innovativeness (e.g., customer value, quality, Valenzuela et al., 2010; van Riel et al., 2021). Comparing consumer and firm customer orientation perceptions offers further theoretical inspiration (Habel et al., 2020). Finally, other contextual factors are of interest (ethnocentrism, MNC origin, etc., Gürhan-Canli et al., 2018).

6. Conclusions

This study finds that while country development and two dimensions of national culture strongly explain cross-national effects in perceived customer orientation, the stronger effects of perceived firm innovativeness do not depend on these contexts. We thereby offer a theoretical complement to past research, which has only assumed a role for national institutions. We look forward to further research linking institutions and consumer perceptions of customer orientation and innovativeness.

Declaration of Competing Interest

None.

Data Availability

The data that has been used is confidential.

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