Investigating the Implications of Business and Culture on the Behaviour of Customers of International Firms

Suraksha Gupta
Lecturer
Middlesex University Business School
London, UK
s.gupta@mdx.ac.uk

Jyoti Navare
Head of Marketing and Enterprise
Middlesex University Business School
London, UK
j.navare@mdx.ac.uk

TC Melewar
Professor of Marketing
Brunel Business School
London, UK
t.c.melewar@brunel.ac.uk

Abstract

For many years international firms have been leveraging from the consistent growth rate of the Indian economy and, considering forecasts, will continue to do so in the future. This study identifies factors that influence the behaviour of business customers of international firms in emerging markets such as India. Based on the extant literature and in-depth personal interviews with practitioners, combined with a field survey, the authors have tried to understand the impact these factors have on the behaviour of business customers of international firms. The data were useful for testing the model developed using regression analysis and were found to be significant. The model demonstrates that the behaviour of local firms as customers of international firms in emerging markets is governed by factors such as business risk and a propensity to business sustainability. The model will be useful for international firms who wish to operate in emerging markets through local business firms that seek to associate with international firms.

Introduction

The global landscape for businesses has changed with the emergence of new and dynamic, very competitive markets such as Brazil, Russia, India and China (Govindrajan and Gupta, 2000; Scott-Kennel and Salmi, 2008; Hutzschenreuter and Grone, 2009). International firms collaborate with local firms in emerging BRIC countries to obtain exposure to their consumer markets and local firms collaborate with international firms for an introduction to the international business turf (Athreye and Kapur, 2001). This change in the business environment has not been smooth nor is it anticipated to get easier for both international and local firms as both types of firms face challenges in working with each other (Child and Tse, 2001). The challenges faced by international firms are different in different markets (Shocker et al., 1994; Zhou et al., 2005) as every country has its own individual identity and specific cultural characteristics (Ferguson, 1998; Raina and Pillania, 2008; Dana and Wright, 2009). Entry into emerging BRIC markets provides international firms with opportunities for growth by offering territories that have not yet been explored, concurrently stimulating individual challenges (Luo, 2000; Grüber, 2003).

Some of the challenges faced by international firms in emerging BRIC markets are certain types of idiosyncrasies which could be embedded in behaviour specific to the people living in these countries (Gander et al., 2007). Markets in emerging BRIC countries throw up challenges to international firms, such as the risk of misinterpreting the behaviour of local people in their own country (Luo and Tung, 2007). As reported in previous research, the different types of behaviour of people from different places could be rooted in the systems on which an industry of a country operates, i.e. its structural factors (Hadjikhani and Lee, 2006). Sociologists and particularly anthropologists have proposed that a critical distinction should be made between different types of challenges in respect of a country's cultural specifics within its geographical boundaries (Emirbayer, 1997; Dawdy, 2007). At the same time, a new marketing perspective explains that a country, if structurally challenged, can be culturally pervasive or vice versa (Werner, 2002; Herndon, 2008).

Some research studies on organisational behaviour suggest that the behaviour of humans as decision makers when assessed at an organisational level can be emotional rather than rational (Sullivan and Bhagat, 1992; Ashkanasay et al., 2002). The behaviour of organisations in a country that is culturally pervasive can be influenced by the local culture as they are managed by individuals who live in a society with those cultural values (Levy et al., 2007). The values and beliefs learnt by humans from their environment or during social interactions develop into emotional linkages that play an important role in their decision-making process as business customers or consumers (Teare, 1998; Pachauri, 2001). The rational view of the decision-making process of business customer firms explains their organisational perspective and reasons that the business decisions made by them are not based on emotions but on financial benefits linked to their decisions (Krabuanrat and Phelps, 1998; Thomson et al., 1999). The behaviour of firms acting as the business customers of international firms in emerging markets are also influenced by factors that can be either emotional, rational or both (Jansson et al., 2007).

An emerging market as defined by Hoskisson et al. (2000) is a country whose economy is developing at a rapid pace and whose governmental policies support the liberalisation of the economy and free trade between international and local firms. Research in the domain of international business indicates that the selection of local business firms as business customers by international firms is based upon the ability of the local firm to provide local resources, demonstrate market management abilities and behave cooperatively (Zaheer, 1995). The number of local firms interested in becoming customers of an international firm makes markets in emerging BRIC countries very competitive. In such competitive markets, local firms as the business customers of international firms differentiate themselves based on their institutional capabilities in a social context with optimal use of resources available to them in the organisational context (Miller and Shamsie, 1996; Oliver, 1997).

Research into emerging countries suggests that business in not yet fully-developed countries is difficult because of the behavioural differences between international and local firms (Peng et al., 2008; Chakrabarti et al., 2009). The behavioural complexities in East Asians as reported by Cheng (1990) are a reflection of their cultural idiosyncrasies, psychological-individualistic conceptions and contractual-principled orientation. The behaviour of firms in emerging countries is influenced by various factors, such as their unwillingness to take risks in business because of their need to sustain themselves in a competitive environment (Buckley and Ghauri, 2004; Cai and Wheale, 2007; Rangan and Parrino, 2008). Local business firms use their social and organisational resources as a source of competitive advantage, but their assessment of risk and uncertainty in working with international firms influences their behaviour (Lieberman and Montgomery 1988).

Fischer et al. (2005) reflected upon the differences in behaviour of people working across different cultures. Hoskisson et al. (2000) reported on the impact of the surrounding social environment on organisational behaviour, processes and decision-making of a local firm. Factors that influence human behaviour under an organisational lens from a Confucian perspective were explained by Cheng (1990). Existing research about factors that influence organisational culture and work group behaviour (Asma, 1986) argues that behaviour is embedded in culture and can become a means of development of perceptions and interpretations (Cheng, 1990). Runglertkrengkrai and Engkaninan (1987) took an ethnographic approach to understand the impact of culture on the behaviour of managers in firms and found that behaviour can be linked to their understanding of business, basic cultural values, beliefs and religion. Farrell (2005) studied the effect of a firm's organisational culture on the attitude and behaviour of sales people and found that market-oriented business values could be linked to constructs such as conflicts, ambiguity, satisfaction and commitment demonstrated by a firm in business.

Existing literature on the behaviour of firms who are business customers of international firms focuses on the modelling of their behaviour in business related to different aspects such as (1) business performance (Deshpande et al., 1993; Balthazard et al., 2006) (2) reduction of business risk (Caves, 1998; Luo, 2000; Navare, 2003) (3) selection of marketing mix (Deshpande and Webster, 1989; Zhou et al., 2005) (4) talent management (Farndale et al., 2009) (5) reduction of costs (Anderson and Gatignon, 1986; Wouters et al., 2007) (6) role of macro-economic factors of an emerging country on business (Bresnahan et al., 2002; Boschma and Weterings, 2005). Chuah et al. (2005) compared the behaviour and attitudes of two sets of respondents from two diverse cultures, i.e. Malaysia and the UK, in order to understand the complexity of their decision-making process and found that it was linked to economic factors. Hadjikhani and Lee (2006) reported that the complexity of behaviour of business customer firms from different countries requires investigation of their business environment as it can develop an adaptability in international firms to the business behaviour of their business customer firms.

From a review of the literature, two key variables have been identified by this study as factors that influence the behaviour of business customer firms of international firms: (1) business; and (2) culture. These variables have not been comprehensively investigated by any previous studies. Instead, previous researchers have explored relationships between variables relevant to the context of their own research. Our study aims to address this gap in the knowledge by observing the relationship between identified variables and incorporating them into a model that can be useful to managers of international firms. The objective of this paper is to identify factors that influence the behaviour of local firms operating as customers or agents of international firms in emerging BRIC markets. The model thus developed will enable practitioners to understand what factors they should consider in dealing with a local business firm in an emerging BRIC country as their business customer.

This paper is an attempt to understand existing knowledge about different cultural factors that influence the perceptions and behaviour of business customers of firms operating in international markets. The tacit knowledge developed about the behaviour of firms from different streams of literature has been used for building the theory. This study tries to adequately clarify the notion of business behaviour (Frey and Heggli, 1989; Yadav, 2008) and cultural behaviour (Berry, 2000; Coronado, 2008) in order to examine what lies beneath these constructs in the context of firms operating in emerging countries. The authors assert that the two dimensions of firm behaviour, i.e., cultural behaviour and business behaviour, contribute to and are complemented by other relevant factors such as business competitiveness and business risk suggesting that an increase or decrease in these factors will influence the two types of behaviour.

This paper is organised into sections identified for specific purposes. The first section introduces the readers to the theoretical underpinning of this research. The next section presents a review of the literature to help understand the theoretical linkages of the research topic to relevant theories, followed by research questions. These linkages help to draw the periphery of the research so as to clarify the focus of the study and to develop testable hypotheses. The third section presents the research design with the method adopted for conducting this research. The fourth section presents the results and the fifth section discusses the implications of the results, followed by the conclusions drawn by the authors.

Literature Review

Firms in any marketplace are individual entities that function with the basic aim of selling their products or services to customers to make profits (Anderson, 1982; Nwakanma et al., 2007; Bhattacharya et al., 2009). The literature on customer behaviour suggests that a firm should undertake different approaches to satisfy its customers (Keller, 1993; Weitz and Bradford, 1999; Grant, 2009). To drive the behaviour of customers towards satisfaction it is important for a firm to understand their philosophy and their expectations from the firm (Roy and Berger, 2004; Balthazard et al., 2006; Zineldin, 2006; Piercy and Rich, 2009). Previous research has demonstrated that the behaviour of consumers and business customers towards a product or service can be different in different markets (Money et al., 1998; Melewar et al., 2004; Hewett et al., 2006; Tellis et al., 2009). The behaviour of business customers of an international firm in emerging markets will be different from its business customers in developed nations (Zhang, 1996; Ciu and Liu, 2000; Kumar et al., 2006; Tellis et al., 2009).

Addressing customers in emerging markets requires skill from the managers of international firms and the ability to understand the diverse nature of the business environment and culture in which the firm wants to operate through business customers as its agents (Alasadi and Abdelrahim, 2007; Teece, 2008; Frow and Payne, 2009). Customisation of products, services or promotions has been linked directly with the business orientation of an international firm and has been understood to influence the business-driven behaviour of local firms (Fillis and Wagner, 2005; Melewar and Karaosmanoglu, 2006). The literature that reflects on factors affecting the behaviour of business customers in international markets proposes it as a culture-based interpersonal orientation of individuals representing the seller firm and the buyer firm (Deshpande et al., 1993; William et al., 1998; Gong, 2009). To drive the behaviour of local firms in different territories at a cognitive level of business and culture, international firms use their company image by demonstrating a behaviour of commitment to local business customers (Salminen and Moller, 2006).

Culture was defined in the business literature by Hofstede (1986) as an accumulation of the social values, beliefs, norms and behavioural patterns of people living in a society. Recently, authors such as Tellis et al. (2009) have defined culture as a practice shared by a group of people in a country that reflects their behaviour when they are dealing at a cognitive stage with standard procedures. From the context of organisational behaviour, Deshpande et al. (1993) explained the existence of special disparities within a culture and Mudambi (2008) viewed these disparities as a source of wealth generation for businesses because they act strongly as an antecedent for innovation. Nakata and Sivakumar (2001) proposed that an international firm requires interpretation, adoption and implementation of inputs received from local business customer firms to avoid conflicts. Understanding situations of conflict is important for businesses in international domain to succeed by way of reconciliation between cultures (Trompenaars, 1996). An integration of marketing inputs with organisational processes allows international firms to develop an innovative marketing mix without conflict based on the business and cultural values of the country in which it operates (Anderson and Gatignon, 1986).

Current research on the behaviour of local firms dealing with international firms explains its impact on business-to-business marketing making present understanding of the topic vulnerable, and provides new directions for further research (Pelham, 2009; Verhoef and Leeflang, 2009). This research adopts the concept of culture in uniformity with the existing literature on organisational behaviour and the concept of business from the context of local small and medium-sized firms operating in BRIC countries as customers of international firms (Deshpande and Webster, 1989; Hofstede, 2003; Cavusgil et al., 2005). It synthesises literature from different streams of research, such as customer behaviour, organisational behaviour and strategic management in order to understand the constraints encountered by these firms and the influence of these constraints on the firm behaviour of business customers. The theory proposed by this research is grounded in institutional theory.

Institutional Theory

Current research on the strategic management of business customer firms in emerging economies has focused on the local environment in which these firms operate and provide resources to international firms or the competitiveness of local firms in these markets or the effects of orientation of local firms towards business and culture by linking it to institutional theory (Peng, 2002; Wright et al., 2005; Gu et al., 2008). Institutional theory in the context of business orientation explains how institutional isomorphism when followed under the norms of the societal culture of a country in which it is operating or planning to operate, breeds legitimacy and develops competitiveness (Child and Tsai, 2005; Egelhoff and Frese, 2009). A study conducted by Hoskisson et al. (2000) on firms operating in markets that are in the transitional phase, such as Africa and India, suggests that their growth is sometimes restricted due to institutional constraints linked to the networking strategy of an international firm, which can be strategically addressed using cultural aspects of the country. A strategic focus on behaviour linked to both business and culture reduces transaction costs, increases business exchanges and develops a competitive advantage as practised in the Information Technology industry by firms operating in international markets such as Intel and HP (Bendapudi and Berry, 1997; Park and Luo, 2001).

A study of business customers of international firms in emerging markets from an institutional perspective reveals that such customer firms help international firms to behave legitimately and contribute to their performance (Skarmeas et al., 2002; Dacin et al., 2006; Katsikeas et al., 2009). Institutional theory provides a multilevel perspective to explain the process of creating networks of business customer firms with development of formal policies for the management of business and implementation of a culture-based promotional mix to influence the perceptions and behaviour of local firms as customers (Greenwood et al., 2002; Brass et al., 2004). In the case of local firms, they possess local knowledge and when they adopt the organisational and business culture of international firms they are able to create differentiation for themselves as an institution in local competitive markets (Li and Scullion, 2006).

Knight (1999) studied the research conducted by various researchers on the marketing of services in international markets till 1998 and reported that the focus of these studies was either on the role of services in developing competitive institutions based on factors that become barriers to the internationalisation of a firm or its selection of entry modes, or the process followed by firms for forming relationships with business customers across borders. Our study is focused on the behaviour of local firms in emerging BRIC markets such as India towards international firms. It will broaden the horizon of researchers and practitioners of international firms who sell their products in BRIC countries through local firms associated with an international firm as its business customers. The behaviour of local firms as assumed by this study is the outcome of various contributory factors that are discussed in detail in the following sections.

Contributory Variables

1. Business Approach

The business approach adopted by a firm identifies its future planning process and becomes a strategic asset for the firm over a period of time (Lockamy and McCormack, 2004). In competitive markets, firms try to deal with business situations with an innovative approach that allows them to optimise the cost and use of resources available to them while they focus on their organisational goals and growth plan (Lovelock, 1992). The business approach influences the business behaviour of different types of firms in different ways (Hofer, 1975). Firms using a business-to-business approach focus on identified customers and work with them for mutual growth, whereas firms adopting a business-to-consumer approach focus on a wider set of customers and try to provide information to every prospective customer (Dutta and Biren, 2001). International firms try to develop alliances with local firms in target territories that can facilitate their business approach by understanding their business requirements and the processes followed by them (Jarratt, 1998). Local firms anticipate that their business will get a competitive advantage as it will benefit in the local market from the reputation of international firms (Zahra and Garvis, 2000), but their operational complexity and unfamiliarity with business processes and an inability to anticipate the behaviour of the international firm breeds uncertainty and influences their behaviour towards the international firm (Shrader, 2001).

2. Business Sustainability

The sustainability of businesses is important for both local and international firms and in emerging markets it is dependent upon the mutual behaviour of both types of firms (London and Hart, 2004). Local firms provide information about customer requirements and environmental and reputational issues to be addressed by international firms. According to the study conducted by Frayret et al. (2001), support received at an operational level from local firms by international firms helps them to comply to the regulations implied by local government and contributes to the business performance of the international firm. Both international and local firms try to fulfil their need to survive by creating differentiation in the contributions they make to the other's business that influences the behaviour of both types of company together in business (Luo, 2000). International firms try to sustain their business in emerging markets by nurturing business customers with different types of value additions apart from the benefit of contributing to their profits and future growth (Sullivan and Bhagat, 1992; Jackson and Deeg, 2008). The business customers of international firms are local firms which try to sustain themselves by behaving constructively towards international firms and supporting international firms with local infrastructure for marketing their products and disseminating local market and competitor information to international firms (Grewal et al., 2007). Dissatisfaction in dealing with an international firm can influence the decision-making behaviour of business customers and withdrawal of their support in the local market can impact the performance of an international firm in an emerging territory (Kong, 2000).

3. Business Risk

The behaviour of both local and international firms in business with each other is dependent upon their understanding of risk in dealing with the other. Local firms become representatives of the international firm in local markets and their experience in dealing with international firns influences the market share of international firms (Jansson et al., 2007). International firms encounter market trends influenced by interest of local oranisations and face a risk of damaging their own reputation when a local firm does not demonstrate international quality standards from an operational aspect to consumers in an emerging market (Madhok, 1997;

Luo, 2008). Local firms encounter the risk of incurring losses in the case of non-performance or fulfilment of promises made by international firms to consumers in the local markets (Poster, 2007). Non-performance of international firms discussed between local firms durin open meetings and lack of financial benefits understood by them from their auditors directs local firms towards media which influences the reputation of international firm (Bai, 2007). The awareness and reputation of an international firm helps local business customer firms to assess the financial risk involved in dealing with that international firm and, at the same time reputational benefits received by the local business customer firm influence its behaviour towards an international firm (Wouters et al., 2007).

4. Business Pressure

The competitiveness of a marketplace exerts regulatory, peer and stakeholder pressure on firms operating in the market (Peppard and Rylander, 2006). From the cultural context, the understanding of risk, values and beliefs of people living in a society and their notion of success influence their ability to take pressure in the workplace or business (Jackall, 1988). The business perspective explains that international firms exert business pressure on local firms to increase their market share and local firms impose business pressure on international firms to increase their profitability by making financial contributions (Anderson and Gatignon, 1986). One of the main business pressures felt by international firms is to develop the loyalty of both business customers and consumers in emerging markets and prevent them from moving away to competitors (Gutowski et al., 2005). It has been reported that business pressure leads to an increase in productivity or efficiency of local firms as business customers or agents of international firms (Doyle, 2006). Business pressure from an international firm to acquire higher market share influences the behaviour of local business customer firms as it is linked to the capability and financial capacity of the business customer firm (Barringer and

Harrison, 2000). Business pressure of local firms reflects their ability to face economic uncertainty and work under conditions of risk from other local firms competing with them in their business domain.

Outcome Variables

One of the common challenges faced by an international firm in emerging markets is to understand and justifiably nurture the needs of its business customers by understanding and supporting the customers' institutional pressures so that it and its business customer firms can mutually achieve their individual organisational goals (Tseng, 2005). Marketing across boundaries necessitates an approach that requires international firms to understand the local business and cultural aspects of target markets for positive, negative or both types of impact on the behaviour of its customers (Mattila, 1999; Homburg et al., 2005). Cornelius et al. (2008) used consumer behaviour theory with capability theory to review the pressures on local and international firms to mutually develop a diversity-supportive environment and promote a culture that allows equal opportunities for both.

International firms have to independently address the requirements of business customers and consumers in emerging markets as they are relatively individualistic in their behaviour (Johnson and Tellis, 2008). The behaviour of business customer firms of international firms across boundaries is influenced by factors which could be linked to either business or culture (Varadrajan, 1992; Srinivas, 1995; Jobber and Lucas, 2000; Harris-White, 2006). This study tries to examine the extent to which these factors – namely business approach, business sustainability, business risk and business pressure – are able to drive the two types of behaviour, i.e. business behaviour and cultural behaviour, of business customers or agents of international firms.

1. Business Behaviour

Entering an emerging consumer market through business customers as agents minimises investments and risks (Frankel and Whipple, 1996). Emerging economies offer highly dynamic and competitive markets for international firms and expect international firms to alter or customise their strategies to the requirements of their local firms as business customers (Mudambi, 2008). The success of international firms in an emerging territory depends on the behaviour of its local associate firm, loyalty of its employees and other stakeholders apart from success of its products, reputation, approach to performance, focus on customer and staff welfare and its ability to manage business risks (Luo, 2000). A holistic picture of the organisational structure and behaviour of customer firm in a market allows international firms to embrace it from a wider context and convert their value chain to strategically developed value networks (Sinkula et al., 1997; Peppard and Rylander, 2006). The business customers of international firms in newer markets gain reputation from their international tie up and support their international alliance with local infrastructure that reduces their cost of entry and its negative implications (Madhok, 1997; Luo, 2008).

Authors such as Lohtia and Krapfel (1994) assessed the role of transaction-specific investments made by international firms as tangible and reputation building-specific investments as intangible assets. These assets are used by international firms to influence the behaviour of their buyers by presenting them as additional value and benefits (Dwyer et al., 1987; Cannon and Perreault, 1999). Local firms as customers of international firms use these assets to compete in the local market for their business sustainability (Teece et al., 1997; Elango and Pattnaik, 2007). The approach to business taken by local firms changes with their association with international firms as it involves taking different types of risks in business (Anderson and Gatignon, 1986; Wang and Cheung, 2004; Reiner et al., 2008). The grounding of the business behaviour of business customer firms theoretically can be found based on the approach taken by them towards their association with international firms and business pressure received by them for performance from international firms.

2. Cultural Behaviour

The growing body of literature on organisational behaviour has been reviewed to understand how firms try to draw maximum benefit from emerging territories by understanding the local culture that influences the behaviour of its local business customers and consumers (Alba et al., 1997; Boschma and Weterings, 2005). Orientation of an international firm to local culture allows it to benefit from the opportunities that exist in the new marketplace (Day and Montgomery, 1999; Li et al., 2001; Armario et al., 2008). Research performed by Day and Montgomery (1999) suggests that the orientation of the international firm to the behaviour of local business customer firms is influenced by local culture and impacts on the market-related business decisions taken by the international firm.

Sinkula et al. (1997) proposed that the behaviour of a local firm when oriented towards culture during interactions provides information that can be used by international firms to understand their culture-based needs and nurture integrity in relationship. Such information when disseminated to other departments reflects on professionalism of organisation and trustworthiness of information (Sigala, 2005; Spinall and Parnell, 2006). Recent research suggests that the entrepreneurial behaviour of a firm oriented towards culture influences its customers, competitors and market dynamics based on its aversion to risk(Kohli and Jaworski, 1990). The cultural behaviour of an organisation demonstrates the homogeneity between the organisational structure and its ability to manage customer diversity for performance (Morgan et al., 2005; Carayannis, 2009).

A review of the extant literature demonstrates how four local firm-level variables – business approach, business sustainability, business risk and business pressure – and two behavioural variables – business behaviour and cultural behaviour – can influence their success or failure as customers of international firms. This paper is an attempt to understand the individual implications of firm-level variables on the behavioural variables of local firms.

Research Questions

Rothaermel et al. (2006) empirically found that country risk, cultural distance and future uncertainty discourage international firms from entering newer markets. Potential for growth in emerging markets compensates the notion of risk and acts as an encouraging factor (Markman et al., 2008; Phan et al., 2009). Business customer firms enable international firms to understand the risks of misinterpreting local cultural and business behaviour (Frankel and Whipple, 1996; Freeman and Sandwell, 2008).

This research presents an integrated theory that links the behaviour of firms to different rudiments of business and culture in order to understand the boundaries imposed on local firms by the competitive local environment in emerging markets (Deshpande et al., 2004). To gain an in-depth understanding of these linkages, different theories were studied that reflect upon the questions raised by this research. The following questions were asked during personal interviews with the managers of local firms involved in the business of selling products and services offered by international firms as their business customers or agents. The answers received to these questions were useful for performing a thematic analysis and developing a research instrument for empirical testing of the propositions framed:

RQ1-What are the behavioural differences that you find between the behaviour of your firm and that of an international firm?

RQ2-What are the factors that influence your firm's behaviour towards an international firm?

Research Hypotheses

The literature presents multiple perspectives of international business and demonstrates its orientation with the integration of strategic management, operations, supply chain, human resources and finance (Brown, 2005). Marketing acts as a firm's interface with other internal departments and external firms for integrative performance (Homburg and Jensen, 2007). The literature on the failure of inter-organisational relationships cites cultural behaviour (Wuyts and Geyskens, 2005; Lechner and Leyronas, 2007) or business behaviour (Cavusgil, 1984; Zuchella, 2006) as one of the main causes.

Based on the cognitive and behavioural understanding of local culture, international firms can analyse the factors that influence the cultural behaviour of their business customers (Deshpande et al., 1993; Egeren and O'Connor, 1998). An understanding between an international supplier firm and the local buyer firm facilitates a smooth flow of information and knowledge of integrity that develops trust between the two and strengthens the competitive positioning of both the firms (Tsang et al., 2004). Interactive communication between international and local firms enables local firms to develop professionally and the international firm to operationalise its risk-bearing abilities by building an understanding of the support received for handling business pressures from their business customers for sustainability in competitive markets (Duncan and Moriarty, 1998; Homburg et al., 2005). A conceptual model has been developed based on the arguments presented by the literature and supported by expert interviews (Figure 1). The model demonstrates the relationships being tested by this research.

Business Approach

The literature on emerging markets reflects on its internal competitiveness with operational complexity and suggests that international organisations need to maintain a gender balance of masculinity and femininity in their business approach (Leung et al., 2005; Suraya, 2005; Gaur et al., 2007). An international firm's positioning of masculinity with approach and practices of femininity in marketing in the local market provide local firms with a vision of future business growth (Roy and Berger, 2004; Luo, 2008). A culturally-adapted business approach by local firms becomes a cost-efficient variable for international firms and the reputation of international firms acts as a competitive advantage for the local firm (London and Hart, 2004; Elango and Pattnaik, 2007). The business approach of the customer firm towards adaptability to the practices of an international firm is directly linked to the level of education and training of people managing the local business customer firm (Brynjolfsson and Lorin, 2000; Bresnahan et al., 2002; Mol and Birkinshaw, 2009). A positive approach by the local business customer firm towards its association with an international firm acts as a competitive advantage for the local business customer firm (Rugman and Verbeke, 1992), reduces its operational complexity and investments in technology and innovation (Zhou et al., 2005), and improves its cost efficiency, reputation and growth plan (Morgan et al., 2005). In order to understand how the business approach adopted by a local business customer firm influences its culture and business behaviour, we hypothesise:

H1: The business approach adopted by a local business customer firm positively influences its cultural behaviour

H2: The business approach adopted by a local business customer firm positively influences its business behaviour

Business Sustainability

The complexity of business environments in the emerging markets and the business needs of international and local firms drive both types of firms to become differentiable for sustainability in these markets (Meyer and Rowan, 1977). Research on business sustainability suggests that these complexities make international firms cautious and influences their approach towards cultural aspects of the market and compliance of rules and governance on business aspects of a market (Parker, 2000; Lorenzo, 2007). The information about products or services when modified by the international firm according to the local culture for communicating to business customers and the usefulness of market information received from local business customers helps an international firm to manage its reputation in a dynamic business environment (Wilkie and Moore, 1999; Grewal et al., 2007). Networks of local firms provide routes to international firms for governing environmental hurdles and making appropriate and legal availability of their products or services to the consumers in local markets (Sidak and Singer, 2008; Gupta et al., 2008). While local firms support international firms they perceive a risk in working with the international firm and at the same time feel under pressure to sustain their own image in the market (Zahra and Garvis, 2000). The need for business sustainability for a local firm influences their behaviour towards international firms (Child and Tse, 2001). Understanding how the behaviour of business customer firms is influenced while they support international firms to survive in an emerging market requires a distinction between institutionalised rules and the social behaviour of international firms (Jackson and Deeg, 2008). Based on these arguments this research hypothesises that:

H3: Sustainability of a local business customer firm increases when it orients its behaviour towards culture.

H4: Sustainability of a local business customer firm increases when it orients its behaviour towards business.

Business Risk

Relationships between international and local firms are dependent on the outlook of both firms towards the risks involved in the business (Meyer and Rowan, 1977; Khanna and Yafeh, 2007). Experience of international firms with business customers in emerging countries suggests that the business behaviour of local firms is influenced by their local cultures (Poster, 2007). Risk assessed by local business customer firms in dealing with international firms guides them to either take up or reject the opportunity of growth in the local market provided to them by international firms (Wouters et al., 2007). Owen (1958) argued that businesses as members of any local organised group can strategically position themselves and exert pressure that can influence the public policy of any institution or organisation which makes large financial contributions to the group. Local organisational group meetings provide them with a platform where they can openly discuss both advantages and disadvantages of associating and understand the risks of working with international firms (Greenwood et al., 2002). The share of the market governed by the international firm and its behavioural trends experienced by other members of the group influences their business behaviour with international firms. The involvement of other organisations as networks and media acts as a local control and also poses a risk to the future positioning of the international firms (Meyer and Skak, 2002). In respect of the influence of special interest groups on the behaviour of members as argued by Cerny (2000), we try to understand the influence of business risk as understood by local firms in emerging markets on their cultural and business behaviour towards international firms:

H5: Understanding of the risks involved in dealing with an international firm positively influences the cultural behaviour of local business customer firms

H6: Understanding of the risks involved in dealing with an international firm positively influences the business behaviour of local business customer firms

Business Pressure

Globalisation poses economic uncertainty and risk because it causes an increase in the level of competition amongst firms and creates business pressure for them to behave competitively in order to survive (Cerny, 2000; Redmond et al., 2008). Business pressure has been understood as a variable that amplifies complexity but improves marketing productivity (Doyle, 2006). Gutowski et al. (2005) studied customer relationships in the manufacturing sector and suggested that business pressure is greater in firms with international dealings. The readiness of local firms to adopt risk-taking behaviour while associating with international firms is dependent not only on consumer awareness of products or services of the international firms in their markets, but also on pressure from stakeholders for success against peer businesses as competing firms (Ford, 2008). Intercultural encounters faced by local firms at the contextual cultural level during the developmental phase of relationships are accompanied by business pressure for competitive performance (Clausen, 2007). The quality of the relationship developed between the international and local firms is dependent upon the visible dimensions of their behaviour, i.e. business and cultural (Melewar et al., 2005; Winklhofer et al., 2006). Based on the linkages proposed by the literature and to find an answer to research questions this research hypothesises,

H7: Business pressure experienced by a local business customer firm in dealing with an international firm positively influences its cultural behaviour

H8: Business pressure experienced by a local business customer firm in dealing with an international firm positively influences its business behaviour

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Research Method

The research process is driven by observations made by the researchers of the world around them (Bryman, 1984). Observations when classified and arranged into exploratory groups enable researchers to construct proofs of the theory developed (Churchill, 1979). The process of research was initiated based on interplay between different but related theories from similar and other streams of research carried out during the literature review (Kohli and Jaworski, 1990). This research uses mixed methods and takes an intertwined route by undertaking both inductive, i.e. enquiry-based learning, and a deductive approach, i.e.

learning by validation using data, to perform this research (Churchill, 1979). Initially, the researchers adopted an inductive approach.

Sample, Pre-test and Data Collection

This research initiated as an attempt to understand a growing body of research that has analysed the effects of local business and cultural environment on perceptions and behaviour of business customers of international firms in emerging markets (Deshpande and Webster, 1989; Denison, 1996; Mattila, 1999; Triandis et al., 2001; Mitra and Golder, 2002; Prabhu et al., 2005; Chandrasekaran and Tellis, 2008). India was chosen as the location of the study. Local Indian firms operating in the IT industry and associated with international firms as their business customers, also known as agents, were chosen as respondents. The sample drawn was representative of the local firms operating in the Indian market through such business customer firms. While these local firms adapt well to the local culture they are also influenced by their linkages with international firms and both these aspects of their business influence the behaviour of their firm (Melewar and Saunders, 1999).

To find answers to the research questions constructs were identified and relationships between the given variables were conceptualised from the knowledge received from the literature. Research questions identified from review of the literature were asked during personal interviews conducted with managers of local business customer firms operating as agents of international firms in India for the purpose of collecting qualitative data. Qualitative data was analysed and themes were developed which helped in identification of items for development of questionnaire. Thematic analysis of the qualitative data was helpful in identifying the items for constructing the research instrument which was finally based on the theory grounded in the literature and the inputs received from qualitative data (McClintock et al., 1979). The instrument was helpful for conducting a quantitative survey for empirical testing of the theory developed.

The purpose of collecting survey data was to individually track the responses of business customers of international firms about the impact of contributory variables (business approach, business sustainability, business risk and business pressure) on outcome variables (cultural behaviour and business behaviour). Before the research instrument was used to collect the final data it was sent to the field to ensure that respondents could understand the questions and answer with ease (Forza, 2002). The survey data were collected from a random sample of 250 local Indian firms that were directly associated with international firms and were involved in the business of reselling products or services offered by these international firms.

A pilot test of the relationships predicted by the model was performed using data collected from 62 firms and ran through statistical tests for the purpose of assessing reliability and validity of the variables being investigated (Jick, 1979). The research instrument was refined based on the results received from the data collected for pilot testing and was sent to the field for final data collection (Malhotra and Grover, 1998). Data collected were used to statistically assess the validity of the model developed (Reynolds et al., 1993). SPSS was used to study the correlations and Cronbach Alpha assessed the reliability of the instrument used and data collected (Cortina, 1993). The significance of the correlations indicates the strength of relationships (Anderson and Gerbing, 1988). Correlations computed with SPSS were found to be significant. The value of R squared was computed which was helpful in explaining the variance that reflects the dependence of consequences on antecedents, and t-statistics were used to assess the significance of dependent variables (Fornell and Larcker, 1981; Parmeswaran and Yaprak, 1987). Regression allowed the accuracy of predictor variables to be assessed (Cleveland, 1979; Anderson and Gerbing, 1982).

Results

Qualitative analysis

A database was developed of 18 senior executives working in the local firms associated with international firms in order to collect qualitative data from practitioners and those who seemed to be knowledgeable and could understand the context of our study were selected as respondents (Sieber, 1973). These respondents were contacted and asked if they were ready to participate in a qualitative research study (Appleton, 1995). Those who agreed to participate underwent qualitative interviews at their premises in a one-to-one setting (Alam, 2005). Familiarity of the setting and environment allowed them to express themselves without any hesitation (Appleton, 1995).

Research questions identified after a review of the literature were asked during personal interviews with participants, together with some probing questions if required, and the responses provided were used by the researcher to perform a thematic analysis of the qualitative data which was used to develop the research instrument (Forza, 2002). Respondents were asked before starting the interview if they were comfortable conversing in English and according to their response, the language used during interviews was English. In the Indian world of corporate business English is the language used for business correspondence and dealings.

Quantitative analysis

The research instrument developed from a review of the literature and thematic analysis of the qualitative data was tested for the clarity of questions being asked to respondents (Malhotra and Grover, 1998). Modifications were made according to the feedback received and the questionnaire was then sent to the field for data collection to pilot test the model (Reynolds et al., 1993). Responses received from pilot testing were used to test the reliability and validity of the constructs (Churchill, 1979). Based on results of the pilot test, the research instrument was used to collect final data from the field (Reynolds and Diamantopoulos, 1996). The instrument was sent to respondents with a covering letter explaining the research objective and other issues such as data confidentiality.

Field surveyors were appointed to contact people telephonically and seek an appointment before walking into the office of respondents with a request to provide answers to the questions asked in the research instrument. The appointed surveyors were able to collect quantitative data from the senior managers of local firms associated with international firms. The sample for data collection was taken from the Indian IT industry. The firms in which the respondents work are associated with international IT firms and are in the business of selling products or services offered by these international IT firms.

Personal visits by field surveyors obtained 234 responses from the list of 350 executives working as senior managers in authoritative positions as decision-makers in local firms, giving us a response rate of 66.85 per cent. We tried to assess the non-response bias of the non-respondents using the concurrent waves method of exploration suggested by Armstrong and Overton (1977) and could not find any non-response bias amongst the non-respondents. Out of the 234 responses received, 51 questionnaires were not usable as they had missing data, so were not considered for quantitative analysis. Results were therefore obtained from the analysis of 183 questionnaires.

Measures developed to assess the constructs being investigated by the research instrument were based on well-established scales or items (Churchill, 1979). We were interested in understanding the causes of cultural behaviour and business behaviour of local firms associated with international firms. Responses received from the field were in numeric form and could be used to compute the influence of four antecedent constructs on the cultural and business behaviour of business customers of international firms (Churchill, 1979). Cultural behaviour was measured based on eight items and business behaviour was assessed on the basis of 11 items discussed in the literature review and hypotheses development section. Most of these items were picked up from different empirical literature and some were picked from qualitative survey.

Based on previous research studies and thematic analysis of qualitative data we found four constructs affecting the cultural and business behaviour of local firms (Anderson and Gatignon, 1986; Luo, 2008). The business approach was measured based on eight items during the pilot test, but due to negative impact of one of the items, 'investment in technology', on the reliability coefficient, i.e. Cronbach Alpha, the item had to be dropped during the item purification process. The Cronbach Alpha score improved after the item was dropped and showed signs of reliability.

The coefficient of reliability, i.e. Cronbach Alpha, and validity, i.e. correlation, of other constructs' 'business sustainability' was measured based on nine items, 'business risk' was also tested for nine items, whereas 'business pressure' consisted of seven items. Based on the suggestions made by Kohli and Jaworski (1990), the behaviour of firms and their antecedent variables were measured based on the five-point Lickert scale, identifying 1 as most important and 5 as least important. The Cronbach Alpha for the consequent construct of ‘business behaviour’ was found to be 0.8 and for ‘cultural behaviour’ was found to be 0.7. For constructs ‘business risk’, ‘business sustainability’ and ‘business pressure’ as antecedents Cronbach Alpha was found to be 0.7 and for ‘business approach’ it was found to be 0.6. All the constructs were found to be significant at the 0.01 level and the correlation scores of antecedent constructs with ‘cultural behaviour’ and ‘business behaviour’ individually were above 0.3 for all the constructs except for ‘business approach’ which was found to be 0.2 in both cases.

Multicollinearity was assessed based on collinearity diagnostics, correlations and significance levels, and all results were supportive and based on variance proportions found from collinearity diagnostics less than 2.54, indicating that there was no risk of multicollinearity. Casewise diagnostics was useful to assess outliers in the data. Only 1 per cent of outliers were found in the data for ‘cultural behaviour’ and for ‘business behaviour’ there were 2 per cent of outliers. ANVOA was also helpful in assessing the level of significance, which was found to be 0.000.

Results were also assessed visually by looking at the P-P plot and Scatter plot. In the case of the P-P Plot, data were not normally distributed but the points were found to be close to the line of linear regression. The scatter plot also provided evidence that although there were some outliers the data were generally concentrated in the middle indicating positive correlation between dependent and independent variables. The model summary provided by the statistical package explained that antecedents accounted for 28.2 per cent of variation in business behaviour and 41.1 per cent of variation in cultural behaviour. The results of the model are quite respectable as indicated in Table 1.

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Insert Table 1 about here

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The conceptual model was constructed on the basis of eight relationships hypothesised between four dependent and two independent variables. One group of hypotheses was concerned with the cultural behaviour (H1, H3, H5 and H7) and the other was concerned with the business behaviour (H2, H4, H6 and H8) of local firms operating as business customers of international firms. The research questions guided selection of the research method to be adopted, unit of analysis to be identified and data to be collected for analysis. The validity of relationships hypothesised was assessed from the correlations of items and the reliability of finding similar results if these relationships were retested was assessed using the reliability coefficient. Factor analysis was useful to predict the consequent variables hidden in the data collected. The data received were regressed to understand the impact of contributory variables on the outcome variables. The relationships between contributory variables and outcome variables were tested by regressing them individually to have a better clarification of their individual impacts on two types of behaviour, i.e. business behaviour and cultural behaviour.

Data reduction techniques allow the researcher to explore the data. The Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) and Barlett's Test of Sphericity can be used to assess the suitability of the data for factor analysis. The value of the KMO measure should be above 0.6 and was found to be 0.762. The score for Barlett's Test of Sphericity which should be 0.05 or smaller was found to be significant, i.e. 0.000. These results combined with a correlation score of 0.3 or above suggested that data received from the field survey were suitable for factor analysis. Scree plot was useful to identify the number of outcome variables in the data. Availability of two components above the elbow and factor loadings of items in the component matrix suggested the two types of behaviour being searched for by the researchers.

All components were extracted, subscribing the minimum eigenvalue as 0.3. The 32 items were allowed to load onto the components. Components with crossloaded items were not considered for analysis. The total variance explained in the data using principal component analysis for the two components extracted was 12.96 per cent by the first component and 11.19 per cent by the second component. It was also noticed that the total variance of 24.16 per cent explained by the two components did not change after rotation. The rotated component matrix revealed the item loadings on underlying outcome variables. In the case of component 1 (business behaviour), the top loadings were for the items 'robust governance', 'changing market trends' and 'auditor's feedback', whereas for component 2 (cultural behaviour) the loadings were highest on the items 'education and training', 'operational complexity' and 'competitive advantage'.

Standardised coefficients were helpful in allowing the researcher to understand the strength of the contributions made by individual constructs, and a significance value less than 0.05 reflected the unique statistical contribution made by the dependent variable (Table 1.2).

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Insert Table 1.2 about here

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Findings

In this section we report the findings obtained from data analysis. Differing from previous studies on the cultural and business behaviour of international firms, this study focused on the two types of behaviour of local firms who work as business customers of international firms. Our research provides empirical evidence for the contingent relationship between four constructs identified as antecedents of business behaviour and cultural behaviour of local firms. Findings are based on data collected from one of the BRIC countries, i.e. India, and review of existing knowledge in this domain which suggests that cultural behaviour and business behaviour of local firms allow development of a cooperative environment for international firms in their territories that helps both of them to achieve their business objectives (Cornelius et al., 2008).

Our results demonstrate that the two types of firm behaviour being studied are not dependent on the business pressure or business approach taken by a local firm. According to the data received business sustainability seems to be a stronger contributory factor as compared to business risk that influences their two types of behaviour towards international firms in their business dealings. Business sustainability of a firm in culturally driven markets in literature is linked to its strategic focus on its performance as a socially responsible organisation (Baker and Sinkula, 2005). A reputation of loyalty towards business customers as stakeholders and risk management ability of an international firm influences the business behaviour of its customers (Rondinelli and Berry, 2000). The analysis of the data reveals that the cultural behaviour of local firms is driven by both business sustainability and business risk whereas business behaviour shows a stronger impact of business sustainability in comparison with business risk.

The findings for cultural behaviour from quantitative data are in sync with Hofstede's theory of cultural behaviour and explain that level of aversion to risk demonstrated and avoidance of uncertainty by local firms in emerging markets will be driven by their cultural values that allow development of relationships with integrity so that they are seen as entities that can be trusted in the business domain (Amit et al., 1993). The results for business behaviour also highlight Globe's theory of cultural dimensions, i.e. the business behaviour of local firms in terms of performance orientation emphasises an aversion to risk, socially responsible behaviour towards relationships for development of reputation and loyalties while for future orientation business behaviour is linked with economic success and organisational bureaucracy (Guidice and Mero, 2007).

Although not supported by quantitative analysis, review of the literature and qualitative findings help authors to infer that business pressures faced by firms dealing with each other, i.e. international and local firms, can be similar (Anderson and Gatignon, 1986; Zaheer, 1995). The need for business sustainability on business behaviour and similarity of business pressure was highlighted during the qualitative field research phase by one of the respondents who is director of a local firm which represents international firms in India:

"It is not about drawing comparisons. Internationally, when the international clients of our business associates demand services, and our business associates in turn depend on us, we have to work extra hours or during our festivals like Deepawali to satisfy their clients and keep the chain alive. For example, in the West we do not find anyone working during Easter. But if the principal company is in India and if Indian customers are to be served by Western companies, I am sure they will also forgo their Easter holidays to keep the chain alive. So, it is not something that they push us to do or put pressure on us, it is about the need of the moment because business demands it. The pressure is from a business point of view."

The challenge faced by international firms in emerging markets is to legitimately nurture trustworthiness for their firm by demonstrating integrity and a high level of professionalism (Barnard and Fourie, 2007). For mutual achievement of organisational goals it is important for international firms to support business customer firms to manage their entrepreneurial risks and institutional pressures (Hanna, 2007). The risk assessed by local entrepreneurial firms as business customers and their aversion to risk can be linked to the culture in emerging countries (Dimitratos and Plakoyiannaki, 2003). The assessment of business risk in dealing with international firms and their own organisational structure influences their understanding of the tactics used by international firms for achieving its business goals and influences relationships between the two companies (Tseng, 2005). The literature proposes that the cognitive and behavioural understanding of local culture allows international firms to analyse the factors that influence behaviour of professionals working with local business customer firms in emerging markets (Deshpande et al., 1993; Egeren and O'Connor, 1998). This aspect was explained by one of the respondents working for a local firm who has strong relationships with many international firms as:

"It is a big risk doing business with those international companies who maintain a relationship just to make up their numbers. Sometimes they also take undue advantage of the legal system. Once, one of our sales persons was attending to a mystery shopper and was pushed by the mystery shopper to quote for a product with pirated software. The sales person under pressure quoted a price without including the cost of the software and the international company held us to providing a product to the customer with pirated software. Since that day we have decided that we will not work for this particular international company."

Marketing across boundaries necessitates an approach that requires international firms to understand the local business and cultural aspects of markets for the positive, negative or both types of impact on their customers' behaviour (Mattila, 1999; Homburg et al., 2005). International firms need to independently address the requirements of business customers and consumers in emerging markets as they are relatively individualistic in their behaviour (Johnson and Tellis, 2008). Business customers in emerging markets give the reasons for their behaviour as either cultural or business behaviour (Slater and Narver, 1995; Zhou et al., 2005; Osarenkhoe, 2008).

Conclusion

Based on the results of hypotheses testing, we believe that understanding the two types of behaviour of local firms is important for international firms when operating beyond their own boundaries. We conclude from the results that although the cultural behaviour of local firms plays an important role in their dealings with international firms, there is a stronger linkage of business risk, business pressure, business sustainability and business approach with business behaviour than cultural behaviour.

Our research has tried to understand the origin of tacit knowledge concerning the behaviour of firms from the different streams of literature for empirical testing. Authors have tried to link various inter-disciplinary theories from a vast body of literature to make contributions to the understanding of managers of international firms about local firms in emerging countries. Our research demonstrates that causal linkages between factors are important to both international and local firms. Overall, our conceptual model and research findings not only offer several managerial and research implications but also open up new avenues for future research on the topic.

Our paper contributes to the academic literature by clearly identifying individual factors that influence the business or cultural behaviour of local business customer firms of international companies. Extending existing research (Duncan and Moriarty, 1998; Nakata and Sivakumar, 2001; Tsang et al., 2004; Homburg et al., 2005), results indicate that interpretation of local firm behaviour in a network explains their notion of business and allows international firms to modify their marketing concepts to successfully satisfy and influence their cultural behaviour and support business behaviour (Troshani and Doolin, 2007).

Although this research is able to explain the cognitive behaviour of local business customer firms with international firms, the results are specific to the IT industry and cannot be generalised to other industry segments. Carrying out this research in other industries will be beneficial to both academics and practitioners.

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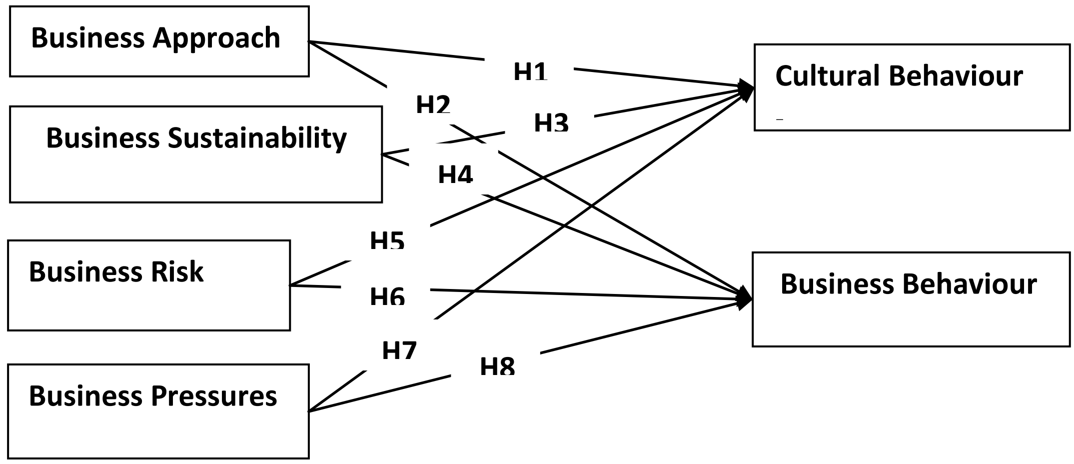

Figure 1: Conceptual model

Appendix – 1: List of items

S.No.	Construct	Item No.	Item name
1.	Business Approach	1	Investment in innovation
		2	Investment in technology
		3	Education and training
		4	Growth plan
		5	Cost efficiency
		6	Competitive advantage
		7	Operational complexity
		8	Reputation
2.	Business Sustainability	1	Legal compliance
		2	Governance
		3	Communications
		4	Lawsuits
		5	Products
		6	Service
		7	Information management
		8	Environmental orientation
		9	Reputation management
3.	Business Risk	1	Customer Experience
		2	Market trends
		3	Market share
		4	Business meetings
		5	Open meetings (seminars/lectures)
		6	Interests of other organisations
		7	Media
		8	Ease of borrowing
		9	Auditor's feedback
4.	Business Pressure	1	Consumer awareness
		2	Stakeholder pressure
		3	Regulatory pressures
		4	Peer pressure
		5	Risk from competition
		6	Economic uncertainty
		7	Readiness to accept risk
5.	Cultural Behaviour	1	Trustworthiness
		2	Integrity
		3	Professionals as employees
		4	High standards of professionalism
		5	Entrepreneurial (Risk taking)
		6	Aversion to Risk
		7	Organisational structure (bureaucratic/flat)
		8	Equal opportunity / Diversity enabling
6.	Business Behaviour	1	Reputation
		2	Loyalty to stakeholders
		3	Loyalty to employees
		4	Product success
		5	Staff welfare
		6	Performance oriented
		7	Strategic
		8	Customer focused
		9	Stakeholder value
		10	Socially responsible
		11	Risk management abilities

Table 1.1: Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
Business Behaviour	0.531(a)	0.282	0.265	0.54829
Cultural Behaviour	0.641(a)	0.411	0.398	0.52953

Table 1.2: Quantitative results and Hypothesis testing

Dependent Variable	Independent Variable	Hypothesis	Standardised Beta Value	T-value	Significance (95%)	Hypotheses testing
Cultural Behaviour	Business Approach	**H1** - Business approach adapted by a local firm positively influences its cultural behaviour	0.050	0.766	0.445	Reject
	Business Sustainability	**H3** - Sustainability of a firm increases when it orients its behaviour towards culture.	0.366	5.229	0.000	Accept
	Business Risk	**H5** - Understanding of risk involved in dealing with an international firm positively influences cultural behaviour of local firms	0.261	3.604	0.000	Accept
	Business Pressure	**H7** - pressure experienced by a local firm positively influences its cultural behaviour	0.128	1.900	0.180	Reject
Business Behaviour	Business Approach	**H2** - Business approach adapted by a local firm positively influences its business behaviour	0.110	1.515	0.131	Reject
	Business Sustainability	**H4** - Sustainability of a firm increases when it orients its behaviour towards business	0.315	4.073	0.000	Accept
	Business Risk	**H6** - Understanding of risk involved in dealing with an international firm positively influences business behaviour of local firms	0.162	2.024	0.044	Accept
	Business Pressure	**H8** - Business pressure experienced by a local firm positively influences its business behaviour	0.100	1.347	0.180	Reject