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Abstract: Academic research has emphasised the value of multinational enterprises (MNEs) providing culturally sensitive marketing material, yet little research reveals the factors that encourage this. The research at hand addresses this gap. It measures the cultural sensitivity of MNEs’ promotional websites targeting Thailand using content analysis. Correlations were then found between external factors and cultural sensitivity. A positive correlation with the MNE’s home country multiculturalism, was evident, but not with a MNE’s home region multiculturalism. A MNE’s home country cultural distance index (CDI), predicted to diminish cultural sensitivity, paradoxically, demonstrated a moderate improvement, while a high trade/GDP ratio, also predicted to enhance cultural sensitivity, was supported.
FACTORS INFLUENCING MULTI-NATIONAL FIRMS TO PROVIDE CULTURALLY SENSITIVE WEBSITES FOR FOREIGN MARKETS
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ABSTRACT
Academic research has emphasised the value of multinational enterprises (MNEs) providing culturally sensitive marketing material, yet little research reveals the factors that encourage this. The research at hand addresses this gap. It measures the cultural sensitivity of MNEs’ promotional websites targeting Thailand using content analysis. Correlations were then found between external factors and cultural sensitivity. A positive correlation with the MNE’s home country multiculturalism, was evident, but not with a MNE's home region multiculturalism. A MNE’s home country cultural distance index (CDI), predicted to diminish cultural sensitivity, paradoxically, demonstrated a moderate improvement, while a high trade/GDP ratio, also predicted to enhance cultural sensitivity, was supported.

INTRODUCTION
Multinational enterprises (MNEs) face complex communication problems when they undertake product promotion to a variety of languages and cultures. One particularly difficult problem is that of communicating in a culturally authentic and sensitive manner. Firms’ website advertising may magnify these problems by offering in addition to text, photographic images, animations, music, sounds, and video images, all of which convey their own cultural meanings. While, these modalities have a significant impact on the customer, they carry a increased risk of offending cultural values, and could potentially damage business relationships (Bayan, 2001).

In research conducted into national cultures, Hofstede (1980), Hall (1976), Trompenaars et al. (2003) and others have sought to provide descriptive and explanatory frameworks for culture, and their work has been applied broadly in international business. Their national cultural dimensions have been shown to influence communication between firms and their markets, especially advertising. Striking differences have been found in print advertising internationally (Domzal & Kernan, 1993) including the size of pictures, products in images, inclusion of price, number of products displayed, as well as the number and age of people portrayed.

Similarly, cultural references in television advertisements relating to cultural dimensions have been found by Zhou and Zhou (2005), Furnham et al. (2000) and others. On websites, cultural characteristics have also been the subject of much research, including that of Fink and Laupase (2000), Luna et al. (2002), Bayan (2001) and Currid (2000). Significant progress was made by Singh et al. (2004; 2003) who applied Hofstede’s (1980) and Halls’ (1976) dimensions to classify website cultural markers by cultural dimension, showing evidence of a firm’s home cultural characteristics in their foreign websites. Cutler et al. (1992) warned that as there are substantial differences in cultural preferences, advertisers should be wary of moving towards standardised advertisements for international use. Although this remains the predominate view, there is a high degree of difference in practice. Language translation of the home-based website is often the only adaptation made by MNEs to local culture, and culturally sensitive websites are not yet the standard. In seeking to understand, why there is such a variation in website cultural sensitivity, this research explored several factors that may influence a firm’s decision to culturally adapt its websites.

Kogut and Singh (1988) have developed a measure of the cultural difference between nations referred to as the Cultural Distance Index (CDI). This represents the cultural gap between two nations calculated from the two-country difference in four of Hofstede’s cultural dimensions. A greater cultural difference between nations, shown by a higher CDI, is thought to diminish website cultural sensitivity.

Another model that may explain the phenomena of differing sensitivity, is Porter’s (1990) theoretical work on competitive advantage, captured by his Dynamic Diamond Model. Porter argues that the nature of home country customer demand (Demand Conditions) shapes the firms’ behaviour in relation to the type of products made, quality of products, and the firm’s approach to customer interaction and other customer requirements. The model describes other factors stemming from the firm’s home country environment that affect the competitive advantage of firms. The most important for this research are demand conditions, specifically, customers’ demands to be addressed in their preferred language and in a culturally appropriate manner. This
motivates the firm to respond by learning the required language and cultural norms. It is this awareness that may bestow competitive advantage on the nation’s firms in the international market place, where skills in cross-cultural communication are vital.

Critics of Porter’s Diamond Model such as Rugman and D’Cruz (1993), and Hodgetts (1993), have argued that the theory does not adequately explain the forces operating in open economies, where home country demand forces are small compared to demand generated outside the nation. They claim foreign demand forces also influence the behaviour of the firm; hence, Rugman (1993) proposed a double-diamond model that addresses foreign demand forces. This research therefore sought to determine whether the strongest geographic influences on MNEs cultural sensitivity arise from home country multicultural demand, supporting Porter’s model or, regional multicultural demand, supporting Rugman’s model.

The literature also raises the issue of the significance of the level of external trade in the MNE’s home country economy on a firm’s cultural sensitivity in its websites. This significance can be measured by the value of trade to gross domestic product ratio, this measure of foreign market influence on the economy, was calculated as the value of imports plus exports as a percentage of GDP (Bellak & Weiss, 1993). According to Rugman and D’Cruz (1993), engagement with external economies, especially by small open economies, strongly affects firms’ behaviour. Thus, more frequent and intense foreign engagement is predicted to increase cultural sensitivity.

**HYPOTHESES**
The following hypotheses emerged from the review of the literature:

Hypothesis 1: The Cultural Distance Index (CDI) of a MNE’s home country is predicted to negatively correlate with cultural sensitivity, i.e. as cultural distance increases, cultural sensitivity decreases.

Hypothesis 2: The Home Country Multicultural Index (HCMI) is predicted to positively correlate with cultural sensitivity.

Hypothesis 3: The Regional Multicultural Index is predicted to positively correlate with cultural sensitivity.

Hypothesis 4: The Trade to Gross Domestic Product (GDP) Ratio is predicted to positively correlate with cultural sensitivity, i.e. the greater the reliance on trade, the greater the cultural sensitivity.

**METHODOLOGY**
The research first explored cultural markers evident on corporate websites of MNEs, and assessed their cultural sensitivity to the targeted audience of Thailand. A modified version of scheme developed by Singh et al. (2003) was used, with modifications to fit Thai language requirements. A sample of Thai language websites was selected including 102 websites of foreign MNE’s, and 37 websites from Thai companies, the latter used as a control group to determine typical Thai cultural marker frequency and type. Foreign MNEs for the sample were chosen from the Forbes International 500 and similar lists of large firms.

Next, content analysis was conducted by trained coders, all of whom were Thai citizens. They followed a detailed questionnaire based on an instrument developed by Singh et al. (2003) in their cultural assessment of websites. The scores were then recorded on a five point likert scale, and inter-coder agreement, the alignment between coders, was measured via Perreault and Leigh’s (1989) index of reliability. Factor analysis was applied to reduce the responses from 25 questions to six factors, and comparisons were made between the foreign and Thai websites to measure the cultural sensitivity of the former.

**RESULTS**
All Hypotheses 1 to 4 were tested using Pearson’s Correlation, and the nonparametric Kendall’s Tau B. The results are summarised in Table 1.
Table 1 – RESULTS

<table>
<thead>
<tr>
<th>HYPOTHESIS, RESULTS AND TESTS APPLIED</th>
<th>F-1 Website Cultural Sensitivity</th>
<th>F-2 Website Cultural Sensitivity</th>
<th>F-3 Website Cultural Sensitivity</th>
<th>F-4 Website Cultural Sensitivity</th>
<th>F-5 Website Cultural Sensitivity</th>
<th>F-6 Website Cultural Sensitivity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cultural Distance Index Pearson’s (Parametric)</td>
<td>+.155(**) Refutes</td>
<td>-.015</td>
<td>+.102(**) Refutes</td>
<td>+.038</td>
<td>-.103(**) Supports</td>
<td>+.053</td>
</tr>
<tr>
<td>Cultural Sensitivity Kendall’s Tau B (Nonparametric)</td>
<td>+.163(**) Refutes</td>
<td>+.039</td>
<td>+.155(**) Refutes</td>
<td>+.122(**) Refutes</td>
<td>-.051(*) Supports</td>
<td>+.044</td>
</tr>
<tr>
<td>Home-Country Multi Cult Index Pearson’s (Parametric)</td>
<td>+.195(**) Supports</td>
<td>+.207(**) Supports</td>
<td>+.263(**) Supports</td>
<td>+.225(**) Supports</td>
<td>-.083(*) Refutes</td>
<td>+.109(**) Supports</td>
</tr>
<tr>
<td>Cultural Sensitivity Kendall’s Tau B (Nonparametric)</td>
<td>+.156(**) Supports</td>
<td>+.138(**) Supports</td>
<td>+.161(**) Supports</td>
<td>+.150(**) Supports</td>
<td>-.069(**) Refutes</td>
<td>+.076(**) Supports</td>
</tr>
<tr>
<td>Regional Multi Cult Index Pearson’s (Parametric)</td>
<td>-.020</td>
<td>-1.123(**) Refutes</td>
<td>-.331(**) Refutes</td>
<td>-.082(*) Refutes</td>
<td>+.024</td>
<td>-.013</td>
</tr>
<tr>
<td>Cultural Sensitivity Kendall’s Tau B (Nonparametric)</td>
<td>-.069(*) Refutes</td>
<td>-1.147(**) Refutes</td>
<td>-.269(**) Refutes</td>
<td>-1.116(**) Refutes</td>
<td>+.025</td>
<td>-.030</td>
</tr>
<tr>
<td>Trade to GDP Ratio Pearson’s (Parametric)</td>
<td>-.035</td>
<td>+.109(**) Supports</td>
<td>-.075(*) Refutes</td>
<td>+.029</td>
<td>+.031</td>
<td>-.013</td>
</tr>
<tr>
<td>Cultural Sensitivity Kendall’s Tau B (Nonparametric)</td>
<td>+.074(**) Supports</td>
<td>+.127(**) Supports</td>
<td>+.084(**) Supports</td>
<td>+.131(**) Supports</td>
<td>-.025</td>
<td>+.035</td>
</tr>
</tbody>
</table>

Number of websites | 102 | 102 | 102 | 102 | 102 | 102 |

** Correlation is significant at the 0.01 level (two tailed)  
* Correlation is significant at the 0.05 level (two tailed)

Note: Sample weighted by country frequency

DISCUSSION

This research aimed to contribute to knowledge about the forces that encourage MNEs to produce culturally appropriate websites. The notion that a smaller cultural distance between nations would lead to enhanced cultural sensitivity was not supported. However, in several studies, the response of cultural distance has been unpredictable, leading to what has been titled the “national cultural distance paradox” (Brouthers & Brouthers, 2001; Cho & Padmanabhan, 2005). The results in this research may also be responding to what Cho and Padmanabhan (2005, p.307) described as moderating factors. They were referring to “decision specific experience-moderated cultural distance” variables, in contrast to those with “absolute cultural distance” variables. In other words, they postulate that in some situations, other, often unknown variables influence the cultural distance variable’s behaviour, and, in alternative situations, the cultural distance variable fully expresses its own influence. Because the response found here shows conflicting results it may fit the first more complex category referred to by Cho and Padmanabhan (2005). Further research would be required to clarify this effect.

The comparison between the multicultural nature of the MNE’s home country and the MNE’s home region demonstrated unambiguous support for Porter’s notion that the home-country multicultural demand conditions have a greater bearing on the behaviour of firms in this sample than regional multiculturalism. Put simply, for a business to learn the skills of cross-cultural communication, it is better for it to develop in a multicultural country, than to originate from a multicultural region. For governments interested in moulding new firms, the most influential stage is prior to exporting, when firms compete for the home market. Japan’s MITI recognised that a crucial development phase of firms is during the formative years when limited to the home market (Song, Calantone, & di Benedetto, 2002). If such a fundamental behaviour as the care and effort taken in communications with customers appears to be so responsive to the home country environment, then many other deep-seated value-based characteristics may also respond to home country influences as postulated by Michael Porter (1990).

The posited correlation between trade/GDP ratio and website cultural sensitivity showed moderately strong support on nonparametric tests. Merely residing in a region of multiple languages and cultures is not enough to induce culturally sensitive communications by firms. Nevertheless, when firms are motivated by relatively high levels of commercial foreign trade, they make a greater effort to communicate more sensitively with foreign
customers. In conclusion, although the results from this sample cannot be extrapolated to the universe of MNE websites, the results do raise some interesting issues, that could be enlightened by further research using a larger sample.

REFERENCE


