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## International retail firm acceptance: beware of the flattery

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**Abstract:** The study explored the effectiveness of ingratiation theory methods in achieving acceptance within the institutional contexts of emerging markets. The study reviewed literature on ingratiation theory, retail internationalisation and institutional to develop a conceptual model for testing. Data was collected using a systematic sampling procedure from Ghana using structured questionnaires and analysed by means of factor and regression analysis. The study found that ingratiation methods are not effective in overcoming institutional pressures in retailing sector in developing countries. Thus international retail firms should be careful in adopting these methods. This study contributes to internationalisation literature among retail firms in the developing and emerging economies by cautioning firms on the use of ingratiation theory methods.

**Keywords:** retailing; internationalisation; ingratiation; institutional theory; legitimacy; Ghana.

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## **1 Introduction**

In the past three decades the world has become smaller with the emergence of the concept of global village. This development has not been political, social or technological only but has also had economic implications. One of such implications is the emergence of global companies popularly referred to as multinational firms (Hill et al., 2009). These firms operate in more than one country and have global standards guiding their operations. This whole process of firms going beyond their national boundaries to other countries is referred to as internationalisation, which is discussed in the international business literature (Yamakawa et al., 2007).

Firms from many industries go international in search of global sourcing and outsourcing opportunities (Filippaios et al., 2009). These firms include retailing firms. The retailing industry is however one of the most protected globally from foreign competition (Bertrand et al., 2002). This makes it difficult for global firms internationalising into such sectors and related ones. Several academics in the area have proposed several ways of entering such protected markets to overcome these entry barriers and be successful (Pehrsson, 2004). However, one of the most prominent reasons why firms fail has been the fact that institutional factors both formal and informal have not provided the needed legitimacy to operate in these new markets. Several authors have discussed how international firms can gain legitimacy (Ahlstrom and Bruton, 2001; Bansal and Hunter, 2003); however, none discusses the applicability of the ingratiation theory proposed by Edward Jones which seeks to make a firm likeable to its target with the exception of Stier (2003) who used it to explain how international firms use it to gain intercultural competencies.

The question is can ingratiation theory methods help retail firms overcome institutional pressures and gain consumer acceptance. This study therefore seeks to explore the effectiveness of ingratiation theory methods in achieving acceptance within the institutional contexts of emerging markets as a way of answering this question. Our thesis in this study is that ingratiation methods are not effective in overcoming institutional pressures in retailing sector in developing countries. Thus international retail firms (IRFs) should not adopt these methods. In pursuit of this, we reviewed the retail internationalisation literature focusing much specifically on retailer acceptance in the global market. We then linked the acceptance of IRFs to institutional theory and developed the main effect hypotheses. We further then hypothesised on the mediating effects of ingratiation theory methods in overcoming these institutional challenges to gaining consumer acceptance. The research method used for the study was thoroughly discussed with emphasis on study settings, study approach and sampling and also measurement and analysis. We then conducted an exploratory factor analysis (EFA) to ensure sampling adequacy and good variance in data distribution. A linear regression analysis was used to model the relationship between institutional variables and consumer acceptance of IRFs. Sobel test of mediation was used to infer the mediative effects of ingratiation theory methods.

## **2 Theory and hypotheses development**

The internationalisation of retailers is well documented (Bianchi, 2009; Doherty and Quinn, 1999). This is because their activities are very noticeable in many national

economies. Internationalisation of retail firms has been described as the sourcing of products, development of operations and the transfer of expertise (Doherty and Quinn, 1999) across national boundaries. Alexander and Myers (2000) from a resource-based view and capabilities approach suggests that the international retail process focuses on what encourages retail internationalisation other than just retailing. This will mean aligning internal resources and capabilities of the firm to the markets within which the retail firms find themselves. Hutchinson et al. (2005) studying internationalisation of UK retailers found that British retailers have both the potential and capability to enter international markets successfully, but provides initial insights into how they overcome the constraints of size and establish an international market strategy. Their findings provide evidence that suggests that size and strategy competence are critical to the success of firms in the international arena. Muñiz-Martínez (1998) studying internationalisation of European firms into the USA also found that to make a successful choice of destination, it is necessary to take into account the trading tendencies of a country, its relations with other lands, and its socio-economic and cultural compatibility with them. This brings into the argument the key role of destination country tendencies that affect the retailing firm's attitude to internationalisation and behaviour in the international arena.

The norm in internationalisation has been for retail firm to internationalise from developed countries to developing countries. Bianchi (2009) studied the internationalisation of retail firms from emerging countries and found that specific capabilities and resources, such as local and regional partnerships, organisational learning, innovation orientation, adaptation to the local markets, and an experienced management team, are required for emerging market retailers to internationalise and improve their likelihood of success in foreign markets. The findings of Bianchi suggests that retailers from emerging markets can internationalise successfully if they have access to good internal and external resources and strong governmental support. Most the firms that internationalise from these emerging markets are small companies. Hutchinson et al. (2006) studied the characteristic of small IRFs and also found that possession of a strong company brand image/identity with luxury/middle market appeal; niche strategy; dual strategy of expansion; ownership characteristics defined either by the founder or parent company; and vertical integration from manufacturing to retailing are critical to the success of these firms in the international arena.

The acceptance of retail firms in the international retail firm in the international arena is one of the most difficult to achieve (Bertrand and Kramarz, 2002). Most countries adopt politico-legal, economic, and socio-cultural restrictions to prevent IRFs from competing local firms (Hill et al., 2009). Politico-legal and economic restrictions usually form formal barriers to entry into the host market while the socio-cultural restrictions form the informal barriers to entry. For IRFs to gain the necessary legitimacy to do business in these markets requires that these firms gain local legitimacy by conforming to institutional mechanisms in the host country. Palmer and Quinn (2005) studied stakeholder relationships in an international retailing context and found that the relationships between financial stakeholders and the retail firm cannot be explained simply by reference to stylised economic interactions, but must also be examined in the light of the cultural contexts and different forms of market system within which different firms emerge, operate and interact. Their findings lend support to the popular claim that

cultural factors are one of the major factors affecting stakeholder relations of an internationalising retail firm. They also reported that internationalisation stretch resources and capabilities to a point where retailers invariably will be exposed to different stakeholder issues and stresses.

Yu and Ramanathan (2012) studying the effects of business environment on international retail operations with evidence from China found that retail firms intending to expand their businesses in emerging markets face many challenges in the new business environment, and that various dimensions of the business environment (such as business cost, competitive hostility, and environmental dynamism) affect the development of retail operations strategy. The strategy of flexibility is particularly important for IRFs to gain acceptance and survive in a foreign environment. Alexander et al. (2010) also studied the receptiveness of consumers to IRFs and suggested that most often the studies have looked at acceptance from the perspective of the retail firm and propose an approach to developing a consumer receptiveness index composed of firm influences, socio-economic influences, and market influences. This study considers the firm influences (using ingratiation theory) and institutional factors including socio-economic influences. Drawing inspiration from this work from Alexander et al. (2010) we argue from an institutional theory perspective that host country institutions influence consumer acceptance of IRFs however ingratiation theory can help improve whatever state of affairs may exist. In the next few paragraphs we develop the hypotheses we test.

Institutions are organised established procedures that often represent the constituent roles of society that lead to social order (Jepperson, 1991). Most studies have referred to the space within which institutions act on organisations as the macro-environment (Yildirim, 2010). This environment consists of formal and informal institutions (Jepperson, 1991) and in recent times global institutions (supranational) have been influencing organisational life (Buchanan and Keohane, 2006; Farashahi et al., 2005). Firms have to deal with are formal (for licenses for operations) and informal (for socio-cultural legitimacy). Consumer behaviour studies suggest that institutions influence consumer behaviours through their learning, attitudes, personality, family influences and general national outlook (Schiffman and Kanuk, 2000). This suggests that individual consumers react to established social order differently based on the consumer characteristics listed above.

Informal institutions represent the accepted ways of doing things in a community (for our purposes nation). Informal institutions usually represent the socio-cultural patterns of social behaviour (DiMaggio and Powell, 1991) and influences consumer behavioural patterns (Alexander et al., 2010). Several empirical studies have confirmed the link between informal institutions and consumer behaviour. McCort and Malhotra (1993) found that informal institutions have an impact on salient consumer behaviour constructs of perception, information processing, value systems, and self-concept and have implications for key areas of international marketing management. Goulding (1999) also found that culture has a significant impact on consumer behaviour. She proposes that there are three identifiable types of behaviour-based around differences in cultural identification, perceptions of self, and the desire for authenticity, nostalgic reactions, and social motivations are major reasons underlying this link. Gentina et al. (2014) have also found that susceptibility to peer influence (SPI) drives teenage consumer shopping in and need for uniqueness (NFU) motivate consumer behaviour. Studying consumer

e-commerce acceptance behaviour, Yoon (2009) found that uncertainty avoidance and long-term orientation had moderate effects on the relationship between trust and intention to use and that masculinity also had a moderate effect on the relationship between perceived usefulness and intention to use and the relationship between perceived ease of use and intention to use. Contrary to expectations, power distance and individualism had no significant effect. Much more pertinent to this study, Alexander et al. (2010) have proposed that informal institutions have a relationship with consumer receptiveness of internationalising firms. In Ghana, we therefore hypothesise that:

H1 Informal institutions have an effect on consumer acceptance of IRFs.

Formal institutions include laws, regulations, and rules which are underpinned by regulatory pillar. These laws, regulations, and rules relate to economic, political and legal regimes relating to several aspects of society (Jepperson, 1991). Bertrand and Kramarz (2002) conclude from a study of the retail sector regulation in France that there is an attempt to protect local retails through several laws such as La Loi Royer. These laws make it nearly impossible for foreign retail firms to enter and compete with French ones. The net effect is that consumers that accept these firms are seen to condone an illegal entity and is not patriotic. This is particularly true considering the France as largely collectivist country (Gentina et al., 2014). Yu and Ramanathan (2012) considering the formal institutions as the business environment identify that companies intending to expand their businesses in emerging markets face many challenges in the new business environment, and that various dimensions of the business environment (business cost, competitive hostility, and environmental dynamism) affect the development of retail operations. Evidence from the OECD suggests that restricting access by imposing special requirements for outlet registration, sitting and/or size thresholds curbs the dynamism of the industry (e.g., lowering entry and exit rates, and preventing restructuring and modernisation) and competitive pressures, leading to higher consumer prices (Boylaud and Nicoletti, 2001). These formal environmental factors influence the perceptions that consumers have about these retail firms and ultimately how they accept or reject them based on performance in relation to the environment. We therefore hypothesise that:

H2 Formal institutions have an effect on consumer acceptance of IRFs.

People and organisations try to make the most of a particular social relationship. Ingratiation is a social psychological theory proposed by Edward Jones in 1964. The theory proposes how a person/institution can make itself likeable by a target (another person or institution). The theory presents three major approaches to gaining acceptance through other enhancement, self-promotion and opinion conformity. Since Jones published his findings other researchers have added some new methods including self-deprecation, instrumental dependency and situation-specific behaviours. Ingratiation therefore is impression management that exploits social norms and expectation to gain legitimacy for a person's actions (Pandey and Rastogi, 1979). Certain factors however affect the ability and effectiveness of these methods proposed by Jones (1964), namely, status of target, characteristics of target ingratiated and the awareness of mutual dependence (Wu et al., 2013). High status people are modest when ingratiated as opposed to low status persons. Characteristically, in ingratiating persons who like performance

require communicating key strengths. Self-promotion for example is high when the target is unaware of the mutual dependence relations that exist between parties. All these characteristics are embedded in the institutions that govern behaviour among any given people. These will however not be the focus of this study but those proposed by Jones earlier. The effectiveness of the modern methods can be explored and compared to the findings of this study in another study. In this study we propose that ingratiation can significantly improve the likeability of an international retail firm in a particular country.

Other enhancement is a form of ingratiation in which the person/institution seeks to compliment the target in order to win the persons approval. Eastman (1994) researching the attribution effects of ingratiation on citizenship behaviour found that other enhancement has positive outcomes on the object seeking citizenship within a group. Erdogan and Liden (2006) also studying group justice and moderating effects of ingratiation and collectivism also found that other enhancement has a significant effect on organisational justice received by a target. Behaviours such as making the manager feel important, acting in a friendly manner before asking for what one wants, praising the manager, asking very humbly, and making the manager feel good before making a request. These behaviours were in the form of other enhancement and humility, which were among the ingratiation tactics. The international retail firm (IRF) in this case will engage in communications mainly social that compliments the attitudes of the consumers in the host country in order to win their acceptance. We therefore hypothesise that:

H3 Other enhancement mediates the relationship between institutions and consumer acceptance of IRFs.

Opinion conformity is a form of ingratiation in which the person/institution adopts and validates the norms, beliefs and attitudes of the target. Park et al. (2011) have suggested that opinion conformity works by influencing the target to reduce expectations and requirements expected of the one expecting acceptance to both negative and positive effects. Its greatest impact is on communal rather than agency dimensions of evaluation (Paulhus et al., 2013). Opinion conformity leads to perceptions of similarity because the actor strives to convince the target that they share many of the same likes and dislikes, experiences and interests. This suggests that increasing perceived similarity between actor and target stimulates mutual liking because it validates their views and opinions (Kristof-Brown, 2002). In this case, the IRF has to be seen to adopting and validating the values and norms of the host country in various aspects of their operations. These could be both formal and informal in nature. We therefore hypothesise that:

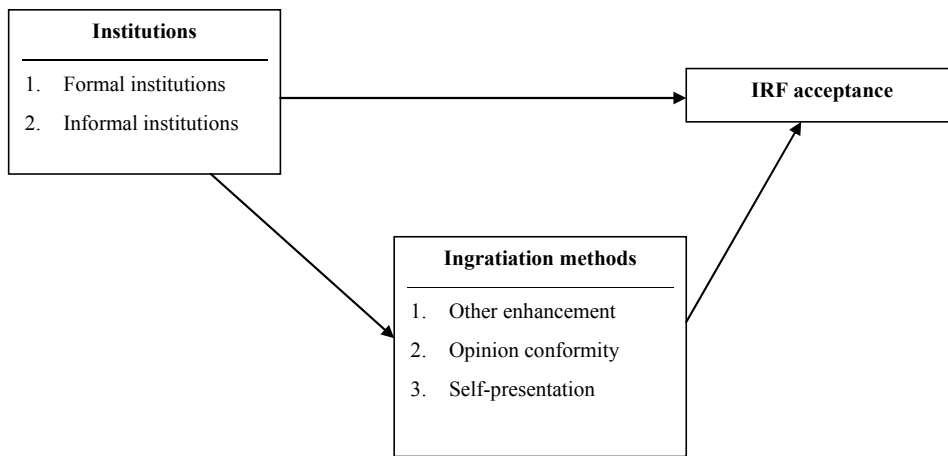
H4 Opinion conformity mediates the relationship between institutions and consumer acceptance of IRFs.

Self-promotion is a form of ingratiation the person/institution emphasises their positive attributes to gain a good image in the minds of the target. Paulhus et al. (2013) report that self-presentation styles pay-off but context is important and can be challenging if not overwhelming in many cases. It must be noted that self-presentation success is determined less by the direct effect of personality variables than by the fit of the personality to the context. Self-presentation also arises when actors are motivated to make a preferred impression on audiences, but perceive or imagine

unsatisfactory evaluative reactions from subjectively important audiences (Seiter, 2007). Self-presentation processes are important aspects of relational development and explicate the ways in which an individual may engage in strategic activities “to convey an impression to others which it is in his interests to convey” (Ellison et al., 2006). This method prescribes that the IRF has to communicate its positive attitudes through good corporate communications with its key stakeholders. We therefore hypothesise that:

- H5 Self-presentation mediates the relationship between institutions and consumer acceptance of IRFs.

**Figure 1** Diagrammatic representation of relationships



### 3 Research methods

#### 3.1 Study settings and population

Ghana is one of the more stable nations in Africa, with a good record of power changing hands peacefully<sup>1</sup>. Ghana’s economy has been strengthened by a quarter century of relatively sound management, a competitive business environment, and sustained reductions in poverty levels. Ghana is well-endowed with natural resources with the services sector accounts for 50% of GDP<sup>2</sup>. This services sector is dominated by small local retailers. Sound macro-economic management along with higher prices for oil, gold and, cocoa helped sustain high GDP growth in 2008–2012, despite the general slowdown in the global economy during that same time period<sup>3</sup>. The large nature of the retail sector therefore means that government protects it as a means of protecting employment in the country. The country therefore offers a good opportunity to test the acceptance of IRFs in this challenging environment. Despite using a Ghanaian sample the study does not mean to contextualise its findings per se but to use the sample to determine whether ingratiation theory methods are effective in overcoming institutional restrictions on consumer

acceptance of IRFs. The study collected data from the Greater Accra Metropolitan Area (GAMA) in Ghana. The demographic characteristics is as follows: the average household size is 4; 31% of these people have never been to school; most of the people in this area rely on the national health insurance scheme for medical care; 75% of the people own their own enterprises while most of these enterprises are micro-enterprises; majority of these enterprises are in trading/retailing and light manufacturing; 79% of these dwellers live in compound homes; the per capita income is GHC544 and 27% of these people owe money or goods to other persons or institutions (GLSS 5, 2008). The total population of the area is about 3.1 million (Ghana Statistical Services, 2011).

### *3.2 Retailing in Ghana*

Ghana has for several years has been undergoing structural reforms to make the institutional climate for investors conducive (Acheampong and Esposito, 2014; Dana, 2007). In recent years however, the benefits of these structural reforms have begun to yield fruits in the Ghanaian retailing sector. There has been a proliferation of international retailing firms across several sectors of the economy. The formal sector has seen international firms such as Shoprite, Game, KFC, Pizza Hut and Numero Uno (a Zara fashion brand). The informal sector has been dominated by retailers from China and the West African sub-region. This is aside already existing local retail chains such as the Koala, Melcom, Max Mart, Papa Ye and The Zone. Apart from these retailers there are the local retailers that form the Ghana Union of Traders Association (GUTA). GUTA is the umbrella body for small-scale retailers, in most parts of the nation, who operate on 'table-tops'. Some of the reasons that have accounted for the growth of the sector have been high economic growth of Ghana with the country having achieved lower middle income status<sup>4</sup>. Again, there is the availability of retail infrastructure that began with the Accra Mall in Accra but currently believed to be around 11 anecdotally in a space of less than a decade<sup>5</sup>. Another factor that has particularly aided international retailing is the availability and adoption of technology. Adoption and use of new technology in emerging economies while they can be difficult (Acheampong et al., 2014) can offer such companies several benefits including communicating regularly with parent companies across the globe. However, this expansion has come with its own problems. Recent clashes between GUTA and retailers from across West Africa mainly Nigeria has brought to the fore the negative ramifications of the expansion of the sector. Most of these firms have resorted to ingratiation methods. However, will these methods help them scale these problems?

### *3.3 Study approach and sampling*

This was a cross-section descriptive study conducted between September and December 2012 in GAMA in Ghana. The study divided GAMA into four classes of residential areas based on Accra Metropolitan Area's (AMA) classification – the classification is based on the demographic characteristics of the people living in each area (<http://www.ghanadistricts.com>). The study selected three communities in each class using simple random sampling method – amounting to a total of 12 communities. Each

community was allocated 60 households. Within the communities systematic sampling was used to select households in these communities. Every ninth household in these communities was interviewed. The study sent out a total of 600 questionnaires of which 444 were usable representing a 74% response rate. The sample size although small is adequate for statistical inference as the sampling adequacy test at the EFA stage below suggests. Also, the sample is to help us develop a framework that will serve as a guide for practitioners.

### *3.4 Measurement and analysis*

The study developed a structured questionnaire after an extensive literature review. The questionnaires measured issues like ingratiation theory methods, consumer acceptance, and institutional framework (formal and informal). Our constructs were operationalised as follows:

- 1 formal institution were operationalised using the regulatory framework governing business operations in Ghana and how they influence a consumer's perception of IRFs
- 2 informal institutions were operationalised using country culture and how they influenced consumers' perceptions of whether to use IRFs or not
- 3 other enhancement was operationalised with questions such as IRFs express positive values of Ghana and IRFs think highly of Ghanaians
- 4 opinion conformity was operationalised with questions such as IRFs usually imitate Ghanaian culture and IRFs usually identify with Ghanaian culture
- 5 self-promotion was also operationalised with questions such as IRFs present their strengths properly and I like IRFs presentation of their attributes
- 6 finally, consumer acceptance of IRFs was operationalised by means of a marketing audit.

Respondents were asked to provide evidences of having purchased products from IRFs in Accra Ghana. This was to help avoid self-informant biases that can corrupt the data. The transform variable in SPSS 21 was used to develop a single measure of each construct based on the questions asked and responses from respondents. The questions were put in likert scale format from 1 to 5 with 1 been the least and 5 the highest. The questionnaires, which were in English, were translated into Twi, Ga, Ewe and Hausa (local languages of study areas) and then back-translated into English. The interviews were conducted in local languages. Pretesting exercises were conducted repeatedly among the field staff and respondents from selected locations before carrying out the actual survey. The constructs used in the study was validated using an EFA and linear regression analysis was used to estimate the relationship between the various factors. A Sobel test of mediation was used to test for the mediation effects of the relationship between institutional factors and consumer acceptance of IRFs through ingratiation methods. We chose a quantitative research methodology in line with the critical realist tradition because it offered us the opportunity to develop a framework we can take to field and test to either confirm or disconfirm our hypotheses. It also enables us conduct the study on a large scale relative to what a qualitative study would offer us.

## 4 Data analysis and interpretation

### 4.1 EFA and reliability analysis

In order to determine the dimensions of the ingratiation theory methods, an EFA (using principal component method) was conducted and the Cronbach alpha was used to check for internal consistency among the resulting variables. The Eigen values specified for the factor analysis was for all values greater than 1 (Malhotra and Birks, 2007). The factors resulting from the factor analysis were rotated for factor loadings using the varimax rotated loadings (ingratiation methods only) which Hair et al. (2010) reckon is more useful than the direct component factor loadings. Prior to conducting the factor analysis a Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy (MSA) was conducted to establish the proportion of variance in the variables that might be caused by underlying factors; for a sample to be considered adequate it had to have a KMO MSA greater than 0.6 (Hair et al., 2010). Again for a variable to pass into the final revised structure in Table 3 it should have a communality greater than 0.5 (Hair et al., 2010), it must have a minimum factor loading threshold of 0.5 (Hair et al., 2010), an item-total-correlation greater than 0.3 (Blankson and Stokes, 2002) while the variables that make up a factor must have a reliability (Cronbach alpha) greater than 0.6 (Nunnally, 1967). All these variables must be met for a variable/factor to be sustained in the final revised structure.

#### 4.1.1 Initial considerations

The KMO and Bartlett's Test was used to ascertain the suitability of the data for an EFA. The test produced a KMO-MSA of 0.678 beyond the 0.6 threshold indicated by Hair et al. (2010) as required. The study therefore continues with the EFA using principal component analysis; the results are presented in Tables 1 and 2:

**Table 1** Principal component analysis of ingratiation methods

<i>Variables</i>	<i>Communality</i>	<i>Factor</i>	<i>Eigen values</i>	<i>% of variance</i>	<i>Cumulative %</i>
IRFs express positive values of Ghanaians	0.67	1	2.870	28.074	28.074
IRFs think highly of Ghanaians	0.64	2	1.704	13.111	41.185
IRFs help amend weaknesses in Ghanaian business culture	0.41	3	1.392	10.704	51.889
IRFs usually compliment Ghanaians	0.64	4	1.112	8.555	60.444
IRFs usually imitate Ghanaian culture	0.49				
IRFs live Ghanaian values	0.53				
IRFs identify with Ghanaian culture	0.61				
IRFs usually alter their identity to reflect Ghanaian culture	0.45				
I like IRF presentation of attributes	0.44				
IRFs activities is in line with my ideals	0.50				
IRFs present their strengths properly	0.60				
IRFs are modest	0.64				
IRFs respect Ghanaians	0.46				

**Table 2** Structure and decisions for ingratiation methods

<i>Variables</i>	<i>Loading</i>	<i>Item-total correlation</i>	<i>Alpha</i>	<i>Decision</i>
<b>Other enhancement</b>				
IRFs express positive values of Ghanaians	0.784	0.564		
IRFs think highly of Ghanaians	0.769	0.435	0.772	Retain
IRFs help amend weaknesses in Ghanaian business culture	0.622	0.415		
IRFs usually compliment Ghanaians	0.585	0.404		
<b>Opinion conformity</b>				
IRFs identify with Ghanaian culture	0.765	0.378		
IRFs live Ghanaian values	0.669	0.404	0.709	Retain
IRFs usually imitate Ghanaian culture	0.648	0.485		
IRFs usually alter their identity to reflect Ghanaian culture	0.592	0.305		
<b>Self-promotion</b>				
IRFs present their strengths properly	0.755	0.319		
IRFs are modest	0.732	0.438		
IRFs respect Ghanaians	0.631	0.387	0.713	Retain
I like IRF presentation of attributes	0.629	0.367		
IRFs activities is in line with my ideals	0.614	0.327		

Note: Rotation method: varimax with Kaiser normalisation

The EFA for both the institutional framework factor loaded onto three factors which are re-specified to two factors according to literature while customer acceptance loaded to one factor; with total variance explained being 65.23% and 64.33% respectively as shown in Table 4. The sampling adequacy using the KMO MSA was also 0.601 and 0.633 respectively. The results are presented in the table below:

**Table 3** Principal component analysis of institutional framework and consumer acceptance

<i>Institutional framework</i>					
<i>Variables</i>	<i>Communalities</i>	<i>Factor</i>	<i>Eigen values</i>	<i>% of variance</i>	<i>Cumulative %</i>
Economic institutions affect my dealings with IRFs	0.57	1	2.021	28.876	28.876
Trade laws in Ghana affect my dealings with IRFs	0.72	2	1.511	21.590	50.466
Political issues affect my interactions with IRFs	0.57	3	1.034	14.766	65.232
My religion encourages me to buy from IRFs	0.60				
My language affects my dealings with IRFs	0.69				
My values affect my dealings with IRFs	0.54				

**Table 4** Structure and decisions for institutional framework and consumer acceptance

<i>Institutional framework</i>				
<i>Variable</i>	<i>Loading</i>	<i>Item-total correlation</i>	<i>Alpha</i>	<i>Decision</i>
Formal institutions				
Trade laws in Ghana affect my dealings with IRFs	0.85	0.56		
Political issues affect my interactions with IRFs	0.73	0.40	0.737	Retain
Economic institutions affect my dealings with IRFs	0.69	0.38		
Informal institutions				
My language affects my dealings with IRFs	0.81	0.44		
My religion encourages me to buy from IRFs	0.76	0.33	0.719	Retain
My values affect my dealings with IRFs	0.66	0.41		

**Table 5** Testing for main effects

<i>Construct</i>	<i>Model I</i>	<i>Model II</i>	<i>Model III</i>
Formal institutions		-0.1*	-0.026
Informal institutions		0.011	0.015
Other enhancement	0.271*		0.266*
Opinion conformity	-0.020		-0.018
Self-presentation	0.365*		0.363*
F-statistic	33.133*	2.003	19.883*
R-square	0.185	0.009	0.186
$\Delta$ in R-square		-0.176	0.362

Note: \*Significant at 0.05.

In testing for the hypothesis we test for main effects to determine the impact of formal and informal institutions on consumer acceptance of IRFs. We initially used ingratiation theory methods as controls to test for the main effects. In Model I we find that other enhancement and self-presentation are positively and significantly (at 0.05 significance level) related to consumer acceptance of IRFs in Ghana at 0.271 and 0.365 respectively. Opinion conformity is negatively and insignificantly related to consumer acceptance of IRFs at -0.020. The F-statistic is 33.133 significant at 0.05 with an R-square of 0.185. In Model II, we test the main effects (hypotheses) to measure the impact of formal and informal institutions on consumer acceptance of IRFs. We find a negative and significant relationship between formal institutions and consumer acceptance of IRFs at -0.10. A non-significant positive relationship was discovered between informal institutions and consumer acceptance of IRFs at 0.011. The model had an F-statistic of 2.003 which was not significant at 0.05 with a corresponding R-square of 0.009. In Model III we put both the institutional constructs and ingratiation methods together. We find that other

enhancement and self-presentation are significant at 0.266 and 0.363 respectively. Formal institutions, informal institutions and opinion conformity were not seen to be significant at  $-0.026$ ,  $0.015$  and  $-0.018$ . The F-statistic is 19.883 and significant at 0.05 with an R-square of 0.362.

## 5 Mediation effects

In testing for the mediation effects we used the Sobel test of mediation (Soper, 2013). The two main effects been mediated were formal and informal institutions. Testing for the mediating effect of ingratiation methods on relationship between formal institutional factors and consumer acceptance of IRFs, we found that only other enhancement and self-presentation had a significant and negative mediation at  $-2.96$  ( $p = 0.003$ ) and  $-2.35$  ( $p = 0.018$ ) respectively. Opinion conformity had a beta value of  $-0.33$  ( $p = 0.735$ ). Also, testing for the mediating effect of ingratiation methods on relationship between informal institutional factors and consumer acceptance of IRFs, we found that all the variables had a negative and insignificant mediation effect. Other enhancement is  $-0.04$  ( $p = 0.965$ ); opinion conformity is  $-0.138$  ( $p = 0.890$ ) while self-presentation is  $-0.15$  ( $p = 0.881$ ).

**Table 6** Sobel test of mediation

<i>Independent variable</i>	<i>Mediator</i>	<i>Beta</i>	<i>Two-tailed significance</i>
Formal institutions	Other enhancement	$-2.96$	0.003
	Opinion conformity	$-0.33$	0.735
	Self-presentation	$-2.35$	0.018
Informal institutions	Other enhancement	$-0.04$	0.965
	Opinion conformity	$-0.138$	0.890
	Self-presentation	$-0.15$	0.881

Note: \*Significant at 0.05.

## 6 Discussion of findings

This study drew inspiration from the work of Alexander et al. (2010) and argued from an institutional theory perspective that host country institutions influence consumer acceptance of IRFs however ingratiation theory can help improve whatever state of affairs may exist. We therefore developed five hypotheses for testing. In this section we discuss our findings in relation with existing literature. Our first hypothesis was that informal institutions have an effect on consumer acceptance of IRFs. Existing literature had found a relationship between consumer behaviour and informal institutions. McCort and Malhotra (1993) found that informal institutions have an impact on salient consumer behaviour constructs of perception, information processing, value systems, and self-concept and have implications for key areas of international marketing management. Goulding (1999) also found that culture has a significant impact on consumer behaviour. This present study finds a non-significant positive relationship between informal

institutions and consumer acceptance of IRFs. This is in sharp contrast to what earlier studies have reported. This finding may be because of the status symbols associated with purchasing goods and services from large retail firms that are not from Ghana.

The second hypothesis of this study was that formal institutions have an effect on consumer acceptance of IRFs. Earlier studies such as Bertrand and Kramarz (2002) conclude from a study of the retail sector regulation in France that there is an attempt to protect local retails through several laws such as La Loi Royer. These laws make it nearly impossible for foreign retail firms to enter and compete with French ones. The net effect is that consumers that accept these firms are seen to condone an illegal entity and is not patriotic. This is particularly true considering the France as largely collectivist country (Gentina et al., 2014). Evidence from the OECD suggests that restricting access by imposing special requirements for outlet registration, siting and/or size thresholds curbs the dynamism of the industry (e.g., lowering entry and exit rates, and preventing restructuring and modernisation) and competitive pressures, leading to higher consumer prices (Boylaud and Nicoletti, 2001). This study finds a negative and significant relationship between formal institutions and consumer acceptance of IRFs. This confirmed what earlier studies had found about the relationship between formal institutions and consumer behaviour and in this case towards IRFs. That a high level of regulation of the retail sector can hamper consumer acceptance of IRFs.

Thirdly we hypothesised that other enhancement mediates the relationship between institutions and consumer acceptance of IRFs. Earlier studies such as Eastman (1994) researching the attribution effects of ingratiation on citizenship behaviour found that other enhancement has positive outcomes on the object seeking citizenship within a group. This study found that other enhancement had a significant but negative mediation of the relationship between formal institutions and consumer acceptance of IRFs. There was however an insignificant negative relationship with informal institutions and consumer acceptance of IRFs. The study finds the opposite of what Eastman (1994) suggests. This may be because the Ghanaian culture does not encourage 'fun-fool respect' which aptly represents other enhancement in Ghanaian parlance. Also, we hypothesised that opinion conformity mediates the relationship between institutions and consumer acceptance of IRFs. Earlier researchers had found that that increasing perceived similarity between actor and target stimulates mutual liking because it validates their views and opinions (Kristof-Brown, 2002). However, could not find any significant mediation of opinion conformity in the retail sector. This may be because most Ghanaians seem to accept foreign products and services more easily than local ones because of the belief that they are of better quality. Conforming therefore to local standards may therefore not bode well for IRFs that engage in such practices. Finally, we hypothesised that self-presentation mediates the relationship between institutions and consumer acceptance of IRFs. Earlier studies such as Paulhus et al. (2013) report that self-presentation styles pay-off but context is important and can be challenging if not overwhelming in many cases. This study found that self-presentation had a significant but negative mediation of the relationship between formal institutions and consumer acceptance of IRFs. There was however an insignificant negative relationship with informal institutions and consumer acceptance of IRFs. This may be due to like mentioned earlier that Ghanaians hate the idea of 'fun-fool respect' which to them suggest you consider them as fools or you're the actor are just proud and vain.

## **7 Implications and limitations**

This study found that formal institutions have a negative and significant relationship with consumer acceptance of IRFs in Ghana while informal institutions have no effect. Other enhancement and self-presentation have a negative mediative effect on acceptance at formal institutional level while opinion conformity has no effect. At the informal institutional level all the ingratiation theory methods have no significant mediative effect. The implication of this study for the policy maker trying to protect local retailers is to simply increase the level of formal institutional regulation and IRF acceptance will fall as the two have a negative and significant relationship. Any attempt to use informal institutions may end up as a total failure. The implication for the IRF manager also seeking to gain acceptance is to avoid adopting some of the ingratiation theory methods. This is because they either have no impact on the formal institutional pressures or can worsen them as the targets can see you as either plain proud or disrespecting them. Theoretically, the study tried to apply institutional and ingratiation theories in internationalisation of retail firms and see how they affect acceptance but the findings are so far unclear and require some further studies. The study also has few limitations that users of the study will have to be cautious of. First the study is a one country study and applying the findings of the study in another country may require some caution as different countries can have different institutional contexts. These contexts can have different influences. Secondly, the study uses only old ingratiation theory methods and future researchers may want to consider including the new ingratiation theory methods as part of the analysis.

## **8 Conclusions**

This study therefore seeks to explore the effectiveness of ingratiation theory methods in achieving acceptance within the institutional contexts of emerging markets as a way of answering this question. Ghana has been described as the next retailing hub after South Africa. However, the recent clashes between the GUTA and retail firms from other countries have led to the use of ingratiation methods by these firms. Our thesis in this study is that ingratiation methods are not effective in overcoming institutional pressures in retailing sector in developing countries. Thus, IRFs should adopt these methods with caution. This study found that formal institutions have a negative and significant relationship with consumer acceptance of IRFs in Ghana while informal institutions have no effect. Other enhancement and self-presentation have a negative mediative effect on acceptance at formal institutional level while opinion conformity has no effect. At the informal institutional level all the ingratiation theory methods have no significant mediative effect.

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## Notes

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