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# Navigating Intercultural Market Entry Between Ghana and Hungary: A CAGE Distance Model Approach

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SUMMARY

This study explores intercultural marketing strategies between Ghana and Hungary through the application of the CAGE Distance Model, which categorizes international differences into four dimensions: cultural, administrative, geographic, and economic. The study addresses a significant gap in the literature, as most empirical applications of the CAGE framework focus on Western or Asian contexts, leaving Africa–Eastern Europe business relationships largely unexplored. Key findings reveal that cultural differences shape branding and communication, administrative inconsistencies affect compliance and entry modes, geographic barriers hinder logistics, and economic disparities influence pricing and segmentation. The model proves effective in identifying strategic challenges and guiding internationalisation decisions. The conclusions confirm that distance dimensions significantly impact marketing strategies and that the model is adaptable across emerging and developed markets. Recommendations urge multinational enterprises to conduct in-depth market research, invest in cultural training, and leverage digital tools to overcome barriers.

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## 1. INTRODUCTION

### *1.1. Introduction*

In today's era of rapid globalisation and digital transformation, companies are increasingly compelled to transcend national borders in search of new market opportunities. The intensification of international trade and investment has created unprecedented challenges and prospects for global enterprises. Central to navigating these complexities is the concept of intercultural marketing—a strategic approach that adapts marketing efforts to accommodate the cultural, administrative, geographic, and economic differences between countries (Copuš & Čarnogurský, 2017; Ghemawat, 2001). For businesses seeking to establish sustainable cross-border operations, particularly in regions with stark cultural and socio-economic disparities such as Ghana and Hungary, understanding and bridging these differences is vital.

Ghana, a rising economic power in West Africa, is characterised by its youthful population, rich cultural heritage, collectivist social structure, and an increasingly digital consumer base (Darley et al., 2008). In contrast, Hungary, located in Eastern Europe and integrated into the European Union, exhibits an individualistic culture shaped by post-communist transitions, robust infrastructure, and market-oriented policies (Vlajcic 2019). These contrasting profiles make the intercultural business dynamics between Ghana and Hungary an ideal context for evaluating how intercultural distance affects market entry and performance.

The CAGE Distance Model, introduced by Ghemawat (2001), provides a robust framework for analysing these disparities. The model categorises differences between countries into four primary dimensions: cultural, administrative, geographic, and economic (Ghemawat, 2007). Each dimension represents a barrier or opportunity that firms must consider when entering a foreign market. Cultural distance includes variations in language, values, and communication styles; administrative distance refers to differences in legal systems, governance, and institutions; geographic distance involves the physical and logistical challenges of doing business across borders; and economic distance examines discrepancies in income levels, consumer purchasing power, and market maturity (Hofstede, 2010). International marketing requires making plans that take into account variations in culture, economy, law, and customer behaviour (Cateora et al., 2020).

While intercultural marketing frameworks like Hofstede's cultural dimensions and the Uppsala model have been widely applied in international business literature (De Mooij, 2021), the CAGE Distance Model remains underutilised, particularly in African and Eastern European contexts. Most empirical studies have focused on Western or Asian markets, leaving significant gaps in the literature concerning Africa–Eastern Europe business interactions. This study addresses this research void by applying the CAGE Distance Model to the Ghana–Hungary context, offering a unique lens to explore how intercultural distance shapes market entry strategies, consumer engagement, and business performance.

### 1.1.1. Problem statement

The problem statement underscoring this study posited that, the rise of globalisation has ushered in a new era of business expansion, but it has also magnified the complexity of intercultural differences that firms must navigate. Despite the importance of these challenges, current research reveals significant gaps in our understanding of how intercultural distance—particularly between African and Eastern European nations—affects market entry and marketing strategy. Much of the existing literature centres on Western and Asian economies, overlooking the rich intercultural dynamics between regions like Ghana and Hungary (De Mooij, 2021).

Furthermore, most studies that explore international market entry have focused on individual dimensions of distance, primarily culture, while neglecting the administrative, geographic, and economic aspects that the CAGE model encapsulates. For instance, while Hofstede's model has been instrumental in mapping cultural variances (Hofstede, 2010), it does not adequately address the implications of institutional, logistical, and economic disparities. Similarly, Porter's Five Forces and the PESTEL framework emphasise competitive and macro-environmental factors but fail to capture the nuanced challenges of intercultural adaptation (Kotler & Keller, 2012; Harrison et al., 2001).

Compounding this issue is the limited application of the CAGE Distance Model to marketing strategy development between Ghana and Hungary. Despite the model's ability to elucidate differences in consumer preferences, regulatory regimes, logistics, and economic structures, there is a dearth of studies employing CAGE in this specific intercultural context. As a result, businesses lack empirical insights to effectively tailor their market entry strategies to the distinct demands of Ghanaian and Hungarian markets.

Also missing is research on how digital innovation and technological infrastructure can be used to overcome geographical and cultural distances. Although e-commerce and artificial intelligence have been embraced in both regions, few studies explore how these tools facilitate intercultural marketing between Ghana and Hungary. Similarly, while digital platforms are increasingly used for brand engagement in Ghana, there is insufficient empirical work linking these innovations to the CAGE framework, particularly in terms of addressing geographical and economic barriers. (Acquah et al., 2024),

Another overlooked area is the impact of colour symbolism, religious influence, and language on branding and advertising strategies. While some researchers have addressed colour marketing and cultural values in isolation (Hajdú, 2021), they rarely consider how these cultural markers influence consumer perception and sales performance in intercultural business environments such as Ghana and Hungary.

Additionally, variations in trade regulations, such as the EU's General Data Protection Regulation (GDPR) and Ghana's adherence to the AfCFTA framework, create further complexity. Despite the importance of regulatory differences in administrative distance, comparative studies examining the business implications of these frameworks are lacking (Asiedu, 2013; Brouthers, 2013). This gap leaves firms without a clear roadmap for navigating legal compliance and institutional barriers in their market entry strategies.

### 1.1.2. Objective

To examine intercultural marketing strategies between Ghana and Hungary using the CAGE Distance Model, in order to identify market entry barriers and recommend strategies for enhancing trade and business performance. The study is guided by the specific objective to: to assess the cultural differences between Ghana and Hungary and their impact on marketing strategies; to examine the administrative and regulatory challenges affecting trade relations between the two countries; to evaluate the geographical barriers influencing supply chain and distribution networks; to analyse the economic disparities and their effect on consumer purchasing preferences and pricing strategies and to assess the impact of the CAGE model's cultural, administrative, geographic, and economic factors on sales performance between Ghanaian and Hungarian companies.

### *1.2. Research Questions*

1. How do cultural differences between Ghana and Hungary influence marketing strategies?
2. What administrative and regulatory challenges affect trade between Ghana and Hungary?
3. How does geographical distance impact supply chain and logistics between the two countries?
4. In what ways do economic disparities influence consumer purchasing preferences and pricing strategies
5. What is the influence of cultural, administrative, geographic, and economic elements of the CAGE Model on sales success between Ghanaian and Hungarian companies?

## 2. LITERATURE REVIEW

### *2.1. The CAGE Distance Model*

#### 2.1.1. History, Proponents and Contemporary Contributions of the CAGE Distance Model

The CAGE Distance Model, conceptualised by Pankaj Ghemawat in 2001, was introduced to provide a more nuanced framework for assessing international business expansion, addressing the limitations of traditional economic indicators like GDP. The model categorises distance into four dimensions—Cultural, Administrative, Geographic, and Economic—that shape cross-border operations and market entry strategies (Ghemawat, 2001). Earlier, Beckerman (1956) introduced the idea of psychic distance, focusing on how informational and cultural barriers impact international trade. This evolved through the contributions of Johanson and Vahlne (2009), who connected psychic distance to internationalisation theory, and Hofstede (1980), who provided a structured method for measuring cultural differences.

Building upon these foundations, Ghemawat argued that non-economic factors — especially cultural and administrative differences — are equally significant in determining the success or failure of international ventures (Ghemawat, 2007). Contemporary research continues to support the model's relevance. Berry et al. (2010) enhanced its institutional analysis, while Beugelsdijk et al. (2017) explored its strategic implications. Applications in sectors such as tourism (Shao et al., 2024), FDI (Doanh et al., 2022) and digital commerce (Li, 2025) confirm the model's adaptability in an evolving global landscape.

#### 2.1.2. CAGE Model Application in Similar Studies and Its Extension

The CAGE model has been applied across diverse disciplines, such as tourism (Assaf & Josiassen, 2012), trade efficiency (Le, 2017), expatriate destination selection (Maciel et al., 2020), and export behaviour (Hutzschenreuter et al., 2016). These studies reinforce the model's applicability in examining how distance affects consumer behaviour, firm strategy, and institutional alignment.

Recent extensions address criticisms that the model is static and lacks nuance. Ciulli & Kolk (2023) introduced a temporal dimension, proposing that distance can vary with geopolitical shifts. Verbeke et al. (2018) and Kaartemo & González-Pérez (2020) recommend integrating environmental and technological distances to adapt to the digital economy. This adaptability is crucial when analysing emerging-market interactions, such as between Ghana and Hungary, which are marked by institutional voids and contrasting infrastructural capacities.

#### 2.1.3. Justification and Relevance of the CAGE Model in Intercultural Marketing Between Ghana and Hungary

The Ghana-Hungary bilateral relationship provides a compelling context for applying the CAGE framework. Cultural distinctions, such as Ghana's collectivist ethos and Hungary's individualistic orientation, impact branding and promotional tactics (Hofstede, 2001). Language, religion, and social norms present challenges in communication, necessitating highly localised campaigns (Takyi et al., 2025).

Administratively, Ghana's developing regulatory framework contrasts sharply with Hungary's EU-aligned legal system. This gap influences compliance, market entry modes, and institutional trust (Sambharya & Rasheed, 2015; Fernández et al., 2017). Geographically, although separated by continents, both countries experience infrastructural disparities—Ghana contends with port inefficiencies, while Hungary benefits from EU-grade logistics (World Bank, 2020). Economically, Ghana's lower GDP per capita ($2,400) compared to Hungary's ($17,000+) (World Bank, 2020) affects purchasing power and pricing strategies. Together, these dynamics justify using the CAGE model to unpack intercultural marketing challenges and opportunities between these two nations.

## *2.2. CAGE Model Intercultural Marketing Strategies: Implications for Ghana and Hungary*

Intercultural marketing strategies must align with the distinct distance dimensions outlined in the CAGE model summarised in Table 1 below.

**Culturally**, campaigns in Ghana should highlight community well-being and local storytelling, while Hungarian consumers respond to messages of quality and individual benefit (Beugelsdijk et al., 2017). Partnerships with religious or social leaders in Ghana foster trust, whereas collaborations with established brands in Hungary enhance visibility (Falkné 2014; Bosson et al., 2016).

**Administratively**, firms must adapt to local compliance needs—understanding Ghana's flexible but bureaucratic environment and Hungary's strict adherence to GDPR and EU law (Li, 2025). Joint ventures are more viable in Ghana; wholly owned subsidiaries may suit Hungary better (Tetteh et al., 2023).

**Geographically**, firms operating in Ghana may decentralise logistics due to weak infrastructure, while Hungary allows centralised warehousing (Doanh et al., 2022). Time zone and climate considerations also impact distribution.

**Economically**, dynamic pricing is essential. Sachet marketing or bundling products in Ghana makes goods more affordable, while Hungarian consumers may respond better to premium features and innovation. Cross-border teams also require cultural training to build synergy and avoid miscommunication (Hofstede, 2001).

## *2.3. Criticisms of the CAGE Distance Model and How to Address Them*

While the CAGE model remains influential, it has limitations. Critics argue it omits factors such as technology, demography, and environmental constraints (Berry et al., 2010). Shenkar (2001) also critiques the model's assumption of symmetry—suggesting that market entry from Ghana to Hungary involves different challenges than the reverse.

Another issue is the lack of operational guidance—researchers struggle to identify which indicators best quantify each dimension (Cuervo-Cazura & Genc, 2012). Moreover, the model often ignores dynamic institutional changes and informal structures that significantly affect international business (Scott, 1995). Addressing these criticisms, scholars propose integrating real-time data, digitalisation metrics, and institutional theory to enhance the model's empirical utility and contextual accuracy (Verbeke et al., 2018).

## *2.4. Current State of Knowledge on Intercultural Differences and Intercultural Marketing*

### 2.4.1. Intercultural Communication Styles

Ghana is typically a high-context culture, where meaning is derived from non-verbal cues and shared experiences (Hall, 1976). Storytelling, proverbs, and communal messaging dominate marketing communication (Takyi et al., 2025). Hungary, conversely, operates as a low-context culture, valuing directness and precision in marketing messages.

Digital platforms illustrate these variations. In Ghana, digital advertising often employs symbolic imagery and cultural themes that offer pathways of brand perception and communication of cultural identity abroad to connect with the shared traditions and societal values of customers (Yeboah-Banin & Quaye, 2021). These symbolic imagery and cultural themes provide cue that helps consumers recognise its distinct identity amid numerous choices. As international businesses shift towards corporate branding abroad, they employ these cultural symbols and artefacts as signals to communicate their market values and the associations they wish to establish with consumers and other stakeholders during marketing campaign (Boateng, 2022).

Hungarian campaigns, on the other hand, tend to focus on facts, clarity, and openness. This is in line with what consumers want from marketing communications that help them make smart choices (Alt et al., 2017). This difference shows the cultural aspect of the CAGE model. Ghana's advertising is based on collectivist symbolic appeals, whereas Hungary's is based on clarity, sharing information, and logical persuasion.

### 2.4.2. Language and Ethnocentrism

Incorporating local dialects in marketing strategies in Ghana significantly improves brand relatability by promoting familiarity, authenticity, and cultural connection. For instance, using local languages such as Twi, Ga, Ewe, or Hausa in advertising significantly improves relatability, making brands appear more personal and culturally aware in Ghana (Takyi et al., 2025). Hungary's homogeneity simplifies messaging but raises the stakes for accurate language use, especially when mixing Hungarian with English (Incze, 2010).

Ethnocentrism also affects consumer preference. Hungarian consumers often favour local products, associating them with quality and national pride (Nassar et al., 2023). Ghanaian consumers may show similar tendencies, particularly in rural areas, emphasising the need for localisation in branding (Asiedu & Opoku-Mensah, 2024).

## *2.5. Impact of CAGE Model on Sales Performance*

In Table 1 each distance dimension influences sales performance. **Cultural distance** affects message reception and brand trust—misalignment reduces engagement and lowers conversion. **The administrative distance** significantly affects firms' investment choices, as they balance regulatory limitations with market opportunities. This balance influences their speed of entry, compliance expenses, local legitimacy, and ultimately, their operational efficiency in sales performance (Chamchati & El Mabrouki, 2025). **Geographic distance** affects delivery timelines, product availability, and responsiveness, which directly affect sales metrics like customer satisfaction and reorder rates. **Economic distance** shapes affordability and willingness to pay—critical in pricing strategy and market segmentation (Ghemawat, 2007).

*Table 1*

*Summary of CAGE Distance Framework: Features, Indicators and Implications*

| CAGE Dimension | Key Features | Indicators & Influences | Implications for International Business |
|---|---|---|---|
| Cultural Distance | Arises from differences in language, ethnicity, religion, values, norms, societal structures, and traditions (Ghemawat, 2007; Hofstede, 2001) | ▪ Language diversity and translation issues<br>▪ Unique ethnicities and cultural identities<br>▪ Low social/ethnic connectivity<br>▪ Diverse religions and belief systems<br>▪ Absence of trust<br>▪ Insularity and prioritisation of traditions<br>▪ Cultural frameworks<br>▪ Informal institutions affecting ethical behaviour and marketing practices | ▪ Cultural distance influences consumers' perceptions of value, brand messaging.<br>▪ Marketers need to adjust their strategies to align with national cultural contexts. (Miloloža, 2015; Malhotra et al., 2009). |
| Administrative Distance | Involves political, legal, institutional, and historical factors that define state relationships and market openness (Ghemawat, 2007) | ▪ Political instability or hostility<br>▪ Absence of colonial ties or shared legal systems<br>▪ Non-membership in common trade or political blocs<br>▪ Different currencies<br>▪ Weak or corrupt institutions<br>▪ No connections to international organisations<br>▪ Protectionist policies and high trade barriers<br>▪ Unilateral policies, such as sanctions and tariffs | ▪ Administrative barriers deter FDI and limit market attractiveness.<br>▪ Strong institutions reduce uncertainty and transaction costs, while weak ones increase risk.<br>▪ Firms may favour joint ventures or alliances in high administrative distance contexts (Li, 2025; Sambharya & Rasheed, 2015). |
| Geographic Distance | Encompasses not just physical distance, but also infrastructure, topography, logistics, and environmental characteristics (Ghemawat, 2001) | ▪ No shared borders<br>▪ Different time zones and climates<br>▪ Diverse disease environments<br>▪ Landlocked or topographically isolated- Poor transport or communication infrastructure<br>▪ Logistics Performance Index (LPI)<br>▪ Country size and accessibility | ▪ Affects supply chain, distribution strategies, and market entry logistics.<br>▪ Relevant for fragile or perishable products.<br>▪ Digital innovations reduce—but do not eliminate—the effects of Geographic barriers (Doanh et al., 2022) |

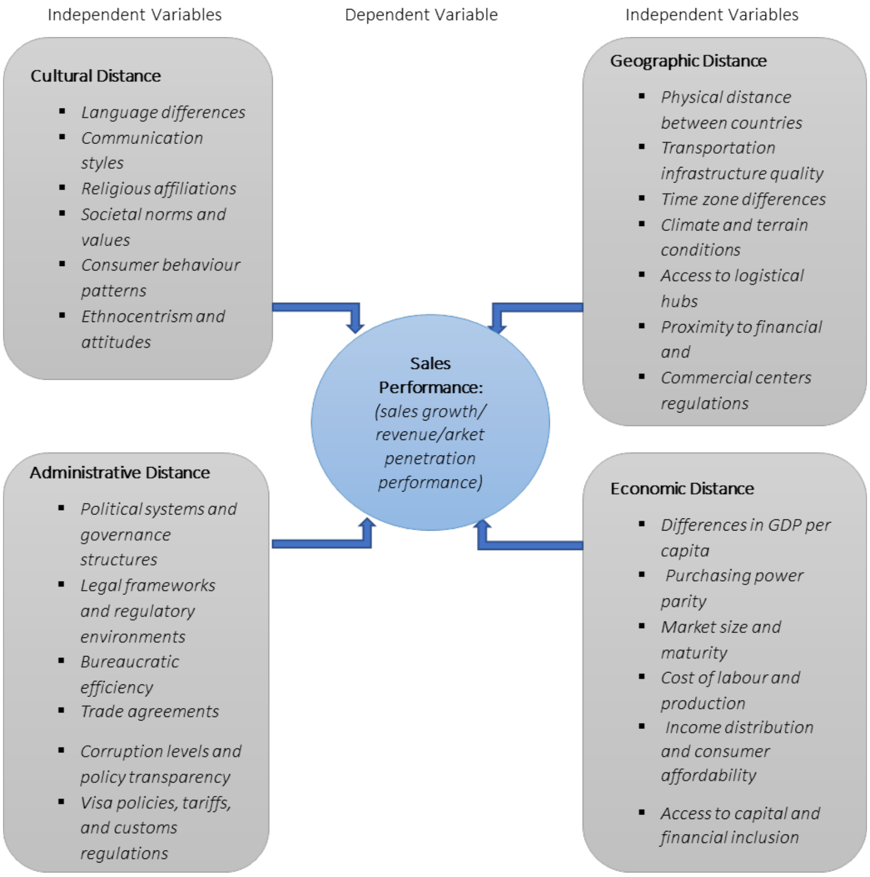
| | | | |
|---|---|---|---|
| Economic Distance | Refers to differences in consumer income, market size, development level, and access to resources (Li., 2023; Ghemawat, 2001) | ▪ GDP per capita disparities- Inflation rates and monetary size- Rich/poor gaps<br>▪ Unequal resource bases (natural, financial, human)<br>▪ Weak infrastructure or development index<br>▪ Varying capital market maturity and information accessibility | ▪ Influences pricing, segmentation, and market transferability of business models.<br>▪ Firms entering markets with high economic distance may face increased costs or adaptation requirements.<br>▪ However, low-to-moderate economic distance can offer arbitrage benefits (Antunes et al., 2019; Wang et al., 2016; Le, 2017). |

Source: Literature Synthesis; Researcher's Construct; (2025)

## *2.6. Conceptual Model: CAGE Distance and Sales Performance*

### 2.6.1. Conceptual Framework Explanation

Figure 1 illustrates the interrelationships among the CAGE Distance Model variables—Cultural, Administrative, Geographic, and Economic distances—and their collective influence on sales performance in international business between Ghana and Hungary. Cultural distance impacts consumer behaviour, brand perception, and message reception, with language, religion, and societal norms shaping product acceptability. Misalignment can weaken brand trust and reduce sales. Quantitative surveys (e.g., Likert scales) and qualitative interviews will assess these effects relative to sales metrics like repeat purchases.




Source: Researchers' Own Construct, 2025

*Figure 1: The interrelationships among the CAGE Distance Model variables*

Administrative distance covers institutional differences such as legal systems, political environments, and trade regulations. High administrative barriers can delay operations, raise compliance costs, and hinder trade, impacting sales outcomes. Data on perceived regulatory challenges will be compared with trade delay frequencies and logistical inefficiencies. Geographic distance includes physical separation, infrastructure, and time zones, affecting delivery speed, communication, and customer satisfaction. Metrics like shipping delays and infrastructure ratings will be analysed against customer retention and distribution costs.

Economic distance reflects differences in income levels and purchasing power, which influence pricing and product positioning. Sales performance will be linked to GDP, market size, and affordability indices. Altogether, the CAGE dimensions critically shape trade and marketing success, with reduced intercultural distance correlating with improved international sales outcomes.

# 3. MATERIALS OR METHODS

## 3.1. Introduction

Building on the body of knowledge examined and gaps found, this chapter describes the analytical approach applied to examine the effect of cultural, administrative, physical, and financial distance on intercultural marketing between Ghana and Hungary. This work adds especially to scholarly understanding by using the CAGE Distance Model in a bi-regional setting with little scholarly attention paid to it. Through a focus on trade and marketing dynamics between Sub-Saharan Africa and Eastern Europe—more especially, Ghana and Hungary—this study provides fresh empirical insights on how digital adaptation and cultural barriers affect marketing performance.

## 3.2. Research Design

This research adopts a qualitative, theory-informed, and interpretive design, relying entirely on secondary literature review as its method of inquiry. The methodological orientation is aligned with the pragmatist philosophy, which holds that the most appropriate methods are those that help answer the research questions in meaningful ways (Morgan, 2007). In this case, the use of secondary sources and integrative review methods provides the most practical path to understanding the complex intercultural realities influencing marketing between Ghana and Hungary.

The CAGE Distance Model (Ghemawat, 2001), which systematically categorizes international differences into cultural, administrative, geographic, and economic distances, serves as the conceptual backbone of the study. Each of these four dimensions serves as an analytical category through which relevant findings from existing literature are mapped and interpreted.

The decision to focus solely on secondary data is grounded in both practical constraints and epistemological considerations. Intercultural marketing between Ghana and Hungary is a niche area where direct access to participants and primary data is limited. Additionally, the COVID-19 pandemic, global geopolitical tensions, and differing legal data protection regimes in the EU and West Africa have increased the barriers to fieldwork.

Equally important is the acknowledgment that **a vast and rich body of literature already exists**—ranging from peer-reviewed academic studies and global development reports to industry white papers and governmental policy evaluations. These sources contain valuable insights that, when systematically analyzed, can offer reliable and actionable conclusions.

## 3.3. Data Collection Method

This study collects data exclusively through a **systematic literature review**. The literature is selected from peer-reviewed journals, books, working papers, government reports, multinational databases (e.g., World Bank, WHO, UNCTAD), and websites of Disabled People's Organizations (DPOs), trade ministries, and marketing agencies in both Ghana and Hungary. Sources are selected using predefined inclusion criteria:

- Relevance to cultural, administrative, geographic, or economic dimensions of international business.
- Focus on Ghana, Hungary, or similar emerging/developed country pairs.
- Published within the past 20 years, with exceptions for foundational models.
- Authored by recognized institutions or scholars.

The literature review is not merely a narrative synthesis but a **structured analytic process** aimed at drawing relationships between distance dimensions and marketing outcomes. Special attention is paid to grey literature from sources like UNICEF, WHO, the World Bank, and DPO reports to capture marginalized perspectives—including those of people with disabilities or ethnic minorities whose consumer behavior is often underrepresented.

### *3.4. Data Analysis Strategy*

The core of the methodology lies in a **thematic content analysis** informed by the Braun and Clarke (2006) framework, with each theme aligned with one of the CAGE dimensions. Here's how the process unfolds:

1. **Familiarization**: The researcher reviews over 120 sources spanning academic, institutional, and corporate domains. This stage identifies preliminary ideas and recurring terms like "cultural resistance," "regulatory uncertainty," or "cost-distance sensitivity."
2. **Generating Codes**: Key concepts are coded using NVivo software and manually validated. Codes include "language adaptation," "governance efficiency," "logistics complexity," and "consumer affordability."
3. **Developing Themes**: Codes are grouped into overarching themes representing the four CAGE categories. For example, "language barriers" and "advertising norms" are classified under Cultural Distance, while "customs delays" and "EU policy misalignment" fall under Administrative and Geographic Distance.
4. **Mapping and Interpretation**: A conceptual map links themes to outcomes like sales performance, consumer acceptance, or brand trust. Thematic intersections (e.g., how administrative and cultural distance co-determine product localization) are explored in depth as indicated in Table 2 below.
5. **Critical Synthesis**: Literature is not treated passively. The researcher critically assesses how applicable, outdated, or contested certain findings are—particularly across contexts like Africa and Eastern Europe.

This analytic approach allows the study to extract both generalizable insights and culturally specific nuances, thereby answering all five research questions outlined in Chapter One.

### *3.5. Application of the CAGE Framework*

Each distance category is used as a **meta-theme** to structure the interpretation of findings. For instance:

- **Cultural Distance**: Includes factors like language differences, religious diversity, consumer behavior, and advertising symbolism. The study incorporates findings from Takyi et al. (2025), Hofstede (2010), and Denzin and Lincoln (2011), while also noting underrepresented experiences from women, youth, and people with disabilities in branding messages.
- **Administrative Distance**: Looks at governance, legal systems, trade agreements, and policy execution. Literature from World Bank (2020), Berry et al. (2010), and Asiedu (2013) offer comparative insights on how different bureaucratic environments affect market entry decisions.
- **Geographic Distance**: Considers physical distance, logistics infrastructure, and transportation costs. Reports from the Halaszovich and Kinra (2020) and Ojala & Tyrväinen, (2007) are instrumental here.
- **Economic Distance**: Assesses GDP disparities, income distribution, cost sensitivity, and digital readiness. Sources like De Mooij (2021), and Ghauri and Cateora (2021) are critically engaged.

*Table 2*

*Mapping each research question to the appropriate CAGE dimension, data source, and analytical method*

| Research Question | CAGE Dimension | Data Source | Analytical Method |
|---|---|---|---|
| How do cultural differences between Ghana and Hungary influence marketing strategies? | Cultural Distance<br>▪ *Language differences*<br>▪ *Communication styles (high-context vs. low-context)*<br>▪ *Religious affiliations*<br>▪ *Societal norms and values*<br>▪ *Consumer behaviour patterns*<br>▪ *Ethnocentrism and attitudes towards foreign brands:* | ▪ Secondary data | ▪ Content Analysis |

| | | | |
|---|---|---|---|
| What administrative and regulatory challenges affect trade between Ghana and Hungary? | Administrative Distance<br>▪ *Political systems and governance structures*<br>▪ *Legal frameworks and regulatory environments*<br>▪ *Bureaucratic efficiency*<br>▪ *Trade agreements or alliances (e.g., EU, ECOWAS)*<br>▪ *Corruption levels and policy transparency*<br>▪ *Visa policies, tariffs, and customs regulations* | ▪ Government reports (EU, AfCFTA, ECOWAS)<br>▪ Trade policy documents<br>▪ Expert interviews | ▪ Content analysis;<br>▪ Comparative policy review |
| How does geographical distance impact supply chain and logistics between the two countries? | Geographic Distance<br>▪ *Physical distance between countries*<br>▪ *Transportation infrastructure quality*<br>▪ *Time zone differences*<br>▪ *Climate and terrain conditions*<br>▪ *Access to ports or logistical hubs*<br>▪ *Proximity to financial and commercial centres* | ▪ World Bank Logistics Performance Index | ▪ Content Analysis |
| In what ways do economic disparities influence consumer purchasing preference and pricing strategies? | Economic Distance<br>▪ *Differences in GDP per capita*<br>▪ *Purchasing power parity*<br>▪ *Market size and maturity*<br>▪ *Cost of labour and production*<br>▪ *Income distribution and consumer affordability*<br>▪ *Access to capital and financial inclusion* | ▪ Analysis of National statistics (Ghana Statistical Service, Eurostat Data) | ▪ Content Analysis |
| What is the influence of cultural, administrative, geographic, and economic elements of the CAGE Model on sales success between Ghanaian and Hungarian companies? | All (CAGE composite) | ▪ Integrated data from above | ▪ Content Analysis |

Source: Researchers Own Construct, 2025

## 3.6. Research Validity and Reliability

Establishing validity and reliability is essential for upholding the credibility of any research endeavour. Validity pertains to how well the research truly represents the concept it aims to measure (Heale & Twycross, 2018). In this study, the researcher made sure our main factors—cultural, administrative, geographic, and economic distances—matched up with strong theories, especially Ghemawat's (2001) CAGE Distance Framework. Each dimension was defined through subvariables acknowledged in current intercultural marketing literature (Beugelsdijk et al., 2017; Hofstede, 2010).

The robustness of internal validity was enhanced through the triangulation of data gathered from various sources, such as secondary trade reports, and published academic studies. This approach to using multiple methods helps mitigate bias and improves the reliability of conclusions about how intercultural distance affects trade performance between Ghana and Hungary. The study took into account external validity or generalisability by choosing participants from various backgrounds within the trade sectors of both Ghana and Hungary. This approach aims to ensure that the findings can be applied to wider intercultural marketing scenarios that include other nations in Africa and Eastern Europe (Saunders et al., 2019).

#### 3.6.1. Reliability

Reliability pertains to the degree of consistency and repeatability observed in research findings (Bartlett et al., 2008). This study established instrument reliability through the use of standardised by implementing systematic coding procedures for the qualitative data collected. A team of coders examined the interview transcripts on their own, and any differences in their interpretations were addressed through discussion and agreement, ensuring a unified understanding of the data. Additionally, employing the CAGE framework as a theoretical guide enhances the reliability of the research, as it offers a solid conceptual foundation that has been rigorously tested and refined in numerous studies on global trade (Doanh et al., 2022). The implementation of these measures guarantees that the results of the research can be reliably reproduced and are credible.

### *3.7. Ethical Considerations*

Although no primary data are collected, ethical standards still apply. The research ensures full transparency by citing all data sources accurately. Special care is taken to avoid misrepresentation of marginalised groups, particularly people with disabilities and children. In discussing disability-related themes, the study references DPO-authored content and prioritises their lived experiences, respecting the principle of "nothing about us without us. "Additionally, the study considers data from global health bodies such as WHO and UNICEF, especially regarding gender-sensitive programming and inclusion. The intention is not only to critique gaps but to propose culturally respectful strategies that foster equity in intercultural marketing between Ghana and Hungary.

## 4. DISCUSSION OF MAIN FINDINGS AND THEIR RELATION TO THE REVIEWED LITERATURE

### *4.1. Research Findings based on synthesis of Literature*

This research centers on the application of the **CAGE Distance Framework** (Cultural, Administrative, Geographic, and Economic distances) to understand intercultural marketing challenges and opportunities between **Ghana and Hungary**. Synthesizing the reviewed literature and empirical contexts, several core findings emerged:

#### 4.1.1. Cultural Distance as a Foundational Barrier and Opportunity

Cultural differences—language, values, social norms, and religious beliefs—shape market entry decisions and marketing strategy design. Ghana's collectivist culture contrasts with Hungary's individualist orientation, affecting brand messaging and consumer engagement strategies. The diversity of local dialects in Ghana and Hungary's unique language system underscore the need for deep localisation as indicated in Table 3 below.

*Table 3*

*Finding Summary: Implications of Cultural Distance (Ghana–Hungary)*

| Cultural Factor | Ghana | Hungary | Strategic Implication |
|---|---|---|---|
| **Language** | Multilingual (English + 80+ local dialects) | Hungarian (isolated, non-Indo-European) | Requires deep localisation of language and idiomatic adaptation for effective communication. |
| **Values and Norms** | Collectivist, community-oriented | Individualistic, achievement-driven | Ghana: community-centric campaigns. Hungary: focus on personal success and self-expression. |

| | | | |
|---|---|---|---|
| **Religion** | Religiously devout (Christianity + Islam) | Predominantly Christian with growing secularism | Ghana: religiously sensitive marketing. Hungary: secular, modern storytelling preferred. |

Source: Researcher's Construct; (2025)

### 4.1.2. Administrative Distance Determines Market Access and Regulatory Strategy

The administrative environment in Ghana, marked by regulatory inconsistencies and higher corruption perception, poses more obstacles compared to Hungary's EU-aligned legal and trade systems. These differences influence not only the preferred entry modes (joint ventures in Ghana vs. subsidiaries in Hungary) but also pricing, branding, and compliance strategies (see Table 4 below).

*Table 4*

*Finding Summary- Administrative Distance Implications (Ghana–Hungary)*

| Administrative Factor | Ghana | Hungary | Strategic Implication |
|---|---|---|---|
| **Regulatory Framework** | Evolving, with corruption and inefficiency concerns (World Bank, 2020) | Stable EU-aligned regulations (Fernández et al., 2017) | Ghana: Partner with locals, navigate bureaucracy. Hungary: More direct and standardised entry models. |
| **Trade Policy** | Member of ECOWAS; bilateral trade agreements with non-African states | EU member; unified trade policies with major economies | Ghana: Adapt to fragmented rules. Hungary: Leverage EU trade provisions. |
| **Legal System** | Common law system; inconsistent enforcement | Civil law system; efficient judiciary | Ghana: Use flexible legal strategies. Hungary: Rely on formal contracts. |
| **Currency and Financial Regulation** | Cedi (GHS), prone to volatility | Forint (HUF), relatively stable under EU guidance | Ghana: Mitigate exchange risks. Hungary: Greater financial predictability. |

Source: Researcher's Construct; (2025)

### 4.1.3. Geographic Distance Impacts Distribution and Supply Chain Efficiency

While Hungary benefits from EU-centric infrastructure and access, Ghana's infrastructural limitations (such as poor roads and port inefficiencies) elevate transaction costs. However, digital transformation is gradually neutralizing physical distance, especially for services and digital goods- see Table 5 below.

*Table 5*

*Finding Summary: Geographic Distance Implications (Ghana–Hungary)*

| Geographic Factor | Ghana | Hungary | Strategic Implication |
|---|---|---|---|
| **Logistics Infrastructure** | Developing, fragmented road and rail systems | Advanced, integrated multimodal logistics | Ghana: Localised distribution hubs needed. Hungary: Centralised systems feasible. |
| **Physical Distance** | West Africa, maritime access with logistical challenges | Central Europe, EU-integrated transport routes | Ghana: Longer transit times and customs complexities. Hungary: Shorter delivery windows and EU harmonisation. |
| **Market Accessibility** | Growing urban centres, difficult rural access | High urban concentration, accessible towns | Ghana: Tiered segmentation for urban/rural. Hungary: More homogeneous access model. |
| **Topography & Climate** | Diverse terrain, tropical, weather-disrupted routes | Flat terrain, temperate climate | Ghana: Adaptive, resilient logistics. Hungary: Predictable transport systems. |

| | | | |
|---|---|---|---|
| LPI and Coordination | Lower LPI, time zone barriers | High LPI, CET alignment | Ghana: Slower and costlier operations. Hungary: Efficient, real-time coordination possible. |

Source: Researcher's Construct, 2025

### 4.1.4. Economic Distance Influences Market Segmentation and Entry Timing

Disparities in GDP per capita, inflation rates, and institutional development affect how firms assess the feasibility of entering either country. Ghana's emerging market dynamics attract cost-sensitive foreign investments, whereas Hungary appeals with its stability and EU access. These economic variations dictate pricing models, investment scale, and consumer targeting strategies as indicated in Table 6 below.

*Table 6*

*Findings Summary: Economic Distance Implications (Ghana–Hungary)*

| Economic Factor | Ghana | Hungary | Strategic Implication |
|---|---|---|---|
| Income Levels | Lower-middle income; price-sensitive consumers | Upper-middle income; value-driven consumers | Ghana: Cost leadership strategies. Hungary: Differentiation and brand loyalty approaches. |
| Market Size & Growth | Large, young, growing population | Small, ageing, stable population | Ghana: Expansion and penetration. Hungary: Retention and innovation. |
| Inflation & Currency | Higher inflation, Cedi (GHS) volatility | Moderate inflation, Forint (HUF) stability | Ghana: Dynamic pricing and currency hedging. Hungary: Long-term financial planning. |
| Infrastructure & Capital Markets | Limited infrastructure; informal finance prevalent | Strong infrastructure; access to formal capital | Ghana: Hybrid models using local intermediaries. Hungary: Scalable digital and institutional strategies. |

Source: Researcher's Construct, 2025

### 4.1.5. CAGE Model Application Enhances Strategic Alignment

The study finds the CAGE framework to be effective in diagnosing distance-related challenges, guiding firms toward appropriate internationalisation strategies. The model is also extensible, with recent academic suggestions to include **technological, institutional, and environmental distances** to suit modern digital and sustainability concerns.

### 4.1.6. Empirical Evidence Validates Framework Relevance

Case studies across trade, tourism, and FDI in the literature reinforce the model's usefulness in varied sectors. Findings indicate that greater perceived distances often result in preference for cooperative modes like alliances, while low-distance markets attract direct investment.

# 5. CONCLUSIONS

Based on the synthesis of the CAGE model's components and their empirical application between Ghana and Hungary, the study achieves its objectives in the following ways:

## *5.1. To Identify and Analyse Intercultural Marketing Challenges*

The study successfully identifies core cultural and administrative mismatches, such as language incongruence, differing value systems, and varied institutional robustness, all of which pose significant challenges for marketers.

## *5.2. To Assess the Impact of Distance on Market Entry Strategy*

Findings confirm that cultural and administrative distances heavily influence entry mode decisions. For instance, firms entering Ghana may prefer joint ventures due to administrative uncertainty, while Hungary's predictable regulatory framework allows for wholly owned subsidiaries.

### *5.3. To Examine Strategic Responses to Distance Barriers*

The study outlines actionable strategies for mitigating CAGE-based challenges, such as adapting marketing content to local cultural contexts, aligning regulatory practices, and utilising digital channels to overcome geographic limitations.

### *5.4. To Validate the Applicability of the CAGE Framework in Emerging and Developed Markets*

The dual-context application (Ghana as an emerging market and Hungary as a developed, EU-integrated economy) confirms the framework's flexibility and analytical robustness across different economic settings.

Based on the conclusions based on the synthesis of the literature the following recommendations are suggested:

1) **For Multinational Enterprises (MNEs):**
   - Prioritise **market-specific research** to assess all four CAGE dimensions before expansion.
   - Invest in **cultural training and local partnerships** in high-distance countries like Ghana.
   - Leverage **digital platforms** to mitigate geographic and administrative barriers, especially for service-based industries.
2) **For Policy Makers in Ghana and Hungary:**
   - Ghana should work on **reducing bureaucratic bottlenecks** and improving infrastructure to attract more FDI.
   - Hungary can further strengthen digital trade laws to become a preferred digital business hub within the EU.
   - Both governments can promote **bilateral agreements** to reduce administrative and economic distances.
3) **For Academic Researchers:**
   - Future studies should consider expanding the CAGE framework with variables such as **environmental regulation distance**, **digital readiness**, and **technological infrastructure**.
   - There's room for **quantitative testing** of the CAGE dimensions in other regional dyads (e.g., Africa–Asia, or Latin America–Europe) to broaden the scope of comparative insights.

## 6. CONTRIBUTION OF THE STUDY

This research contributes significantly to international business literature and intercultural marketing practice in several key ways:

### *6.1. Contextual Application of the CAGE Model*

By applying the model specifically to Ghana and Hungary, the study offers practical insights into the interplay between emerging and developed markets. This country-pair specificity fills a gap in existing literature where most prior applications focused on Western-centric contexts.

### *6.2. Extension of Theoretical Boundaries*

The study reinforces the call for dynamic and flexible interpretations of distance—particularly in light of digitisation and geopolitical shifts. It aligns with scholars like Cuypers et al. (2022) who argue for the temporal and contextual evolution of distance variables.

### *6.3. Managerial Framework for Intercultural Marketing*

The study proposes actionable managerial recommendations grounded in empirical and theoretical evidence. This adds practical value by helping firms tailor their internationalisation and marketing strategies to the nuances of diverse markets.

### *6.4. Advancing the Dialogue on Intercultural Business Strategy*

By focusing on the unique Ghana–Hungary dyad, the study enhances our understanding of South-North intercultural marketing relationships and sheds light on how businesses can craft culturally sensitive and administratively compliant marketing campaigns.

### *6.5. Relevance to Digital and Emerging Economies*

The study acknowledges the rising importance of digital innovation and economic decentralisation, positioning the CAGE model as a relevant tool not only for traditional FDI but also for e-commerce, tech trade, and knowledge exchange across borders.

This research reaffirms the value of the **CAGE Distance Framework** in diagnosing and addressing intercultural marketing challenges. The findings demonstrate that while distance still matters in global business, a nuanced understanding of its dimensions—especially in contexts like Ghana and Hungary—can lead to more informed strategy, better market alignment, and increased international success. The study serves as a timely reminder that global expansion requires not only economic rationale but also cultural empathy, institutional insight, and strategic adaptability.

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Data available on request due to privacy, from the author: **George Boateng Ohene** kwesi6000@gmail.com

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