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The Impact of Consumer Ethnocentrism and Antecedents in an Emerging Market

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Abstract

In the era of globalization, consumers are being more exposed than ever before to varieties of foreign products from other countries. This leads to a substantial competition between international marketers to expand their business around the world. However, international marketers become more concerned to understand consumer attitudes toward foreign products before they make their market strategies. International marketing literature suggests that consumer ethnocentrism is an important factor in making the consumers adversely evaluate foreign products. This study aims to develop a model that can be used to assess the impact of consumer ethnocentrism and its antecedents on consumer purchase intention toward foreign products in an emergent market. All the hypotheses were developed based on the findings in the existing literature. Measures were adopted from prior researches. A self-administrated questionnaire was used via convenient and snowball-sampling techniques.

Keywords: Ethnocentrism, Cultural openness, Conservatism, Idealism, Relativism, Saudi Arabia.

Introduction

In the era of globalization, consumers are being more exposed than ever before to a variety of foreign products from other countries. This leads to a substantial competition amongst international marketers to expand their businesses around the world. However, international marketers become more concerned to understand consumer attitudes toward foreign products before they make their market strategies. The marketing literature reveals mixed results of consumers’ acceptance of foreign products, whereas some consumers viewed imported products as preferable products. But other consumers have a negative attitude toward foreign products and thus purchase domestic products. This negative perception of foreign products can stem from consumer ethnocentrism. Consumer ethnocentrism plays a role in shaping consumers’ buying behavior and therefore can act as an obstacle to international trade (Deb & Chaudhuri, 2014). By assessing the level of ethnocentrism, marketers can make strategic decisions about products and services in the global market. The matter of consumer ethnocentrism is used here to investigate the beliefs held by consumers about the appropriateness of purchasing foreign products over domestic ones (Shimp & Sharma, 1987). Consumer ethnocentrism can influence consumers’ intentions to purchase foreign or domestic products.
products. This paper, therefore, aims to investigate the influence of the socio-psychological factors ‘cultural openness’ and conservatism on consumer ethnocentrism. Moreover, it seeks to examine the impact of moral philosophy - moral idealism and relativism - on consumer ethnocentrism, while examining the moderating effect of cultural similarity and demographics variables in the study model. Finally, it investigates the effect of consumer ethnocentrism on foreign products purchase intention in an emergent market.

**Consumer Ethnocentrism**

Consumer ethnocentrism may indicate a general tendency of consumers to reject foreign products regardless of a product quality or price considerations (Siamagka & Balabanis, 2015). Consumer ethnocentrism is derived from the general concept of ethnocentrism that was first introduced in socio-psychological literature. Sumner (1906, p.13) has defined ethnocentrism as the “view of things in which one's group is the centre of everything, and all others are scaled and rated with reference to it”. In his book, he states his belief that each group has pride in their own group and the perception of other groups as subordinate. According to Sumner, each group has feelings of pride and superiority, but other groups are perceived as inferior from the host-group point of view. Similarly, Siamagka and Balabanis (2015) use the notion of the “cognitive aspect” to explain how ethnocentric people understand the out-group being different from their own ethnic perspective. Importantly, they argue that this creates bias against foreign countries. This is in line with the views of Shimp and Sharma (1987) who showed how ethnocentrism is important to purchasing behaviour and that difference of views can be found about how a host country produces superior products while other countries produce inferior products. According to Shimp and Sharma (1987), consumer ethnocentrism is about the beliefs held by customers who see purchasing foreign products as immoral, that it can hurt the local economy and cause job loss while also being unpatriotic.

**Antecedents of Consumer Ethnocentrism and Research Hypothesis**

**Socio-psychological Antecedents**

**Cultural Openness**

‘Cultural openness’ is defined as the willingness to understand other cultures, interact with people and accept their cultures (Sharma et al. 1995). Consumers can communicate with other cultures in many ways, such as by travelling, watching foreign channels by TV, or via social media. The importance of this construct is that cultural openness can reduce cultural prejudice (Shimp, Shrama and Shin, 1995; Adler, 1977; Vida, Damjan, and Fairhurst, 2015). Previous studies showed that consumers who are living in smaller countries tend to interact with people from larger countries and nations to increase the breadth of their experience and discover information that will, in turn, reduce ethnocentrism (Nijssen et al., 1999). It has been found that cultural openness is influencing consumer ethnocentrism toward foreign products (Balabanis et al., 2001; Chowdhury, 2013; Dogi, 2015; Javalgi et al., 2005; Karasawa, 2002; Shankarmahesh, 2006; Sharma et al.,1995; Shimp & Sharma, 1987; Erdogan & Uzkurt, 2010). However, some studies found that people who were more exposed to other cultures tend to be more ethnocentric (Jamil et al., 2010; Vadhanavisala, 2015; Shankarmahesh, 2006). Based on these findings, the following hypothesis is put forward.

**H1:** There is a negative relationship between consumer ethnocentrism and cultural openness.

**Conservatism**

Another socio-psychological variable is conservatism, referring to people who have a tendency to enhance their tradition and customs for the next generation (Sharma et al., 1995). Research into the country of origin’s literature has found a negative relationship between conservatism and attitude toward foreign
products (Malhotra, 2013). Empirical studies found a positive relationship between conservatism and consumer ethnocentrism: more conservative consumers tend to be more ethnocentric and thus reluctant to purchase foreign products (Shimp et al., 1995; Shankarmahesh, 2006). However, a recent study by Vadhanavisala (2015) found no significant relationship between conservatism and consumer ethnocentrism. This study questions how conservatism can determine consumer ethnocentrism towards the purchasing intention of foreign products. Owing to the fact, provided by Sharma et al. (1995), that conservatism is rooted in religion, Islam may enhance the existence of conservatism among Muslim and Arab countries. Based on this notion, conservative consumers are expected to be more likely to purchase domestic products over foreign ones. Based on these findings, the following hypothesis is put forward.

H2: There is a positive relationship between conservatism and consumer ethnocentrism.

Moral Relativism

‘Moral relativism’ is defined as moral judgment. It depends on the nature of the situation and does not rely on universal moral rules (Karande, Rao, & Singhapakdi, 2002). This is consistent with the concept put forward by Sumner, who was the first to produce the ethnocentrism concept and who believed that every culture has a different morality, depending on their traditions and customs. It could be argued that relativistic consumers develop their moral values based on their customs and traditions, helping them to identify what they believe is right and wrong. To the best of the researcher’s knowledge, there are no studies investigating the relationship between moral relativism and consumer ethnocentrism. Lee and Sirgy (1999) found that American managers tend to be more relativistic and less ethnocentric than Korean managers. This can provide an interesting aspect to the work here, to explore the impact of moral relativism on consumer ethnocentrism in an emergent market. It can be expected that more relativistic consumers may not judge purchasing foreign products as an ethical issue and thus tend to be less ethnocentric. Based on these findings, the following hypothesis is put forward.

H3: There is a negative relationship between moral relativism and consumer ethnocentrism.

Moral Idealism

‘Moral idealism’ can be defined as the notion that the right action must be always taken (Karande et al., 2002). In other words, idealistic people believe that harming other people should always be avoidable, but non-idealistic people believe that there are occasions when certain harm is acceptable as a necessary means of obtaining the best results for society in general (Harvey, 2015). As consumer ethnocentrism is based on the moral judgment that purchasing foreign product is immoral, very few studies have investigated the impact of moral idealism on consumer ethnocentrism.

Moral idealism is considered as an important predictor of moral judgment toward certain behaviours (Karande et al., 2002). Prior studies found that moral idealism positively influences consumer ethnocentrism (Siamagka & Balabanis, 2015). Another study in marketing found that Korean managers who were idealistic tend to be more ethnocentric (Lee & Sirgy, 1999). This study will be conducted in a Muslim and Arab country, people adopt their ethical perspectives from its holy book, The Quran, and Sunnah, the records of the teachings and practices of the prophet Mohammed. The religion of Islam strictly follows moral principles in The Quran and the substance of Sunnah (Metcalf, 1984). Thus, people who strongly believe in this faith will tend to be less relativistic (Forsyth et al., 2008). One of the obligations in Islam is that Muslim people should not harm other people and instead should exhibit care for people and community (Kamarulzaman & Saifuddin, 2010). Based on these findings, the following hypothesis is put forward.

H4: There is a positive relationship between moral idealism and consumer ethnocentrism.
Attitude Toward Foreign Products

Attitude is about an individual’s approval or disapproval of a behaviour in question (Ajzen & Fishbein, 1980). A positive attitude towards a behaviour will result in a strong intention to act out that specific behaviour (Ajzen & Fishbein, 1980; Ajzen, 2005). Based on the theoretical models of buyer behaviour prediction, such as the theory of planned behaviour TPB, behaviour is affected by intention as a direct predictor, with the latter influenced by attitude. Stronger positive attitudes toward foreign products will create a higher interest in and intention to purchase foreign products (Wang & Chen, 2004; Shankarmahesh, 2006). Prior studies provide evidence that consumer attitudes positively affect consumer intention towards foreign products (Hamin & Elliott 2006, Nijssen et al. 1999; Sharma et al., 1995; Nagashima, 1970; Batra et al., 2000; Deb & Chaudhuri, 2014). It has been found that consumers in developing countries view foreign products more favourably than domestic ones (Bhuian, 1997; Sohail, 2005). Based on this these findings, the following hypothesis is put forward.

H5: There is a positive relationship between consumer attitude and purchase intention.

Consumer Ethnocentrism and Attitude

Based on the concept of consumer ethnocentrism, ethnocentric consumers have a strongly favourable attitude towards local products rather than foreign products. Previous studies found that consumer ethnocentrism is negatively affecting attitudes toward foreign products (Nijssen et al., 1999; Hamin & Elliott, 2006; Sharma et al., 1995; Shankarmahesh, 2006; Watson & Wright, 2000; Giang & Khoi, 2015; Shimp & Sharma, 1987; Batra et al. 2000; Tsai et al., 2013; He & Wang, 2015).

This indicates that consumers have positive feelings towards domestic products and a bias against foreign products. Previous studies have found statistical evidence for the direct negative link between consumer ethnocentrism and attitude toward foreign products (Chowdhury, 2013; Jamil et al., 2010; Tsai et al.,2013; He & Wang, 2015). Based on the previous findings, it can be expected that highly ethnocentric consumers will reject foreign products whereas a consumer with lower ethnocentric feelings is more likely to have a positive attitude toward foreign products. Thus, the following hypothesis is put forward.

H6: There is a negative relationship between consumer ethnocentrism and attitude toward foreign products.

Consumer Ethnocentrism and Intention

‘Intention’ indicates a willingness or readiness to engage in purchasing behaviour (Paul et al., 2016) and is an important aspect that can determine future behaviours (Ajzen, 2014; Alam & Sayuti, 2011). From a marketing standpoint, ethnocentric tendency is a consumer’s positive perception of domestically-made products that, in turn, create a preference for their own local products (He & Wang, 2015; Maina et al., 2015; Nguyen et al., 2008; Sharma et al., 1995; Šmaižienė & Vaitkienė, 2014; Tsai et al., 2013).

Previous studies related to the purchase of domestic and foreign products have found that when attitude towards and intention to purchase are positive, the consumer is highly likely to purchase that product (Giang & Khoi, 2015). Empirical evidence in this area found that ethnocentric consumers demonstrate a negative attitude that, in turn, effect their intention to purchase foreign products (Sharma et al., 1995; Wang & Chen, 2004; Giang & Khoi, 2015; Kumar et al., 2009; He & Wang, 2015; Josiassen et al, 2011). Thus, based on the previous findings in the literature, consumer ethnocentrism is negatively related to purchase intention toward foreign products. It is therefore, proposed that:

H7: There is a negative relationship between consumer ethnocentrism and purchase intention toward foreign products.
Moderating Role of Cultural Similarity

Social psychology theories, such as social identity theory (Tajfel, 1979), describe the effect of in-group favouritism and out-group prejudice. This notion can be traced back to the concept of ethnocentrism developed by Sumner (Ma et al., 2012). Sumner (1906) stated that other groups that share same values, language, or environment can be categorized as in-group. This becomes a concern to the international marketer seeking to understand consumers’ attitude toward, and evaluation of, foreign products from similar cultures to that of the consumer’s home country. According to Ma et al. (2012), consumers tend to accept foreign products that are made in similar countries to the host country. Prior studies found that cultural similarity has a moderating role regarding the relationship between consumer ethnocentrism and purchase intention (Shankarmahesh, 2006). There is empirical evidence (Bruning & Saqib, 2013; Fenwick et al., 2003; Sharma et al., 1995; Watson & Wright, 2000) that suggests cultural similarity can reduce the level of consumer ethnocentrism toward foreign product purchase intention. Watson and Wright (2000) examined the moderating effect of cultural similarity on the relationship between consumer ethnocentrism and consumers’ evaluation of foreign products in New Zealand, and they found that cultural similarity has a significant influence on ethnocentric consumerism. Based on the above discussion, it is assumed that a cultural similarity factor may strengthen positively the relationship between consumer ethnocentrism and purchase intention toward foreign products in an emergent market. It is therefore, proposed that:

H8: Cultural similarity has a moderating role on the relationship between consumer ethnocentrism and purchase intention.

Research Methodology

Measurement

A structured questionnaire was used to collect the data for this study. This study adopted the validated scale from previous studies to examine the constructs under study. For consumer ethnocentrism, it has been measured by eight items of the CETSACLE, developed by Shimp and Sharma (1987). Conservatism has been put into operation by a four-items scale adopted from Ray (1983) and Altintaş and Tokol (2007). Cultural openness, referring to the willingness to interact with other cultures, is measured by four items adopted from Sharma et al. (1995). Six items from a study by Forsyth (1980) were adopted to measure moral idealism and four items to measure moral relativism. Three items were used to measure attitude and four items were used to measure intention adopted from the well-known theory of TPB by Ajzen (1985). Finally, the cultural similarity was measured by computing the means of cultural distance (CD) index proposed by Kogut and Singh (1988), which is based on Hofstede’s six cultural dimensions:

\[ CD_j = \sum_{i=1}^{6} \left( \frac{I_{ij} - I_{is}}{V_i} \right)^2 / 6 \]

Where \( I_{ij} \) is the index for ith cultural dimension of the country j country, while \( I_{is} \) is the index of Saudi Arabia on the dimension, \( V_i \) is the variance of index i, and s referred to Saudi Arabia. Lastly, number six represents the number of the dimensions - namely, power distance, individualism versus collectivism, masculinity versus femininity, uncertainty avoidance index, long term orientation and indulgence. By using the formula, the CD from Saudi Arabia to Jordan is 0.53, to Lebanon 0.97, to Egypt 1.17, to India 1.31, to USA 2.64, and to The Netherlands 3.64.

The questionnaire was translated into Arabic by using back translations to ensure that the concepts are linguistically equivalent and the content is valid. The draft questionnaire was pretested through a pilot
study by selecting a small group of consumers. The modified questionnaire was pre-tested once again with a sample of 35 respondents. The responses format was a 7-point type scale, ranging from 1 = strongly disagree to 7 = strongly agree. The reliability of all of the constructs was assessed by using Cronbach’s alpha (α) coefficient, as shown in Table 1.

Table 1: Reliability Coefficient for all Constructs (Pilot Study n=35)

<table>
<thead>
<tr>
<th>Constructs</th>
<th>No. of items</th>
<th>Cronbach's Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cultural openness</td>
<td>4</td>
<td>0.74</td>
</tr>
<tr>
<td>Conservation</td>
<td>4</td>
<td>0.71</td>
</tr>
<tr>
<td>Moral idealism</td>
<td>6</td>
<td>0.79</td>
</tr>
<tr>
<td>Moral relativism</td>
<td>4</td>
<td>0.79</td>
</tr>
<tr>
<td>Consumer ethnocentrism</td>
<td>8</td>
<td>0.83</td>
</tr>
<tr>
<td>Attitude toward foreign products</td>
<td>3</td>
<td>0.84</td>
</tr>
<tr>
<td>Purchase intention</td>
<td>4</td>
<td>0.77</td>
</tr>
</tbody>
</table>

Data Collection

The data of this study were collected in Riyadh City, which is the capital city of the Kingdom of Saudi Arabia. Riyadh is a metropolitan city and people who live in this city came from different geographical regions of the country, therefore representing accurately the country’s urban population. A convenience sampling method and snowball method were used to collect the information from consumers. A total of 407 respondents from a total of 702 completed questionnaires, which were distributed by using the self-administrated method. In the paper-based survey, 163 valid responses were used for the data analysis - a response rate of 54%. In the web-based survey, 244 usable responses were obtained with a response rate of 60%. Forty-seven of the remaining number of questionnaires of the paper-based survey method were not returned to the researcher; a total of 229 questionnaires were found to be unusable, owing to a huge amount of missing data resulting from incomplete pages; 19 cases were removed because respondents supplied the same answer for the whole range of questions.

Table 2 The Study Hypothesis

<table>
<thead>
<tr>
<th>Hypothesis No.</th>
<th>Independent Variables</th>
<th>Interactions</th>
<th>Dependent Variables</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Cultural openness</td>
<td></td>
<td>Consumer ethnocentrism</td>
</tr>
<tr>
<td>H2</td>
<td>Conservatism</td>
<td></td>
<td>Consumer ethnocentrism</td>
</tr>
<tr>
<td>H3</td>
<td>Moral idealism</td>
<td></td>
<td>Consumer ethnocentrism</td>
</tr>
<tr>
<td>H4</td>
<td>Moral relativism</td>
<td></td>
<td>Consumer ethnocentrism</td>
</tr>
<tr>
<td>H5</td>
<td>Attitude toward foreign products</td>
<td></td>
<td>Intention</td>
</tr>
<tr>
<td>H6</td>
<td>Consumer ethnocentrism</td>
<td></td>
<td>Attitude</td>
</tr>
<tr>
<td>H7</td>
<td>Consumer ethnocentrism</td>
<td></td>
<td>Intention</td>
</tr>
<tr>
<td>H8</td>
<td>Consumer ethnocentrism</td>
<td>Cultural similarity</td>
<td>Intention</td>
</tr>
</tbody>
</table>

Conclusion

In summary, this study presents the factors affecting consumers’ attitude and intention toward foreign products. consumer ethnocentrism is found to be a key factor that has an adverse influence on consumers’ purchase intention toward foreign products (Dogi, 2015; Sharma et al., 1995; Weber, Lambert, Conrad, & Jennings, 2015). The hypotheses were developed based on the findings within the existing literature but have not been tested yet as one model. Recent research has confirmed the findings of consumer ethnocentrism and its antecedents (Dogi, 2015), although none of these studies has tested the concept of consumer ethnocentrism in an emergent market like Saudi Arabia. Table 2 summarized the hypotheses developed to examine the relationships between consumer ethnocentrism and its antecedents with a focus on Saudi consumers and their purchasing intention of foreign products. The work here proposes a model for
this study to help better understand consumer ethnocentrism in an emergent market and Arab countries. The next step of this study is to test empirically the proposed hypotheses in one model. Partial least square (PLS) is one of the structural equation modelling (SEM) techniques which will be used to analyse the dataset. PLS-SEM is recommended when the main aim of a research study is to predict a construct or identify key driver construct (Sosik, Kahai, & Piovoso, 2009; Wong, 2013). Since 2005, SmartPLS has become increasingly popular and widely used in many disciplines, such as operation management (Peng & Lai, 2012), organization (Sosik et al., 2009) and marketing research (Wong, 2013). The findings of this research may help practitioners and government policy-makers through better market analysis of patterns of consumer purchasing behaviour toward foreign products in emergent markets. In addition, a theoretical contribution can be made, as this study aims to address a gap in knowledge in understanding the impact of consumer ethnocentrism toward foreign products in emergent markets.

References


