# Antecedents of Consumer Ethnocentrism

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## Abstract

This study attempts to validate the antecedents of consumer ethnocentrism and determine causal relationships between the specified antecedents and customer ethnocentrism in light of customer behavior in a less developed country Jordan. Seven antecedents were identified: culture openness, conservatism, collectivism, patriotism, control belief, interest in foreign travel and attitude toward foreign product. Each variable is measured by a 7-point Likert-scale of various developed past scales. Consumer ethnocentrism was measured using the CETSCALE 17 items. An 84 percent response rate was collected from 120 questionnaires distributed. Confirmatory factor analysis performed on the data reveals that the measurement model and structural model are statistically fit. Structural equation modeling (SEM) analysis establishes causal relationships between cultural openness, control belief, foreign travel, attitude and ethnocentrism.

## Introduction

Despite globalization, barriers to success in foreign markets remain. One such barrier, caused by ethnocentrism, was introduced by Sumner (1906), who defines it as the view of things in which one's own group is the center of everything, and all others are scaled and rated with reference to it. Purchasing imported goods is seen as wrong as it will harm the domestic economy, have an adverse impact on domestic employment, and is unpatriotic. Along with increased nationalism and heavy emphasis on cultural and ethnic identity, consumer ethnocentrism will be a potent force in the global business environment in the years to come (Shimp and Sharma, 1987). Increased global business has also led to a renewed interest in the effect of consumer ethnocentrism; concepts evoke certain attitudes towards products from abroad on consumer decision making (Papadopoulos and Heslop, 1993). Globalization which tends to be increasing in import from and export to various countries around the world facilitates and bonds culture closeness, but has the world reached an era where geographical borders become less important as consumers across nations are becoming more homogeneous? Or, as globalization forces are intensified, consumers are more concerned about a product's country of origin? To which extent nations prefer domestic products as opposed to foreign? It has been hypothesized that cultural differences are still, by looking at  the current conflict in the Middle East and events like September 11, serve as a reminder that the world is still far from being a cohesive international community, and geographic loyalties are likely to influence consumer preferences.  Thus, the objectives of this study are twofold. Firstly, to identify and validate the antecedents of customer ethnocentrism and second to examine the causal relationships of each antecedent with consumer ethnocentrism. This paper is structured as follows. First, we review the marketing literature on the antecedents of customer ethnocentrism. Next, we present the research framework, methods, measures and findings. Finally, the results were discussed in terms of its contribution to consumer behavior and recommendations for future research.

Antecedence of Consumer Ethnocentrism (CET), Researchers have investigated the relationships between consumer ethnocentrism and a number of socio-psychological variables. From our reading we have identified seven main antecedents vis-à-vis, cultural openness, patriotism, conservatism, Collectivism/individualism, control belief, interest in foreign travel and attitude toward foreign product. Cultural openness, Studies that found a negative relationship between cultural openness and CET (Shimp and Sharma, 1987; Howard, 1989) seem to have relied heavily on conventional wisdom that "cross-cultural interactions and travel opportunities can broaden one's mind" (Berkowitz, 1962). Patriotism, Sharma *et al*. (1995) found is positively related to CET. Conservatism, conservative persons are those that "show a tendency to cherish traditions and social institutions that have survived the test of time and to introduce changes only occasionally, reluctantly and gradually" (Sharma *et al*., 1995, p. 28). Collectivism/individualism is another socio-psychological variable used in past research as an antecedent to consumer ethnocentrism. In the field of psychology, Collectivistic persons are likely to show ethnocentric tendencies because they consider their actions in relation to their societal group. Individualistic persons, on the other hand, will act for their own benefit and will show lesser degrees of ethnocentrism. Control belief toward foreign product, Ajzen (1998) defines control beliefs as the perceived ease or difficulty of performing the behavior and it is assumed to reflect past experience as well as anticipated impediments and obstacles" (Ajzen, 1988, p. 132). This refers to perceived control over a behavior, not the objective or actual amount of control a person has in a certain situation. Therefore, perceived control over a certain behavior in the same situation may differ, depending on the person's perception of the control. Interest in foreign travel, Foreign travel tends to reduce tendencies towards ethnocentrism where these stem from a lack of experience or knowledge rather than prejudice (Mooij, 1997). Individuals often learn about other cultures in school by reading about them, or by watching programs on television. However, actual experience of visiting or living in another country is likely to have the most profound effect on knowledge about other countries and other peoples' life-styles and increase receptivity towards foreign products. Positive attitudes toward travel abroad will reflect a more international orientation.

## Methodology

A total of 120 telephone interviews were made to households (respondents) selected randomly from yellow pages directory of Jordan. The responses collected back were 100 questionnaires representing 84 percent response rate. The instruments utilized to measure each variable identified for the study uses 7-point Likert-scale: culture openness was adopted from Sharma. (1995)-(6 items), conservatism was adopted from Rays (1983)- (6 items), collectivism/ individualism was adopted from Hui (1988)-(6 items), patriotism was adopted from Andorno, (1950) - (5 items), control belief was adopted from Ajzen. (1998) and interest in foreign travel was adopted from Douglas and Nijssen, (1998)- (4 items). Attitude toward foreign product was adopted from Martin and Stewart (2001) and Hastak and Olson (1989) - (4 items). Consumer ethnocentrism was measured using the CETSCALE 17 items (Shimp & Sharma, 1987). The data collected was analyzed using SPSS software and AMOS. A confirmatory factor analysis (CFA) was duly conducted on measurement models and structural models. CFA specifies the indicators that define each latent construct (Hair *et al*, 1998). Through modification indices, items that are cross-loaded in more than one dimension were relaxed one at time as proposed by Long

(1983) and insignificant parameters were excluded from the study. Beside relaxing parameters, removing or adding items (or parameters) from one dimension to another dimension, which is highly cross-loaded, was also performed in this study. However, any removing, excluding or adding parameters need to be performed based on theoretical, statistical and practical considerations (Bagozzi and Heatherton, 1994).

## Research Framework

Figure 1 shows the research framework of the study, the literature indicates that culture openness, conservatism, collectivism/ individualism, patriotism, control belief, interest in foreign travel and attitude toward foreign product are direct antecedents of customer ethnocentrism.

### Sampling

The samples were households obtained from yellow pages. The survey was conducted on respondents that meet the following conditions: adult respondents and have ability to purchase.

## Findings

Goodness-of-fit statistics are indicated by minimum discrepancy (CMIN) or $\chi^2$, degrees of freedom (df), CMIN/df (< 2), Tucker-Lewis Index (TLI= > .90), comparative fit Index (CFI)->.95, and root mean square error (RMSEA) of <.08. All readings show that the measurement and structural models fits the data well as illustrated in Table 1.

**Table 1: Goodness of Fit statistics**

| Fit Indices | CMIN | Df | CMIN/DF | TLI | CFI | RMSEA |
|---|---|---|---|---|---|---|
| Measurement Model (exogenous variables) | 534.203 | 384 | 1.391 | 0.983 | 0.986 | 0.063 |
| Measurement Model (endogenous variable) | 38.792 | 27 | 1.437 | 0.991 | 0.995 | 0.066 |
| Structural Model (EXOV & ENDOV) | 957.882 | 674 | 1.421 | 0.975 | 0.978 | 0.065 |

Table 2 illustrates the parameter estimates of each exogenous variable's relationships with CET. The critical value (CR) standard of >1.96 signify that cultural openness, foreign travel, and control belief and attitude are significant predictors of ethnocentrism (the negative sign indicates inverse relationships).

**Table 2: Structural Equation Modeling Results**
**Endogenous Variable = CET**

| Exogenous | Estimate | SE | C.R. | Sig |
|---|---|---|---|---|
| Culture Openness | -0.238 | 0.066 | -3.635 | Significant |
| Conservatism | 0.007 | 0.080 | 0.083 | Not Significant |
| Patriotism | 0.039 | 0.074 | 0.534 | Not Significant |

| | | | | |
|---|---|---|---|---|
| Collectivism | -0.034 | 0.291 | -0.115 | Not Significant |
| Foreign travel | -0.389 | 0.089 | -4.388 | Significant |
| Control Belief | -0.326 | 0.084 | -3.860 | Significant |
| Attitude | -0.216 | 0.064 | -3.359 | Significant |

## Discussion and Conclusion

The theory has shown that the consumer ethnocentrism is related to seven component dimensions (culture openness, conservatism, patriotism, and collectivism, interest in foreign travel, control beliefs and attitude toward foreign product). This study establishes four causal relationships between antecedents of ethnocentrism vis-a vis cultural openness, foreign travel, control beliefs and attitude. The results indicate that Jordanian consumers will have high ethnocentrism if they are low in cultural openness, less foreign travel, have less control beliefs and less inclination to foreign purchase attitude. These findings are Mooij, 1997; Ajzen, 1988; Jeongshin, 1993).

Three variables were found to be insignificant predictors of customer ethnocentrism (conservatism, patriotism and collectivism). Conservatism is not related to consumer ethnocentrism probably because 95.4 per cent of Jordan population is Muslims who strictly adhere to the religion regardless of the level of ethnocentrism. Similarly, collectivism did not support ethnocentrism. This finding is in contrast with Sharma *et al* (1995). The consumers are too strongly cohesive that collectivists would not change their views on ethnocentrism. Additionally, patriotism is not a significant antecedent of ethnocentrism either. Balbanis *et al* (2001) conclude that the effect of patriotism on ethnocentrism may vary from country to country, more often due to historical events. Jordanians look at patriotism as something highly appreciated and loyalty to the King of Jordan is very high (Islam and the Hashemite, Jordan profile, 2004). Thus, Islamic fundamentalists always support the feeling of the patriotism towards their home country, regardless of the economic situation or level of ethnocentrism.

However, this study is limited by several factors that should be addressed in future research. First, the current research was conducted in Jordan, Amman city only and the sample was relatively small, which may reduce the generalizabilty of the results. Second, we can extend the model to add some other factors that could affect the level of consumer ethnocentrism in less developed countries. Several suggestions for future research were also provided along the way during the discussion of individual antecedents and consequences. Academics can also draw broad research directions from the integrative review and framework; there is a dearth of studies when it comes to measuring CET in less developed countries.

**APPENDIX**
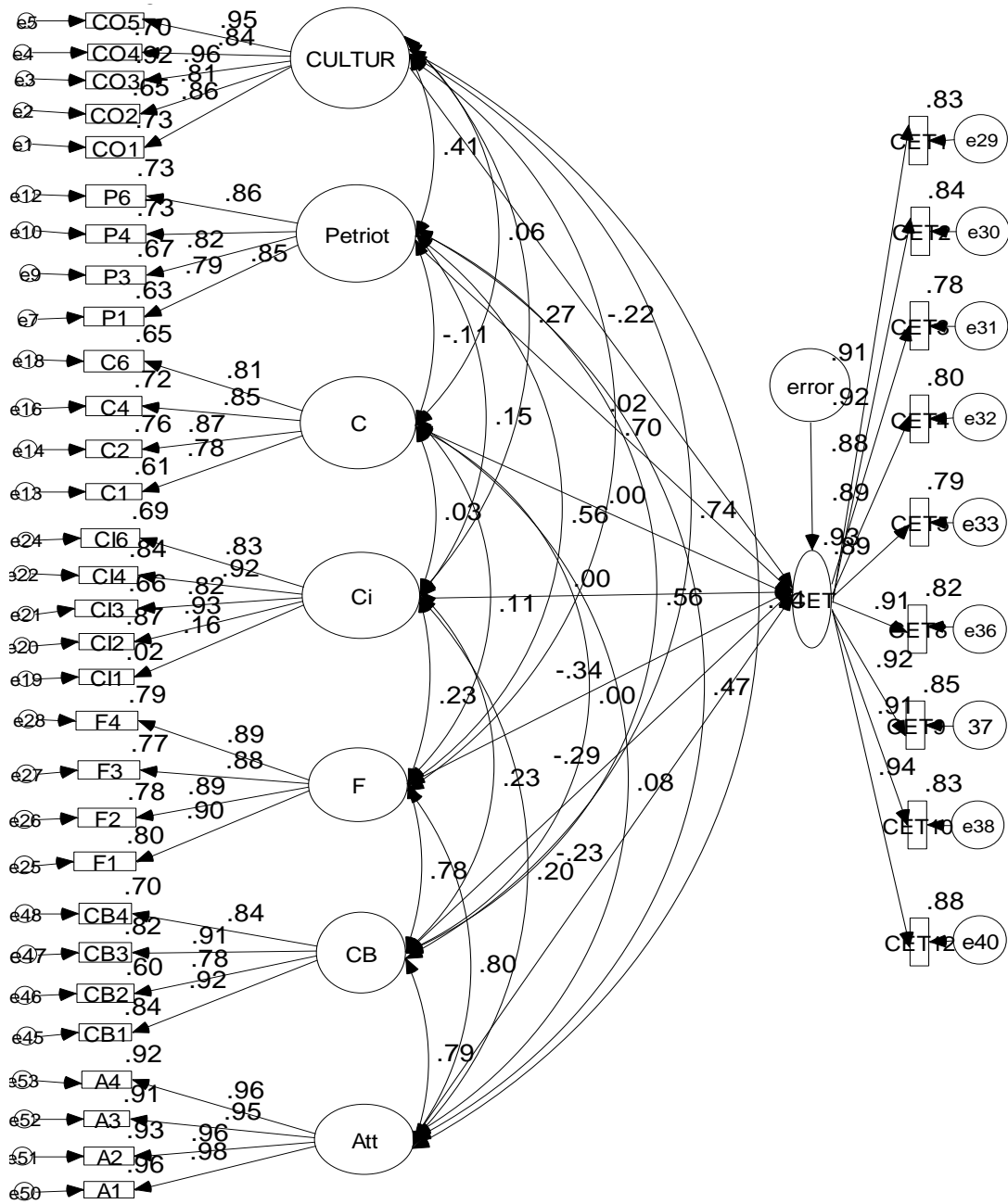**Figure 1: Structural Equation Model of Ethnocentrism**



**Figure 1 presents the path diagram of the structural model. The model explains 93 percent of variance in CET. ($R^2$=.93).**

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