The Direct Drivers of Ethnocentric Consumer, Intention and Actual Purchasing Behavior in Malaysia

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Abstract—The Malaysian government had consistently revived its campaign for “Buy Malaysian Goods” from time to time. The purpose of the campaign is to remind consumers to be ethnocentric and patriotic when purchasing product and services. This is necessary to ensure high demand for local products and services compared to foreign products. However, the decline of domestic investment in 2012 has triggered concern for the Malaysian economy. Hence, this study attempts to determine the drivers of actual purchasing behavior, intention to purchase domestic products and ethnocentrism. The study employs the cross-sectional primary data, self-administered on household, selected using stratified random sampling in four Malaysian regions. A nine factor driver of actual domestic purchasing behavior (culture openness, conservatism, collectivism, patriotism, control belief, interest in foreign travel, attitude, ethnocentrism and intention) were measured utilizing 60 items, using 7-point Likert-scale. From 1000 questionnaires distributed, a sample of 486 were returned representing 48.6 percent response rate. From the fit scale. From 1000 questionnaires distributed, a sample of 486 were returned representing 48.6 percent response rate. From the fit generated structural model (SEM analysis), it was found that the drivers of actual purchase behavior are collectivism, cultural openness and patriotism; the drivers of intention to purchase domestic product are attitude, control belief, collectivism and conservatism; and drivers of ethnocentrism are cultural openness, control belief, foreign travel and patriotism. It also shows that Malaysian consumers scored high in ethnocentrism and patriotism. The findings are discussed in the perspective of its implication to Malaysian National Agenda.

Keywords—Actual purchase, ethnocentrism, culture openness, conservatism, collectivism, patriotism.

I. INTRODUCTION

Ethnocentrism is the preference of local citizens towards purchasing the country’s own products [1]. It indicates that consumers will willingly buy local products if the choice is available. However, with the influx of foreign competition and products into the country, there are more choices for the customers to choose the same product with different quality or product specification.

This might lead to the great losses in revenue for local producers and might in turn increases the trade imbalance of a country. Accordingly, many countries in the world launched annual campaigns to promote ethnocentrism behavior among its citizens. One such campaign implemented in Malaysia is the ‘Buy Malaysian Goods’ slogan which reminds people to remain a staunch ethnocentric consumer. This campaign which started in 1997 is consistently revived from time to time. Another purpose of the campaign is to remind consumers to be patriotic when purchasing product and services. This is necessary to ensure high demand for local products and services compared to foreign products.

Nevertheless, there seems a decline in domestic investment in Malaysia since 2012, indicating a probable swing in the purchase behavior of local products by Malaysian consumers. Domestic investment fell to RM168 (USD56) billion in 2012 from RM298 (USD99) billion in 2010, while the foreign direct investment increased from RM14.2 (USD10.1) billion in 2010 to RM39.9 (USD12.3) billion in 2012. These statistics could be early signs of the burgeoning problems in actual purchasing behavior of domestic products. Hence, this study attempts to determine the drivers of actual purchasing behavior, intention to purchase domestic products and ethnocentrism.

This paper is structured as follows. First, we review the marketing literature on the antecedents of actual purchasing behavior, intention and customer ethnocentrism. Next, we present the research framework, methods, measures and findings. Finally, the results were discussed in terms of its contribution to the campaigns of ‘Buy Malaysian Product’.

II. LITERATURE REVIEW

While ethnocentrism is the preference of consumers to buy local products, actual purchase behavior towards local products is whether the consumers actually purchase local products. It boils down to what type of local products were bought, what brands, how much was bought, when and why they buy the local products. On the other hand, intention to purchase local products is the probability or likelihood of purchasing a certain item. The extant literature had identified various antecedents of actual purchase behavior, intention and ethnocentrism. Some of the eminent variables that have been proven to have significant effects on actual purchase behavior are intention [2]-[5], ethnocentrism [6]-[10], patriotism [2]; [7]; [11]-[14], culture openness/worldliness/worldmindedness [12]; [7]; [15], collectivism [14], collectivism [14], control belief/perceived behavior control [16]-[19], foreign travel [20]; [21], and attitude [22]-[24]; [14]; [12].

A. Patriotism

Reference [14] put forward the argument that patriotism, defined as love for or devotion to one’s country, is positively related to ethnocentrism. It is also positively related to intention [25]; [13] and actual purchase behavior [7], [11]; [12]. Their logic was imported from earlier studies that dealt with ethnocentrism in general. For example, several authors contended that patriotism is not only related to ethnocentrism,

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but also acts as a defense mechanism for the in-group [26]; [27]; [28]. Empirical support for a positive relationship between patriotism and CET is provided by studies such as [29], [14] and [30]. Reference [31] found that patriotism had a positive relationship with ethnocentrism, but only for one of the two samples surveyed. They concluded that the effect of patriotism on ethnocentrism may vary from country to country, often because of historical events.

B. Cultural Openness

Cultural openness is defined as awareness, understanding, and acceptance of other cultures [14]. These things could happen when there is communication. Reference [32] examined that communication and culture are acquired simultaneously neither exists without the other. Through direct or indirect relations with different groups may lead some individuals to form feelings that are the opposite of ethnocentrism. This cultural openness will influence individual’s perception and evaluation, and they compare themselves towards what they are believed. The comparison may be positive or negative.

In marketing field, studies that found a negative relationship between cultural openness and CET [33]; [34] seem to have relied heavily on conventional wisdom that “cross-cultural interactions and travel opportunities can broaden one’s mind” [35]. As a matter of fact, [36] observed that members of a group that have “the most contact with new cultures such as border dwellers, travelers and diplomats tend to be extremely ethnocentric or nationalistic” [37].

C. 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” [14]. In its extreme form, conservatism can manifest itself as religious intolerance, insistence on strict rules and punishments and on anti-hedonic outlook [38] in [14]). Studies such as [14] and [39] found a positive relationship between conservatism and customer ethnocentrism. A positive relationship was found by country-of-origin researchers between conservatism and attitudes toward foreign products [40]; [41]). A conservative consumer typically exhibits characteristics such as religious fundamentalism, pro-establishment orientation, insistence on strict rules and punishments, preference for the conventional and anti-hedonic outlook.

D. Collectivism

Collectivism is another socio-psychological variable used in past research as an antecedent to consumer ethnocentrism. In the field of psychology, extensive research has revealed differences between collectivist cultures and individualistic cultures [42]; [43]). Collectivist 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. These findings were confirmed in a study conducted by [14]. As collectivists consider the effect of their actions on the larger group of the society; people with collectivistic goals “tend to reveal more intensive ethnocentric tendencies than those with individualistic goals” [14]. Empirical support for positive correlation between collectivism and consumer ethnocentrism (CET) can be found in studies such as [44] and [14].

E. Control Belief

Reference [45] 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” [19]. 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.

F. Foreign Travel

Foreign travel tends to reduce tendencies towards ethnocentrism where these stem from a lack of experience or knowledge rather than prejudice [46]. 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. Reference [47] found that, while negative attitudes towards the purchase of foreign products are associated with patriotism, they are not necessarily strongly associated with lack of interest in foreign travel. On the other hand, more nuanced attitudes towards the purchase of foreign products appear to be associated with love of foreign travel and exposure to foreign countries.

G. Attitude

Attitude represents the “person’s general feeling of favorableness or unfavorableness for the behavior in question” [48]. Reference [49] on the other hand found that Chinese consumers generally have a preference for local brands. This however does not translate into actual purchase behavior. Reference [33] noted that some consumers generally believe that buying products that are locally manufactures is morally appropriate in normative sense. Consumer with high ethnocentrism attitude in comparison to low ethnocentrism will prefer for local or home made products or goods. This has been supported by [50] who found that even in cases where domestic products or goods are not available, consumer with high level of ethnocentrism will have more favorable attitudes towards product imported from culturally similar countries than product from culturally dissimilar countries.

The following hypotheses are derived for this study:

H1. Intention is positively related to actual purchase.
H2. Ethnocentrism is positively related to intention.
H3. Patriotism is positively related to actual purchase.
H4. Cultural openness is negatively related to actual purchase.
H5. Conservatism is negatively related to actual purchase.
III. METHODOLOGY

This study employs the cross-sectional quantitative research design whereby ten constructs are measured using past validated scales involving 60 items. Each variable is measured using 7-point Likert-scale: ethnocentrism (17 items) adapted from [33], culture openness (6 items) adopted from [14], conservatism (6 items) adopted from [53], collectivism (6 items) adopted from [14], patriotism (6 items) adopted from [33], control belief (5 items) adopted from [54], attitude towards local product (4 items) adopted from [48], intention (6 items) adopted from [33], patriotism (6 items) adopted from [14], control belief (5 items) adopted from [19], interest in foreign travel (4 items) adopted from [51], attitude (4 items) adapted from [48], intention (6 items) adopted from [19], and actual purchase of eight generic brands whether the respondents have bought local or foreign brands: air conditioner, kitchenware, medicine, beauty accessories, furniture, footwear, clothing and chocolates (total marks of 80).

The unit analysis of this study is the actual consumers who have purchasing power in their hands to purchase local and foreign products. To secure actual consumers, we first cluster the respondents by income and then focus on households based on housing estates. We assume consumers who can afford different types of housing types can reflect their level of income, for example low cost terrace housing could be for low income group, semi-detached housing could be medium income group and bungalows housing reflect the high income group. The sampling frame is based on the total number of working population in Malaysia, which is about 11 million (Statistic.gov.my. 2008, retrieved on 13 May 2010) [55]. For a population of more than 1 million, the sampling size needed is 384 [36]. Due to response rate norms of 30%, we tripped the questionnaire distribution to about 1000 houses; i.e 350 terraced housing, 350 semi-detached housing and 300 bungalow housing. To ensure random sampling every fifth house was selected as the respondent. The number of returned questionnaires from this exercise was 486 representing 48.6%. After data screening for outliers, 425 dataset were usable for further analysis. The data were analyzed using factor analysis in SPSS and structural equation modeling in AMOS.

IV. FINDINGS

A. Demographic Profile of Respondents

The sample shows that there is a higher percentage of female (55%) as compared to males (45%) with an average age of 33 years old. It is noted that there is a higher proportion of single respondent (52%), compared to married respondents (46%). The majority of respondents had high school qualifications (60%) followed by bachelor’s degree (33%) and masters education (5%). Most of them work in private sector (42%), followed by government sector (23%), own business (15%) and others (20%). Their houses vary from terrace housing (37%), double-storey terrace (24.3%), bungalow (10%) and other types of housing (28%).

B. Descriptive Statistics of Construct

Table II illustrates the descriptive statistics of all latent constructs. It shows that all Cronbach’s alpha are within the specified threshold set by [57] of above 0.60. Composite reliability also shows values above .90 indicating appropriate measurement validity.
C. Hypotheses Results

Based on the structural equation modeling (AMOS) analysis, the generated fit model is exhibited in Fig. 1. The goodness of fit of the generated model achieved the suggested fit thresholds (p-value = .055 (> .05); RMSEA = 1.195 (< .2); GFI = .963 (> .95); CFI = .95 [>.95]; and RMSEA = .021 (<.08)). Thus, the results could be generalized to the population.

The regression parameter estimates as shown in Table III, indicate that three predictors have significant linkages to actual purchase behavior, which are patriotism (β = .393, CR = 2.577, p = .010) hence, supporting H3; cultural openness (β = .304; CR = 2.374; p = .018) thus supporting H6.

Similarly, four significant linkages to intention are achieved, namely conservatism (β = .237; CR = 2.202; p = .028) supporting H12; collectivism (β = .498; CR = 2.774; p = .010) thus supporting H13; control belief (β = .394; CR = 2.577; p = .010) thus supporting H14; and attitude (β = .315; CR = 3.058; p = .002), hence supporting H16.

Consequently, four significant relationships to ethnocentrism are substantiated i.e. patriotism (β = .182, CR = 2.176, p = .030) or H17 is asserted; cultural openness (β = .256, CR = 3.655, P < .001) or H18 is asserted; control belief (β = .680, CR = 5.484, P < .001) or H21 is asserted; foreign travel (β = .137, CR = 2.137, P = .033) or H22 is asserted. Alternatively, all other hypotheses are unsupported (Table IV).

V. DISCUSSION

The positive relationship between patriotism and actual purchase is supported by several past findings [2], [7], [11]; [12]. This finding could imply that Malaysians have strong bonding with domestic products and prefer to buy local products compared to foreign products. This strong sentiment to support the domestic products could be observed on the road when the National cars like Proton and Perodua are the best-selling passenger cars compared to foreign cars. This explanation also supports the positive impact of patriotism on ethnocentrism. In contrast, culture openness has an inverse impact on actual purchase and ethnocentrism implying that the higher the culture openness, the lower the actual purchase of domestic products. Similar findings have been reported in the past studies [12]; [7]; [15]. This phenomenon could be expected since Malaysians are a multicultural society and probably exposed to different cultures. Perhaps, Malaysians who have experienced or travelled to other countries may have preferred foreign products. Collectivism shows a negative impact on actual purchase [14]. This implies that the higher the collectivist behavior, the less they purchase foreign products. Malaysian has very strong family culture; hence, they would prefer local brands. For instance, in Malay family, they would prefer to buy Malay dresses called 'bajuMelayu' or 'bajukurung'. Collectivism also shows a significant positive impact on purchase intention, implying that the higher collectivist family would have higher intention to buy local products. Consequently, control belief was found to have significant positive impact on intention and ethnocentrism [16]-[18].

VI. CONCLUSION

The final finding of this study indicates that the direct drivers of actual purchase behavior are collectivism, cultural openness and patriotism; the direct drivers of intention to purchase domestic product are attitude, control belief, collectivism and conservatism; and direct drivers of ethnocentrism are cultural openness, control belief, foreign travel and patriotism. It also shows that Malaysian consumers scored high in ethnocentrism and patriotism.
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<tr>
<th>HYPOTHESES</th>
<th>PARAMETER ESTIMATES (INSIGNIFICANT)</th>
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<tr>
<td>H1: Intention ( \rightarrow ) Actual (AP)</td>
<td>( \beta = -0.069, p = 0.137, \rho = -0.385, p &gt; 0.700 )</td>
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<td>H2: Ethno ( \rightarrow ) Intention</td>
<td>( \beta = 0.051, p = 0.121, \rho = 0.561, \rho &gt; 0.755 )</td>
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<td>H5: Conservatism ( \rightarrow ) AP</td>
<td>( \beta = 0.054, p = 0.961, \rho = 0.679, \rho &gt; 0.497 )</td>
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<tr>
<td>H7: Control belief ( \rightarrow ) AP</td>
<td>( \beta = 0.363, p = 15.57, \rho = 1.769, \rho &gt; 0.077 )</td>
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<td>H8: Foreign travel ( \rightarrow ) AP</td>
<td>( \beta = 0.037, p = 16.79, \rho = 0.360, \rho &gt; 0.719 )</td>
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<td>H9: Attitude ( \rightarrow ) AP</td>
<td>( \beta = 0.086, p = 12.59, \rho = 0.487, \rho &gt; 0.626 )</td>
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<td>H10: Patriotism ( \rightarrow ) Intention</td>
<td>( \beta = 0.025, p = 0.293, \rho = 0.288, \rho &gt; 0.773 )</td>
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<td>H11: Cultural open ( \rightarrow ) Intention</td>
<td>( \beta = 0.019, p = 0.022, \rho = 0.249, \rho &gt; 0.803 )</td>
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<td>H15: Foreign travel ( \rightarrow ) Intention</td>
<td>( \beta = 0.037, p = 0.014, \rho = 0.569, \rho &gt; 0.569 )</td>
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<td>H19: Conservatism ( \rightarrow ) Ethno</td>
<td>( \beta = 0.026, p = 0.007, \rho = 0.575, \rho &gt; 0.565 )</td>
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<td>H20: Collectivism ( \rightarrow ) Ethno</td>
<td>( \beta = 0.078, p = 0.116, \rho = 0.739, \rho &gt; 0.460 )</td>
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<tr>
<td>H23: Attitude ( \rightarrow ) Ethno</td>
<td>( \beta = 0.009, p = 0.100, \rho = 0.561, \rho &gt; 0.575 )</td>
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**REFERENCE**


