

# The Impact of Education and Income on Consumers' Ethnocentrism in India (With Reference To Ahmedabad City)

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Received: March 06, 2018

Accepted: April 09, 2018

## ABSTRACT

*The aim of this study was detect out the effect of gender and age on ethnocentric tendencies of Indian consumers. For that, we have used CETSCALE. Before the CETSCALE can be applied as a criterion of consumer ethnocentrism in an Indian context, it is necessary to evaluate its reliability. This study concludes that the level of ethnocentrism and level of education shows the negative relationship in India also. Educated Indian consumers easily accept the foreign made products and other cultures also. Increase in income decreases the ethnocentric tendency because in India imported products are shown as a status symbol.*

**Key Words:** ethnocentrism.

## Introduction

The gist of ethnocentrism is more or less taken for granted that carries a largely eloquent and short-lived implication. The term was coined by William G. Sumner, upon observing the tendency for people to differentiate between the in-group and Others Sumner, upon observing the tendency for people to specify between the in-group and others. The nature of everything and all others are scaled and ordered with reference to it."

Ethnocentrism in layman's words can be stated as giving importance to our own affairs and not counting others. The general definition of the term "believes one's own group's ways are superior to others" or "judging other groups as inferior to one's own".

In that respect are different legal documents to measure this Consumer ethnocentrism, like the CETSCALE, a criterion of consumer ethnocentrism. Consumer ethnocentrism provides an appropriate construct to examine since it was initially developed and validated in the US and has also been tested in other large industrialized nations such as Japan, Germany and France.

Today, in the world of globalization, the international market has made an extensive share in the Indian grocery store. The numbers of components which influence consumers' purchasing behavior in the context of foreign-products are age, gender, educational qualification, household income and job. Consequently, the curiosity has increased for conducting the effect of gender and age on purchase related consumer tendencies of India

## Literature Review

Shimp and Sharma (1987) had developed the CETSCALE to measure the consumer ethnocentrism tendency of the American consumers. In the CETSCALE 17 items used to measure the tendency of consumers to act towards foreign and domestic products. After that CETSCALE was used in different nation to assess the consumer ethnocentrism tendency. Before the use of CETSCALE, Netemeyer et al., 1991; Durvasula, et. Al., 1997; Shimp and Sharma, 1987, Sharma et al 1995, Teodoro Luque-Martinez et al 1998, Kojo Saffu and John Hugh 2005, Poh-Chuin Teo 2010 researchers demonstrate its reliability and robustness. Stated research founded in their research that CETSCALE shows the inner consistency and reliability to measure the ethnocentric tendency. The consumer ethnocentrism tendency was found by the mean of the 17 point scale. Subjects in many Countries such as the United Kingdom (Bannister and Saunders 1978), France (Baumgartner and Jolibert 1977), the United States (Shimp and Sharma 1987), Canada (Hung, 1989), Korea (Sharma, Shrimp, and Shin 1995), Ethiopia (et V.S. Magnolia al 2011), Pakistan (Naveed Iqbal Chaudhry et al 2011), India (Anupam bawa 2004), Ghana (Edwin et al 2009), India and Bangladesh (Soumava & Munir 2011), Russia (Durvasula, Craig, and Netemeyer 1997), China (Klein, Ettenson, and Morris 1998) found that in developed countries consumer ethnocentrism tendency was low; where in developing rural areas had established high levels of consumer ethnocentrism tendency as compared to developed nations.

In the most cases, the relationship between education and ethnocentrism tendency expected negative, illustrating the fact that as education level increases, ethnocentricity decreases. The logic behind this argument is that as individuals move to more advanced educational degrees, they become more acquainted with strange cultures and therefore, more receptive towards foreign products. Ethnocentric consumers

tend to receive a lower tier of education (Watson and Wright, 1999). Piron 2002, Sharma et al. 1995, Kaynak and Kara 2002; Kucukemiroglu 1999, the US Klein and Ettenson 1999, Good and Huddleston 1995; Vida and Fairhurst 1999 Witkowski 1998, Ueltschy 1998, Chrysochoidis et al. 2007 were found negative relationship between education and ethnocentric tendency. Bawa, 2004 and Javalgi et al., 2005 reported no significant relationship where Hopkins and Powers 2007 suggested the positive relationship.

Income is one of the two demographic factors, along with gender, that has produced the largest volume of inconsistent results. The legal age of empirical studies agree on the negative correlation between income and ethnocentric tendencies, i.e. as income increases, people tend to be more objective in their ratings and preferences. This negative correlation was validated in studies in Korea (Sharma et al., 1995), USA (Klein and Ettenson, 1999), New Zealand (Watson and Wright, 2000), Turkey (Kaynak and Kara, 2002; Kucukemiroglu, 1999), Colombia (Ueltschy, 1998), Poland (Good and Huddleston, 1995; Supphellen and Rittenburg, 2001) and Canada (Wall and Heslop, 1986). Some non-significant outcomes were likewise reported, such as in France (Javalgi et al., 2005) and Hungary and Mexico (Witkowski, 1998). Interestingly, a positive relationship was found in the USA, showing that as income increases, ethnocentrism level also rises (Hopkins and Powers, 2003).

### Research Methodology

This study is single cross sectional descriptive research. In this study Shimp and Sharma's (1987) developed 17 items scale measurement called CETSCALE was used to get the primary data. The respondents were asked to indicate their extent of agreement with various statements describing ethnocentric proclivities on a 7- point Likert scale (1 = strongly disagree, 7 = strongly agree). The research was conducted using non probabilistic convenient sampling method. The sample size was 131.

### Analysis of Data and Result

To measure consumer ethnocentric tendencies, the 17 item CETSCALE developed by Shimp and Sharma (1987) was used. Cronbach's alpha was used to find out the reliability and internal consistency of the CETSCALE, Table 7 shows the result of the reliability analysis for the 17 items.

| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
|------------------|--|------------|
| .892             | .893   | 17         |

The Cronbach's alpha coefficient for scales was found to be 0.892. Evidently, the scales are reliable, since all the values exceed the 0.70 rule. Table 8 shows the Cronbach's alpha if item deleted which are almost same for each items that means each items measures the same things. To find out correlation between the items the inter item correlation was find out. In most of the cases correlation finds out more than 0.3 which is good indicator for the scale. Therefore, the reliability estimates from the samples support Hypothesis: 1 that CETSCALE has internal consistency to measure the ethnocentric tendencies of Indian consumers.

|   | Cronbach's Alpha if Item Deleted | Mean Score |
|---|----------------------------------|------------|
| Indian people should always buy Indian- made products instead of imported.  | .888                             | 4.47       |
| Only those Products that are unavailable in the India should be imported  | .890                             | 4.64       |
| Buy Indian-made product Keep India working.   | .887                             | 5.20       |
| Indian Products, first, last, and foremost  | .883                             | 4.50       |
| Purchasing foreign-made Products is un-Indian   | .892                             | 3.18       |
| It is not right to purchase foreign Products, because it puts Indians out of jobs.  | .886                             | 3.85       |
| A real Indian should always buy Indian- made Products.  | .882                             | 4.31       |
| We should purchase Products manufactured in India instead of letting other countries get rich off us                        | .885                             | 4.46       |
| It is always best to purchase Indian Products   | .884                             | 4.47       |
| There should be very little trading or purchasing of Products from other countries unless out of necessity                  | .886                             | 4.59       |
| Indians should not buy foreign Products, because this hurts Indian business and causes unemployment.                        | .882                             | 4.44       |
| Curbs should be put on all imports  | .889                             | 4.11       |
| It may cost me in the long-run but I prefer to support Indian Products.   | .883                             | 4.70       |
| Foreigners should not be allowed to put their Products on our markets.  | .886                             | 3.68       |
| Foreign Products should be taxed heavily to reduce their entry into the India   | .886                             | 4.30       |
| We should buy from foreign countries only those Products that we cannot obtain within our own country.                      | .886                             | 4.81       |
| Indian consumers who purchase products made in other countries are responsible for putting their fellow Indians out of work | .886                             | 4.36       |

The total potential value of the CETSCALE for 17 items varies between 17 and 119 due to seven point scale. The overall average score of ethnocentrism was obtained as the norm of the scores for the 17 points. The mean ethnocentrism score was found to be 4.3565 with a standard deviation of 1.17. The inter quartile range for the mean score data for the sample indicated that 25% of the respondents have a mean score less than 3.76, which can be viewed as low ethnocentrism score, while 25% of the respondents have a mean score greater than 5.17, which can be regarded as high level of ethnocentrism.

The outcome of the ethnocentrism shown in table 2, as per table with the highest scoring items were namely buy Indian made products, keep India working” and “We should obtain from foreign countries only those products that we cannot hold within our country”

Past studies found the negative relation between education level and ethnocentrism level. As the person gets educated he/she accept the foreign culture and product easily. Here an attempt would be done to find out if the mention relationship exists in Indian consumers. For that following hypothesis was framed

H0 There is no significant difference for ethnocentrism tendency between different education levels

H1 There is significant difference for ethnocentrism tendency between different education levels

To prove the hypothesis first we have to check whether data are normally distributed or not, for that histogram and seam and leaf charts were constructed. The charts suggested that data are normally distributed but for accuracy of the result normality test performed and following table shows the result of that.

|  | qualification | Kolmogorov-Smirnov <sup>a</sup> |    |       | Shapiro-Wilk |    |      |
|--|---------------|---------------------------------|----|-------|--------------|----|------|
|  |               | Statistic                       | Df | Sig.  | Statistic    | df | Sig. |
| avg_score  | Under S.S.C   | .115                            | 15 | .200* | .942         | 15 | .406 |
|  | S.S.C         | .127                            | 15 | .200* | .957         | 15 | .634 |
|  | H.S.C.        | .154                            | 17 | .200* | .958         | 17 | .588 |
|  | Graduate      | .072                            | 54 | .200* | .985         | 54 | .717 |
|  | Post Graduate | .154                            | 30 | .067  | .945         | 30 | .123 |
| a. Lilliefors Significance Correction              |               |                                 |    |       |              |    |      |
| *. This is a lower bound of the true significance. |               |                                 |    |       |              |    |      |

The table 3 shows that each group has p value higher than 0.05 so we can say that collected data are normally distribute. Find out the difference between education groups we can use ANOVA test if the group variance are equal. To check this assumption of the ANOVA we can use Levene's homogeneity of variance test used. Table show the significant value of the test was 0.851, which is greater than .100 which means that group variance are equal.

Both the assumption of the ANOVA normality of the data and equal group variance are fulfill so we can use the ANOVA to find out the difference.

| Levene Statistic | df1 | df2 | Sig. |
|------------------|-----|-----|------|
| .339             | 4   | 126 | .851 |

The result of the one way ANOVA is shown in the table 4. The p value is found 0.000 which is far less than the 0.000 so we can easily rejected the null hypothesis and say that there is significant difference between ethnocentrism and educational level.

|                | Sum of Squares | Df  | Mean Square | F     | Sig. |
|----------------|----------------|-----|-------------|-------|------|
| Between Groups | 39.662         | 4   | 9.916       | 8.996 | .000 |
| Within Groups  | 138.876        | 126 | 1.102       |       |      |
| Total          | 178.538        | 130 |             |       |      |

| Education Group | Mean Score |
|-----------------|------------|
| Under S.S.C     | 5.3686     |
| S.S.C           | 5.0510     |
| H.S.C.          | 4.4360     |
| Graduate        | 4.2702     |
| Post Graduate   | 3.6137     |

In the different educational group, Under S.S.C and S.S.C group scored the higher mean compare to the other groups and the table also suggests that as the education level increases the ethnocentrism tendency decrease.

Past literature provides the mix response for relation between income level and ethnocentrism tendency. In India use of imported or foreign made products seen as a status symbol. Generally when income level of Indian consumer increases they prefer foreign product compare to the domestic. To find out truth of this myth following hypothesis is frame

H0 There is no significant difference for ethnocentrism tendency between different income groups

H1 There is significant difference for ethnocentrism tendency between different income groups

To find out the distribution of the data charts were drawn but that not prides the clear evidence so the statistical test for normality was performed and the result of that shown in table 4

|  | income         | Kolmogorov-Smirnov <sup>a</sup> |    |       | Shapiro-Wilk |    |      |
|--|----------------|---------------------------------|----|-------|--------------|----|------|
|  |                | Statistic                       | df | Sig.  | Statistic    | Df | Sig. |
| avg_score  | 1 lakh         | .108                            | 30 | .200* | .970         | 30 | .542 |
|  | 1lakh-2 lakh   | .066                            | 44 | .200* | .972         | 44 | .352 |
|  | 2 lakh-3 lakh  | .172                            | 22 | .091  | .931         | 22 | .126 |
|  | 3 lakh- 5 lakh | .142                            | 21 | .200* | .954         | 21 | .408 |
|  | > 5 lakh       | .135                            | 14 | .200* | .962         | 14 | .755 |
| a. Lilliefors Significance Correction              |                |                                 |    |       |              |    |      |
| *. This is a lower bound of the true significance. |                |                                 |    |       |              |    |      |

The significant values of the K-S test support the argument that data are normally distributed. Now, we see whether the variance of the group were equal or not. For that Levene's homogeneity of variance test was used. Table 8 show the p value of the test is .206 which is greater than .1000 it means that group has equal variance.

| Levene Statistic | df1 | df2 | Sig. |
|------------------|-----|-----|------|
| 1.501            | 4   | 126 | .206 |

Now we statistically prove that for stated hypothesis we can use the One-Way ANOVA test.

The result of the One-Way ANOVA test is displayed in the table 9. ANOVA table reported that p value .001 which is not enough to accept the null hypothesis so we reject the null hypothesis and conclude that there is difference in ethnocentrism tendency of different income groups. ANOVA test does not say that which group is high ethnocentric and which one is less. For that the mean score of the each group was found and compare. Mean score of high income group consumers (3-5 lakh and > 5) is lower than the low income group consumers (< 1 lakh, 1-2 lakh, 2-3 lakh).

|                | Sum of Squares | Df  | Mean Square | F     | Sig. |
|----------------|----------------|-----|-------------|-------|------|
| Between Groups | 23.569         | 4   | 5.892       | 4.791 | .001 |
| Within Groups  | 154.969        | 126 | 1.230       |       |      |
| Total          | 178.538        | 130 |             |       |      |

| Table 10 Mean Score and Income Level |            |
|--------------------------------------|------------|
| Income Level                         | Mean Score |
| 1 lakh                               | 4.4922     |
| 1lakh-2 lakh                         | 4.8476     |
| 2 lakh-3 lakh                        | 4.0535     |
| 3 lakh- 5 lakh                       | 3.7787     |
| > 5 lakh                             | 3.8655     |

In India, ethnocentrism tendency is negatively correlated with the income level. As the income level increase the Indian consumer become less ethnocentric.

### Conclusion

Basic purpose of this study was to identify the ethnocentrism tendency of Indian consumers using CETSCALE. To apply CETSCALE in India, first we have checked the reliability of CETSCALE using the Cronbach's alpha and found that it is reliable to measure ethnocentric tendency of Indian consumers. The finding of this study shows that Indian Consumer is moderately ethnocentric, because the mean found is 4.3565. This study also tries to identify the effect of gender and age on ethnocentrism tendency of Indian consumers. This study concludes that the level of ethnocentrism and level of education shows the negative relationship in India also. Educated Indian consumers easily accept the foreign made products and other cultures also. Increase in income decreases the ethnocentric tendency because in India imported products are shown as a status symbol.

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