Ethnocentrism Orientation and Choice Decisions of Malaysian Consumers: The Effects of Socio-Cultural and Demographic Factors

Abdul Razak Kamaruddin*, Safiek Mokhlis** and Md Nor Othman***

This article examines the socio-cultural and demographic antecedents of consumers’ ethnocentricity and the influence of ethnocentric emotion on domestic products vis-à-vis imported ones. The results reveal that socio-cultural and demographic factors, particularly the openness to new culture, conservatism and fatalism are significantly related to ethnocentric tendencies of the Malaysian consumers. High ethnocentric consumers would prefer domestic products on several product types such as sneakers, fruits and cars. These findings would have significant implications for international marketers with useful understanding of consumers’ reasons for buying domestic versus imported goods particularly in developing countries.

Keywords: Ethnocentrism; Choice Decisions; Socio-Cultural; Demographics; Malaysia

1. Introduction

The globalization of markets presents considerable challenges and opportunities for domestic and international marketers. Among the notable trends is that target customers in markets worldwide are exposed to and are selecting from a wider range of foreign brands than ever before. Accordingly, marketers have shown a growing interest in understanding the factors related to consumers’ evaluation and selection of imported goods. The variety of imported goods available for sale in developing countries is tremendous, hence making the competition in the domestic markets becoming more rigorous and giving more choices to consumers. With ongoing trade liberalization, the globalization of markets, advances in communication and transportation technologies, and other facilitating factors, consumers are increasingly exposed to a wide array of imported goods [1, 8, 48]. Malaysian-made products begin to face stiffer competition with those imported items in capturing the spending budget of the Malaysian consumers. Though a large number of consumers are now more familiar and more willing to consider foreign-made products as alternatives to Malaysian-made goods, some

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consumers staunchly refuse to buy imported products and chastise their fellows for doing so. For them buying foreign goods hurts the economy of their country or is unpatriotic. Nevertheless, other consumers are equally vociferous in defending their rights to buy whatever products they wish, regardless of the country-of-origin of the products concerned.

In light of this development, an increasing number of Malaysian manufacturers have turned to patriotic themes to fight off foreign competition and instill more nationalistic actions among consumers. Using various channels of communication, especially advertising, consumers are reminded, or rather “persuaded” to buy local products as part of their commitment to help the local economy [34]. Moreover, there has been several pieces of evidence of unfair competition, closed market, erratic financial architecture, and excessive foreign influence cross international boundaries and inflame politicians, business people and consumers alike. Hence, a study of the factors affecting consumers’ choice of domestic products vis-à-vis imports would be an important attempt towards getting a better understanding of domestic marketplace behavior.

Numerous country-of-origin studies looking at consumers’ patriotic prejudices and animosity against imported products generally have found that consumers tend to evaluate domestic products unreasonably favorable compared to imported products [10, 19, 25, 51]. However, these studies have not examined why and under what conditions these effects exist. The antecedent factors contributing to the formation of this attitude should be further investigated in profiling the personality types of consumers. More importantly, we need to know whether the previous research are relevant to the Asian countries as most of the studies on ethnocentrism were done in the Western setting.

2. Research Purpose

With consumer ethnocentrism [43] used as a focal construct, the present study seeks to accomplish three objectives, namely; explicating the nature and role of ethnocentrism, and tying this construct into a framework of related socio-cultural and demographic constructs. Next, it investigates the influence of consumers’ ethnocentric emotion of their attitude toward products made in Malaysia or otherwise. This consequently relates to the question of consumers’ preference between imported products and domestic products. Looking at this inter-relationship, several hypotheses were formulated and subjected to an empirical test using data collected from adults in Malaysian.
3. Literature Review

Extant “country-of-origin” research has contributed substantial knowledge of consumers’ attitude toward foreign products and the sentiment of domestic products [3, 20, 44, 51]. In addition, it has provided significant insights into the importance of such knowledge for the determination of successful international marketing strategies. However, empirical research on consumer ethnocentrism and associated marketing practices is somewhat limited. This limitation exists even though multinational enterprises around the world have expanded their operations in various developing countries and have faced the challenge of managing the competitive interaction of a firm’s products with foreign products [38, 40]. The marketplace in most developing countries has been inundated by a large number of foreign brands covering every conceivable product category, from foods, toys and apparel to cars, electronic goods and cellular phones. It is therefore imperative to examine how consumers in developing countries establish their ethnocentrism trait and correspondingly attitudes and preferences toward foreign products vis-à-vis domestic products.

Consumer ethnocentrism derived from the more general construction of ethnocentrism, which is defined as people viewing their own in-group as central, as possessing proper standards of behavior, and as offering protection against apparent threats from out-groups [6, 45]. Ethnocentrism represents a tendency for individuals to view other groups from their own perspective, and to reject culturally dissimilar ideas and people. In essence, highly ethnocentric people take pride in their own values, symbols and people, and hold in contempt the objects and values of other groups. To prefer to be with one’s own kind to promote interests based on ethnic values eventually leads to a selective kind of thinking that one is ultimately correct in making such choice and that policies and rules which promote alternatives are disruptive of cultural, linguistic and religious sentiments [26, 39].

Shimp and Sharma [43] applied the ethnocentrism concept to the study of marketing and consumer behavior and coined the term “consumer ethnocentric tendencies” to represent beliefs held by consumers regarding the appropriateness and morality of purchasing foreign-made products. They found that higher CETSCALE (consumer ethnocentrism scale) scores among U.S. consumers were predictably related to both a preference for U.S.-made goods and an aversion towards the imports. This could happen that people who are highly consumer ethnocentric feel that purchasing foreign products is wrong because it hurts the domestic economy, results in loss of jobs and is unpatriotic. A similar preference for domestically produced goods also was found among German, French, Japanese [33], Korean [42], Singaporean [37]
and Spanish consumers [28] who scored high on the CETSCALE. Consumers who hold strong ethnocentric beliefs are more likely to evaluate foreign products negatively than those who do not hold such beliefs. Those who believe that it is wrong to buy foreign goods also tend to perceive those goods as of lower quality compared to the quality of domestic goods. Ethnocentric consumers prefer domestic goods not only because of economic or moral beliefs, but also because they believe that their own country produces the best products [12]. Eventually it can be suggested that the CETSCALE could become part of a firm’s tracking studies of consumer attitudes toward foreign and domestic products [22, 49].

Watson and Wright [49] examined the relationship between ethnocentrism and consumer attitudes toward foreign goods in product categories in which domestic alternatives are not available. They found that individuals with high levels of consumer ethnocentrism have more favorable attitudes toward products from culturally similar countries in comparison to products from culturally dissimilar countries. Hence, cultural similarity is an important consideration for highly ethnocentric in the evaluation of foreign products vis-à-vis domestic products. Apart from this, cultural orientation will also indirectly influence the consumers’ favorable evaluation of quality and serviceability for domestic products.

Consumer purchase preferences also are more likely to be influenced by the country in which the product is made than by the manufacturing company’s national origin. Thus, American-made products were preferred over Japanese-made products, regardless of whether the company producing the products was American or Japanese-owned [25]. Research on evaluation of foreign products has found that inferences about the producing country affect perceptions of a product’s attributes. Images of the manufacturing nation are found to have a substantial impact on judgments of product quality [e.g., 14, 29, 36]. In their review of literature, Bilkney and Nes [5] suggested that there is a tendency for consumers to evaluate their own country’s products more favorably than do foreigners. The authors found that attitudes toward products from a particular country vary by product. For instance, shoes from Japan might be perceived poorly but Japanese electronic goods would receive high respect from consumers. In another study on Nigerian consumers revealed that products from technologically more advanced (TMA) countries are viewed more positively than those from technologically less advanced (TLA) countries [3]. In addition to the influence of the image of country-of-origin and actual experience with the product, attitudes towards foreign products may have benefited from the sheer idea of foreignness being superior to domestic products or services. Such attitudes could be attributed
Moreover, it has been recognized that consumers may sometimes use cues such as a product’s brand as a surrogate for the country information regardless of where the product is actually made. For instance, the consumer may perceive Sony Walkman as Japanese even if the product may have been assembled in Malaysia. This has received some support in the literature [7, 31]. It should be noted, however, that a heightened consumer global awareness and sensitivity to the increasing prevalence of hybrid products in the marketplace might help to diminish this perception.

Another model used to investigate the ethnocentric tendency of consumers is the model proposed by Klein, Ettenson and Morris [23] concerning the animosity toward foreign products. This model postulated that hostility toward another nation – in particular remnants of animosity left by previous military, political or economic conflict – can be a powerful predictor of consumers’ purchase behavior. Using this model as a construct, one study found that Chinese animosity towards Japan was significantly and negatively related to their ownership of Japanese products [23]. For those consumers high in animosity, it is not product perceptions that lead to a reluctance to purchase goods from the target country; instead, it is the hostility towards that target country. Chinese consumers, regardless of the consumers’ level of animosity view Japanese goods quite positively. Apparently, consumers are able to acknowledge the quality of goods from a target country while expressing hostility toward and a marketplace aversion to products from that country. Further investigation on the U.S. consumers found that highly ethnocentric consumers tend to be females, of lower socioeconomic status and are concerned about their personal finance and their nation’s economy [22].

4. Research Hypotheses

The present study provides an initial test of ethnocentrism relationships within the context of Malaysian consumers and their preference for imported products versus local products. The following hypotheses are derived from the relationships:

Cultural Openness. Individuals differ in terms of their experience with and openness toward people, values, and artifacts of other cultures. The opportunity to interact with other cultures can have the effect of reducing cultural prejudice. Cultural openness may explain why American consumers in the U.S. – a multicultural country - tend to rate imported products more favorably than domestic products [12]. Similarly Shimp and Sharma [43]
detected that respondents from Los Angeles were less ethnocentric than were those from Denver, Detroit and the Carolinas.

H1: A negative correlation is expected between cultural openness and consumer ethnocentrism. That is, consumers who are familiar with and open to foreign cultures show less consumer ethnocentric tendencies than those who are not familiar and are less open to other cultures.

**Conservatism.** It is generally understood that conservative people show a tendency to cherish traditions and social institutions that have survived the test of time and to introduce changes only occasionally and reluctantly. The extreme conservative has the following characteristics: pro-establishment, preference for the conventional, insistence for strict rules and punishments, and an anti-hedonic outlook [50]. Ethnocentrism researchers [3, 20, 37] have found an inverse relationship between conservatism and attitudes toward foreign products; that is, conservative people tend to evaluate imports negatively and domestic products positively.

H2: A positive correlation is expected between conservatism and consumer ethnocentric tendencies. The proposition is that consumers who cherish traditions and social institutions tend to evaluate imports negatively and domestic products positively.

**Collectivism.** The dimension of individualism-collectivism relates to human’s relationship with one another and this has been investigated by several social scientists [24, 47]. Individualistic societies are those who value the individuals relative to group in terms of achievement and recognition. Collectivistic societies, on the other hand, place an importance on the group rather than individuals, stress cooperation among group members and the importance of group goals rather than individual goals. Collectivistic persons are likely to evince strong consumer-ethnocentric tendencies because they tend to consider the effect of their behavior on society, feel responsible for others and are more susceptible to social influence against imports [46]; individualistic persons on the contrary, have less consumer-ethnocentric tendencies because they act primarily for their own benefit.

H3: The correlation between collectivism and consumer ethnocentrism is expected to be positive; that is people with collectivistic goals will display more intensive ethnocentric tendencies than those with individualistic goals.

**Fatalism.** Fatalism is defined as “the belief that all events are predetermined by fate and therefore unalterable by man” [27]. People with a relatively high degree of fatalism would be similar to those who believe that
man must simply take events as they come, instead of being able to plan, avoid or master the environment. Hirschman [16] cites literature indicating that Catholics are relatively fatalistic, Protestants are lower in fatalism and Jews are high in terms of internal locus of control. The idea of fatalism may also help to explain cross-cultural differences in the levels of perceived risk and product choice between domestic and imported [17].

H4: A positive correlation is expected between fatalism and consumers’ ethnocentric tendencies; that is, consumers who are highly fatalistic should show high ethnocentric tendencies than those who are less fatalistic.

**Materialism.** Belk [4: p.265] defines materialism as “the importance a consumer attaches to worldly possessions which assume a central place in a person’s life and are believed to provide the greatest source of satisfaction and dissatisfaction”. The author suggests that four distinct measures, namely money orientation, possessiveness, non-generosity and envy over possessions of others can provide a satisfactory measure of materialism to an individual. Materialistic consumers tend to evaluate foreign products more favorably as these products are associated with image status, wealth and personal achievement [4, 18].

H5: A negative correlation is expected between materialism and consumer ethnocentrism. This means materialistic consumers should show less ethnocentric orientation compared to those who are less materialistic.

**Demographic Factors.** On logical grounds, Malay consumers are expected to be more conservative than the Chinese due to their indigenous status and patriotic emotions. Hence, they are predicted to have strong ethnocentric tendencies and would rate local products as important to save the nation’s economy. Females are known to be more conservative, more conformist [9], more patriotic [14], highly ethnocentric [22], more concerned about preserving social harmony and promoting positive feelings among group members and less individualistic [46]. In general, consumers from the West Coast of Malaysia are more urbanized and have a higher income. They tend to travel abroad and try more products, which may result in more cosmopolitan views and greater openness to foreign culture.

H6: Malays are expected to exhibit greater consumer ethnocentric tendencies than Chinese (H6a); female consumers are expected to exhibit greater consumer ethnocentric tendencies than the males (H6b); and consumers from the East Coast region are expected to exhibit greater consumer ethnocentric tendencies than those from the West Coast region.
**Choice and Ethnocentrism.** Based on previous discussions, it is proposed that consumers’ ethnocentricity will have a particularly strong impact on the choice of products between local versus imported. Due to their personality and socio-cultural backgrounds, highly ethnocentric consumers would prefer to buy locally made products while low ethnocentric consumers are more liberal and would have a preference for imported products.

**H7:** The relationship between ethnocentric tendencies and consumers’ preference is expected to be positive. That is, high ethnocentric consumers should prefer domestic products whereas those of low ethnocentricity should prefer imported goods.

5. **Study Method**

5.1 **Measures**

Respondents were asked to indicate their agreement on a 5-point Likert scale (1 = “strongly disagree” to 5 = “strongly agree”) with statements of the constructs of openness to foreign culture, conservatism, collectivism-individualism, fatalism, materialism and consumer ethnocentric tendencies.

The openness to foreign culture construct used in this study was developed ad hoc within the context of Malaysian culture and lifestyle. Five items were used for this dimension which include: “We should accept the value and behavior of foreign culture with open attitude” and “Globalization and borderless world has benefited to Malaysian economy.” Perhaps for future research, this construct can be further refined in order to adapt to the Malaysian situation.

Measures of collectivism-individualism were culled from previous studies and include the following attributes: tolerance, group welfare, harmonious situation and group identity [46]. Illustrative items from the 5-item scale include “Group welfare is more important than individual interest” and “There should be tolerance among different ethnic groups.” The conservatism scale was taken partially from previous studies on ethnicity and family value orientation [32]. Two illustrative items from the 7-item scale are “The best place for women is at home” and “Let the child perish, not the Adat (tradition)”.

Materialism or consumption-orientation to happiness seeking has generally been seen as a Western trait which has achieved an elevated place in post-industrialized life. Measure of this construct was taken from Belk [4] and it includes the following attributes: money orientation, possessiveness,
non-generosity or unwillingness to share possessions with others, and envy over possessions of others. Two illustrative items from the 8-item scale are "My possessions reflect my success in life" and "I like to buy items which are not practical to me". Fatalism is defined as the beliefs that all events are predetermined by fate and therefore unalterable by man. This scale is conceptualized from the works of Farris and Glenn [11] and Lumpkin [27]. Three items were used i.e., "Good or bad outcome is in God's will"; "We just plan, but the ultimate decision is with God"; and "Success does not depend on fate, but is achieved through efforts."

The consumer ethnocentric scale (CETSCALE), proposed and validated in the United States by Shimp and Sharma [43], operationalized the construct used in this study. The scale had been further validated in Germany, France and Japan [33] and in Korea [42]. The CETSCALE consists of 15 items, including “Buying foreign products is unmalaysian”; “Only those products that are unavailable in Malaysia should be imported”; and “Malaysian products, first, last and forever.”

5.2 Research Design and Instrument.

Questionnaire was used to solicit information from respondents. A graduate student fluent in English translated this questionnaire into Malay, and was translated back into English by an instructor who is teacher of a language course. This process of translation and back translation was done to avoid ambiguities of statements and/or possible cultural incompatibility. In the questionnaire distributed to the respondents, four products were identified as varying with respect to daily-living consumption (fruits, sneaker) and products intended to be purchased in future (car, furniture). These products were evaluated based on their country-of-origin; that is, whether they are produced locally or were imported.

Data were solicited from undergraduate students majoring in Business Administration at one university in Terengganu, a northern state in Malaysia. 550 sets of questionnaire were distributed to the students and they were asked to answer the statements/items of socio-cultural dimension, ethnocentric tendencies and demographic data. Since this research is exploratory in nature, a convenience sampling technique was used in selecting the subjects [21]. The sampling unit was selected because it was easily available and the respondents were presumed to have certain knowledge about imported and local products. From this sample, 263 questionnaires were completed and returned, giving a response rate of 47.8 percent. After screening the responses, 248 were retained for data analysis.
6. Sample Characteristics

A total of 248 responses that were obtained from the survey deemed usable for data analysis. Table 1 depicts a demographic profile of the respondents. The sample consisted of 29.4% males and 70.6% females. In terms of ethnicity, Malays constituted the largest ethnic group, accounting for 69.8% of the respondents whilst Chinese respondents made up for 30.2%. Statistics on residential region showed that 47.6% of the respondents were residing in the West Coast region while another 52.4% were from the East Coast region. Finally, the mean age of the respondents was 21.98 years old.

<table>
<thead>
<tr>
<th>Demographic Variables</th>
<th>Frequency (n)</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>73</td>
<td>29.4</td>
</tr>
<tr>
<td>Female</td>
<td>175</td>
<td>70.6</td>
</tr>
<tr>
<td>Ethnicity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Malay</td>
<td>173</td>
<td>69.8</td>
</tr>
<tr>
<td>Chinese</td>
<td>75</td>
<td>30.2</td>
</tr>
<tr>
<td>Residence</td>
<td></td>
<td></td>
</tr>
<tr>
<td>West Coast</td>
<td>118</td>
<td>47.6</td>
</tr>
<tr>
<td>East Coast</td>
<td>130</td>
<td>52.4</td>
</tr>
<tr>
<td>Age (mean = 21.98)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

On the scale of 1 to 5, the mean CETSCALE score for the sample was relatively low (3.32) and similarly the mean scores for other constructs were quite modest such as openness to foreign culture (3.84), conservatism (2.91), collectivism (3.44), fatalism (2.04), and materialism (2.83) (see Table 2). Table 2 also depicts the Cronbach’s reliability coefficients and the number of items used to compute the alpha value for each dimension used in this study. The table shows that five factors were found to have an acceptable level of internal consistencies: (a) openness to foreign culture ($\alpha = 0.51$), conservatism ($\alpha = 0.60$), collectivism ($\alpha = 0.57$), materialism ($\alpha = 0.74$) and ethnocentrism ($\alpha = 0.82$). Fatalism dimension however, was considered unreliable as it fell below 0.50 ($\alpha = 0.48$). Nunnally [35] suggests reliability of higher than 0.5 as indication of satisfactory internal consistency. However, the satisfactory level also depends on how the measurement is being used. Perhaps an important property of Cronbach’s alpha is that the coefficient score tends to increase with an increase in the number of items included [30].
Table 2. Mean Scores and Reliability of Constructs

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>Cronbach’s alpha</th>
<th>Number of items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Openness&lt;sup&gt;a&lt;/sup&gt;</td>
<td>3.80</td>
<td>0.51</td>
<td>5</td>
</tr>
<tr>
<td>Conservative</td>
<td>2.91</td>
<td>0.60</td>
<td>7</td>
</tr>
<tr>
<td>Collectivism</td>
<td>3.44</td>
<td>0.57</td>
<td>5</td>
</tr>
<tr>
<td>Fatalism</td>
<td>2.04</td>
<td>0.48</td>
<td>3</td>
</tr>
<tr>
<td>Materialism</td>
<td>2.83</td>
<td>0.74</td>
<td>9</td>
</tr>
<tr>
<td>Ethnocentrism tendencies</td>
<td>3.32</td>
<td>0.82</td>
<td>15</td>
</tr>
</tbody>
</table>

<sup>a</sup> measured on 1-5 item. The Results of the Study

7.1 Relationship Between Socio-Cultural and Demographic Factors with Consumer Ethnocentric Tendencies

To test the seven hypotheses formulated in the present study (Hypothesis 1 to 7), a multiple regression analysis was run with socio-cultural and demographic factors as predictor variables and ethnocentric tendency as criterion variable. Demographic variables were coded as dummy variables for the purpose of regression analysis. To test for a possible of a multicollinearity problem, two values were examined. First, the correlation matrix was run for the predictor variables. All correlations turned out to be rather low (under .50). Next, the tolerance values of the independent variables were assessed and the stepwise multiple regression was run by using the conventional tolerance value of 0.1 as the cutoff point for high multicollinearity [13].

Table 3 presents the summary of the results of hypotheses testing (H1 to H7). The results of the stepwise multiple regression analysis showed that all independent variables in the regression equation had high tolerance values ranging from .70 to .925, showing an absence of multicollinearity problem.

Some of socio-cultural and demographic variables were significant predictors of consumer ethnocentrism tendencies; the $F$ test statistics ($F = 25.781$) was significant at $p < .0001$. The effect size of these variables as reported by adjusted $R^2$ was .31, suggesting that socio-cultural and demographic variables are able to explain 31% of the variation in the ethnocentrism tendencies. According to Sawyer and Ball [41], this effect size can be classified as large.

Looking at the results in detail, the stepwise regression results indicate significant standardized beta coefficients for four of the socio-cultural and demographic variables. Cultural openness was negatively correlated to ethnocentrism tendencies ($\beta = -.306$, $t = -5.143$, $p < .0001$). These results
support Hypothesis 1. The more consumers are familiar and open to foreign culture, the less they show consumer ethnocentric tendencies as compared to those who are less open. Hypothesis 2 is confirmed in that there was a positive correlation between conservatism and consumer ethnocentrism ($\beta = .207$, $t = 3.562$, $p< .000$). People with conservative attitudes are expected to show greater consumer ethnocentric tendencies than those who are less conservative. The results show that there was no significant relationship between collectivism and consumer ethnocentrism. Hypothesis 3 is therefore rejected.

Table 3. Stepwise Regression Results of Ethnocentric Tendencies with Socio-Cultural and Demographic Variables

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Standardized Beta ($\beta$) coefficients</th>
<th>Sig. t Statistic</th>
<th>Significance level</th>
<th>Tolerance Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Openness</td>
<td>-.306</td>
<td>-5.143</td>
<td>.000</td>
<td>.88</td>
</tr>
<tr>
<td>Conservative</td>
<td>.207</td>
<td>3.562</td>
<td>.000</td>
<td>925</td>
</tr>
<tr>
<td>Collectivism</td>
<td>NS</td>
<td>NS</td>
<td>NS</td>
<td>NE</td>
</tr>
<tr>
<td>Fatalism</td>
<td>.264</td>
<td>4.214</td>
<td>.000</td>
<td>.798</td>
</tr>
<tr>
<td>Materialistic</td>
<td>NS</td>
<td>NS</td>
<td>NS</td>
<td>NE</td>
</tr>
<tr>
<td>Gender$^a$</td>
<td>NS</td>
<td>NS</td>
<td>NS</td>
<td>NS</td>
</tr>
<tr>
<td>Ethnicity$^b$</td>
<td>-.158</td>
<td>-2.371</td>
<td>.019</td>
<td>.70</td>
</tr>
<tr>
<td>Religion$^c$</td>
<td>NS</td>
<td>NS</td>
<td>NS</td>
<td>NE</td>
</tr>
<tr>
<td>Residence$^d$</td>
<td>NS</td>
<td>NS</td>
<td>NS</td>
<td>NE</td>
</tr>
</tbody>
</table>

$R^2$ for the model = .32 (adj. $R^2 = .31$), statistic $F = 25.781$, $p<.0001$

$^a$ dummy variable with 0 = male and 1 = female  
$^b$ dummy variable with 0 = Malay and 1 = Chinese  
$^c$ dummy variable with 0 = Muslim and 1 = non-Muslim  
$^d$ dummy variable with 0 = West Coast and 1 = East Coast and East Malaysia  

NS = not significant  
NE = not entered due to insignificant result

Hypothesis 4 is supported by a positive, highly significant association between fatalism and consumer ethnocentric tendencies ($\beta = .264$, $t = 4.214$, $p< .0001$), suggesting that people with highly fatalistic attitudes manifest greater consumer ethnocentric tendencies as compared to those who are less fatalistic. Counter to our expectation, however, correlation was not found between materialism and consumer ethnocentric tendencies. Hence, Hypothesis 5 is rejected. Hypothesis 6a is also rejected based on insignificant correlation between gender and consumer ethnocentric tendencies, which means that there is no difference between males and females on ethnocentrism measure. In examining the relationship between Malays and
non-Malays with respect to their ethnocentric orientation (H6b), it looks like the Malays exhibit greater consumer ethnocentric tendencies than Chinese ($\beta = -.158$, $t = -2.371$, $p < .019$). Religion was not a significant predictor variable of consumer ethnocentric tendencies. Finally, for area of residence, no significant association between the West coast and East Coast residents in their ethnocentric tendencies and hence, Hypothesis 6d is also rejected.

7.2 Relationship between Consumer Ethnocentric Tendencies and Product Preferences

The final hypothesis in the study postulates a positive correlation between ethnocentric tendencies and consumers’ product preferences. Four types of consumer products were included in the analysis: fruits, sneakers, car and furniture. In order for correlation analysis to be done, the data on product preference is transformed to dummy variable by coding 1 for local products and coding 0 for imported items. Table 5 reports the results of the correlation coefficients between ethnocentric tendencies and product preferences. The results indicate three statistically significant correlations between consumer ethnocentric tendencies and consumers’ preferences of domestic products: fruits ($r = -.179$, $p < .006$), sneakers ($r = -.222$, $p < .001$) and car ($r = -.255$, $p < .0001$). Hence, the association of ethnocentric tendencies with consumers’ preferences for domestic products implies that consumers with high ethnocentric tendencies were more likely to prefer domestic products whilst those of low ethnocentric tendencies were more likely to prefer imported products. However, no significant correlation was found between ethnocentric tendencies and consumers’ preference for furniture. Therefore, Hypothesis 7 can be modestly accepted.

<table>
<thead>
<tr>
<th>Product Types</th>
<th>R</th>
<th>Sig. T</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fruits</td>
<td>-.179</td>
<td>.006</td>
</tr>
<tr>
<td>Sneakers</td>
<td>-.222</td>
<td>.001</td>
</tr>
<tr>
<td>Car</td>
<td>-.255</td>
<td>.000</td>
</tr>
<tr>
<td>Furniture</td>
<td>-.097</td>
<td>.140*</td>
</tr>
</tbody>
</table>

a: dummy variable with 0 = local fruits and 1 = imported fruits
b: dummy variable with 0 = local sneakers and 1 = imported sneakers
c: dummy variable with 0 = local car and 1 = imported car
d: dummy variable with 0 = local furniture and 1 = imported furniture
* not significant
8. Conclusion and Recommendations

This paper examines the influence of consumers’ demographic and socio-cultural traits on their ethnocentric emotions when making choice between domestic and foreign products. The present study confirms that Malaysian consumers’ attitude in making choice of products in the marketplace are greatly influenced by their ethnocentric sentiment. Specifically, the study reveals that openness to foreign culture, conservatism and fatalism play a significant role in determining consumers’ level of ethnocentric emotion towards local versus imported products. This concurs with the previous studies of Granzin and Olsen [12], Shimp and Sharma [43], Kaynak, Kucukemiroglu and Hyder [20] and Barnabas and Elimimian [3]. It has also demonstrated that Malay consumers are more likely to manifest high ethnocentric emotions as compared to their Chinese counterparts. Hence, it can be concluded that highly ethnocentric consumers tend to be Malays, who are less open to foreign culture, are more conservative-minded and have highly fatalistic attitudes. This further suggests those consumers’ motivation for buying domestic or foreign made products are partly stimulated by their social and demographic traits.

Consumers’ ethnocentricity was also found to have a positive correlation with their choice of some selected type of local consumer products: sneakers, fruits and cars; implying that higher ethnocentric consumers tend to have a less favorable acceptance of foreign products. This confirms with those similar studies done by Shimp and Sharma [43], Sharma, Shimp and Shin [42], Klein and Ettenson [22], and many others. For this study, ethnocentric consumers demonstrated less favorable attitudes toward imported products; therefore, foreign importers from culturally dissimilar countries may want to downplay their products’ country-of-origin. It may be better to promote other attributes and benefits of the product. In addition, strategic benefits may also be gained by establishing alliances with domestic distributors in Malaysia. In such instances, the image of the origin country’s products may be improved through associations with reputable retailers operating in the country of interest. Another solution that may overcome ethnocentrism biases is to assemble or conduct some of the manufacturing processes in the country of sales (i.e., Malaysia). Depending on the local content regulations, this may allow the labeling of the foreign product to mention this domestic link, something that is likely to improve product evaluations, particularly among ethnocentric consumers. Further options include localization of the brand name [15] or possibly by adopting the brand names of channel members further down the value chain [2].

From the research findings, it seems clear that ethnocentrism as part of
consumers’ emotional factors played an important role in determining the consumers’ preference for either local or imported products. Consumer ethnocentrism should provide marketers with useful concept for understanding consumers’ motivation for buying domestic versus imported products, especially why certain segments of consumers prefer domestic goods whilst others do not care about the distinction between local and imported products. This also provides useful information for marketers of local goods as well as foreign marketers exporting to Malaysia in selecting their target markets and formulating appropriate marketing strategies. Coupled with what marketers and manufacturers already know about the demographic, psychographic and behavioral profiles of their target customers, understanding the antecedent of ethnocentric emotion will enable them to segment and control their domestic markets more effectively. Marketers will be able to strategically identify and target those consumers who are most likely to respond favorably to marketing communications, which portray domestic production and local themes. For international marketers, this information will enable them to better understand how their offerings will be perceived in different segments of Malaysian market and to strategically target and position their imported goods accordingly.

The major antecedents of consumer ethnocentric emotion like cultural openness, conservative and fatalistic attitudes should be taken into consideration by the government and marketers of local products in promoting domestic goods buying campaigns among Malaysian consumers as these demographic and socio-cultural traits of consumers greatly influence their ethnocentric sentiment. The findings in this study suggest that marketers of locally made products aimed at arousing consumers’ conservative and fatalistic sentiments may be successful in producing behavioral responses in favor of domestic products. Hence, in designing marketing strategy, more emphasis should be given on consumers’ obligation to buying local products and evoke their fears about the threat of foreign culture on Malaysian cultural values and lifestyles. In addition, comparative advertising campaigns targeted at Malaysian consumers, with particular emphasis on products that reflect the local cultural values might enhance the consumers’ perceptions of the quality of domestic products.

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