“Interaction of social identity, empathy and planned behavior theories to understand domestic product purchasing intention”

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Abstract

The study intends to find out motivation behind domestic consumers' decision to buy domestic products by focusing on the role of social identity and empathy. Social identity helps to explain the position of local identity towards local products amidst myriad foreign products, and empathy helps to grasp the role of empathetic feeling towards local products that look inferior under foreign products domination. It does so by integrating theories of social identity, empathy and planned behavior. The novelty of this study lies on exploration of empathy in the relationship between national identity and domestic product purchasing intention, which is so far absent in management literature. Determination of sample size follows the rule of ten multiplications to indicator number. The respondents are consumers in a mall in Kendari. It applies convenient technique for sampling. It applies Smart PLS for data analysis. The results should be that empathy affects domestic purchasing intention and so does national identity on domestic purchasing intention, meaning that empathy partially mediates the effect of national identity on domestic product purchasing intention. Meanwhile, ethnocentrism leads to domestic purchasing intention, while national identity has significant effects on domestic product purchasing intention and ethnocentrism.

INTRODUCTION

Consumers in developing countries have been identified as having propensity of low ethnocentrism (Abedniya & Zaeim, 2011). They strongly favor imported products from developed countries (Biswas et al., 2011). Prestige is one major reason behind this phenomenon. One survey conducted by Universitas Indonesia found that 91% respondents stated that they were proud of Indonesian products. However, the same survey revealed that only 34% of those respondents actually purchased the domestic products (tempo.co, 2013). The research results of Ang et al. (2004) revealed that the worse economic crises a country suffers from, the more ethnocentric consumers would become. According to them, Indonesia is the most ethnocentric state against the purchases of product from U.S. and Japan, leaving behind such countries as South Korea, Malaysia, Singapore and Thailand. Approximately 40–65% of Indonesian respondents mentioned the intention to purchase domestic products instead of imported products.

Globalization precipitates this condition. Since 2010, Indonesia and other Asian countries stroke a deal with China for free trade zone era.
It means that it has been around eight years of imported products flood on Indonesia’s market. The present study intends to explore the extent of ethnocentrism in Indonesia and its effect on domestic product purchasing intention. The novelty of this study is the insertion of empathy variable in ethnocentrism model that allows for the meeting points of identity, empathy and planned behavior theories.

1. THEORETICAL REVIEW

1.1. Planned behavior theory

The theory is one of most often applied frameworks to grasp individuals’ behavioral intention (Ajzen, 2002). According to Ajzen (2006), there are three important factors that determine behavioral intention. They are attitude toward behavior, subjective norms concerning the behavior, and perception of behavioral control. Their effects works simultaneously to engender behavioral intention (Ajzen, 2006). Attitude is individual favorable or unfavorable judgment concerning a given behavior. According to Rhodes et al. (2006), attitude is the most significant dimension in materializing the intention. Subjective norm is perceived social pressure to materialize the intention or not, whether doing the given behavior is socially acceptable or not. Perceived control refers to easiness or difficulty on the way to performing the intention.

The model itself is still open for adaptation. Many researchers have made modification indifferent fields. They incorporate other variables such as identification, attachment, congruence, trust or others. This study inserts empathy in ethnocentrism model with behavioral intention emphasis.

1.2. Social identity theory

Social identity is defined as individual’s awareness of his or her belonging to a certain group determined by gender, race, religion, nation, hobby or other interests. To that group an individual attaches meaning and significance that might be shared with other members. They are the ones that comprise the group and are active to maintain the positive image of the group in order to uphold self-esteem (Abbs & Hogg, 1990). The main principle of the concept is that individuals tend to maintain the existence of the group and make attempt of creating positive distinctiveness that make the group worth attention (Haslam et al., 2003). If it is the case, then social identity might relate to religion, gender, race, and nationality.

In terms of nationality, people with the same awareness would make identification with nation. This awareness that would make them united and have similar attitude. The result would be avoidance of anything related to foreign country in attempt to support national interest. The sustainability and positive reputation of the nation is important as it means also sustainability and self-esteem.

1.3. Empathy

Edson and Stern (2003) hold that empathy is an individual capability to feel other individuals’ feelings. Some authors see empathy as an outcome of an emotional reaction to unfortunate condition that elicits the desire to ameliorate or even turn the condition around (Davis, 1983). Another author identifies two kinds of empathy, that is emotional empathy (sharing of emotion) and cognitive empathy (sharing the logics and perspective) (Parra, 2013). These emotional and cognitive dimensions are based on the grasp of others’ thought or experiences and drive for a want to help or support (Edson & Stern, 2003; Sheldon, 1996). For the current study, we define empathy as “emotional response pertaining to perceived disadvantageous position of domestic product amidst the competition with imported products besieging Indonesia market and in many cases dominate the largest market share, welfare of another person (which) can evoke motivation to help that person”.

1.3.1. Relationship between national identity and ethnocentrism

Keillor et al. (1996) confirm the relationship between national identity and consumer ethnocentrism. It is supported by Le et al. (2013) exploring the extent of Vietnamese consumers’ preference of local wine to foreign wine. Lantz et al. (2002) observe that an individual’s national identity is a value that the individual deeply holds; thus it can be said that national
identity precedes consumer ethnocentrism. Several studies have shown that national identity is an important antecedent of consumer ethnocentrism (Shankarmahesh, 2006). Sharma et al. (1995) point out that patriotism, which is the characteristic of national identity, might be the cause of consumer ethnocentrism. In the Slovenian market, Vida et al. (2008) found that cosmopolitanism, a negative manifestation of national identity, has a negative effect on consumer ethnocentrism (Cui & Adams, 2002). It was found that national identity has an impact on consumer ethnocentrism, even though not strong, in Yemen, Vida et al. (2008) show that either national identity or nationalism affect consumer ethnocentrism in Bosnia and Herzegovina. Dmitrovic et al. (2009) prove the same in Croatia, Serbia, Bosnia and Herzegovina, and Lantz and Loeb (1996) for consumers in Canada and U.S.

1.3.2. Relationship between national identity and domestic product purchasing intention

One important part of social identity theory is the concept of categorization where in-group and out-group is derived to accentuate individuals' existence by means of their identity representation in group identity, positive distinctiveness by means of positive group identity, and self-extension through group activities (Tajfel & Turner, 1979). Thus, individuals are seen as continuously striving to obtain or uphold their social identity esteem (Tajfel & Turner, 1979). This categorization also occurs in national identity. For national identity to have a firm foothold, self-categorization that involves identification of in-group (identifying with one's nation), and differentiation of out-groups (other nation) should take place (Greenfeld & Eastwood, 2009).

Consumers with high national identity awareness would try best to maintain their positive social identity as it relates to their positive self-distinctiveness. One of ways available to do so is to prefer domestic products to foreign products.

1.3.3. Relationship between ethnocentrism and domestic product purchasing intention

Dmitrovic et al. (2009) point out that consumer ethnocentrism significantly affects purchase intention. Ethnocentrism increases consumers preference of brands or products with strong association to their nationality, and their avoidance of products from foreign countries (Lee et al., 2010). Most consumer ethnocentrism studies reveal that ethnocentric consumers tend to favor local over imported products (Balabanis & Diamantopoulos, 2004; Ettensohn & Klein, 2005; Hamin & Elliott, 2006).

Consumer partiality is “belief that buyers have regarding the ethical worth in selecting between merchandise from domestic and foreign countries” (Shimp & Sharma, 1987). Shared belief is molded by convention that certain action based on ethnocentrism is justified to maintain the individual’s social identity seen under threat of other social identities. That belief is realized into norms and values that are in parallel to subjective norms in planned behavior theory. These norms and values are those that relate social identity theory to planned behavior theory. Subjective norms refer to values that serve as a guidance or drive for people to behave. Group norms refer to group-wide values that serve as a guidance or drive for group members to behave.

1.3.4. Relationship between national identity and empathy

Barnett et al. (1987) emphasize that similarity of experience, which is a basis of social identity, increases women’s empathy. Similarity enables for categorization that separates in-group from out-group. In their study, this similarity represented by similarity in rape experience drives empathy among women with the same experience.

One concept of social identity is in-group favoritism or in-group bias, referring to an individual’s tendency to favor others in the same group membership. The same membership among individuals could trigger empathic feeling among them. Oceja and Jiménez (2007) show that individual in one group may exhibit empathy to other individuals in the same group to disadvantage of one’s and group’s benefit. Empathy to the same members is the way to strengthen one’s and group’s identity. The empathy fulfills one’s need of helping and heightens his or her and group’s identity. Relationship between identity and empathy is not yet explored straightforwardly and underresearched.
1.3.5. **Relationship between empathy and behavioral intention**

In their research concerning helping intention, Graziano et al. (2007) showed that empathy might affect decisions to help and the amount of the help. Thus empathy serves as motivation for behaviors of helping others (Davis et al., 1999; Graziano et al., 2007). In the case of domestic products, motivation to help domestic products serves as a driver for people to favor domestic over imported products. Empathy refers to individuals’ capability to sense the disadvantaged position of domestic products overwhelmed by competition with imported products that in many cases dominate the largest market share. This already plagues individuals’ sense of national identity and they would take measures to secure it. The idea that domestic product would perishing the absence of necessary measures would be unbearable, its possible extinction would hurt their self-esteem and identity.

2. **METHODOLOGY**

The proposed model and hypotheses were tested using survey data obtained from respondents who were Kedari customers of electronic appliances. Data were collected in 2018 by means of a structured questionnaire. Convenience sampling technique was used at various points of purchase of Lippo Mall. National identity variable is consisted of 9 indicators and adapted from Keilor and Hult (1999). Empathy is consisted of 4 indicators based on Edson and Stern (2003). Ethnocentrism also follows Keilor and Hult (1999) and is consisted of 3 indicators. Purchase intention is adapted from Kahle and Malhotra (1994) with 4 indicators.

For data analysis, it applies Smart PLS 3.0. for the reason of its predictive nature of research. It is also appropriate for a model involving some theories that might expectedly lead to new theoretical contribution. For mediation analysis, Sobel test is a quite useful.

3. **RESULTS**

The results are conceived that national identity has a significant effect altogether on ethnocentrism, empathy, and domestic product purchasing intention. Regarding its relationship to ethnocentrism, it is in line with Keillor et al. (1996), Le at al. (2013), Shankarmahesh (2006), Cui and Adams (2002), Vida et al. (2008), Dmitrovic et al. (2009), Lantz and Loeb (1996), among others.

It is also conceived that empathy has a significant effect on product domestic buying. It simultaneously indicates that empathy serves only partially mediation in the effect of social identity on domestic product purchasing intention. The possible relationship between ethnocentrism and domestic product purchasing intentions is also interesting. National identity holds a strategic position to engender domestic product purchasing intention from national identity, empathy and ethnocentrism could be derived to have much stronger effects on the intention.

The question rises as to how social identity might lead to empathy and ethnocentrism. Information, campaign, and real economic conditions might help. So far some consumers confuse domestic products with foreign products as brands names hardly signal nationality.
4. DISCUSSION

The novelty of this study is the incorporation of empathy in ethnocentrism model of domestic product purchasing intention. Both empathy and ethnocentrism in this model are derived from social identity. Social identity has significant effects on empathy and ethnocentrism, and both empathy and ethnocentrism are working to affect domestic product purchasing intention. Thus, social identity is social capital that government should optimally capitalize on to have such effects. However, both ethnocentrism and empathy do not necessarily lead to behavior as certain conditions should work. For example, some works highlight the effect of demography. Consumers living in big cities are more receptive to imported products than those in countries. It is mostly to logics that people in big cities are more rational than their counterparts in the countries. Their attitude is rational based on that imported products have more guaranteed quality, are more reliable to ascertain their image and assure their high social class in the society. It means that consumers in the small countries are more ethnocentric than those in big cities. Conditions such as recession and economic crises serve better in engendering ethnocentrism knowledge and information also play part to drive sense of ethnocentrism.

As in the case of ethnocentrism, which is hardly pervasive in national-wide, the feeling of empathy only rises when there is widely-spread information regarding the low selling of domestic products, the failure of domestic manufactures due to its low welcome in its home countries, or irrational price rise of imported products due to currency issues. Ethnocentrism and empathy would engender when government is determined to make it as a national issue through campaign, education, or other supports. It takes the change in perspectives, way of life, norms and culture concerning the importance of favoring domestic products. The growth of this sense might uplift nationalism and serve as unifying factor.

Other tangible factors should work and accompany the national sense and they might include increased quality post purchased service points, improved additional values, green awareness and human resources absorption. It takes many years to materialize, but important for domestic products to prevail within the pressure of imported products in domestic market.

4.1. Limitation

The study only focuses on two big technology stores in Kendari, that is Lippo Mall, where most of their consumers are middle-up income and adult. Even though representative enough, it would not cover other consumers who prefer to shop in other stores, such as teenagers or students. It might interfere the objectivity of results. Other issue is that these places mostly exhibit foreign products more extensively than domestic product, not to mention the ads. It applies convenient sampling as the number consumers are hard to determine.

4.2. Future research

The study puts much focus on ethnocentrism and empathy as consequences of national identity that neglects important variables such as price, quality, COO (country of origin) or post-purchase service. Future research needs to consider these variables in the refined models. The combined application of ethnocentrism and empathy and those economic variables both in moderating and mediating roles would enrich management literature, especially domestic product sector.

It paves the way for further generalization in other products such as bags, clothing, or shoes from which Indonesian manufactures have had world reputation. Generalization could also include the research settings in other Indonesia areas with different cultural and educational backgrounds that would provide rich insight of Indonesian consumers. This would enable for demography factors as moderators in the model. Ages and incomes are another important consideration.

In pertaining to products, advertising, social pressure, pride, local values, or even celebrity endorsers could also be included in the model in searching for possible theoretical novelty. Further research is also required if high ethnocentrism and empathy really lead to actual behavior of purchasing domestic products. Contribution of government support or intervention such as exhibition or appeal is important to explore in comparative or qualitative methods to find out its effects.
CONCLUSION AND IMPLICATION

The model is conceived to contain only one mediator, which partial mediator served by empathy in the relationship between national identity and domestic product purchasing intention. The logic is that national identity has a significant effect on domestic product purchasing intention. The significant relationships of national identity and empathy are relative by absent in management literature and are one of its major contributions.

Ethnocentrism is predicted to have significant effect on domestic product purchasing intention. It is so as Indonesian people could be so emotional in certain time, when certain events, information, or fact work as a trigger. This is also the ground for the prediction of the significant relationship between national identity, ethnocentrism and domestic product purchasing intention.

Education and ages commonly have relevance for having such awareness of national identity. Thus, there is no relationship between national identity and ethnocentrism and empathy. Certain events such as the collapse of several domestic manufacturers or the concern on the large number of layoffs and others might drive the emergence of social identity.

The study emphasizes the important role of social identity in determining consumers’ decision to purchase, particularly national identity. Emphasis on domestic value could involve features in product that represent local identity such as typical carving, batik ornament, symbols of national flag, and others.

Participating and bringing up the themes of international sport or events conducted in Indonesia might strengthen sense of national identity. The strong sense of national identity could uphold ethnocentrism and empathy, which would further support the sense of national identity, which altogether could potentially lead to domestic product purchasing intention.

In theoretical viewpoint, it provides new insight on theory of planned behavior, especially in the context of purchasing the domestic product. Attitude in the theory could be in the forms of identification and empathy.

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