

# RESURGENCE OF ETHNOCENTRISM AND ITS IMPLICATIONS FOR INTERNATIONAL MARKETING: A MODEL AND PROPOSITIONS

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## ABSTRACT

*This paper investigates the contradictory developments the world is presently witnessing- globalism and growing international interdependencies on the one hand, and, an alarmingly rising trend in nationalism and ethnocentrism on the other. Concepts developed in Anthropology, Social Psychology and Marketing are used to construct a theoretical framework for ethnocentrism. Micro and Macro implications for international marketing are then discussed.*

## INTRODUCTION

Five years after the events that led to the final demise of the Soviet Union, the prospect for a new era of peace and prosperity seems dimmer than ever. In these closing years of the twentieth century, the world is witnessing two contradictory developments. On the one hand, the common destiny of humankind and the economic, demographic and environmental interdependencies among nations are widely recognized and acknowledged. On the other hand, age-old fears and hatreds are resurfacing with unprecedented virulence across the world.

As suicidal as it may seem from a universalist perspective, ethnocentrism is indeed omnipresent and pervasive, manifesting itself in diverse forms and in a multitude of arenas. It is a major cause of intercommunal violence in general and war in particular. In its more benign manifestations, it is reflected in political or economic nationalism, the latter often in the form of protectionist trade policies. As part of an individual belief system, it influences behavior, purchasing behavior in particular.

In short, the persistence and resurgence of ethnocentrism have far reaching

implications, extending well beyond the strictly anthropological, sociological or psychological domains, to where the study of this phenomenon had been largely confined in the past. Marketing can benefit from the insights provided by scholars in these disciplines and use the concept to gain a better understanding of its own research questions. A few authors have already broken a path in that direction, notably in the area of consumer research (Markin, 1974; Berkman & Gilson, 1978; Shimp & Sharma, 1987; Netemeyer, Durvasula & Lichtenstein, 1991). The present paper will build on this work in exploring areas of applicability of the concept of ethnocentrism in marketing and suggest research propositions. The paper will be organized as follows:

The first section will review definitions and theories of ethnocentrism from anthropology and social psychology to construct a theoretical framework. Next, the paper will turn to marketing implications of ethnocentrism.

Two levels of analysis are distinguished and a section is devoted to each. First, at the micro level, the focus will be on consumer ethnocentrism and its consequences. In the United States, the consumption habits of ethnic and immigrant groups at various stages of assimilation have been researched by a number of scholars (Hair, 1980; Hirschman, 1981; Reilly & Wallendorf, 1987; Wallendorf & Reilly, 1983). Although ethnocentric tendencies may conceivably be present among such groups, the unit of analysis in this paper will be the national entity (issues of delineation will be discussed in more detail in the first section). Thus, the country-of-origin literature seems to constitute the more logical avenue for investigating consumer ethnocentrism. Specifically, an attempt will be made to use consumer ethnocentric tendencies as a variable to explain buying behavior and to integrate the concept within the theoretical framework developed in the country-of-origin literature.

Second, macro level issues will be addressed: ethnocentric consumers are constituents of societies vying for economic advantage in an international arena where competition is increasingly fierce. It is argued that protectionism cannot be explained on strictly economic grounds. Ethnocentric tendencies and their increasingly vocal expressions generate a political dynamism that is reflected in economic nationalism and influence on international trade. Here, an attempt will be made to explore the relationship between ethnocentrism and protectionist policies in the developed nations and the consequences in terms of market accessibility and export strategy for developing nations. We start by reviewing key definitions.

### **ETHNOCENTRISM: A THEORETICAL FRAMEWORK**

William Graham Sumner is credited with coining the word "ethnocentrism". According to Sumner, ethnocentrism designates "this view of things in which one's own group is the center of everything, and all others are scaled and rated with reference to it" (Sumner, 1906:p.64).

Since this first definition was formulated, the word has been used to convey many different, albeit related, meanings, from a synonym for being "culture bound" to "a faulty methodology in the social sciences" (Booth, 1979: p.94). In this paper, ethnocentrism is considered to be the "schismatic in-group out-group differentiation" (Van der Dennen, 1987: p.42) that leads to "feelings of group centrality and superiority" (Booth, 1979: p.97).

The boundaries delineating ethnic groups are often ambiguous and anthropologists and sociologists have long debated the issue of cultural delimitation. However, as noted earlier, the nation-state is considered as the relevant unit of analysis for the present discussion. The logic of this choice is better appreciated in light of the previously stated objectives of this study. Thus, nationals of a country are members of the "in-group" while foreigners constitute the "out-group" of reference. Having defined the nation as the unit of study, it must be emphasized, however, that nationalism and ethnocentrism, although similar, do not overlap entirely. Nationalism is a more formalized ideology demanding loyalty to a state, while ethnocentrism is more diffuse and is present even in the absence of a formal political organization (Van der Dennen, 1987). In the following pages, there will be an occasional reference to "economic nationalism". In the context of this paper, these terms designate a particular expression of ethnocentrism, which usually includes the pursuit of protectionist policies in foreign trade. There are a number of theoretical explanations of ethnocentrism, and although an exhaustive review is beyond the scope of this paper, a brief overview of some of the established theories is offered below. A greater emphasis will be placed on those that seem more promising in terms of marketing applications.

### *Theories of Ethnocentrism*

Most theories are of a socio-psychological nature, although some other explanations have also been advanced.

#### *Socio-psychological Theories*

\* The *Frustration-Aggression-Displacement theory* explains aggression toward out-groups as a displacement of frustrations experienced within the group from privations or exactions of group life (MacCrone, 1937 ; Van der Dennen, 1987).

\* *Projection theory* holds that undesirable characteristics or unacceptable impulses within one's self will be attributed to out-groups and then eventually serve as a rationalization of aggression against out-groups (Ackerman & Jahoda, 1960; Smith, 1976).

\* *Cognitive Congruity theories* are concerned with congruence and disparity between beliefs and affective bonds (Van der Dennen, 1987). They include *dissonance theory* used by Campbell and LeVine (1970, 1972) to derive a number of propositions on ethnocentrism. These authors hypothesized that, the more similar an out-group is in customs, values, beliefs and general culture, the more liked it will be." (Campbell & LeVine, 1970). A

strong relationship exists between dissimilarity and rejection. They also proposed that "the more homogeneous the belief systems of the in-group members, the more homogeneously hostile toward out-groups will be these members". These propositions have been empirically verified in a number of studies (Rokeach, 1960; Campbell & LeVine, 1970).

#### *Other Theories*

\* *Realistic Group Conflict theory* holds that ethnocentrism stems from real-as opposed to psychological factors: human groups are in competition for scarce resources pursuing incompatible objectives which lead to conflict (Van der Dennen, 1987).

\* *Evolutionary theories* are closely linked to the Realistic Group Conflict theory in that they attribute ethnocentrism to an environmental adaptation for survival. The origin of human sociability is explained by the need for safety: early man sought self-preservation from predation from different species of animals, including its own, by forming small bands and other groups, eventually leading to the modern nation-state (Alexander, 1979).

Today's international relations, based on a balance of power among nations and where each state jostles for position and advantage, can be analyzed in this framework (Falger, 1987). Although the explanations of ethnocentrism reviewed above may seem competing, they are indeed complementary in many respects, each shedding light on one facet of a complex and pervasive phenomenon.

### ***Micro and Macro Marketing Implications of Ethnocentrism***

Rapid technological changes in recent years have resulted in increased inter-group contacts and a greater potential for conflict. Large movements of populations on a scale unprecedented in human history constitute a new reality. International migration from developing countries to the industrialized world is accelerating amidst strong resistance. Indeed, the migration of an estimated one hundred million people that has already taken place (Philadelphia Inquirer, July 5th, 1993) has resulted in various manifestations of xenophobia, particularly in Europe, according to recent press reports. However, although direct contact with other ethnic groups may trigger the most acute ethnocentric reactions, the more common type of international contact takes place through the exchange of goods and services. International trade can result in ethnocentric reactions, both at the individual and at the group (national) levels. These effects are examined in turn in the next two sections.

### ***Consumer Ethnocentric Tendencies and Their Measurement***

Individual variations in the intensity of ethnocentric sentiments have been measured by a

number of scholars using semantic differential scale questionnaires with items tailored to the specific research interest of the investigator (eg, Adorno et al., 1950; Chang & Ritter, 1976; Forbes, 1985; Shimp & Sharma, 1987; Sidamus & Liu, 1992).

With respect to consumer ethnocentrism, Shimp and Sharma's (1987) CETSCALE is of particular interest and merits further investigation.

In marketing context, ethnocentric consumers are those who refrain from purchasing imported products, regardless of the merits of the products. Consumer ethnocentrism has a functional and sociological dimension: it gives the individual a sense of belonging, identity and "an understanding of what purchase behavior is acceptable to the in-group" (Shimp & Sharma, 1987; Netemeyer, Durvasula & Lichtenstein, 1991). Shimp and Sharma propose an instrument for measuring consumer ethnocentric tendencies, the CETSCALE. The seventeen items comprising the CETSCALE are listed in Appendix for ease of reference.

Ethnocentric tendencies are most prevalent among those individuals whose quality of life and economic livelihood are threatened by foreign competition (as will be discussed in a subsequent section) and correlate highly with measures of patriotism, politico-economic conservatism and dogmatism (Shimp & Sharma, 1987).

It must be noted that the CETSCALE, as formulated by its authors, has been designed to measure American consumers' ethnocentric tendencies, although it has been readily adapted and validated for applicability across four industrialized countries (U.S.A., France, Japan and West Germany) in a later study (Netemeyer, Durvasula & Lichtenstein, 1991).

The CETSCALE represents a valuable instrument for measuring a concept that has received scant attention, so far, in country-of origin studies.

### ***Consumer Ethnocentric Tendencies and Country of Origin***

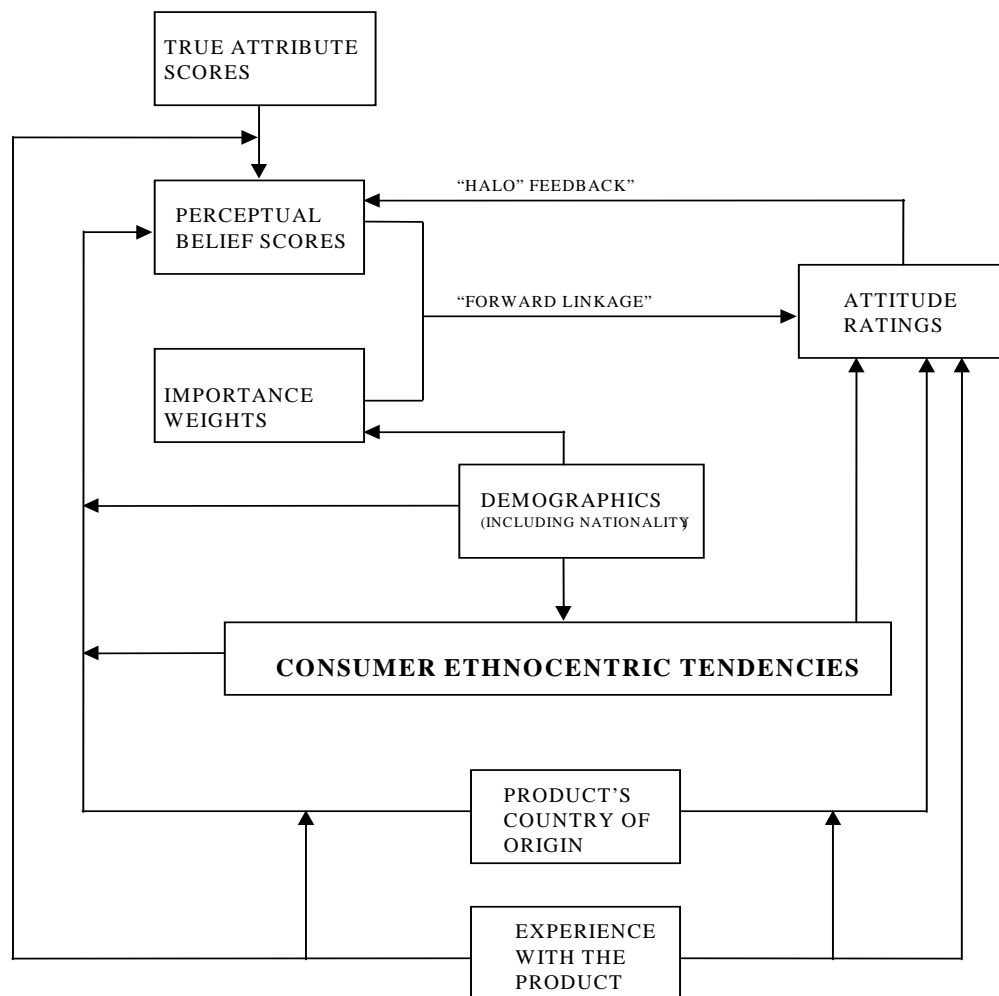
The country of origin is an information cue for evaluating a product. Cues can be intrinsic (performance, design, etc.) or extrinsic (Han and Terpstra, 1987). Country-of-origin belongs to the latter category.

Product evaluation is the result of a complex interaction among information cues. When intrinsic cues are unavailable, consumers rely on extrinsic cues, in particular, image variables such as brand name, price, advertising symbols, or country-of-origin (Erickson, Johansson & Chao, 1984; Johansson, Douglas & Nonaka, 1985). Thus the salience of country-of-origin information depends on a number of other variables, among them familiarity with a product, experience with a brand, etc... (Johanssen, Douglas & Nonaka, 1985). In addition, country-of-origin effects vary according to the various attributes of a product (Hong & Wyer, 1989; Han, 1989).

There are structural interrelationships between country image, beliefs about product attributes and brand attitude (Han, 1989). Moreover, country stereotypes are affected

by consumer characteristics, in particular demographic variables, nationality and degree of preference for "home" versus "foreign" country products (Johanssen, Douglas & Nonaka, 1985; Bilkey & Nes, 1982). The literature on country-of-origin has not incorporated the latter, reformulated as consumer ethnocentrism by Shimp and Sharma, in its theoretical framework. Thus, a modified version of the conceptual framework proposed by Johansson et al. (1985), incorporating consumer ethnocentrism as an intervening variable, may help achieve a better understanding of the relationship between consumer-specific variables and product variables. The revised model is presented in Figure 1.

**Figure 1: Consumer Ethnocentric Tendencies**



A few comments on some of the variables figured on the chart could help clarify the proposed linkages. Demographic characteristics include age and socio-economic status, which have been shown to affect the intensity of ethnocentric tendencies (Shimp & Sharma, 1987). The intervening role of consumer ethnocentric tendencies in the relationship between product country-of-origin information and the formation of beliefs and attitudes needs to be clarified. It is suggested that ethnocentrism acts as a filter. Information cues regarding the country of origin as well as the type of product (product class) are processed through this cognitive filter and result in specific attitudes and beliefs toward the product.

For the ethnocentric consumer, this process takes on particular importance, since it is likely to negatively affect his or her disposition toward the product. For the non-ethnocentric consumer, in contrast, the filtering process tends to be neutral (very little or no effect on final disposition). The implication is that ethnocentrism should be interpreted as a continuous variable.

Moreover, it is suggested that for ethnocentric consumers (and to a much lesser extent for others with lower ethnocentric tendencies) the country of origin information is not dichotomous (foreign versus domestic). It is proposed, rather, that the "degree of foreignness" of the country of origin affects the consumer's reactions to the product. In other words, there is a hierarchy of countries, according to their similarity/dissimilarity with the consumer's home country. This proposition can be theoretically grounded in cognitive congruity concepts, to which reference was made in an earlier section. It will be recalled that anthropologists have verified that "the more similar an out-group is in customs, values, beliefs and general culture, the more liked it will be." (Campbell & LeVine, 1970). This hypothesis is derived from dissonance theory: "it is dissonant cognition to recognize that a liked and respected person disagrees with you about some third object or about your valuation of self. Changing your attitudes toward the objects or changing your valuation of the person are obviously ways of reducing cognitive dissonance." (Campbell & LeVine, 1970).

In the marketing literature, studies on the relationship between consumer racial affiliation and country-of-origin effects present an illustration of the above concept. It was found that non-whites tended to rate products from Latin America and Africa higher than did whites (Schooler, 1971; Wang, 1978).

There is, in fact, a hierarchy of biases: it has been shown that a positive relationship exists between the degree of economic development of a country and evaluation of its products. In addition, the perceived similarity of a source country's political climate, culture and belief system correlates with positive evaluation (Bilkey & Nes, 1982).

In short, based on the extent of available empirical evidence and the theoretical justifications that have been evoked, a first proposition can be formulated:

**P1: The more culturally dissimilar a country is from the ethnocentric consumer's home country, the more negative will the reactions be to the "made in" label.**

It is important to specify that "cultural similarity" denotes not only close ethnic affiliation, but also similarity in systems of values, norms, beliefs and expressive symbols, the latter including all aspects of material culture (Peterson, 1979). Thus, level of economic development, system of government, consumer orientation, distributive systems, number of cars per household, etc..., are all part of the definition adopted here.

It is suggested here that in addition to Country of Origin, product class, plays an important role in determining consumers' reaction to the "made in" label. Goods that require a high degree of consumer involvement in terms of the financial importance of the purchase, the frequency of use or the symbolic value (status, image attached to them, among others) are likely to have a much more potent country-of-origin effect than low-involvement products.

Examples of high-involvement products include cars, boats, expensive or symbolically important clothing, perfume or jewelry. Low-involvement products are at the other end of the spectrum. For these products, information cues such as brand name or "made in" label are unimportant and often altogether absent. Some staple food items, in particular supermarket produce, or small hardware goods such as nails, simple tools, paint, etc.... are considered to belong to the low-involvement category.

Thus, a hierarchy of consumer goods along a low-involvement/high-involvement continuum can be constructed. The preceding observations lead to a second proposition:

**P2: Given a country of origin being foreign, ethnocentric consumers will demonstrate a higher level of negative sentiments toward the purchase of a relatively high involvement product than a relatively low-involvement product.**

Thus, type of product is an important contributing factor in determining ethnocentric consumers' reactions to foreign products.

Based on the previous discussion, a two-dimensional representation of ethnocentric consumers' reactions to foreign products is constructed and summarized in Table 1.

The importance of other factors such as experience with the product, attributes, price or demographic variables is not-and should not, however, be underestimated. These have a moderating effect on the formation of attitudes and beliefs, as indicated in the model proposed. Moreover, these factors may offset the influence of the variables considered in this paper. It is assumed, however, that this offsetting effect, whenever present, will be less powerful for ethnocentric consumers than for others.

The comparative analysis of the consumption habits of ethnocentric and non-ethnocentric consumers constitute an area of promising, albeit onerous, research. The technique of household refuse analysis could possibly be used to investigate how tenuous is the relationship between professed ethnocentric tendencies and actual purchase behavior.



Cross-cultural comparison may prove to be another area rich in insights for a better understanding of consumer ethnocentric tendencies. Ethnocentrism is known to be a universally distributed phenomenon (Campbell & LeVine, 1972; Booth, 1979; Van der Dennen, 1987); however, it may differ in the forms it assumes or its level of intensity, according to the national environment.

Table 1: Ethnocentric Consumers' Intensity of negative reactions to a foreign product  
Cultural Similarity

Product Involvement	SIMILAR	SOMEWHAT SIMILAR	DISSIMILAR
LOW	Very Low	Low	Moderate
MEDIUM	Low	Moderate	High
HIGH	Moderate	High	Very High

A particularly interesting area of investigation is the study of differences in ethnocentrism between multi-ethnic countries such as the United States and uni-ethnic countries such as Japan or some traditional European societies. A third category may include de facto multi-ethnic societies where the indigenous population is reluctant to admit new members in the national ingroup (France, Germany). These questions touch upon aspects of macro-level (societal) manifestations of ethnocentrism, foreshadowing some of the issues that will be discussed later.

To sum up the arguments developed so far, the application of the ethnocentrism concept to consumer research appears to be conducive to fruitful investigation, raising new questions while helping answer some others. What preceded, however, constitute no more than a tentative attempt to build upon the work of Shimp and Sharma (1987) and the country-of-origin literature, with some insights from sociology and anthropology.

The daunting difficulties associated with the measurement of the constructs introduced here are not underestimated. However, as will be seen below, the obstacles to the operationalization of the variables need not be insurmountable.

### *Issues of Measurement and Operationalization*

Culture being such a multi-faceted concept, the determination of the degree of cultural similarity among nations represent a major challenge. Nevertheless, a review of literature indicates a few directions for efforts aimed at operationalizing the construct.

Ethnology provides a starting point for analysis. Murdock's compilation of ethnographic data, in particular, can be useful in a preliminary categorization of countries

(Murdock, 1967, 71).

International organizations such as the United Nations, the World Bank or the O.E.C.D. produce a wealth of data on institutional aspects of national economies, levels of development and some facets of material culture. These statistics constitute a valuable resource for the researcher investigating national similarities and differences.

A body of literature on cultural values, in particular work related values, provides categorization along yet another aspect of culture. Ronen and Shenkar (1985) have reviewed and summed up previous work on attitudinal dimensions.

A longitudinal comparison of industrial nations in the 1960-1988 time period, focuses on macro-environmental variables, ranging from infant mortality rates to ownership of motor vehicles and radios (Craig, Douglas & Grein, 1992). The study provides another source of classification for major developed countries.

Finally, the classic work of Hofstede (1980) may be called upon as an invaluable source for the comparative analysis of national cultures. As for the second dimension developed earlier, namely the high-involvement/low-involvement categorization of products, a review of the marketing literature, along with the S.I.C. taxonomy provided by the Department of Commerce, could be the starting point for operationalizing the construct. Some relevant dimensions to be considered are, a priori, the relative price, the amount of usage and the relative symbolic meaning.

The directions for research suggested above are, at best, an approximative indication of the issues that have to be addressed before the propositions can be statistically tested. A more rigorous discussion of these issues however, is beyond the scope of the present paper and calls for a separate investigative endeavor. The macro-level implications of ethnocentrism, in contrast, constitute the other flap of the present study, and will be the focus of the following section.

### ***Ethnocentrism at the Societal Level: Macro Effect***

Ethnocentric consumers are not just agents of microeconomic decisions. They constitute a segment of society with aspirations, desires and orientations that are reflected- at least in democratic countries, in the policies pursued by their representatives within the organs of state power. It can be expected that workers and managers of domestic industries, their suppliers and the myriad others that directly or indirectly depend on them, embrace ambivalence and apprehension toward foreign competition, especially when it takes the form of direct imports. Lobbying efforts may take place in an effort to influence national policy, in particular decisions regarding trade. In this regard, it can be argued that one of the factors that led several Japanese automobile manufacturers to establish production facilities in the United States has been the intense Japan-bashing that characterized the early 1980's. Similarly, the acquiescence of Japanese automobile exporters to the so called "voluntary" restraints may be attributed to the same phenomenon. Such manifestations

of economic nationalism are not limited to the United States, nor do they correspond to a specific time period. The French position in the recently concluded GATT (now WTO) negotiations has been to defend the "European identity" and the necessity for the E.E.C. to adopt rules to protect its market from, in the words of ex-president Mitterand of France, "foreign goods produced under such social conditions that the resulting differential in costs of production does not allow us to tolerate the competition for long" (Le Figaro, June 30, 1993).

It is argued, in this paper, that economic nationalism is in part the expression of ethnocentric tendencies among the constituency of the political establishment. The pressure from the populace can and often does result in the adoption of protectionist policies that contradict long-term national interests.

In sum, ethnocentrism extends beyond purchase behavior toward foreign goods, to reach entire classes of products or all products from specific countries, interdicting or restricting their access to the national market. A theoretical framework is needed to explicate and anchor the preceding arguments: the following subsection borrows from the political risk literature in an effort to build a conceptual basis for the societal effects of ethnocentrism.

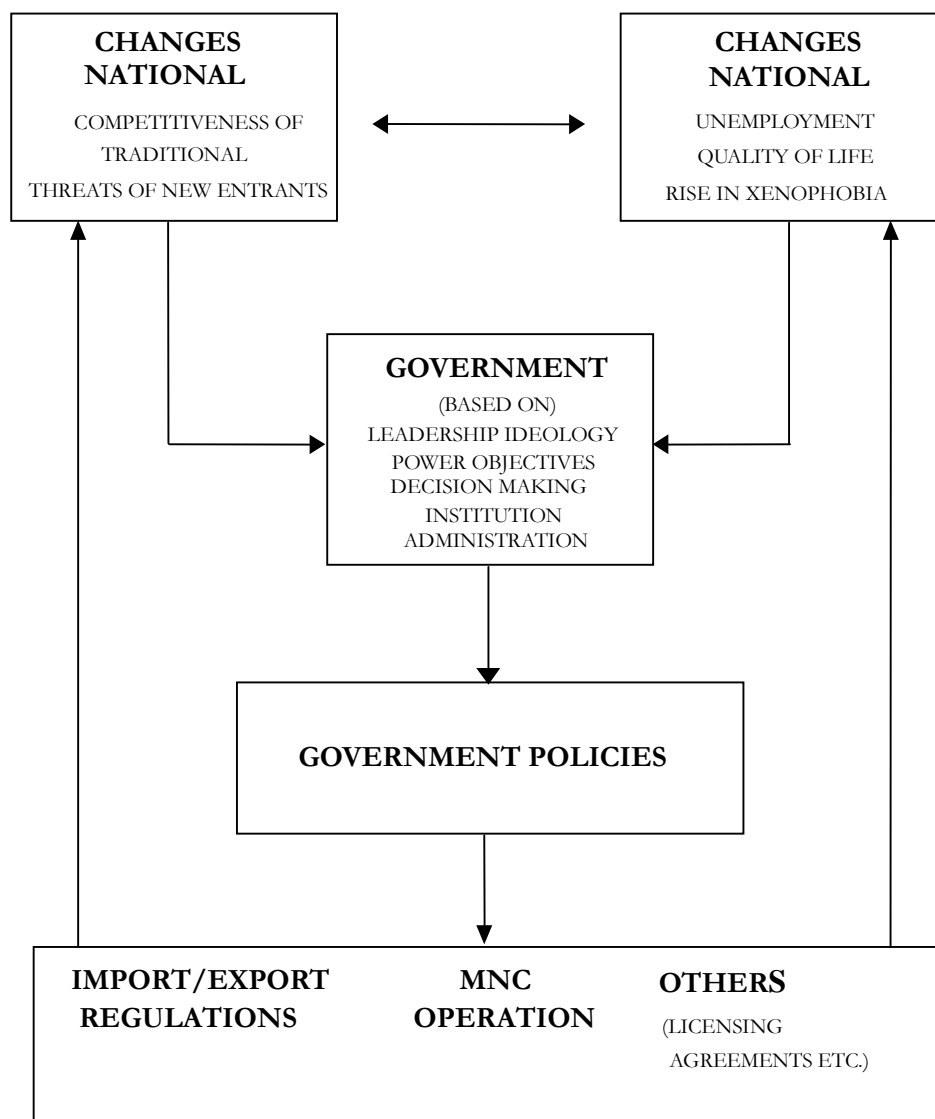
### *Theoretical Framework*

Various definitions of political risk in the strategic management literature are centered around foreign direct investment and the environmental conditions of a MNC's operations (Fitzpatrick, 1983). Nationalism is often viewed, implicitly or explicitly, as a cause of the uncertainties that produce political risk. Moreover, the focus is often on MNC's operations in less developed countries, where political events in the 1960's and 1970's have led credence to concern over expropriations and forced divestments (Ingram, 1974; Blanchard, 1977).

The traditional concept of political risk involving nationalizations and expropriations seems to have lost much of its relevance to the understanding of international business operations. Indeed, in recent years, in a climate of worldwide competition for capital investments, such drastic actions have become exceedingly rare. This is not to imply that the nationalism and anti-foreign bias that were at the root of earlier governmental interferences have disappeared. It is suggested, rather, that ethnocentrism manifests itself in other forms and selects a variety of targets which may not include multinationals. Often the instigators are not radical Third World governments, but rather disaffected sectors of industrialized societies which, faced with increased competition from newly industrialized countries and some LDC exporters, tend to value self-preservation over competition in an international marketplace. These new developments necessitate a broadening and rethinking of the traditional political risk framework to include trade risks.

An adaptation and modification of Root's model of political risk (Root, 1973; Oseghale, 1988) is used to incorporate the ideas related to ethnocentrism. The revised model is presented in Figure 2. An arrow linking economic changes to societal changes has been added.

**Figure 2: Root's Model of Political Risk (modified)**



Indeed, many changes in the national society can be traced to economic causes. There is a growing sentiment in many Americans who feel that excessive imports are a major cause of the down fall of domestic economy and that "buy American" is one sure way in which the economy, the consumer, and the industry will prosper (Harvey, 1993., Islam, 1989/90).

In addition, in developed economies where migration of labor is a good source of both skilled and cheap labor, hostility toward immigrant work force is on the rise. Germany, Australia and US are good examples where there is a growing backlash against foreign labor, especially the Europeans for whom previous experience with importing labor backfired in the late 50s and 60s (Reier, 1992). Thus, we find that the level of ethnocentric and nationalistic tendencies is most prevalent in those economies, which are faring badly. In particular, it is proposed that industrial dislocation, loss of competitiveness of aging industries and other structural problems result in a societal malaise that finds various modes of expression, among them xenophobia and ethnocentrism. This leads to our next proposition;

**P3: Intensity of economic development (as indicated by state of the economy, Balance of Payments position etc.,) is negatively associated with levels of ethnocentric tendencies.**

These changes in sentiment require government responses, reflected in policies aimed at addressing the constituency's concerns. In some European countries, rising xenophobia has spurred new and more restrictive immigration policies and increased controls of the non-native population. Government policies can, however, take more subtle forms. Trade policy, in general, and protectionist measures in particular, are influenced by the social and political dynamism of ethnocentrism. In adopting a posture of economic nationalism, through stated and unstated policies, governments, which like any other system, are first and foremost concerned with self-preservation (Oseghale, 1988), react to societal pressures and act upon internal political and economic conditions. However, in doing so, they also affect the international environment, thus entering into conflict with their trading partners.

The following subsection addresses some of the issues related to economic nationalism and inter-state relations.

### *Ethnocentrism and International Trade*

#### Protectionism and its Effects on Inter-State Relations

"...In domestic politics the struggle for power is governed and circumscribed by the framework of law and institutions, in international politics law and institutions are

governed and circumscribed by the struggle for power." (M. Wright, quoted in Falger, 1987).

Although the two spheres are closely related, a distinction is to be made between international political relations and international economic relations. The former have long been viewed as a zero-sum game (although this may have changed in the post-Soviet era), while the latter are widely recognized as potentially bearing positive sum results (Falger, 1987). However, we are confronted with a version of the "Prisoner's dilemma": countries are tempted to follow their own interests (ethnocentrism), although cooperation has the potential to achieve a higher level of joint interests (Falger, 1987).

Policies aimed at increasing industry-level exports or limiting imports find a strong echo in domestic politics given their effects on employment. These policies, in fact, shift unemployment abroad (McCulloch, 1985). Therefore, they are also likely to trigger retaliatory action from other nations. Moreover, McCulloch (1985) argues that when one industry's performance improves as a result of protection, increases in input costs, interest rates and the value of the currency tend to squeeze out marginal exports and squeeze in marginal imports (McCulloch, 1985). Thus, anything other than genuine productivity gains tends to have ephemeral results.

It is precisely because protectionist measures are difficult to justify from an economic standpoint (except in specific cases of "market failure"), that other factors are to be investigated in order to explain the continued tensions characterizing international trade relations. Free trade policies are, in fact, politically costly, especially in light of foreign governments' efforts to promote and protect their own national industries.

Protectionist policies and protective subsidies can be seen as a response to the demands of the politically powerful segments of industry and society, part of a social compact, a contribution to social peace (Tyson & Zysman, 1983) and, ultimately, an effort to ensure the survival of a government system. Politically vocal and visible groups clamoring for protection will gain from such policies, while the costs will be shared by unorganized and unidentifiable groups of consumers (Tyson & Zysman, 1983).

It may now be helpful to recall one of the hypotheses proposed and tested by Shimp and Sharma in their analysis of consumer ethnocentrism: "Consumer ethnocentric tendencies are especially prominent among individuals whose quality of life and economic livelihood are threatened by foreign competition" (Shimp & Sharma, 1987). Indeed, the macro and micro aspects of ethnocentrism - the two flaps constituting together the picture developed in this paper, are closely intertwined.

As the economic slowdown in developed countries spreads- with European nations now experiencing a recession marked by high unemployment, one can expect pressures for restrictive trade measures to multiply. International trade relations may assume increasing political overtones, with various national actors seeking relative advantage in a global power game, where economic rationality is reduced to a muted role. Threats and counterthreats are, indeed, becoming increasingly common in trade negotiations and

serve as a reminder of the precarious status of existing multilateral agreements.

Should the trend toward restrictive policies be confirmed in the future, nations that are hurt most are those that cannot muster the necessary leverage to pry open export markets in trade negotiations. Considering the heavy reliance of these weaker countries—mostly Third World and Eastern European nations, on export income for their development, a few final words on the potentially dire consequences of protectionism for the less-developed world seem necessary.

### *Trade Discrimination and Economic Development*

The focus here is on the access to developed countries' markets, which represent the major outlets of world trade. Nations sufficiently minor relative to the world market can pursue policies aimed at protecting or enhancing domestic interests with limited consequences in terms of international trade (McCulloch, 1985). However, the resurgence of protection in the form of non-tariff barriers in the developed countries represent a real threat. The proportion of North American and European Community imports affected by these restrictions has risen by more than 20 percent from 1981 to 1986 (World Bank, 1987).

Labor-intensive sectors and industries relying on standard technology such as textiles, footwear, steel and shipbuilding are the main targets of non-tariff protection. The high costs of this type of production activity in developed nations has resulted in a loss of competitiveness, followed by demands for protection from labor and management alike (World Bank, 1987). Especially in conditions of economic crisis with high unemployment, these demands may spread rapidly beyond the individuals directly affected, making it difficult, if not impossible for the government to ignore.

The negative implications of the aforementioned developments is better appreciated in light of theoretical arguments that consider external trade a *sine qua non* for the expansion of internal trade and the amelioration of general economic conditions (Moyer, 1964). Developing countries face low levels of demand due to small real income, itself a consequence of low productivity. They also have to contend with a small capacity to save, due to low real income, and therefore lack of investment capital. These conditions constitute what may be called a vicious cycle (Nurske, 1953 quoted in Moyer, 1964). Access to foreign markets is seen as the only possibility for Third World countries, especially those with limited internal markets, to break out of this cycle.

The World Bank has long advocated outward oriented strategies (export promotion) in developing nations, with newly industrialized East Asian countries serving as examples of successful applications of these strategies. However, whether these policies can be duplicated or sustained depends to a large extent on factors beyond the control of local governments.

For countries facing relentless demographic pressure and abysmal unemployment levels, the stakes are high. Lack of opportunities at home and wider availability of information are likely to push an increasing number of people to emigrate, exacerbating a thorny situation that is already recognized as a major crisis, and fueling the increasingly vocal intolerance and xenophobia in the industrialized world.

## CONCLUSION

As stated in the very first lines of this paper, the persistence of ethnocentrism in a shrinking and increasingly interdependent world seems paradoxical. The preceding overview did not pretend to explain the contradiction, nor could it suggest a solution to this resurgent phenomenon. It is hoped, however, that the more modest objectives pursued here, namely an exploration of the consequences of ethnocentrism and its implications for marketing have been attained to some degree.

The broad approach adopted did not allow for a more than cursory look at the diverse manifestations of ethnocentrism, although each deserves, doubtlessly, a full study of its own. The relationship between consumer ethnocentric tendencies and macro-level protectionism, in particular, needs further investigation. It is important to know whether the micro-level "hierarchy of biases" finds an expression in trade policies. The professed hostility of some European governments to imports from countries where labor benefits are minimal and wages low- what they have come to call "social dumping" (New York Times, July 24 1993), can be analyzed from this perspective. In addition, national differences and similarities need to be uncovered and explained.

Once the effects of ethnocentrism have been recognized, researchers may turn to the study of appropriate marketing responses. Do exporters need to market their country of origin in addition to their products? Can binational or multinational products circumvent ethnocentric tendencies in their target markets? What affects joint ventures and direct foreign investments have in alleviating ethnocentrism? What type of cooperation, if any, between the home country's government or other institutional bodies on the one hand, and exporters and investors on the other hand, is likely to be fruitful, in this regard?

These are some of the questions that remain to be answered. To the extent that the present paper has contributed to their formulation, it has achieved some of its stated objectives.

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## APPENDIX

### Seventeen-item CETSACLE

1. American people should always buy American-made products instead of imports.
2. Only those products that are unavailable in the U.S. should be imported.
3. Buy American-made products. Keep America working.
4. American products first, last and foremost.
5. Purchasing foreign-made products is un-American.
6. It is not right to purchase foreign products, because it puts Americans out of jobs.
7. A real American should always buy American-made products.
8. We should purchase products manufactured in America instead of letting other countries get rich off us.
9. It is always best to purchase American products.
10. There should be very little trading or purchasing of goods from other countries unless out of necessity.
11. Americans should not buy foreign products, because this hurts American business and causes unemployment.
12. Curbs should be put on all imports.
13. It may cost me in the long-run but I prefer to support American products.
14. Foreigners should not be allowed to put their products on our market.
15. Foreign products should be taxed heavily to reduce their entry into the U. S.

16. We should buy from foreign countries only those products that we cannot obtain within our own country.
17. American consumers who purchase products made in other countries are responsible for putting their fellow Americans out of work.

**Source:** Shimp and Sharma: "Consumer Ethnocentrism: Construction and Validation of the CETSCALE", *Journal of Marketing Research*, Vol. 24, August 1987 pp. 280-289.