Study of Cultural Preservation and Protection of Cultural Values through Ethnocentricity of Domestic Products

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Abstract

Globalization influences people's behavior in aspects of life. Changes in people's behavior include lifestyle, one of which is the desire to use foreign products. This research wants to find out how ethnocentric consumers are among Trilogi Uni-versity students, which totals 2,289 students. To assess consumer ethnocentrism using CETSCALE as a measure. Using the Structural Equation Modeling (SEM) method, the results of the study show that their opinions on ethnocentric in the form of protectionism, socio-economic conservatism, and ultra-nationalism affect unwillingness to buy foreign products, and opinions on na-tionalism do not affect unwillingness to buy foreign products.

Keyword: *Ethnocentrism, Nationalism, Protection-ism, Socio-economics Con-servatism, Ultra-Nationalism.*

Introduction

Globalization forms relationships between people or nations in different parts of the world through trade, investment, tourism, and culture. Globalization in the financial sector affects trade between several free countries. On the other hand, globalization has also caused changes in people's behavior, for example in the social, economic, and cultural fields. Changes in people's behavior include lifestyle Globalization affects lifestyle, although not exclusively positively. Globalization also hurts people's way of life. Therefore, understanding the mind of consumers is a challenging task, especially when considering the consumption of imported products. Wicklethwait, Wooldridge in the book A Future Perfect: The Challenge and Promise of Globalization (2008), Globalization affects people's behavior in all areas of life. Changes in behavior brought about by globalization can affect everyone positively and negatively. So let's hope people can choose which ones are good to apply in life. Clothing if you pay attention to ranging from jeans, T-shirts, suits, and evening dresses to formal wear, cannot be separated from the influence of globalization around you. Rice food is a staple food, especially in Indonesia. But due to globalization, people are familiar with spaghetti, hamburgers, and pizzas consumed by Westerners. Food from Korea such as kimchi, then ramen and shu-shi from Japan. Values or norms become unwritten rules, but society respects them. However, with globalization, some values blend with new values from outside. As a national-minded and

intelligent society, it is better to continue to cultivate the values and traditions of the nation's personality. Quoting the Cambridge Dictionary, ethnocentrism is the belief that people, customs, traditions, races, or nationalities are far superior to others. Shimp and Sharma (1987) use the term consumer ethnocentrism to describe consumer beliefs about moral conformity in purchasing foreign products. This concept plays an important role in determining consumer attitudes and behavior toward foreign products.

In Indonesia, there are many circulating foreign products, which are popular from various categories including Apple, Samsung, Zara, Uniqlo, Nike, Adidas, Honda, Yamaha, H & M, Starbuck Coffee, and cosmetic products including L'Oreal Paris, Nyx, Maybelline, Mac, Estee Lauder, Saint Yves, Shiseido, SK-II, The Body Shop, Clinique, Victoria Secret, L'Occitane, La Prairie, Elizabeth Arden, and so on. From https://www.liputan6.com/bisnis/read/503609/produk-lokal-dan-asing-yang-paling-banyak-dibeli-orang-indonesia sources (uploaded, October 244, 2021), Indonesians use the following types of locally branded products: 1. Instant Noodles (100%), 2. Tissue paper (94%), 3. Cigarettes (89%), 4. Milk (77%), 5. cosmetics and skin care (49%), 6. bottled water (37%), 7. soft drinks (4%). Types of foreign-branded products used by Indonesian employees: 1. watchs (100%), 2. perfume (100%), 3. cars (99%), 4. mobile (98%), 5. clothing (95%), 6. sportswear (81%), 7. jewelry (76%), and 8. shoes or leather bags (49%). Research related to ethnocentric consumers, among others, was conducted by Kaplan and Topku (2015), the results of which showed that consumer ethnocentrism is negatively related to the desire to buy foreign products, and the assessment of domestic products does not have a significant moderating effect in this relationship. In contrast, world-mindedness is not related to willingness to buy foreign products, but the assessment of domestic products has a significant moderator role in the relationship between world-mindedness and willingness to buy foreign products. Han & Guo's (2018) study found that CET value has a moderate effect on consumer purchase intent for foreign brands while strongly influencing consumer purchases of domestic brands. Gen Z Emirati consumers are substantially ethnocentric and prefer domestic products/services over foreign goods. There was no significant influence of gender and education on the ethnocentric tendencies of Generation Z consumers. Emirate Potluri, R. M., Johnson, S., &; Gopalakrishnan, P. (2020). Consumers with a high level of ethnocentrism have an attitude that prefers local products to consumers who are committed to where they live. However, when it comes to effective local product purchases, consumers who have a strong commitment to their place of life tend to buy more local products than consumers with high levels of ethnocentrism. (Yildiz et al., 2018)

This study wanted to determine how ethnocentric consumers were among Trilogi University students, who numbered 2,289.

Methods

The operational variables of the study are Ethnocentrism and Attitude towards local products as independent variables and Commitment of consumer purchasing behavior towards local products as related variables. To assess consumer ethnocentrism use CETSCALE as a

measure. Furthermore, modeling the influence of attitudes on technosociopreneurship interests using the Structural Equation Modeling (SEM) method.

Data Collection

The participants in this study are all Trilogi University Jakarta students. Populasi in this study refers to all Trilogi University Jakarta students, a total of 2,289 students. spread across 13 study programs. In this study, the number of samples taken was 230 and the sampling technique used was *probability sampling* with a type of *simple random sampling*.

The questionnaires have been sent to students using Googleform. The questionnaire is closed, and each question has a predetermined answer.

Research Variables

Research variables refer to research conducted by Stela CAZACU (2016)

Table 1. Nationalism

N1	Indonesians should always buy products made in Indonesia rather than imported products
N2	Buy products made in Indonesia, hire Indonesians
N3	Products made in Indonesia are first, last, and foremost
N4	It's always best to buy products made in Indonesia
N5	It may cost me in the long run, but I prefer to support Indonesian products

Table 2. Conservatismer Sosio-economy

S1	We should only buy products from abroad that we cannot get at home
S2	There should be very little trade or purchase of products from other countries except out of urgent need
S3	Only products that are not available in Indonesia must be imported
S4	We should buy products made in Indonesia instead of letting other countries get rich from us

Table 3. Protektionisme

P1	Indonesians should not buy foreign products as they damage existing Indonesian businesses and cause unemployment
P2	Restrictions must apply to all imported products
P3	Foreigners are not allowed to bring their products to the Indonesian market
P4	Foreign products must be subject to heavy taxes to reduce the entry of these products into the Indonesian market
P5	Indonesian consumers who buy products made in other countries are responsible for the loss of Indonesian jobs

Table 4. Ultra-Nasionalisme

U1	Buying foreign-made products is not by the personality of the Indonesian nation
U2	It is not correct to buy foreign products because it causes Indonesians to lose their jobs
U3	True Indonesians must always buy Indonesian products

Table 5. The desire to buy foreign products

W1	I feel guilty when buying overseas products
W2	I never buy products from abroad.
W3	I avoid buying foreign products as much as possible
W4	I don't like the idea of owning foreign products
W5	I will feel guilty if I buy overseas products

The measurement scale

The measurement scale uses the Likert scale. The rating received the lowest score on a scale of 1 and the highest score of 5.

Starting from the highest and lowest scores, there are several class 5 categories whose range is by the average perception of respondents as follows.

Table 6. Range of respondents' answer scales

Scale range	Information
1,00-1,80	Strongly Disagree
1,81-2,60	Disagree
2,61-3,40	Nervous
3,41-4,20	Agree
4,21-5,00	Totally Agree

Analysis and Modeling

Evaluation of measurement models or external models is used to evaluate the model's validity and dependability. The construct-building indicators' (variables') convergent and discriminant validity are used to examine the validity of reflective indicators. Meanwhile, the reliability test of reflective indicators is assessed with combined reliability and Cronbach alpha. However, the use of Cronbach's alpha to test construct reliability provides a smaller value (underestimation), so it is recommended to use composite reliability to test construct reliability. (Imam Ghozali, 2015). After the evaluation is carried out, the cell continues to be an analysis factor Ethnocentrism, Attitude towards local products, and Commitment of consumer purchasing behavior to local products

Evaluation of structural models / internal models to determine the influence of Ethnocentrism factors and attitudes towards local products on the commitment of consumer purchasing behavior to local products. The evaluation of structural models or internal models is constructed using r-squared and path coefficients.

Results

Financial Ratios

Capital Adequacy Ratio (CAR)

Overall, the CAR values of BRI Syariah, BNI Syariah and Bank Syariah Mandiri are above the average CAR value of the Indonesian Islamic Banking Industry, namely 10% for Islamic banks that have level I and II health ratings, and 14% for levels III and IV.

Financing to Deposit Ratio (FDR)

In 2017, the highest FDR was achieved by BNI Syariah of 80.21 percent. Entering 2018, there was a decrease in the BNI Syariah FDR value of 0.59 percent compared to the previous year to 79.62 percent. While the lowest FDR was still obtained by BRI Syariah at 75.49 percent.

In 2019, BRI Syariah's FDR value increased significantly by 4.63 percent compared to the previous year, making it the highest FDR of 80.12 percent. Then the FDR of Bank Syariah Mandiri was 75.54 percent. While the lowest FDR was obtained by BNI Syariah at 74.31 percent. Overall, changes in the FDR value at each bank fluctuate every year.

Operational Costs to Operating Income (BOPO)

In 2019 Bank Syariah Mandiri and BNI Syariah have entered the efficient category because the level of banking efficiency according to Bank Indonesia regulations is ≤ 90 percent. Meanwhile, BRI Syariah is categorized as inefficient because the BOPO ratio in 2019 still exceeds 90 percent.

Net Performing Financing (NPF)

The higher the NPF ratio, the higher the financing risk that must be borne by the bank. As a result, the bank must have larger reserves to cover this risk. Overall, there has been a decline in each of these banks every year.

In 2019, overall there was a decline in each of these banks. The lowest NPF ratio was obtained by Bank Syariah Mandiri at 1.00 percent, then BNI Syariah at 1.44 percent, and the highest NPF ratio was still obtained by BRI Syariah at 3.38 percent.

Economic Value Added (EVA)

In general, the EVA value at each bank is in a positive position and fluctuates every year. During the 2017–2019 period, the highest EVA value was always obtained by BSM, then BNI Syariah, and BRI Syariah as the owner of the lowest EVA value.

Table 7. EVA BSM, BNI Syariah, BRI Syariah 2017-2019 values

Sektor Perbankan	Economic Value Added (EVA) dalam rupiah		
	2017	2018	2019
BSM	18.198.000.000	6.082.000.000	14.059.000.000
BNI Syariah	976.000.000	1.331.000.000	5.183.000.000
BRI Syariah	749.000.000	435.000.000	267.000.000

Source: BSM Financial Report, BNI Syariah, BRI Syariah (processed)

Market Value Added (MVA)

In general, the MVA values obtained by BRI Syariah, BNI Syariah and Bank Syariah Mandiri for the period 2017 – 2019 are in a negative position (except for BRI Syariah in 2018). MVA values from BSM, BNI Syariah, and BRI Syariah in 2017-2019 include the following:

Table 8. BSM MVA Value, BNI Syariah, BRI Syariah 2017-2019

Sektor Perbankan	Market Value Added (MVA) dalam rupiah		
	2017	2018	2019
BSM	- 4.825.219.065.000	- 5.050.143.065.000	- 6.256.813.065.000
BNI Syariah	- 1.305.798.000.000	- 1.740.666.000.000	- 2.233.576.000.000
BRI Syariah	- 623.841.000.000	74.319.586.450	- 1.881.718.545.660

Source: BSM Financial Report, BNI Syariah, BRI Syariah (processed)

Analysis of the Influence of CAR, FDR, BOPO, NPF, and EVA on MVA

Partial t test based on significance value

Table 9. Partial t test table

Coefficientsa		
Model	t	Sig.
1 (Constant)	1,879	0,157
CAR (X1)	-0,888	0,44
BOPO (X2)	-4,99	0,015
FDR (X3)	2,843	0,065
NPF (X4)	5,87	0,01
EVA (X5)	-8,348	0,004

Source: SPSS Data Processing 26

Based on the table, we can conclude that CAR and FDR have no effect on MVA because the significance values of CAR and FDR are 0.440 and 0.065 > 0.050, respectively. Meanwhile BOPO, NPF, and EVA affect MVA.

Partial t test based on calculated values and tables

Capital Adequacy Ratio (CAR)

The calculated t value of CAR is 0.888, meaning that CAR (X1) has no effect on MVA (Y) because this value is in an area with no effect. The capital component used for CAR does not affect changes in MVA directly.

Operating Expenses to Operating Income (BOPO)

The t value for BOPO is -4.990, meaning BOPO (X2) has a negative effect on MVA (Y), meaning that the higher the BOPO value, the MVA value will decrease. These results are in line with research conducted by Widianingsih et al. (2020) stated that BOPO has a negative

influence on stock prices so that the higher the BOPO value, the stock price and company value will decrease.

Financing to Deposit Ratio (FDR)

The t-count value of FDR is 2.843, meaning that t-count (2.843) <t-table (3.182) so that FDR (X3) has no effect on MVA (Y). This is in accordance with the results of research by Widianingsih et al. (2020) which states that stock prices and company value are not affected by FDR.

Non Performing Financing (NPF)

The calculated t value of NPF is 5.870 (X4) which has a positive effect on MVA, meaning that the higher the NPF value, the MVA value will also increase.

Economic Value Added (X5) has a negative effect on MVA (Y), because in the 2017 – 2019 period the high amount of equity was not accompanied by an increase in the number or price of existing shares, causing the MVA value to become negative.

2. Simultaneous F Test Based on Significance Value

The Sig value is obtained. is 0.007 <0.05, it can be concluded that CAR (X1), BOPO (X2), FDR (X3), NPF (X4) and EVA (X5) simultaneously affect MVA (Y). The percentage of influence is R Square 0.984, meaning that the simultaneous influence of CAR, BOPO, FDR, NPF, and EVA on MVA is 98.4 percent.

Conclusion

Overall, the CAR ratios for BRI Syariah, BNI Syariah and Bank Syariah Mandiri are good. Meanwhile, the BOPO ratio for BRI Syariah until 2019 is still not considered efficient, while Bank Syariah Mandiri and BNI Syariah have entered the efficient category. And for the FDR and NPF ratios in general, the three of them experience very fluctuating changes every year.

The Economic Value Added (EVA) score achieved by BRI Syariah, BNI Syariah and Bank Syariah Mandiri is very good, because all the values are positive. This means that the company has generated economic added value for shareholders. During the 2017 - 2019 period, the highest EVA value was always obtained by Bank Syariah Mandiri, then BNI Syariah, and BRI Syariah as the owner of the lowest EVA value.

Based on the results of multiple linear regression tests, it shows that CAR, BOPO, FDR, NPF, and EVA simultaneously have a very significant effect on MVA, which is equal to 98.4 percent. BOPO and EVA have a negative effect on MVA, NPF has a positive effect on changes in MVA, while CAR and FDR have no effect on MVA.

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