



St. MARRY UNIVERSITY

SCHOOL OF GRADUATE STUDIES

**CONSUMER ATTITUDE TOWARDS LOCALLY ASSEMBLED
VERSUS JAPANESE VEHICLES: EVIDENCE FROM EMPLOYEES
IN THE ETHIOPIAN GOVERNMENT BANKING SECTOR**

BY:

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JANUARY, 2019

ADDIS ABABA, ETHIOPIA

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Eyerusalem Demissie Kebede

ID. SGS/0369/2009A

**A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY SCHOOL OF
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DECLARATION

I declare that this thesis is my original work and prepared under the guidance of **Dr. Mesfin Workineh**. All the sources of material used for this thesis have been duly acknowledged. I further confirm that this thesis has not been submitted either in part or in full to any other higher learning institutions for the purpose of awarding any degree.

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ENDORSEMENT

This thesis has been submitted to St. Mary's University, School of Graduate Studies for examination with my approval of a University advisor.

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LIST OF ACRONYMS

COO	Country of origin
COA	Country of assembly
CBE	Commercial bank of Ethiopia
DBE	Development bank of Ethiopia

Abstract

One outcome of globalization has been increased competition between domestic and multinational firms in both foreign and domestic markets. This study was conducted to analyze consumer attitude and ethnocentrism tendency towards locally assembled and imported Japanese cars among government bank employees in Addis Ababa market. In order to attain its objectives the study took selected employees of commercial bank of Ethiopia as a sample. A structural questioner has been distributed to 238 randomly selected samples but analysis was made based on the data collected from 199 respondents. Analysis and interpretation of the data was conducted by using descriptive and inferential statistical tools with the help of statistical package for social science 20.0.

The finding of this research indicates that when making purchase decisions for vehicles, CBE employees consider quality as the most important attribute with safety and brand as being the second and the third most important attributes. And also most respondents of CBE consider country of assembly information important while making purchase decisions for vehicles. CBE employees show less ethnocentric tendency towards locally assembled cars. The findings further indicate that CBE employees' ethnocentrism found to be positively correlated to consumer attitude towards domestically assembled vehicles with low degree of ethnocentrism. And, CBE employees' ethnocentrism and their attitude towards Japanese vehicle correlate negative with a medium magnitude.

Key words: Consumer attitude, Car assembly, Product attribute, Ethnocentrism

CHAPTER - 1

INTRODUCTION

1.1. Background of the Study

The trend of globalization around the world has increased the competition among the producers. Consumers now face an expanding choice of purchase option. As the choices available to consumers become more numerous, the consumer selection process is becoming more complex and the final product choice is influenced by a variety of reasons. This condition has determined a growing interest in investigating beliefs towards domestic and foreign products and services as well as their influence on consumers' purchasing behavior (Riefler and Diamantopoulos, 2009). In this context, a very large number of studies and articles have been focused on examining the effect of constructs such as country of origin and ethnocentrism.

Peterson (2008) determined that the effect of a product's country of origin on buyer perceptions and evaluations has been one of the most widely studied phenomena in the international business, marketing, and consumer behavior literatures. Indeed, Brady and Cronin (2001) concluded that the potential impact of the country of origin of a product was the "most researched international aspect of consumer behavior".

Studies suggest that the country of origin is an important information cue, which plays a major role in product acceptance in different markets (Piron, 2001). The knowledge the consumer has about the country in which the product is produced can influence consumer evaluation of a product. When making judgments about a foreign product, the consumer's knowledge about the country's reputation for producing good or inferior products may be used to predict the quality of a particular product (Kaynak and Cavusgil, 1983). In addition, there have been studies exploring the relationship between consumers' perceptions of product quality and the level of economic development of the sourcing country. Products produced in less developed countries tend to have a less positive image than products from more developed countries (Bilkey and Nes, 1982).

Consumers view products sourced from developing countries, such as China as having a negative image (Zhang, 1996).

Product origin has become a more complicated construct due to multi-national production relates to more than just one COO cue (Seidenfuss et al., 2013). Product may have separated dimensions such as country of assembly (COA) (Ha-Brookshire and Yoon, 2012), country of components and parts (COC) (Ha-Brookshire and Yoon, 2012), and country of design (COD) (Seidenfuss et al., 2013), country of brand (COB) (Anisimova, 2013) and country of manufacture (COM) (Moradi and Zarei, 2012). Statistically significant COO effects have been documented for general products, categories of products even for certain brands. Studies prove this point, that “made in” label is very important for consumer while evaluating product (Moradi and Zarei, 2012). Country of origin significantly impact consumers’ product perceptions and their subsequent purchase decisions (Haubl, 1996). Consumers associate COO with the image of the country where the final assembly takes place (Al-Sulaiti and Baker, 1998).

The second construct confirmed to have an impact on both local consumers’ attitude and behavioral intention is consumer Ethnocentrism. The basic premise of the concept of consumer ethnocentrism is that the attitudes and purchase intentions of consumers can be influenced by what could be called nationalistic emotions. In short, consumer ethnocentrism implies that consumers might regard the purchase of foreign products as “wrong”, as it might harm the domestic economy and result in job losses in industries that compete with imports. Thus, ethnocentric consumers tend to accentuate the positive aspects of the domestic products and discount the virtues of foreign-made products (Srinivasan *et al.*, 2004). Consumer ethnocentrism has been actively researched in developed countries in particular, but there seems to be a dearth of knowledge about consumer ethnocentrism in developing countries.

The consequences of consumer ethnocentrism include factors such as an overestimation of the quality and value of domestic products or an underestimation of the benefits of imports, a moral obligation to buy domestic products, as well as a strong preference for domestically produced products (Kaynakand Kara 2001).

Luque-Martinez, Ibáñez-Zapata and Del Barrio-Garcia (2000) propose that research on consumer ethnocentrism may be a vital step towards forming a better understanding of the way in which individual and organizational consumers draw comparisons between domestic and foreign products, as well as the reasons that lead these consumers to develop patriotic prejudices against imports. It is believed that an understanding of whether the level of ethnocentrism differentiates customer attitudes towards products originating from overseas, could be extremely useful to the development of effective marketing strategies for imported products (Kucukemiroglu, 1999).

According to Netemeyer, Durvasula and Lichtenstein (1991), one outcome of globalization has been increased competition between domestic and multinational firms in both foreign and domestic markets. Due to the greater availability of foreign brands, consumers in many countries face an ever-increasing variety of buying options. It was therefore important for marketers to understand the attitudes of consumers, especially how they choose between domestic products and products of foreign origin.

In Africa, Ethiopia is one of the developing countries where large amounts of products from other countries are imported each year and vehicles are not an exception. Few years back, for many, cars were considered a luxury item, a symbol of high-class status in Ethiopia. Now, with the change in the lifestyle and income, cars are being considered as necessity. The economic boom and emerging middle class are pushing up towards the growing demand of vehicles in the country. Imported vehicles from Japan have dominated the market for a long time in Ethiopia. Although this is still the case today, local and international companies entering the car assembly industry are starting to catalyze a shift in the market. With a low motorization rate, there is still huge scope for growth in the industry with more companies seeking to assemble vehicles.

Ethiopia has grand ambitions for its tiny auto industry, seeking to transform a handful of assemblers that bolt together imported kits into a network of factories that can make the country Africa's biggest car manufacturer over the next two decades. It is part of a vision to turn a nation that is among the poorest in Africa into an industrial center that no longer relies on fickle weather patterns that periodically devastate the agrarian economy and leave its people hungry.

To ensure this ambition it was very important to study consumer attitude and its implications for government and policy makers who are trying to establish domestic manufacturing competency in the face of relentless competition from established foreign brands, and for academics interested in understanding consumer behavior in developing economies. So far, there are relatively few studies that have systematically investigated this phenomenon in Ethiopian market and very little is known about consumer behavior in this regard. To help address this research gap, this study was undertaken to examine attitudes towards domestically assembled versus Japanese vehicles, in case of government banks employee's in the Ethiopian market.

1.2. Statement of the problem

The rapid pace of globalization in the business environment has created sophistication and a wide variety of choices in product selection. Consumers now have a wide variety of choices to make regarding their vehicles. And there is a competition among the variety of Automobile industries that are focusing attention in capturing the Ethiopian markets.

In the global economy where the consumers are having an increasing exposure to foreign brands, the availability of information about the country of origin and Ethnocentrism could play an important role in consumers' perceptions of the product quality and as well influence consumer choice.

According to Netemeyer, Durvasula and Lichtenstein (1991), one outcome of globalization has been increased competition between domestic and multinational firms in both foreign and domestic markets. Due to the greater availability of foreign brands, consumers in many countries face an ever-increasing variety of buying options. It was therefore important for marketers to understand the attitudes of consumers, especially how they choose between domestic products and products of foreign origin.

Kucukemiroglu (1999) also argues that, combined with increased nationalism and an emphasis on cultural and ethnic identity, the concept of consumer ethnocentrism must be regarded as a potent force in the global business environment in future. The consequences of consumer ethnocentrism include factors such as an overestimation of the quality and value of domestic products or an underestimation of the benefits of imports, a moral obligation to buy domestic

products, as well as a strong preference for domestically produced products (Kaynak and Kara 2001).

Luque-Martinez, Ibáñez-Zapata and Del Barrio-Garcia (2000) propose that research on consumer ethnocentrism may be a vital step towards forming a better understanding of the way in which individual and organizational consumers draw comparisons between domestic and foreign products, as well as the reasons that lead these consumers to develop patriotic prejudices against imports. It is believed that an understanding of whether the level of ethnocentrism differentiates customer attitudes towards products originating from overseas, could be extremely useful to the development of effective marketing strategies for imported products (Kucukemiroglu, 1999).

Despite the prolific research on COO and Ethnocentrism over the last five decades as it has moved from simple studies to sophisticated and in-depth ones (Laroche et al. 2005), the extant literature in these two areas has several gaps. One of the main limitations of the previous literature was the restricted geographical spread of study areas. Most of the previous studies have been conducted in the United States, Canada, and other developed countries and this, as it may imply lack of cross-cultural representation, can limit the comparability and generalization of results (Baker and Ballington, 2002). Thus, it has been recognized that there was a great need for more studies, including different countries with different cultures, religions, levels of economic development levels to be conducted (Papadopoulos and Heslop, 2002).

As the transport facilities are well developed, cars are a very essential transport mode to travel from one place to another place. The rapid industrial growth and economic growth in Ethiopia leads to enhancement in the standard of living of the people. Literatures points to a negative stereotype associated with products made in developing countries, a critical question arises as to how consumers may evaluate products of this nature. Thus, it was important to know consumers attitude towards locally assembled and Japanese vehicles in the Ethiopian market concerning country of origin and ethnocentrism. However, relatively few studies have systematically investigated the phenomenon in Ethiopian market. The results of this investigation and subsequent recommendations were hoped to provide information that is applicable to all aspects of marketing mix decision, as it is the core part of the process of formulating marketing strategy.

1.3. Research Questions

The study was guided by the following research questions:

1. Is there any significant difference between Government bank employee's attitude towards locally assembled vehicle attributes and Japanese made vehicle attributes?
2. Is there any significant difference between Government bank employee's attitudes towards locally assembled vehicle Japanese made vehicle on demographic variables?
3. Is there any significantly different on the level of Government bank employee's ethnocentrism based on various demographics variables?
4. Is there relationship between consumer ethnocentrism and Government bank employee's attitudes' towards purchase of locally assembled vehicle and towards purchase of Japanese made vehicles?

1.4. Objective of the study

The general objective of this study was to analyze consumer attitude towards locally assembled and imported Japanese cars among government bank employee's in Addis Ababa.

The following were the specific objective of the study:

- A. To determine government bank employee's attitude towards locally assembled and Japanese vehicles,
- B. To examine how important the country of assembly information of Vehicles is to bank employees,

- C. To investigate aspects of Vehicle attributes that bank employee's may use in evaluating and differentiating between Domestic and Japanese Vehicles available in the Addis Ababa market.
- D. To determine the ethnocentric tendencies of Bank employees of Vehicles in Addis Ababa.

1.5. Significance of the study

As Poor attitude to home-made products is a major source of worry to government and indigenous entrepreneurship. A contribution to an attitudinal change in favor of domestic products would therefore be significant. Ethiopian policy makers use the "Assembled -in-Ethiopian" campaign to convince National consumers to purchase domestic goods and brands. Its effectiveness, in turn, is a function of a number of factors. One of them is to make national products attractive to groups of less loyal consumers, those who are not prone to ethnocentric consumption of domestic products and may even admire imported products. However, it is not known who the less loyal consumers are. The study was expected to provide such information to policy makers.

The findings will also contribute the body of knowledge relevant to country of origin and ethnocentrism available to local manufacturers, importers and prospective investors, as an input to their trade and investment strategies.

Finally, this research was presumed to enrich the knowledge of the reader on the role of country of origin and ethnocentrism on consumer attitude. Which will in turn gives a way for other researchers to conduct detailed researches on the problem. Eventually, this study may contribute paramount importance to previous literature in this area which will serve as additional source of reference.

1.6.Scope of the study

This study focused on consumer attitude and ethnocentrism in relation to domestically assembled and imported Japanese vehicle products. It focuses only on employees of government bank of Ethiopia within the capital city Addis Ababa. Information on the number of employees was obtained from headquarter of commercial bank of Ethiopia. This information formed the sampling frame for obtaining the required sample size.

1.7. Limitation of the study

The primary limitation for this study was the lack of published data or study that is conducted in the car assembly industry. This makes the measurement instruments very difficult. To reduce the implication of this problem, measurement instruments were taken from foreign studies with a little bit adoption.

The samples were selected from Addis Ababa city government bank CBE. Thus, this would limit the generalizability of the result to the whole country since the respondents were from one sector and city. The sample was therefore skewed towards this group and can't be considered as representative of the heterogeneous population of Ethiopia.

This study was obviously limited by the fact that only the vehicles assembly industry in Addis Ababa, Ethiopia was the central focus. The student researcher here was mindful of the fact that broadening its frontiers to include other consumer products, and states in Ethiopia, would have made a more representative scope. This is however suggested for further studies.

Furthermore, consumers' attitude towards foreign or locally made products largely depends on the type of products and availability of domestic alternatives in the market (Wanninayake and Chovancova, 2012). Therefore the given research issue cannot be reasonably examined in all the industries in Ethiopia. Thus the student researcher mainly focuses on the vehicles is the special reference for this study.

Another limitation was that the present study examined government bank employee's product attitudes for one product vehicle. The extent to which the results here generalize other product categories was not known. Similarly, only one country that is Japanese made cars selected to be investigated. Future research may consider examine the different combinations of multiple product categories and multiple countries of origin to get results that were more robust.

A last caveat was that in this study of consumer's product attitude was based solely on the cumulative effect of products attribute and the importance that consumers give for this attributes. In the real world, however, things are more complicated. Consumer's attitudes may be influenced not only by real products but also many other external elements. Future research could repeat the study in the real product evaluation and purchase situations to compare or verify the study results.

CHAPTER 2

REVIEW OF RELATED LITERATURE

2.1. Introduction

The current chapter presents theory and literature, as well as empirical research and findings on the two main concepts of the research, Country of Origin and Consumer Ethnocentrism; which fundamentally affect consumers' Attitude towards foreign and domestic products. It also gives a background on consumer behavior and attitude and how the concept emerged as a rich research topic, and how significant it was in the current era of globalization. It also enlightens the various aspects of the phenomenon of country-of-origin and ethnocentrism in relation to the consumer behavior and attitude.

2.2. An overview of consumer behavior

The concept of consumer behavior is defined by Schiffman and Kanuk (2007) as “the behavior that consumers display in searching for, purchasing, using, elevating, and disposing of products and services that they expect will satisfy their needs”.

Consumer behavior focuses on the way in which individuals make decisions related to the spending of their available resources (time, money and effort) on consumption related items (Schiffman and Kanuk, 2004). This include what consumers buy, when they buy it, why they buy it, where they buy it, how often they buy it and how often they use it, how they evaluate it after the purchase, the possible impact of such evaluations on future purchases and how consumers dispose of products.

Schiffman and Kanuk (2007) argue that in order to succeed in any business, especially in the current dynamic and rapidly evolving marketplace, it is of utmost importance for marketers to know everything they can about consumers in order to effectively market, identify appropriate people to target and communicate attractive offerings.

2.3. An overview of consumer attitudes

The concept of attitude occupies a fundamental position in both social psychology and consumer behavior studies (Foxall and Goldsmith, 1994). Marketers are concerned with knowing customer attitudes towards their products and services and other elements of the marketing mix, as this knowledge can assist them to predict consumer behavior (Sheth and Mittal, 2004).

According to Foxall and Goldsmith (1994) it is believed that attitudes are the crucial link between what consumers think about products and what they buy in the marketplace. In terms of the international marketplace,

Darling and Puetz (2002) argue that consumer behavior is strongly influenced by consumer attitudes towards products, as well as by the marketing practices associated with those products. Darling and Puetz (2002) also argue that an important influence on the development of consumer attitudes towards products is the country of origin of these products. As the manufacture of products and the search for suppliers become increasingly global activities, an understanding of the attitudes and behavior of buyers in terms of global products is an aspect that is achieving increased importance (Ahmed, d Astous and El Adraoui, 1994 and Nijssen and Douglas, 2004).

Darling and Kraft (1977) argue that in order to compete successfully in the dynamic international marketplace it is imperative for marketing managers to have a profound understanding of, and empathy for, the different attitudes, perceptions, and needs of consumers in the various foreign markets their firms have entered. According to Ofir and Lehman (1986) it is assumed that consumers develop either positive or negative attitudes towards products from foreign countries. It is now being widely recommended that these attitudes be measured and used in developing marketing and advertising strategies. It was also suggested by Nagashima (1970) that consumer attitudes towards products from a particular country can be a major factor in determining competitive international marketing strategies. Roth and Diamantopoulos (2009) argue that

attitude theory has the ability to explain favorable or unfavorable evaluations of countries of origin by consumers.

2.4. Models of consumer attitudes

Over the years, behavioral scientists have attempted to construct conceptual models of attitudes in their quest for a better understanding and description of this complex concept (Du Plessis and Rousseau, 2007). Some of the most important attitude models are: the tri-component attitude model, multi-attribute attitude models, the trying-to-consumer model, and attitude-toward-the-ad models. Each of these models provides a different perspective on the number of component parts of an attitude, as well as to how these parts are arranged or interrelated (Schiffman and Kanuk, 2007). But, underlying view of human behavior has been that all behavior is actually a combination of mental, emotional, and physical dimensions (popularly referred to as the think-feel-do perspective) which resulted in the classical “three-component” or “trilogy” view of attitudes.

According to the tri-component attitude model, an individual’s attitude consists of three major components, namely a cognitive component, an affective component and a conative component (Schiffman and Kanuk, 2007).

Cognitive Component

This part of the tri-component attitude model consists of the cognitions of an individual. These are defined as the knowledge and perceptions acquired by a combination of direct experience of the attitude object as well as related information from various other information sources. This knowledge and resulting perceptions, commonly take the form of beliefs, meaning that an individual believes that the attitude object possesses a number of attributes and that specific behavior will result in specific outcomes (Schiffman and Kanuk, 2007).

Affective component

The affective component of an attitude refers to an individual’s emotions or feelings about a particular product or brand (Schiffman and Kanuk, 2007). An emotional or affective evaluation

of a product may be a vague, general feeling developed without cognitive information or beliefs about a product, or may be the result of several evaluations of the product's performance on each of a number of attributes (Hawkins *et al.*, 2007). According to Hawkins *et al.* (2007), marketers are increasingly turning their attention to the affective or "feeling" component of attitudes to gain a better understanding of them than one based exclusively on the cognitive or "thinking" component of attitudes.

Conative component

The conative component of the tri-component attitude model is concerned with the likelihood or tendency of an individual to take a specific action or behave in a particular way towards the attitude object (Schiffman and Kanuk, 2007). Schiffman and Kanuk (2007) also pointed out that in the disciplines of marketing and consumer research, the conative component is frequently treated as an expression of a consumer's purchase intention and that buyer intention scales can be used to evaluate the likelihood of a consumer purchasing a product or behaving in a particular way.

According to Brassington and Pettitt (2003), the conative component is the most difficult attitude component to predict or control, as there are so many factors that can prevent a consumer from behaving in a particular way even if all the positive cognitive and affective attitudes of the consumer are present.

2.4 Country of Origin

2.4.1 Introduction

The relationship between the consumers' purchasing behavior and COO image has become even more important in view of increasing globalization (Abbas, 2013). However, the definition of the COO effects is still highly contested (Sauer *et al.*, 1991). Abbas (2013) put forward the definition of a COO effect to represent the influence of generalizations and attitudes held regarding a country on an individual's perceptions of the products or brands made in that country.

A distinction between consumer attitude towards the country associated with a given product and the actual country where the product is manufactured is advocated by Nebenzahl *et al.* (1997).

The rationale is that this distinction is not made by most studies on country of origin, although MNCs are more relying on outsourcing their production. Whereas this might be the case in relation to industrial purchasing, there are clear exceptions in the consumer behavior literature: a number of studies have indeed made this distinction, either in terms of design assembly or origin-manufacture. Recently, Tse and Gorn (1992), by investigating the power of the information for both COO and the brand, investigated the tacit COD country of design and COM country of manufacture, with an empirical research included consumers' evaluation of stereo equipment. These findings meet with Hamin and Elliott (2006), when investigating the power of effecting COO on the quality perceptions of different products, state that most consumers use country of origin as a symbol reflecting product attributes.

The globalized nature of the production process of many products, in recent years, has made it more important to have specific research which distinguishes between country of design, assembly and country of manufacture. For instance, Ahmed and d'Astous (1996) incorporated multiple dimensions in their study, such as country of design, country of assembly, brand, price, and warranty provisions. They employed these multiple dimensions in their study of consumers' evaluation of the quality of automobiles, shoes and VCR equipment. The study's results, reported in another paper (Ahmed and d'Astous, 1996) concluded that consumers do make a distinction between country of production and country of design. Other researchers further argue that the country of production (assembly) and the country of origin are two completely different dimensions which should be treated as such (Lee and Schaninger, 1996). Nebenzahl et al. (1997) subsequently put forward four perspectives of country image, namely home country, country of manufacture, country of design, and COO. This kind of distinction has significant merit in view of the way manufacturing of products such as automobiles, for instance, is undertaken (Santucci, 1997). By the very nature of the product and the country selected for the present study, COO therefore is understood to mean "country of assembled."

From a consumer behavior perspective, there are several dimensions which influence how people or a particular country is perceived. While Papadopoulos et al. (1989) point to people's cognition the ability of their countries to produce high level of goods quality, Parameswaran and Pisharodi (1994) argue that it is the overall product offerings associated with a country that will determine

consumers' COO attitudes. There is a debate on whether or not COO attitudes will continue to be an essential element in buyer behavior in view of the increasing globalization of the world (Papadopoulos and Heslop, 1993). Several studies have identified purchase decisions as being linked to a country's political, economic and cultural features (Alsughayir and Abbas, 2012; Baugh and Yaprak, 1993; Parameswaran and Pisharodi, 1994). This means that a negative COO is likely to result if a country is perceived to have unsophisticated technologies, weak market and economic structures and negatively perceived cultural characteristics. Roth's (1995) study revealed the importance of market environment characteristics, including the level of the individualism of cultural, the power for cultural distance, and regional socio-economics in the formation of buyers' COO perceptions of a foreign brand. The study suggested that its results are generalizable and can be equally applied to product categories. It should therefore be no surprise when buyers perceive less risk and higher quality perception for goods that made in developed countries more than goods that associated with developing countries (Nes and Bilkey, 1993).

Any country-specific characteristics will help develop an environment in which companies will become efficient in certain areas, which leading to competitive success market (Santucci, 1997). This point has been expressed also by Papadopoulos et al. (1990) state that the level of a country's industrialization will influence buyers' perceptions of it as a COO. However, Porter's (1990) study concluded that other dimensions such as competences, agent situation, demand situation, and the relevant or supporting a field of the industries in a country may all account for the variations in a country's image. In spite of having positive attitudes towards a specific country's products, buyers may still decide not purchase from that country if they have negative perceptions about the country itself (Nebenzahl et al., 1997). For instance, Danish exports reportedly dropped by 21.5% (Jordan Times, 2012) due to a backlash of Muslims refusing to buy Danish products following the decision by Danish newspapers to print offensive cartoons which negatively portrayed the Muslim prophet "Muhammad-SAW".

Roth and Romeo (1992) argued that buyers relate their knowledge of a country's reputation in the production of goods and services to the actual product or services, when it comes to formation of their COO perceptions. This will lead risk-averse buyers to inevitably have negative perceptions of country of origin towards products sourced from countries they are unfamiliar with. Consequently, multinational corporations, whose production is increasingly located in

industrializing or newly industrialized countries, ought to bear the business implications of such a decision in mind as buyers continue to negatively evaluate products from such countries (Johannsonetal., 1994). According to the comparative study by Wood and Darling (1992), respondents ranked products from Russia lower than those manufactured in Western Europe, Scandinavia and Japan. More recently, Alsughayir and Abbas (2012) found that consumers in Saudi Arabia perceived developed countries to produce goods of higher quality, with countries such as the USA being rated highly at creating the impression of manufacturing high quality goods.

2.4.2. Antecedents of Country of origin evaluations

Most studies on the formation country images concentrate on either endogenous or exogenous sources to explain the antecedents of country of origin evaluations (Pharr 2005). Studies addressing endogenous antecedents of COO focus on the considerable traits within consumers, e.g. psychographic and values dimensions, to explain the discrepancy in COO evaluations. Literature on exogenous antecedents emphasizes the sources outside of consumers such as the structural dimensions of a particular country (e.g. a country's level of economic development) to explain the variance in COO evaluations. Gurhan-Canli and Maheswaran (2000) find that motivational intensity and information processing goals could influence COO evaluations by taking the number and types of country-related cues into individuals. When consumers intentionally focus on the country-related cues, they are more likely to give positive COO evaluations. Alternatively, if consumers initially focus not on the COO cue but on other product attributes, COO information may not be used in their product evaluation.

2.4.3. Processing country of origin information

According to Josiassand Harzing(2008) a consumer's country-of-origin evaluation is typically processed in one of two ways, as a halo effect or as a summary construct. A halo effect means that the consumers use existing feelings towards a country to create an overall image of products from that country. In contrast, the summary construct is developed when the consumer uses familiarity and evaluation of products from a particular country to generate an overall country-of-origin evaluation. For example, the consumer's use of country-of-origin information depends

on the degree of familiarity with the product or product category. Consumers who are unfamiliar with the product may use country-of-origin information as a stereotype measure for other product attributes; therefore a positive country-of-origin evaluation will lead to an overall positive evaluation of the product. For consumers familiar with the product category, country-of origin image serves as a heuristic cue for those consumers wishing to process less information in order to make a purchase decision. For example, consumers who consider themselves as knowledgeable in consumer electronics may have an affinity for Japanese electronics in general, based on their positive experiences with specific Japanese electronic components in the past(Strutton and Pelton 1993).

2.4.3. Country image

Country image has been noted to have a certain influence on consumer evaluation. Therefore, examining the concept of country image can facilitate in understanding the psychological process behind the COO effects. Recent studies categorize country image into two dimensions: “macro” (technological, economic, and political) and “micro” (innovation, design, workmanship and reputation) and both of these can directly affect a product’s evaluation (Pappu, Quester and Cooksey, 2007).Every country has its own image for technological superiority, product quality, and product design and product value for different categories of products.

Roth and Romeo(1992) proposed a definition of country image from a marketing perspective as: ‘Country image is the overall perception consumers form of products from a particular country, based on their prior perceptions of the country's production and marketing strengths and weaknesses.’ The researchers, examining the image of countries (being multidimensional construct) in their study, summarized country image dimensions as: Innovativeness- use of new technology and engineering advances; Design – appearance, style, colors and variety; Prestige – exclusivity, status and brand name reputation; Workmanship – reliability, durability, craftsmanship and manufacturing quality (Roth and Romeo, 1992).

As shown in the papers of Amine (2005) define imagery of the COO as “the picture, the reputation, and the stereotype that businessmen and consumers attach to products of a specific country. This image is created by such variables as representative products, national

characteristics, economics and political background, history, and traditions”. Based on Lampert and Jaffe (1998) the image that customer has in his mind about a certain country and products made in that country influences customers’ buying intention. The country images, which consist of different beliefs, are formed in customers’ minds through experience and familiarity with products from different countries and further influence image of product (Erickson, Johansson and Chao, 1984).

According to Vida and James (2008) country-of-origin image plays an important role in influencing product image. The importance of the favorable and reliable country image is crucial because otherwise buying the product, made in unreliable image having country, will present customer with the risk, which has a negative impact on customers’ product evaluation and purchase intention.

Previous studies agree that a favorable image held by consumers of a particular country increases the favorable perception of products from the same country (Amine, 2008; Chattalas, Kramer and Takada, 2008). However, a country’s image varies across product categories (Amine, 2008). For example consumers may have a favorable image of clothing made in France, but not of France’s high-tech products. As a consequence, the COI effect for one particular product cannot be assumed to apply to all products from originating from the same country.

2.4.4. Country of origin effect

Products evaluation based on judging the country of origin is called “country- of-origin effect”. Consumers’ perceptions about imported products and their attributes are affected by the country of origin (Bilkey and Nes, 1982). The location of production (country of origin), as an information cue, activates various ethnocentric and/or non-ethnocentric beliefs and the antecedent knowledge of consumers, which subsequently affect the interpretation and evaluation of product attributes (Chrysochoidis et al., 2007).

Researchers examining country-of-origin effect have arrived at diverse disclosures due to different backgrounds, contexts and concepts employed in their analyses. However, most of them concluded that country of origin affects products evaluations (Bilkey and Nes, 1982) and

Consumers use country of origin to reinforce, create, and bias initial perceptions of products (Johansson, 1993).

Amine and Shin, (2000) stated that Country of origin can have greater effect on consumer attitude. Fan (2007) discussed the significant relation between countries of origin on consumer attitude. Liu (2007) cited in Bhakar (2013)) found that the country of origin effect has a significant impact on consumer's attitude and intention to buy foreign products.

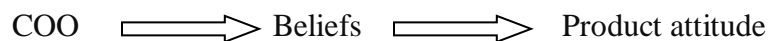
Several studies suggest that country-of-origin has strong influence on product evaluation (Peterson and Jolibert, 1995), and act as a signal for product quality (Steen kamp, 1990). It further influences consumers' attitudes toward the product and their purchase intention. The study of Laroche (2005) suggests that country image affects product evaluation (attitudes to a product) through beliefs about product attributes such as quality, reliability and pricing. Attitude theory may explain how countries are seen in the mind of the consumers, what beliefs and emotions towards a country they have, how this information affects their reactions towards a country (Roth and Diamantopoulos, 2009).

COO can act simply as an attribute of the product and be utilizing in much the same way as other more specific attributes to arrive product evaluation (Hong and Wyer, 1989 cited in Fan, 2007). Samiee (1994) defined the COO effects as the influences of evaluation, positive or negative, on the consumer's choice processes or subsequent behaviors. According to Vida and Reardon (2008), three dimensions of COO effects are described as cognitive (quality evaluation through country image), normative (social and personal norms related to COO, such as consumer ethnocentrism) and affective (i.e. symbolic and emotional value of COO, such as conspicuous consumption) dimensions. Therefore, Vida and Reardon (2008), Conclude that COO is possible to influence consumer preferences (attitude).

While COO has shown robust effects on product evaluations, the definitions and conceptualizations of COO effects are diverse. Samiee et al (1994) regards the COO effect as any influence or bias that consumers may hold resulting from the country of origin of a product, while Nagashima (1970) defines a COO effect as the picture, the reputation and the stereotype that businessmen and consumers attach to products of a specific country. Gurhan-Canli and

Maheswaran(2000) and COO effects simply as the extent to which the place of manufacture influences product evaluations and related decisions.

The COO is considered as an extrinsic cue, and often used by consumers in the process of evaluation (Bilkey and Nes, 1982). When information lacks or it is ambiguous, almost consumers prefer to rely on country of origin to infer the quality of the product (Chryssochoidis, 2007). The COO effect is due to the halo construct i.e. the country image is transposed to the product or due to the summary construct i.e. positive image of the country may evolve from the image of products with which consumers are familiar. Han (1989, cited in Knight and Calantone, 2000) explained consumer's behavior toward country of origin image through halo model: Halo model occurs when consumer is unfamiliar to the foreign products or low knowledge of the products. This model will be explained when consumer have low knowledge about the products, then country of origin image will be influenced consumer to have product attribute belief and in turn directly influence attitude toward the product. As in the structural relationship,



Consumers have significantly different perceptions about products made in different countries, and that these general perceptions have important effects on consumers' evaluation of the products manufactured in a particular country (Iyer and Kalita, 1997), they also found that consumers display a preference for products made in some countries more than others. Ahmed (2001) have found various other sources of biases that can influence consumers' preference for products made in different countries, including ethnocentric bias, patriotic sentiments, different demographic characteristics of consumers, product type, and product familiarity.

2.4.5. Country-of-origin: A cognitive, affective and normative approach

The cognitive approach

The basic mechanisms, which lie behind the 'cognitive approach' of the country-of-origin cue, simply influence a consumer's beliefs about product attributes (Bloemer, Brijs and Kasper,

2009). Cognitively, a product is approached through the cues a consumer perceives. Hereby, intrinsic and extrinsic cues of a product have to be distinguished. While intrinsic cues refer to the physical material, weight, taste, design or performance of a product, extrinsic product cues are related to price, brand, warranty, store reputation or country-of-origin. In case intrinsic cues are missing or are difficult to evaluate, a consumer uses extrinsic cues to get a better understanding of the product; as a result intangible extrinsic cues receive a significant importance for consumers' product perceptions. Ahmed (2002) illustrate a great influence of the extrinsic cue – country image – on consumers' product attitudes. The cognitive country-of-origin effect makes rational judgments based on informational, descriptive and inferential beliefs that an individual associates with the products of a country and therefore uses for an overall product evaluation (Bloemer et al 2009). The cognitive country-of-origin effect makes rational judgments based on informational, descriptive and inferential beliefs that an individual associates with the products of a country and therefore uses for an overall product evaluation (Bloemer et al 2009).

The affective approach

Verlegh and Steenkamp (1999) suggest that products not only evoke cognitive processing within consumers' minds, but also trigger emotional responses and feelings. Consequently, country-of-origin does not exclusively work as cognitive cue. Consumers associate strong emotions with country images (Dagger and Raciti, 2011). Consumers' attitudes either rest upon direct encounters with people from different cultural backgrounds or might be based on indirect experiences, and these experiences have a strong impact on consumers' product attitudes and brand expectations. Maher and Carter (2011) confirm that the affective component, triggered through the country image cue, influences consumers' purchase intention of foreign products.

The normative approach

Consumer's moral understanding influences one's attitude towards purchasing domestic or foreign products (Verlegh and Steenkamp 1999). Purchasing products from countries which engage in dubious political activities is perceived to be morally questionable as one supports a country's economy through buying its goods (Verlegh and Steenkamp 1999). Diverse studies prove that certain cultures block purchases of specific countries. For instance, the Holocaust illustrates the major reason for the Jewish unwillingness to buy German products. Nuclear tests in the Pacific led to Australian consumer boycotts of French goods (Verlegh and Steenkamp 1999).

2.4.6. Factors moderating the COO effect

Pharr's (2005) summarizes past research and categorizes the moderators of COO effect on product evaluation into two types: product-based and individual-based. The product-based moderators are price, brand name, product type and product complexity. The individual-based moderators are involvement level, involvement type, product familiarity and product importance. Product-related cues can be divided into intrinsic and extrinsic cues affecting consumers' product evaluation or choice preference (Jain and Sikand, 2004). Intrinsic cues involve a product's physical characteristics such as performance, quality, flavor, color and durability. Extrinsic cues, by contrast, refer to the external or product's non-physical compositions such as price, brand and country label. Intrinsic cues cannot be changed or experienced without changing the physical characteristics of the product (e.g. quality and flavour) (Srinivasan, Jain and Sikand, 2004). Thus, intrinsic cues are relatively difficult for consumers to use in evaluating a product's quality prior to consumption and they normally use a product's extrinsic cues to evaluate product quality before purchase.

2.4.6.1 Product-based moderators

Price

Price is an extrinsic cue which is employed heavily by consumers in their product evaluation process (Veale and Quester, 2009). Consumers see price as a predictor of product quality, and they strongly rely on price when other product categories' information is limited or not offered (Veal and Quester, 2009). In the COO context, Aqueveque (2008) found there is a positive bias towards developed countries. For example, they showed that consumers are willing to pay a higher price for products from developed countries, such as the USA. In another study Cordell's (1991) findings suggest that "consumers are more wary of products from less developed countries when the financial risk is higher and when they are seeking a product with superior tangible attributes".

Product categories

Numerous studies confirm that COO effects vary among different product categories (Amine, 2008; Fetscherin and Toncar, 2010; Veal and Quester, 2009). Although a consumer may hold a

negative image of a particular country, the effect of this negative perception can vary by product categories (Bae and Lee, 1999).

Brand name

Branding is one of the most important marketing tools which influence consumers' product evaluation and purchasing behavior, (Fetscherin and Toncar, 2010). Brand name is an important extrinsic product cue which may influence the consumer decision-making process, especially for a novice who has little or no knowledge of the product. Jo, Nakamoto, Nelson (2003) suggested that a brand with a premium quality image may establish a positive brand attitude, even if where the product is made is associated with lower quality production or negative COO evaluations. Hsieh's (2004) findings also found the relationship between COO evaluation and brand attitude was significant. Hsieh (2004) suggested that when the availability of international brands is low, the COO cue is more significant. Bae and Lee (1999) provide the example of American consumers generally having a negative country image towards Iraq but still highly valuing Iraqi rugs. Thus, product categories could act as a moderating variable in the COO effect on product evaluation. Amine, (2008) found out that single-country images and stereotypes can be varied among different product categories for example buyers prefer technology products from South Korea (e.g. personal computers) but not wall clocks.

2.4.6.2 Individual-based moderators

Product familiarity and product knowledge

From the overall COI point of view, when a consumer is unfamiliar with a country and the product, their initial perception of the country may be a spillover perception derived from other products associated with the country (Baughn and Yaprak, 1993). In other words, under conditions of less product familiarity, consumers' perception of products from a specific country is derived from their overall perception and beliefs of the country's overall production. Research has found that level of product knowledge can affect consumers' information processing of COO cues. Lee and Lee (2009) showed that consumers were less likely to use COO cues in their product evaluation when they have a high level of product knowledge. In contrast, when consumers have a low level of product knowledge, they are more likely to rely on COO cues in their product evaluation.

Product involvement level

Consumers' level of involvement is one of the most researched constructs in the marketing field because of its impact on purchasing process and marketing communication (Henderson and Hoque 2010). Traylor (1981) defined involvement as consumers' recognition and understanding of a specific product. Veale and Quester (2009) stated that COO is more important for the evaluation of high involvement products and less important when consumers are evaluating low involvement products. Thus, COO effects influence consumers' perception of luxury products more strongly than their perception of everyday products. Many studies have confirmed that in the case of high involvement products, consumers pay more attention to product evaluation by carefully assessing all product attribute information. However, for low involvement products, consumers examine the product in a limited way (Aboulnasr, 2007; Henderson and Hoque, 2010).

Demographics

Consumers' demographics such as age and level of education could also play moderator roles in the evaluation of the COO effect. Insch and McBride (2004) found a positive relationship between level of education and COO cues in their study of Mexican consumers' attitudes to mountain bikes. They found that Mexican consumers with higher levels of education were more likely to synthesize the various product cues such as a product's COO cue in their product quality evaluations. On the other hand, the significant relationship between level of education and COO evaluation was not applicable to all range of product evaluations, which also varied by product categories (Insch and McBride, 2004).

2.5. Ethnocentrism

The integration and interdependence of the economic, political and social environments, has led business firms to diversify across borders to pursue of new opportunities. This increased internationalization has impacted both sellers and buyers in a number of ways.

One of the factors which may have an influence on a consumer's decision to purchase a domestically-produced product rather than a foreign-made product is the concept of consumer ethnocentrism (Altıntaş and Tokol, 2007).

Domestic manufactures face increasing challenge from foreign manufactures. Buyers have larger number of choices. While some domestic consumers are willing to buy these foreign-made products, others resist. Thus, it is important for international marketers to understand the attitudes, preferences, and buying behavior of consumers to be successful. Especially, to answer the question how and why consumers choose between domestic products and products of foreign origin (Netemeyer et al., 1991). Previous studies have shown that consumers do not evaluate domestic and foreign products in the same way (Bilkey and Nes, 1982; Inch and McBride, 2004; Knight, 1999). Some consumers link foreign products to superior perceived quality, superior prestige and, through them, to purchase likelihood. This can be explained by the concept of country of origin effects. In contrast, some consumers believe that it is more appropriate to choose a domestic product rather than a foreign-made product. One of the factors that may explain this preference is the concept of consumer ethnocentrism (Altintas and Tokol, 2007).

2.5.1 Consumer Ethnocentrism

The foundations of “consumer ethnocentrism” were derived from the original psychological concept of ethnocentrism. Ethnocentrism is a word composed of two terms “ethnic” which means groups and “centrism” which means center (Usunier and Lee, 2005). The concept was initially defined by Sumner (1906) as “the 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. Each group nourishes its own pride and vanity, boasts itself superior, exalts its own divinities and looks with contempt on outsiders”.

Accordingly, ethnocentrism is treated as a behavior of in-group favorability and out-group bias. More specifically, the we-group (in-group) is characterized by feelings of superiority and pride, believing that they are superior to out-groups (LiVine and Campbell, 1972). Various explanations have been suggested for sources of ethnocentrism. Adorno,

Frenkel-Brunswik, Levinson, and Sanford (1950) viewed ethnocentrism as an ideological system, whose main characteristic is the generality of out-group rejection. The construct implies an individual tendency to negatively evaluate a number of out-groups. In other words, while the in-group is perceived as a unique entity, the totality of the other groups is treated as another entity. As a consequence, the in-group negatively assesses the out-groups with no exception. Javalgi, Khare, Gross, and Scherer (2005) argue that the concept of ethnocentrism can be

extended to the field of marketing when factors that influence and forge consumer behavior are taken into consideration. Marketing researchers have derived an ethnocentric theory to study variables such as, age, gender, education, and income, were expected to co-vary with consumer ethnocentrism levels.

Consumer behavior with regards to purchasing behavior. Researchers have referred to this concept as “consumer ethnocentrism”. Utilizing the same underpinnings as the construct of ethnocentrism in sociology, Shimp and Sharma (1987) formulated consumer ethnocentrism as “a domain specific concept for the study of consumer behavior with marketing implications” and defined consumer ethnocentrism as the beliefs held by consumers about the appropriateness and morality, of purchasing foreign made products in the place of locally made products. Therefore, from a view point of ethnocentric consumers, purchasing imported goods may be seen as wrong because by doing so, it may harm the domestic economy, have an adverse impact on domestic employment, and sometimes even seem unpatriotic (Shimp and Sharma, 1987). As a result, consumer ethnocentrism is believed to provide individuals with directions, a sense of belonging to a group and some ‘rules’ relating to their purchase behavior so that they have standardized perceptions of what is acceptable and what is inappropriate.

According to Sharma et al. (1995), the characteristic of high ethnocentrism consumers are as follows: first, a benevolent love and concern for the welfare of one’s own country; second, the intention or willingness not to purchase foreign products; third, a personal level of prejudice against imports. Therefore, highly ethnocentric consumers tend to distinguish products from the in-group (home country) and out-groups (foreign countries) and likely to make biased judgment by being more inclined to adopt the positive aspects of local products and discount the goodness of foreign-made products. In contrast, non-ethnocentric consumers evaluate products on other merits such as intrinsic cues, while ethnocentric consumers consider only the origins of a product regardless of other intrinsic cues, such as design, quality or price (Shimp and Sharma, 1987).

2.5.2 Antecedents of Consumer Ethnocentrism

Ethnocentric tendencies of consumers do not develop in isolation, but should rather be seen as being part of a collection of influences (Sharma et al., 1995). A variety of antecedents have been

identified in the literature and can be classified into four categories, namely socio psychological, economic, political and demographic (Shankarmahesh, 2006). The socio psychological antecedents refer to concepts that examine individuals' world orientation such as cultural openness (Strizhakova, Coulter, and Price, 2008), world mindedness (Rawwas, Rajendran, and Wuehrer, 1996), patriotism (Balabanis, Diamantopoulos, Mueller, and Melewar, 2001), conservatism (Javalgi et al., 2005), and collectivism (Sharma et al., 1995). The demographic variables such as, age, gender, education, and income, were expected to co-vary with consumer ethnocentrism levels.

2.5.3 Consequences of Consumer Ethnocentrism

The influence of consumer ethnocentrism on consumer attitudes, intentions and actions is well established. Empirical research has determined that consumer ethnocentrism directly affects the attitude toward foreign products (Sharma et al., 1995; Zarkada-Fraser and Fraser, 2002) as well as the negative evaluations of foreign products (Durvasula, Andrews, and Netemeyer, 1997; Poon, Evangelista, and Albaum, 2010; Verlegh, 2007). In addition, studies also found a significant negative relationship between consumer ethnocentrism and willingness to buy foreign products (Klein et al., 1998; Kwak, Jaju, and Larsen, 2006; Suhand Kwon, 2002). Conversely, there is empirical support for a positive relationship between consumer ethnocentrism and domestic products (Ranjbarian, Rojuee, and Mirzaei, 2010; Verlegh, 2007; Wang and Chen, 2004). When comparing domestic to foreign products, ethnocentric consumers rate domestic products as higher quality even when evidence to the contrary exist (Hamin and Elliott, 2006; Huddleston, Good, and Stoel, 2001). Indeed, ethnocentric consumers prefer to buy domestic products in many cases despite negative inconsistencies in quality, price and availability (Herche, 1992; Sharma et al., 1995).

In term of brand, numerous studies have been conducted to investigate the effect of consumer ethnocentrism toward brand including, brand trust (Lee and Mazodier, 2015); brand personality (Supphellen and Grønhaug, 2003); brand globalness (Steenkamp et al., 2003); and foreign brands (Hsu and Nien, 2008; Wanninayake and Chovancová, 2012). In general, research provides evidence to support the overall effect of consumer ethnocentrism. Specifically, highly

ethnocentric consumers prefer domestic over foreign brands. In addition, it has a negatively related to global brand preference.

2.5.4 Consumer Ethnocentrism Measurement Scale

The measurement of consumer ethnocentrism was made possible with the development of the Consumer Ethnocentrism Tendency Scale (Cetscale). In study, Shimp and Sharma (1987) were the first to develop an effective instrument for measuring the ethnocentric tendencies of consumers purchase decision. Through work, they proved that consumer ethnocentrism can measure, explain and provide answers to why and to what extent consumers prefer domestic products instead of foreign.

It can be concluded that CATSCALE is a successful predictor of consumers' beliefs, attitudes, purchase intentions and decision. This scale has been widely used to measure consumer ethnocentrism tendencies in many studies within developed and in the developing countries (Luque, ibanezand and arrio, 2000; Ranjbairan, BarariandZabihzade 2011; Kaynak2002; ChrysoChoidis et al.,2007;Yeong ,Mohamad, Ramayah and omar 2007, Wong et al., 2008).

2.6. Car Selection Criteria's

Product attributes are perceived differently by different consumers (North, de Vos, andKotze, 2003) because people tend to have different attitudes, values and expectations for products.In a vehicle purchase, a variety of criteria seem to influence consumers' evaluations and purchase intentions (North et al. 2003).Forsythe, Kim and Pete (1999) pointed out that physical appearance of products can be viewed as a multi-dimensional construct, comprising both cognitive and affective dimensions, hence vehicles reflects a combination of cognitive cues (such as workmanship, part quality) and affective cues (such as model, design, social class).

2.7. Conceptual Frame Work

Based on the provided literature background, the conceptual model of the study is derived. The bias for the model is the developed integrated graphic frame work previous work on the antecedentand consequence of CET, by Shankar Mahesh (2006). The model is used as theoretical model for this study to measure and compare attitudes between buying domestically assembled and Japanese cars. And it is completely adjusted, excluding the variables that are not relevant for this study.

Because of its diagnostic and analytical value in explicating and clarifying attitudes (Sheppard 1988), the Fishbein's (1967) Attitude Model is widespread use in consumer research (Ryan and Bonfield 1975) to assess consumer attitudes. Beaudoin et al. (1998) explained the model that in order to access a person's attitude, the salient beliefs that person has about an object, people or issue needs to be measured. These salient beliefs are combined to give an overall evaluation about the behavior under consideration. According to this model, an individual's attitude towards certain behavior can be predicted by adding all the products that result from the multiplication of the beliefs of that person and the evaluation of each consequence the person associates with an act. In 1967, Fishbein developed his attitude model with the basic assumption that in order to have a better understanding of human behavior, the measure of attitudes should not be oriented merely toward evaluating attitude toward objects, people, or institutions themselves, but rather toward assessing the attitudes toward performing a specific behavior related to them (Beaudoin et al. 1998; Wang and Heitmeyer 2006). Fishbein (1967) explained that an individual's attitude toward performing a behavior is determined by two major components: (1) the strength of the beliefs (b_i) held about the objects, and (2) the individual's subjective evaluation (e_i) of those beliefs. The estimation of the attitude is then calculated by following this formula:

$$A_B = \sum_{i=1}^n b_i e_i$$

A_B = attitude toward the behavior,

b_i = belief that performing behavior A B leads to consequence attribute (or A i),

e_i = evaluation of consequence ' i ' refers to the importance of the attribute,

n = number of salient consequence.

CHAPTER 3

RESEARCH METHODOLOGY

3.1. Introduction

Selecting the right methodology for research is an important task that can never be underestimated since it has a large influence on the relevance of information extracted and, subsequently, the whole research. The purpose of this chapter is to illustrate and critically evaluate the research methodology chosen for collecting the primary data and divided into five sections. The first section highlights the research philosophy chosen for this study. This is followed by an outline of the study design. The third section describes the instruments development, survey pilot tests and survey administration procedures. The fourth section contains a description of the sample and the data collection procedures while the last section presents the statistical methods, which are used to analyze the data.

3.2. Philosophical position of the study

This research studies consumer attitude toward domestically assembled versus Japanese cars from a positivist perspective as it is consistent with the nature of the topic. Therefore, this research falls within the positivistic paradigm rather than interpretivist paradigm as it intends to investigate the current situation regarding the consumer attitude toward foreign versus local products.

Positivism approach was used as it deals with, utilizing scientific approach and statistical analysis in order to generalize findings. Positivism is regarded as “a commitment to a unified view of science, and the adoption of methodologies of the natural sciences to explain the social world” (Smith, 1996). This philosophy focuses on the efforts to verify quantitative propositions that can be easily converted into mathematical formulas showing functional relationships (Guba and Lincoln, 1994).

Research questions which are an outcome of a thorough investigation of the literature in the field will be tested by using data collected for a questionnaire using constructs applied in earlier

studies. Accordingly, the factors that influence consumer attitude will be highlighted by identifying the relationships between the variables and will be related to the theories employed in the research model. In addition, the researcher studies consumer as an observer of the situation and remains neutral throughout the research. Therefore, the above argument qualifies this research to be taking a positivistic approach to the current study.

3.3. Research Approach

Quantitative research is useful to study statistically meaning of involving variables by the approach of mathematics. The results obtained from this method are frequently expressed in statistical form. On this basis, quantitative researchers seek to make inferences about a larger population from which the sample is drawn. Quantitative techniques include survey methods, formal methods (e.g. econometrics), and numerical methods (e.g. mathematical modeling). With its strong statistical analysis capability, high reliability and generalizability, quantitative research is extensively used by marketing researchers and is well-recommended in conducting research, (McDaniel and Gates 2008)

Based on the above discussion and considering the benefits of quantitative approach and the best fits of nature and purpose of this study that attempts to understand Government bank employee's attitudes toward domestically assembled versus Japanese cars, this research project adopted a quantitative (positivistic) approach to answer the research questions and achieve its research objectives.

3.4. Research Design

The research design is a plan for addressing the research objectives or questions. In essence, the researcher develops a structure or framework to answer a specific research problem/opportunity, although every research problem is unique, most research objectives can be achieved by using one or a combination of three types of research designs: exploratory, descriptive or causal.

Descriptive research

A descriptive research design is concerned with the frequency of occurrence or association between two or more variables (McDaniel and Gates 2008). Descriptive research is characterized by the prior formulation of specific research questions or hypotheses. Thus, the information needed was clearly defined. As a result, descriptive research is preplanned and structured based on large representative samples.

The design that was used to the research topic under investigation is the descriptive method. Descriptive design method entails sampling views from many respondents so as to determine the presence or absence of variation and estimate relationship between variables. The results are then used to make generalizations about the population from which the sample was taken.

3.5. Time Horizon

In terms of time horizon, research design can be longitudinal or cross-sectional. A cross-sectional study examines a particular phenomenon at a specific period of time. One sample of a population can be taken and studied at a particular time as in a single cross-sectional study or two or more samples of a target population could be studied once as in multiple cross sectional study.

This study was typically a cross-sectional study in that data will collected from a cross section of government bank employees in Addis Ababa, capital city of Ethiopia once and not for different periods.

3.6. Sources of Data

There are two types of information available to marketing researchers, namely primary data and secondary data. Primary data are data collected to address the objectives of a specific project, while secondary or historical data are data that were previously collected for some project other than the one at hand (Zikmund, 2003). For this study, primary data is used to investigate the specific problem.

3.7. Sampling Methodology

3.7.1. Target Population and Unit of analysis

Sekaran (2002) defined the research population as “the entire group of people, events, or things of interest that the researcher wishes to investigate”. Population or universe helps to identify the unit of analysis. The Ethiopia banking sector currently comprised of a central bank (the national bank of Ethiopia or NBE), two government owned banks and sixteen privately owned banks. The two governments owned banks are commercial bank of Ethiopia (CBE) and development bank of Ethiopia (DBE). Among these two government banks the researcher purposely selects CBE. This was mainly because the organization has properly stated credit proposition for its employee who wants to purchase a car which at least gives respondents a thought about the issue under study. As Ethiopia is one of the developing countries of the world, car is not something every citizen can afford and thought about; thus it is imperative to consider respondents’ purchase potential. Therefore, the research targeted the employees of CBE that are found in Addis Ababa city.

Unit of analysis is related with the population (specific population) that is used to collect data under the population of the study (CBE employees in Addis Ababa city). There are 248 branches under four district of CBE having 11,659 employees. Thus, the present study comprises a population of 11,659 CBE employees.

Table 3.1 Number of CBE employees who work in 4 district of Addis Ababa

Ser. No	District Name	Number of branches	Number of employees
1.	North Addis Ababa district	51	3,154
2.	South Addis Ababa district	61	2,846
3.	West Addis Ababa district	61	2,807
4.	East Addis Ababa district	75	2,861
	Total	248	11,659

Source – Human resource office of CBE.

3.7.2 Sampling Method and sampling procedure

There are 248 branch offices and 11,659 employees of CBE within four districts of Addis Ababa. If the total area of interest happens to be a big one, a convenient way in which a sample can be taken is to use multi stage sampling ((McDaniel and Gates 2008). Thus, the sampling technique for this study is probability sampling particularly two-stage sampling. The first reason behind the selection of probability sampling technique is that it gives each element in the population an equal probability of getting into the sample; and all choices are independent of one another. The other one is it gives each possible sample combination an equal probability of being chosen.

Under multistage sampling the first step is to divide the total population into relatively small divisions (clusters). Because information regarding the number of employee and branch of the organization found in each district of Addis Ababa obtained, it is possible to divide the total population into divisions or as base for Geographical clustering. Therefore geographic clustering is used as a base for clustering.

The first stage was done by selecting one district among the four CBE district offices and branches by using a simple lottery method using the lottery method to increase their representation in the sample. At the second stage the student researcher employee simple random sampling technique in order to draw the sample from the selected district. And considering managing the dispersed location ten branches out of 61 branches were drawn from the selected district using lottery method.

3.7.3 Sample size

In order to provide reliable estimates, the sample size for the study was estimated using Krejcie and Morgan table (1999), for sampling a population of 11,659 employees the sample size was therefore 238 respondents. This was based at 95% confidence interval and an alpha level of 5%. This table was used because it gives easy reference to the required sample size. The sampling table saves time that would be spent generating the sample size to use for a given population since no calculations are needed.

Based on this the total sample size, 238, it was then distributed to the selected branches as follows:

Table 3.2 Sample size from each branches

Name of the branches	Employee number	Sample
Awtobis Tera	41	22
AsrasimntAdebabay	31	20
Abinet	28	16
Kolfe	27	19
Merkato	52	27
EhleBerenda	32	18
GojamBerenda	43	25
Coca Mazonia	28	18
EyesusGedam	29	19
Atana Tera	34	20
AsrasimintMazonia	26	16
Sefereslam	33	18
Total	404	238

Source: Survey data (2018)

3.8. Method of data collection

This research was conducted at selected CBE branches in Addis Ababa. The student researcher approached respondents and requested them to participate voluntarily in the survey. The purpose of the research was explained to them and their cooperation sought to complete the written survey form that usually took about 10–15 minutes. This was to encourage respondents to have enough time to read and understand the questions and fill the content at their own convenience.

3.8.1. Research instrument

The primary data is collected by use of a questionnaire, (Appendix A). The questionnaire consisted of a series of questions for the purpose of gathering information from respondents. According to Kombo and Tromp (2009), questionnaires are easy to use and provide a uniform and standardized manner of asking questions to respondents. They also provide a platform for recording and making reference during the process of analyzing information. It is a cost-effective way of collecting information and a large number of responses can be analyzed. Kombo and Tromp also observed that questionnaires are faster to administer to a larger number of respondents and save time.

The questionnaire comprised of four main sections namely:

- Section A: Personal Information
- Section B: Country of Origin
- Section C: Attitude towards locally produced versus Japanese vehicles
- Section D: Consumer Patronage and Ethnocentric Tendencies

The questionnaire opened with the introduction of the research and stated confidentiality and anonymity of the respondents. The instructions on how to answer the questions were provided at the beginning of every section.

The first section of the questionnaire contained questions regarding personal information. These included gender, age, estimated monthly income and educational level of respondents.

The second section of the questionnaire contains questions regarding consumer awareness of country-of-origin specifically product country of assembly. The respondents were asked whether they consciously looked for country-of-assembly information if/when you purchase a car.

The third section measures consumer attitudes toward domestically assembled and Japanese made car. The questions were constructed based on the Fishbein model. The attributes considered were Model preference, safety, brand name, good price, comfort, quality, easy maintenance, part availability, fuel consumption, attractiveness and fashionableness.

Respondents will be asked to indicate how likely and Japanese made car were to possess each of these twelve attributes on a Five -point Likert scale. They were also asked to indicate how important each of these same twelve attributes was to them when they purchase vehicles on a five -point Likert scale.

This section examines the ethnocentric tendencies of the consumers. An instrument called the Consumer Ethnocentrism Scale (CETSCALE) developed by Shimp and Sharma (1987) is used. It was constructed to explain why consumers prefer domestic products over their foreign counterpart. The original scale consists of 17 items on seven-point Likert scales anchored by strongly disagree/strongly agree). The modified 10-item version of the CETSCALE also developed by Shimp and Sharma (1987) will be used for the studies. The 10-item CETSCALE has been extensively used and validated in other studies and was proofed to perform as well (or better) than the 17-item version.

An internal consistency will be identified through Cronbach's alpha to test that all 10 items employed are measuring the same construct—Ethnocentrism. Thus, a summative measure can be used to represent the ethnocentrism score of respondents.

3.9. Data Reliability and Data Validity

Research that employs a quantitative approach must be a part of the survey methodology and tests the validity and reliability of the instruments. It is an essential method for a questionnaire to produce a high quality output to establish a high degree of reliability and validity; otherwise, the questionnaire may generate irrelevant data. Furthermore, a reliable research instrument may not be considered as valid. The reliability is necessary but not a sufficient condition for validity. The reason for this is that a measure can be reliable while evaluating a construct other than what the researcher intended. However, both validity and reliability are essential aspects for measures that are interrelated and these elements are assumed to overlap to some degree,(Dillon, Madden and Firtle,1994).

3.9.1. Reliability

Reliability is described as “the extent to which a measurement reproduces consistent results, if the process of measurement to be repeated” (Dillon et al, 1994). Therefore, a reliable research instrument produces the same result under the same conditions, ensuring a high degree of consistency and dependability. To assess the reliability of the survey, a Cronbach’s Alpha test was employed to assess the consistency of the measurement scale for each multiple-item variable. This measure is one of the most commonly and widely accepted techniques to measure internal consistency (Dillon et al, 1994).

As Dillon, Madden and Firtle(1994) state scales with coefficient alpha between 0.6 and 0.7 indicates fair reliability. Thus, for this study, a Cronbach’s Alpha score of .60 or higher is considered adequate to determine reliability. As per the Cronbach’s alpha result, the coefficient for all independent variables and the dependent variable were in the acceptable range, i.e. >0.6. The Cronbach’s alpha coefficient of variables for the pilot test is depicted in table 3.3.

Table 3.3: Reliability Analysis of Variables

Variables	Items	Cronbach Alpha
Consumer attitude toward Ethiopian assembled vehicle	12	0.805
Consumer attitude toward Japanese made vehicle	12	0.817
Consumer ratings of attributes of vehicle	12	0.911
Ethnocentrism	10	0.714

Source: Survey data (2018)

3.9.2. Validity Analysis

A valid questionnaire measures precisely what is supposed to be measured. The validity of the research instrument was assessed through two types, content validity and construct validity.

Content validity focuses on whether the scale items adequately cover the entire domain of the construct under study (Dillon et al, 1994). For this thesis, the research instrument was derived

from a comprehensive review of the relevant literature in marketing and attitude. The questionnaire was also reviewed by experienced advisor.

Construct validity is concerned with whether the instrument is an accurate measure of reality (Dillon et al, 1994). To support and ensure construct validity of the questionnaire, it was piloted to identify the difficulty or lack of clarity in the scale items or instructions.

3.9.3. Non Response Rate

All the distributed questionnaires were not collected fully. Out of 238 distributed questioners 26 were not collected and 13 were not usable for data Analysis.

3.10. Method of Data analysis and presentation of results

Raw data drawn from responded questionnaires was entered into the Statistic Package for the Social Science (SPSS 20.0) software and the relevant data analysis needed to answer the research questions were carried out. Prior to analysis, the data was checked for omissions, legibility, and consistency. Data Analysis comprised of descriptive statistics, t-tests, analysis of variance (ANOVA) and correlation analysis. Descriptive analysis for instance percentage, mean, standard deviation was used in examining variables such as assembled in checking in purchasing vehicles and importance ratings of car attributes. When analyzing the data collected, paired t-test, ANOVA was used to test the differences between attitude of CBE employees, factors that influenced the attitude and consumer attitude towards imported Japanese vehicles and domestically assembled vehicles and Spearman correlation were also applied to find out the correlation between ethnocentrism and CBE employees towards locally assembled and Japanese vehicles.

Consumer attitudes: Attitudes of consumers toward domestically assembled and Japanese made car was measured using the Fishbein (1967) Model. The model is given by the formula below;

$$A_B = \sum_{i=1}^n b_i e_i$$

AB= attitude toward the purchasing of domestically assembled and Japanese made car,

bi = the belief that purchasing a domestically assembled and Japanese made vehicle product will lead to a certain attribute, for instance comfort, good price, etc.,

ei = the evaluation of the importance of the attribute.

To compute the bi, respondents were asked to indicate how likely domestically assembled and Japanese made vehicles were to possess each of the twelve attributes using a five -point Likert scale (from 1= very unlikely to 5= very likely). To compute the ei, respondents were asked to indicate how important each of the same twelve attributes to them when they purchases vehicles using a seven-point Likert scale (from 1 = very unimportant to 5 = very important).

AB is multiplication of the belief score (bi) by the evaluation score (ei), and then summing across the twelve vehicle attributes. Higher scores indicated a more positive consumer attitude towards vehicles.

CETSCALE: the mean rating and its standard deviation for each item of the 10-item CETSCALE is determined. Composite scores for each respondent will be computed and classified as having low, medium or high level of consumer ethnocentrism. The Cronbach alpha coefficient for the scale is found to be 0.998. Evidently, the scale is reliable, since all the values exceed the 0.70 rule (see table 3.4). Therefore, the reliability estimates from the samples support that CETSCALE has internal consistency to measure the ethnocentric tendencies of Government bank employees'. Based on the results of reliability analysis, it can be assumed that all the 10 items are measuring the same constructs (ethnocentrism), and therefore a summative measure can be used to represent the ethnocentrism score of the respondents.

Table 3.4. Ethnocentrism Scale reliability for government bank Employees

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.998	1.000	10

Source: Survey data (2018)

CHAPTER 4

RESULT AND DISCUSSION

4.1. Introduction

The chapter will present the results of the performed statistical analyses based on the collected data. The purpose of this study was to investigate the role of country of origin and ethnocentrism on CBE employees' attitudes toward domestically assembled and Japanese vehicles. A total number of 199 questionnaires were collected. Both descriptive and inferential statistics were used in analyzing the data collected. The responses by the government employees to some items of the questionnaire were compiled into tables according to the main variables being examined. Descriptive analysis for instance percentage, mean, standard deviation was used in examining variables such as assembled in checking in purchasing vehicles and importance ratings of car attributes. When analyzing the data collected, paired t-test, independent t-test, ANOVA and Spearman correlation were also applied.

Table 4.1 presents the demographic and socio-economic characteristics of the sample who participated in the survey. (57.3%) of the survey respondents were male and 85 (42.7%) female. In terms of age, respondents divided into four categories. The youngest (20-30) represented 39.2% of the sample and 32.2% percent of the respondents were between '31-40' and 20.1% percent of the respondents were between '41-50' only 8.5% of the sample were in the oldest category (over 50 years old).

With regard to the estimated monthly personal income, 11.2% indicated that they earned less than 5000 birr per month, 27.6% of the sample (n=55) earned monthly income between 5001 and 10000 birr, 38.2% of the sample (n=76) earned monthly income between 10001 and 15000 birr 16.6% (n=33) of the sample earns between 15001-20000 birr and the remaining 6.5% (n=13) earns more than 20000 birr per month.

Table 4.1 □ Demographic characteristics of the sample

Characteristics	Frequency(n=199)	Percentage (%)
<i>Gender</i>		
Male	114	57.3
Female	85	42.7
<i>Age</i>		
20-30	78	39.2
31-40	64	32.2
41-50	40	20.1
over50	17	8.5
<i>Education</i>		
Certificate	2	1
Diploma	19	19
Under graduate Degree	90	90
Post graduate Degree and above	88	88
Characteristics	Frequency(n=199)	Percentage
<i>Income level</i>		
5000 or less	22	11.1
5001-10000	55	27.6
10001-15000	76	38.2
15001-20000	33	16.6
21000- And above	13	6.5

Source: Survey data (2018)

4.2. Country of origin

How important consumers consider consciously for country-of-assembly information of vehicles if or when making a purchasing decision is shown in Table 4.2, Above half the respondents (n = 115, 57.6%) claimed that they consider country-of-origin information ‘Important’ when purchasing vehicles while Only 3.5% of the sample reported that they consider ‘not important’ to the country-of-assembly.

Table 4.2 □ Rating and Percentage of assembled-in information Consideration

Rating of assembled-in information Consideration	Frequency(n=199)	Percentage (%)
Very important	71	35.5
Important	115	57.6
Moderately important	6	3.4
Not important	7	3.5

Source: Survey data (2018)

Table 4.3 shows the mean importance ratings of the 12 vehicle attributes. The results indicate that quality (mean = 4.8), safety (mean = 4.6) and brand (mean = 4.5) were the three most important attributes assessed by CBE employees for buying vehicles.

Table 4.3 Importance Ratings of vehicles attributes

Correct Answer	Mean Importance	Rank
Quality	4.8	1
Safety	4.6	2
Brand	4.5	3
Comfort	4.4	4
Ease of maintenance	4.4	4
Part Availability	4.4	4
Resell value	4.3	5
Fuel conception	4.2	6
Model preference	4.1	7
Attractiveness	3.7	8
Fashionableness	3.5	9

Source: Survey data (2018)

4.4. CBE employees' attitude towards Vehicles

The mean scores of consumer attitude towards domestically assembled and Japanese vehicle attributes are presented in Table 4.4. By utilizing Paired-Comparison T-test, the mean score of consumer's overall attitude towards Domestically assembled cars is 3.6 and the mean score of consumer's overall attitude towards Japanese cars attributes is 4.1. The mean difference 0.50 in overall consumer attitude is insignificant ($P > 0.05$).

Though the difference is not significant in aggregate, to determine on which specific attribute(s) of vehicle CBE employees showed difference in their attitudes, domestically assembled and Japanese vehicle were compared on each of vehicle attributes separately. As shown in Table 4.4, CBE employees gave highest evaluations for domestically assembled vehicles than Japanese vehicle on 3 of the 12 attributes: 'price' (mean = 4.1 versus 3.7), 'part availability' (mean = 4.27 versus 4.08), and 'ease of maintenance' (mean = 4.2 versus 4.05). Even if the mean difference of the three vehicle attributes were statistically insignificant ($P > 0.05$).

In contrast, there were five vehicle attributes which were rated significantly higher for Japanese vehicle than domestically assembled vehicles ($P < 0.05$), namely 'resell value' (mean = 4.45 versus 2.68), 'brand' (mean = 4.33 versus 2.96), 'quality' (mean = 4.35 versus 3.61), 'attractiveness' (mean = 4 versus 3.36) and 'fashionableness' (mean = 4.17 versus 3.35). Additionally, the findings further indicated that there is no significant difference between domestically assembled and Japanese vehicle regarding the remaining eight attributes.

Table 4.4 Paired Comparison T-test between CBE employees Attitude toward domestically assembled and Japanese vehicle on each of the twelve vehicles attributes.

Vehicle attribute	Attitude toward Domestically assembled cars	Attitude toward Japanese made car	Mean difference	P-value
	Mean	Mean		
Model preference	3.54	4.22	-0.68	.048
Safety	3.87	4.23	-0.36	.052
Quality	3.61	4.35	-0.74	.048
Brand	2.96	4.33	-1.37	.046
Price	4.14	3.75	0.39	.052
Comfort	3.95	4.32	-0.37	.051
Ease of maintenance	4.25	4.06	0.19	.072
Part Availability	4.27	4.08	0.19	.069
Fuel conception	4.14	4.21	-0.07	.194
Resell value	2.69	4.45	-1.76	.046
Attractiveness	3.36	4.01	-0.65	.048
Fashionableness	3.35	4.17	-0.82	.047

4.5. Government employees' Attitude and Demographics

The relationship between CBE employees' attitude and the demographic variables, namely gender, age, educational level and income level were examined using T-test and ANOVA.

4.5.1. Attitude and Gender

In order to evaluate the mean difference among male and female CBE employee's attitudes toward both domestically assembled and Japanese vehicle, Independent-Samples t-Test is used. The group statistics table (Table 4.5) provides the means of two genders. As it can be seen, males has a high mean attitude score (mean = 44.8) than females (mean =43.69) on their attitude

toward domestically assembled and Japanese vehicle. Whether the difference between genders is large enough to be statistically significant is assessed by examining the p-value reported under Levine’s Test for Equality of Variances (Table 4.5).

In relation to the mean difference among male and female attitudes toward Japanese vehicle, the results of the Independent Samples Test show that Levine’s test produced an F of .915 with a p-value of 0.034. Since the p-value is less than 0.05, it means that the mean variances were significant.

Regarding the mean difference among male and female attitudes toward domestically assemble vehicle male has high mean attitude score (mean=44.8) than females (mean=43.69) and as it can be seen from Levene’s Test for Equality of Variances the mean difference is significant at $f=4.49$ and $p=0.035$ which is less than 0.05.

Table 4.5 T-test between Attitude and Gender

	Male	Female	t-value	p-value
N	114	85		
Attitude toward domestically assembled	44.8	43.69	5.4	0.035
Standard deviation	10.1	7.99		
N	114	85		
Attitude toward Japanese cars	47.98	52.1	5.3	0.034
Standard deviation	5.4	5.5		

4.5.2. Attitude and Age

Regarding age, the mean scores for CBE employees’ attitudes were compared among different age groups using One-way ANOVA. The result (Table 4.6) shows that there 5% statistical difference found between the four age groups for attitudes toward Japanese vehicle($F = 14.5$, $P = 0.000$),Table 4.6 shows there is significant difference between the four age groups and attitudes toward domestically assembled vehicle at $F=5.2$, $p=0.001$.

Table 4.6 ANOVA test between attitude and age

Domestic	N	Mean	f-value	p-value
<i>Age</i>	78	39.52	5.2	0.001
20-30	64	44.20		
31-40	40	44.38		
41-50	17	48.27		
over50				
Japanese	N	Mean	f-value	p-value
<i>Age</i>	78	50.26	14.5	.000
20-30	64	51.8		
31-40	40	46.2		
41-50	17	55.59		
over50				

4.5.3. Attitude and Educational level

Regarding Educational level, the mean scores for government employees' attitudes are compared among educational level using One-way ANOVA. The result (Table 4.8) shows that there is statistically significant difference found between the four Educational levels for attitudes toward domestically assembled vehicle ($F = 5.3, P = 0.002$), similarly as table 4.8 shows significant difference between the four educational level groups and attitudes toward Japanese vehicle at $F= 12.8, P<0.05$.

Table 4.7 ANOVA test between attitude and Educational level

Domestic	N	Mean	SD	f-value	p-value
Certificate	2	44	8.4	5.3	0.02
Diploma	19	43.2	11.2		
Under graduate Degree	90	47.09	7.2		
Post graduate Degree and above	88	41.75	10		
Japanese	N	Mean	SD	f-value	p-value

Certificate	2	49	2.8	12.8	0.00
Diploma	19	55.79	4.8		
Under graduate Degree	90	47.99	6.9		
Post graduate Degree and above	88	51.44	3		

4.5.4. Attitude and income Groups

The difference between the mean scores of attitudes toward domestically assembled and Japanese vehicle among the four income groups is significant only on attitude towards Japanese vehicle. As indicated by One-way ANOVA (Table 4.8), the impact of level of income is (attitude towards domestically assembled vehicle: $F = 1.6, P=.166$ P is greater than 0.05; attitude towards Japanese vehicle $F = 12.8, P= 0.00$).

Table 4.8 ANOVA Test between Attitude and Income Level

Domestic	N	Mean	SD	f-value	p-value
5000 or less	22	46.27	10.2	1.6	.166
5001-10000	49	44.20	6.23		
10001-15000	76	44.38	10.18		
15001-20000	33	41.52	11.40		
21000- And above	13	48.38	5.1		
Japanese	N	Mean	SD	f-value	p-value
5000 or less	22	46.3	3.39	12.8	.000
5001-10000	49	49.62	6.37		
10001-15000	76	53.36	5.89		
15001-20000	33	49.52	2.7		
21000- And above	13	44.85	2.07		

4.6. Government bank employees' Ethnocentrism

The 10-item CETSCALE developed by Shimp and Sharma (1987) is used to measure the degree of CBE employees' ethnocentric tendencies. It is indicated in the literature part that the mean

score value of CETSCALE can be taken as the indicator of the intensity of consumer ethnocentrism, i.e. a higher mean scale value indicates higher consumer ethnocentrism.

The total possible value of the CETSCALE for 10 items falls between 10 and 70 for. The total mean value and the mean ethnocentrism score were found to be 16.7 and 1.67 respectively. This shows CBE employees exhibits less level of ethnocentrism.

4.6.1. Government employees Ethnocentrism and Demographics

The relationship between the level of consumer ethnocentrism and the demographic variables, namely gender, age, income and education level were examined using T-test and ANOVA.

4.6.1.1. Ethnocentrism and Gender

Regarding gender, the mean scores for ethnocentrism were compared between male and female, using independent samples t-test. Table 4.9 indicates that there is no significant difference found between male and female in CBE employees (mean score 34.5 for male versus 33.2 for female, $F = 2.04$, $P = 0.155$).

Table 4.9 □ **t-test between Ethnocentrism and Gender**

Gender	Male	Female	t-value	p-value
N	114	85		
Ethnocentrism	43.5	33.2	2.04	.155
Standard deviation	13.06	12.3		

4.6.1.2. Ethnocentrism and Age

For age, the mean scores for ethnocentrism were compared among different age groups using One-way ANOVA. The result (Table 10) shows that there is significant statistical difference found between the four age groups ($F = 9.3$, $P = .000$).

Table 4.10: ANOVA Test between Ethnocentrism and Age

Age	N	Mean	SD	F-value	p-value
20-30	78	34.6	12.27	9.3	.000
31-40	64	25.27	9.66		
41-50	40	41	10.16		
over50	17	47.59	6.4		

4.6.1.3. Ethnocentrism and Educational level

CBE employees who indicated 'Certificate' as their educational level exhibited higher level of ethnocentrism (mean =45.5) than other educational level. However, the difference between the mean scores of ethnocentrism among the four groups is significant. As indicated by One-way ANOVA, the impact educational level is statistical significant (F =4.4 P =.005), see Table 11.

Table 4.11 ANOVA Test between Ethnocentrism and Educational level

Educational level	N	Mean	SD	F-value	p-value
Certificate	2	45.5	19.09	4.4	0.005
Diploma	19	27.32	14.05		
Under graduate	90	36.81	13.40		
Post graduate	88	32.32	10.8		
Degree and above					

4.6.1.4. Ethnocentrism and Income groups

CBE employees who earned monthly income between '21000birr and above' exhibited higher level of ethnocentrism than other income groups (mean =42). However, the difference between the mean scores of ethnocentrism among the four groups is significant. As indicated by One-way ANOVA, the impact of level of income is statistical significant (F =3.75, P = 0.006), see Table 12.

Table 4.12: ANOVA Test between Ethnocentrism and income level

Income level	N	Mean	SD	F-value	p-value
5000 or less	22	36.6	15.05	3.75	0.006
5001-10000	49	31.07	12.20		
10001-15000	76	32.16	11.21		
15001-20000	33	38	12.64		
21000- And above	13	42	14.52		

4.7. Government bank employees Ethnocentrism and Attitude

In order to test the relationship between CBE employees’ ethnocentrism and their attitude, correlation analysis is carried out to determine the strength and direction of the relationship.

4.7.1. Ethnocentrism and attitude toward domestically assembled vehicles

Table 13 exhibits Spearman correlation coefficients, significance values regarding consumer ethnocentrism and attitude toward domestically assembled vehicles. The results show that two variables were statistically significant and strongly correlated ($P < 0.05$). With the correlation coefficients value of .591 the relationship between ethnocentrism and attitude towards locally assembled vehicles were positively correlated and held strong strength.

Table 4.13 Correlation between Attitude towards Domestic assembled vehicles and Ethnocentrism

		Correlations		
			Consumer Patronage and Ethnocentric Tendencies	summation domestic
Spearman's rho	Consumer Patronage and Ethnocentric Tendencies	Correlation Coefficient	1.000	.591**
		Sig. (2-tailed)	.	.000
		N	199	199
	summation domestic	Correlation Coefficient	.591**	1.000
		Sig. (2-tailed)	.000	.

	N	199	199
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** . Correlation is significant at the 0.01 level (2-tailed).

4.7.2. Ethnocentrism and attitude toward Japanese vehicles

CBE employees ethnocentrism and attitude towards Japanese vehicles, were also statistically significant and correlated ($P < 0.05$), see Table 14. Furthermore, their relationship held a negative correlation and a medium strength ($\gamma = -0.333$).

Table 4.14 Correlation between Attitudes towards Japanese vehicles
And Consumer Ethnocentrism

Correlations			Consumer Patronage and Ethnocentric Tendencies	summation Japanese
Spearman's rho	Consumer Patronage and Ethnocentric Tendencies	Correlation Coefficient	1.000	-.333**
		Sig. (2-tailed)	.	.000
		N	199	199
	summation Japanese	Correlation Coefficient	-.333**	1.000
		Sig. (2-tailed)	.000	.
		N	199	199

** . Correlation is significant at the 0.01 level (2-tailed).

4.8 Discussion

The result of the present study corresponds to the studies of Eckman et al. (1990) and Lang and Crown (1993) which point out that quality is the most important consideration when purchase decisions for product items are made. Likewise, CBE employees consider quality as the most important attribute with safety and brand as being the second and the third most important attributes. Although, in the literature, fashionableness is well reported as an important extrinsic cue in assessing products (Huddleston and Cassil 1990; Taylor and Cosenza 2002), the present study shows that for CBE employees, fashionableness is not as significant as other attributes.

Attitude towards domestically assembled and Japanese vehicle attributes exhibited differences and statistically significant. Among the twelve attributes CBE employees gave highest evaluations to the three attributes for domestically assembled vehicles than Japanese vehicle: 'price', 'part availability', and 'ease of maintenance'. There were three vehicle attributes which are rated significantly higher for Japanese vehicle than domestically assembled vehicles, namely 'resell value', 'brand', and 'fashionableness'. The findings indicated that there is difference between domestically assembled and Japanese vehicle rating regarding the remaining six attributes favoring to Japanese vehicle.

The demographics results indicate that only CBE employees' income level shows insignificant difference in their attitude toward domestically assembled vehicles. But, gender, education level and age variables were significantly related to CBE employees' attitudes toward domestically assembled and Japanese vehicle. These shows CBE employees' have different attitudes concerning demographics.

CBE employees rated checking country of assembly information important. These findings are supported by several authors' suggestions. As Piron (2000) believed, COA effects will remain and always color consumer's attitudes toward brands. Also, as stated by Kaynak et al. (2000), country-of-assembly will hold its importance in developing countries for a long time. Moreover, Usunier (2006) posited that if consumers aware of the manufacturing and assembling origins, they tend to consider the origin information in conjunction with a number of other information cues.

The statistical output of this study regarding locally assembled vehicles ethnocentrism tendency show that the total means value 16.7 as measured by the 10 items against seven points. The total possible value of the CETSCALE for 10 items varies between 10 and 70 due to seven point scale. As the value is below the midpoint of the scale, it can be inferred that CBE employees can be considered as less ethnocentric and have preferences towards Japanese vehicles.

The impact of the demographic factors on ethnocentrism tendency such as age, gender, income and educational levels was investigated. The result indicated that there were significant differences in ethnocentrism by age, educational level, and income level for the sample under study except for gender. Likely the results concerning gender correspond to findings of many other studies (Caruana 1996; Festervand et al. 1985; O'Cass 2002; Sharma et al. 1995; Upadhyay and Singh 2006; Wang 1987), which posited that the impact of gender on ethnocentric tendency of people is insignificant.

for income level, the difference is significant the findings that implies low income groups found to be more ethnocentric than other income groups are consistent with Shimp and Sharma (1987), Wall and Heslop (1986) and Wang (1978). These researchers indicated that high-income consumers are normally found to react more favorably toward foreign products and thus, have lesser degree of consumer ethnocentric tendencies.

CBE employees' ethnocentrism found to be positively correlated to consumer attitude towards domestically assembled vehicles. This implies that if consumers exhibit a degree of ethnocentrism, they are likely to have positive attitude towards domestically assembled vehicles. At the same time, if consumers have low degree of ethnocentrism, their positive attitude towards domestically assembled vehicles tends to be weak. The results are consistent with the proposition of Shimp and Sharma (1987) which stated that consumer ethnocentrism is positively related to attitude towards domestic products.

When considering the relationship between CBE employees' ethnocentrism and their attitude towards Japanese vehicle however, negative correlation with a medium magnitude between them is found in this study. This is consistent with Shimp and Sharma's (1987) proposition, indicating that consumer ethnocentrism is negatively related to attitude towards foreign products.

CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

This chapter aims to review the problem of the research and conclude the findings of with regard to the objectives of the study. Recommendation that focuses on how the problem identified could be addressed is included in the present chapter. Finally suggestion for future researches is also included at the end of this chapter.

5.1. Conclusions

When making purchase decisions for vehicles, CBE employees consider quality as the most important attribute with safety and brand as being the second and the third most important attributes. Relative to other product attributes, attractiveness and fashionableness were generally of low importance and significance for CBE employees.

CBE employees' attitude towards domestically assembled and Japanese vehicle attributes exhibited differences which were statistically significant. There were three of the twelve attributes CBE employees gave highest evaluations for domestically assembled vehicles than Japanese vehicle: 'price', 'part availability', and 'ease of maintenance'. This implies that CBE employees favored domestically assembled vehicles over Japanese vehicle for the stated attributes. On the contrary, there were three vehicle attributes which were rated significantly higher for Japanese vehicle than domestically assembled vehicles, namely 'resell value', 'brand', and 'fashionableness'. Additionally, the findings further indicated that there is difference between domestically assembled and Japanese vehicle rating regarding the remaining six attributes favoring Japanese vehicle.

With regard to demographics, the results illustrate that Except from CBE employees' income level which shows insignificant difference in their attitude toward domestically assembled vehicles; gender, education level and age variables were significantly related to government employees' attitudes toward domestically assembled and Japanese vehicle. Therefore, they tend to exhibit different attitudes concerning demographics.

When considering country of assembly information on purchasing a car, the majority of CBE employee's respondents indicate that they find it important.

The mean value of the CETSCALE was below midpoint of the scale regarding locally assembled vehicles. This indicates that CBE employees show less ethnocentric tendency towards locally assembled cars.

The finding regarding demographic factors on ethnocentric tendency implies that except for gender all the demographic variables i.e. age, income level and educational level exhibits difference in their ethnocentric tendency. And income level shows significant difference by implying low income group are more ethnocentric than the other income groups.

The findings indicate that CBE employees' ethnocentrism found to be positively correlated to consumer attitude towards domestically assembled vehicles with low degree of ethnocentrism. And, CBE employees' ethnocentrism and their attitude towards Japanese vehicle correlate negative with a medium magnitude.

5.2. Recommendations

- Firstly, Assemblers must be encouraged to improve upon the quality and brand of vehicles they assemble so as to raise the confidence level of local consumers and to also enable them fully compete with the imported Japanese vehicles.
- It is also recommended that local industries especially those in the assembly sector must find ways and means of reducing their cost of production. This reduction of production cost can be achieved by producing on a large scale so as to enjoy economies of scale in the unit cost of production. They can also do backward integration where they own some of the raw materials production and thereby having an advantage when it comes to pricing. Also the production of different varieties brand and model preferences of a vehicle must be encouraged so as to help reduce the overdependence on Japanese vehicles on the part of consumers.
- “Developing country consumers attitudinally prefer foreign brands not because of perceived quality but also as enhancement of social status” (Hamin and Elliott, 2006). CBE

employees in Addis Ababa gave higher rating for brand, resell value and attractiveness they regard as significant the results suggest that the government and assemblers have a big challenge in developing a vibrant manufacturing and assembling industry and changing the attitudes of its consumers towards domestic products. The government could also strategically help local firms to compete with quality products at affordable price by way of instituting subsidies and incentives to encourage them.

- National governments want home industry to succeed. After all it's usually the politicians who get the blame for the failure of businesses. But, as Beverland and Lindgreen, (2002) remarks, ``...consumers give little consideration to the importance of a given product to the national manufacturing base". It is therefore that education programmers may be needed to raise the consciousness of consumers regarding the importance of key industries. As the successes of these industries impact in the nation development is critical.
- Government can also insist on encourage citizens to make the patriotic choice without compromising their expectations in terms of quality, price and technology.
- The assemblers in Ethiopia are challenged on foreign exchange. A government of Ethiopia should improve on this regard.
- Country of origin is perceived as an extrinsic cue that communicates quality and value to the consumer. By utilizing affective mechanisms of country of origin assemblers and marketers can evoke potent images of a country, its people and its culture hence eliciting consumer pride in their national or ethnic identity, or pride attached to buying from a one owns nation.
- An integrated communication mix must be adopted where all the communication tools are used such as radio, television, newspapers, billboards, flyers, and sponsorships to sensitize the consumers on the need to purchase locally made footwear.
- The results of the research suggest that Government employees continue to remain under the influence of global impacts, and they do not act with ethnocentric tendencies in their purchasing behaviors. When performing an act of purchase, they would rather attach importance to high quality, brand, etc. and other variables; hence domestic marketers can

enhance the ethnocentric feelings of customers by using creative marketing programs. Especially, emotional and moral appeals can be used in encouraging national identity, conservatism and patriotism with the purpose of subsequently promoting Consumer ethnocentrism.

- Brand positioning is a crucial element in developing strong brand equity. Therefore, domestic assemblers can leverage the concept of consumer ethnocentrism for targeting a valued place in the customer's minds. Therefore it is recommended to develop a strong brand vision and core brand values based on national identity, patriotism and conservatism of target customers. Therefore, the designing of brand elements in marketing programs for the stimulation of Consumer ethnocentrism can be done by considering the positive and negative antecedents of consumer ethnocentrism. Brand name and logo should be specially implied the culture of the home country and it should attach some emotional values to the brands.

5.3. Recommendations for Further Studies

The findings from the study conducted on a sample of Government employees in the banking sector found in the capital city, Addis Ababa who is more likely to be aware of the country origin of products. It is suggested that the range of respondents should be expanded to include nine regions of Ethiopia and in other sectors to ensure adequate representation for effective overview of the results.

Again, this study made consideration to only one product group. However, future research in this field should also consider other product types and additional countries since consumer assessment varies from one product to the other and country by country. This is due to the impacts of factors influencing consumer buying behavior such as social, cultural, personal and psychological factors.

Finally, in order to cover wide scope and to also enhance understanding, future study could be done so that focus groups will be used to discuss the findings of the survey. This may help to generate qualitative explanations from the consumer point of view regarding to the purchasing of imported products.

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APPENDIX

St. MARRY UNIVERSITY

SCHOOL OF GRADUATE STUDIES

QUESTIONNAIRE

This questionnaire is purely for academic research for the completion of the dissertation. It is designed to investigate consumer attitude towards locally assembled and imported Japanese cars among government bank employee's in Addis Ababa market. There is no correct or incorrect answer for each question.

Therefore, please answer as honestly as possible to the best of your knowledge. All information provided will be treated with anonymity and confidentiality. The survey result will strictly be used for academic purposes only.

Section A: Personal Information

Instruction: For each of the following statements, please circle the response that is applicable.

1. Gender: (1.) Male (2.) Female

2. Age: (1.) 20- 30 years (2.) 31 – 40 years (3.) 41 – 50 years (4.)51 years and above

3.Estimated monthly income in Ethiopian Birr: (1.) 5,000 or less (2.) 5,001 – 10,000 (3.) 10,001 – 15,000 (4.) 15,001 – 20,000 (5.) 20,001 and above

4. Education Level

(1.) Certificate (2.) Diploma (3.) Under graduate Degree (4.) Post Graduate degree and above

Section B: Country of Origin

Instruction: For the following statements, please circle the response that is applicable.

6. How do you do consciously look for made in label if/when you buy a car?

(1.) Not important (2.) Slightly important (3.) Moderately important (4.) Important (5.) Very important

Section C: Attitude towards domestically assembled versus used Japanese vehicle

Instruction: For each of the following questions, please circle the response that indicates your attitude when buying vehicles.

7. How do you consider the following features when planning or actually buying a car?

1 = Least Important; and 5 = Very Important.

No	Attributes	Importance				
1	Model preference	1	2	3	4	5
2	Safety	1	2	3	4	5
3	Quality	1	2	3	4	5
4	Brand	1	2	3	4	5
5	Price	1	2	3	4	5
6	Comfort	1	2	3	4	5
7	Ease of maintenance	1	2	3	4	5
8	Part Availability	1	2	3	4	5
9	Fuel conception	1	2	3	4	5
10	Resell value	1	2	3	4	5
11	Attractiveness	1	2	3	4	5
12	Fashionableness	1	2	3	4	5

8. What is your attitude towards domestically assembled vehicles in terms of the following qualities or features? **1 = Very poor** and **5 = Excellent**

No	Attributes	Rating				
1	Model preference	1	2	3	4	5
2	Safety	1	2	3	4	5
3	Quality	1	2	3	4	5
4	Brand	1	2	3	4	5
5	Price	1	2	3	4	5
6	Comfort	1	2	3	4	5
7	Ease of maintenance	1	2	3	4	5
8	Part Availability	1	2	3	4	5
9	Fuel conception	1	2	3	4	5
10	Resell value	1	2	3	4	5
11	Attractiveness	1	2	3	4	5
12	Fashionableness	1	2	3	4	5

9. What is your attitude towards Japanese made vehicles in terms of the following qualities or features? **1 = Very poor** and **5 = Excellent**

No	Attributes	Rating				
1	Model preference	1	2	3	4	5
2	Safety	1	2	3	4	5
3	Quality	1	2	3	4	5
4	Brand	1	2	3	4	5
5	Price	1	2	3	4	5
6	Comfort	1	2	3	4	5

7	Ease of maintenance	1	2	3	4	5
8	Part Availability	1	2	3	4	5
9	Fuel conception	1	2	3	4	5
10	Resell value	1	2	3	4	5
11	Attractiveness	1	2	3	4	5
12	Fashionableness	1	2	3	4	5

Section D: Consumer Patronage and Ethnocentric Tendencies

9. What are your views regarding the following statements? Please respond by choosing among 1 – 7 where **1 = represents strongly Disagree** and **7 = for strongly Agree**.

No	Statement	Rating						
		1	2	3	4	5	6	7
1	Only cars that are unavailable in Ethiopia should be imported.	1	2	3	4	5	6	7
2	Ethiopian assembled cars, first, last, and foremost.	1	2	3	4	5	6	7
3	Purchasing foreign-made products is un-Ethiopian.	1	2	3	4	5	6	7
4	It is not right to purchase foreign-made cars because it puts Ethiopians out of jobs.	1	2	3	4	5	6	7
5	A real Ethiopian should always buy Ethiopian-made cars.	1	2	3	4	5	6	7
6	We should purchase cars assembled in Ethiopia instead of letting other countries get rich off of us.	1	2	3	4	5	6	7
7	Ethiopians should not buy foreign made car, because this hurts Ethiopian business and causes unemployment.	1	2	3	4	5	6	7
8	It may cost me in the long-run but I prefer to support Ethiopian assembled cars.	1	2	3	4	5	6	7
9	We should buy from foreign countries only those cars we	1	2	3	4	5	6	7

	cannot obtain within our own country.							
10	Ethiopian consumers who purchase cars made in other countries are responsible for putting their fellow Ethiopian out of work.	1	2	3	4	5	6	7

Given a choice between domestically assembled cars verses Japanese cars what would you purchase?

Give reasons for your answer.

Thank you for your valuable time and cooperation.

