

The power of social influence: East-West Comparison on Purchasing Behavior

*Hari Krishna Maram**
*Kritika Kongsompong***

This article compares consumer decision-making endeavors between Indians, Thais, Taiwanese, Americans, and Australians. Utilising Hofstede's framework, the paper argues that **cultural** dimensions influence consumer decision making endeavors. It is essential that managers understand **cross-cultural** consumer decision-making process to make strategic decisions or effectively handle members of these nationalities. Marked differences were found between the two populations for: group harmonization, peer support, conflict avoidance, and social influence in purchasing behavior. The results suggest that consumer decision process differs due to consumers' **cultural** values. Managerial implications and future research directions are discussed.

Keywords: Cross-cultural, social influence, consumer behavior, purchasing decision

Introduction

The importance of social influences in consumers' purchasing decisions is widely recognized among domestic as well as international marketers. Buying decisions are not made in a vacuum, and consumers are subject to influence from several potential sources: family, friends, associates, salespeople, and even strangers who may express an opinion. The importance of social influences has been embodied in one of the most important theories in consumer behavior: the Theory of Reasoned Action (TORA). This theory specifies that individuals' behavioral intentions (e.g., with regard to the purchase of a product or service) are predicated upon their own internal attitudes toward the contemplated act and, relevant to the present study, on their motivation to comply with the wishes of others (Ajzen and Fishbein, 1980). Numerous consumer behavior studies have been conducted on various aspects of TORA, and it has been found to provide a robust explanation for the formation of behavioral intentions (e.g., Lutz, 1977; Ryan and Bonfield, 1980; Warshaw and Davis, 1985). Despite the copious literature on TORA and other social-influence related forces in the buying decision, there is insufficient research that has been conducted across nations in order to compare relative levels of social influence that marketers can expect to face in their international operations. Two exceptions were the research conducted by Lee and Green (1991) and by Bagozzi et al (2000). Lee and Green tested the efficacy of TORA in Korea and the United States and found that TORA provided similar predictive abilities of behavioral intentions in the two countries, although social norms were a more important determinant in Korea and individual attitudes were more important in the USA. Bagozzi et al. tested the relative influence of attitudes and subjective norms in decision making among consumers in the USA, Italy, China, and Japan. Otherwise, little formal international marketing research has been conducted to compare the importance of social influences in consumer decision making across nations.

The study reported in this paper examines the issues discussed above. To what extent can cross-national differences in levels of collectivism be observed in consumer purchasing decisions? How do cross-national differences affect the social influence in one's purchasing behavior? This study employs the cultural construct of collectivism to develop hypotheses to address these questions. The findings provide general support for the hypothesized differences across nations, but with some interesting nuances that reflect the complexity of collectivism as a construct and that must be understood when applying social influence differences in an international marketing context.

Literature

Collectivism in international business and marketing literature is often associated with the seminal works of Hofstede (1983, 1984, 1991), whose classic study provided insights on fundamental cultural differences that serve to differentiate the national cultures of the world. In Hofstede's work, individualism/collectivism is one of four primary distinguishing cultural

**Director, VVN Institute of Management Technology & Research, Bangalore- 560004. E-mail: krishna@vvnimtr.org*
***Sasin Graduate Institute of Chulalongkorn University, Thailand. E-mail: Kritika.kongsompong@sasin.edu*

constructs, the others being power distance, uncertainty avoidance, and masculinity/femininity (to which was later added the dimension of Confucianism). There also exists a considerable literature on collectivism/individualism in the social sciences that delves deeply into the construct. This literature will be reviewed selectively below, since it provides the primary bases from which hypotheses are developed to link collectivism and social influence. It will be followed by a discussion of the marketing related literature that suggests a relationship between collectivism and social influence in marketing-related situations.

Collectivism and Social Influence

A defining feature of people who hold a collectivist orientation is that they either do not distinguish between personal and collective goals, or, if they do, personal goals are subjugated to the goals of the collective (Triandis et al., 1988; Triandis, 1989). Conversely, individualists are characterized by the tendency to give priority to individual goals over group goals (Triandis, 1989).

Individualism and collectivism have been identified as orientations taken with respect to a person's or group's relationship to others (Hofstede, 1980; Triandis, 1984, 1995; Bellah et al., 1985). Researchers have reported significant differences between in-group and out-group behaviors in collectivist cultures compared with individualist cultures (e.g., Gudykunst et al., 1987; Leung & Bond, 1984). Such results indicate that a person's self-definition as a member of a group determines how s/he acts in social situations. For example, collectivists have strong ties to the collective, such as family, country, and so forth. Social behavior is a function of in-group norms to a greater extent in collectivist than individualist cultures (Davidson et al., 1976). Self, according to collectivists, is defined in terms of others, and behavior is regulated by group norms (Triandis, 1995). Collectivists, therefore, instinctively obey in-group authorities and are willing to fight to maintain the integrity of the in-group, whereas they distrust and are unwilling to cooperate with members of out-groups (Triandis, 1995). They are attached and conform to their in-groups and only if in-group membership is extremely costly are they likely to drop it (Hui & Triandis, 1986). Yamaguchi (1994) has also defined a person's collectivism as the tendency to give priority to the collective self over the private self, especially when the two come into conflict. Individualists, in contrast, have flexible ties to social groups, and their behavior is often guided by self-interest (Triandis et al., 1988, Triandis, 1995). This means when group and an individualistic person's goals are in conflict, personal goals often have primacy.

The importance of in-group acceptance as a group-related phenomenon lead to certain values being pre-eminent among collectivists, including security, good social and personalized relationships, and in-group harmony (Triandis et al., 1990; Schwartz, 1994). Collectivism therefore stresses conformity and in-group harmony and defines the self in relation to the group (Triandis, 1995). As noted above, individualism can be broadly characterized as the tendency to regard the individual over the group, and personal goals receive priority over group goals. Given the importance of group conformity and harmony among collectivists, it should therefore be expected that they will be more responsive to group pressure than will individualists.

Collectivism and Social Influence in International Marketing

The foregoing literature on collectivism strongly suggests that collectivists are more subject to social influence in their purchasing decisions than are individualists. This relationship would presumably be true both across and within nations. Few international marketing studies have been conducted, however, that approach this issue directly. The Lee and Green (1991) study noted above had findings with implications for this issue, but it employed an *a priori* definition of respondents collectivist orientations. Also, the study was concerned with determining whether TORA was equally capable of predicting behavioral intentions in the two countries (it was); the greater importance of subjective norms in Korea was an artifact of the study. Similarly, Bagozzi et al (2000) found that consumers in the Asian nations they studied had purchase intentions based mainly on the basis of subjective norms, while consumers from the USA and Italy formed buying intentions based mainly on internal

attitudes. A limited number of other studies have been conducted by marketing scholars that examine the impact of the collectivism construct, but they were primarily concerned with advertising appeals (Aaker and Maheswarn, 1997; Aaker and Williams, 1998; Alden, Hoyer, and Lee, 1993; Han and Shavitt, 1994; Hong, Muderrisoglu, and Zinkan, 1987; Kim and Marcus, 1999).

Hypotheses

Based on the preceding literature, three hypotheses related to collectivism and social influence were developed for testing in a consumption-related situation. The first hypothesis is confirmatory in nature, since it seeks to confirm relative collectivism/ individualism levels that had been established about a quarter century ago.

H1: *Indians, Thais and Taiwanese are characterized by relatively high levels of collectivism while Australians and Americans are characterized by relatively high levels of individualism.*

Hofstede (1980) had found that *Indians, Thais and Taiwanese* Thai and respondents exhibited very high levels of collectivism, while Australians and USA respondents were two of the most individualist groups. Confirmation was felt necessary because the present study employs a different, more recently-derived scale by which to measure collectivism. In addition, cultures are dynamic, and a quarter century can possibly result in significant changes in people's orientations, especially when the time period has seen many economic changes take place, especially in India and Taiwan.

The second and third hypotheses pertain to the susceptibility of people with collectivist orientations to social influence in buying situations. The hypotheses are based upon the literature discussed above which suggests that collectivists are relatively more susceptible to social influence than individualists. This general proposition, however, has been subject to only limited formal testing, especially in a marketing context.

H2: *Relative collectivists are more subject to social influence in purchasing decisions than are relative individualists.*

H3: *People in collectivist cultures will exhibit more susceptibility to social influence in buying situations than will people in individualist cultures.*

Methodology

Data collection

To test the hypotheses in a cross cultural setting, data were collected from five countries – India, Taiwan, Thailand, Australia, and the United States. Respondents were undergraduate business students at major state universities in each of the five countries as it allowed control for extraneous factors. It was reasoned that students have first hand experience with purchasing sneakers, the product employed in the study. The mean age for all countries was 20 years and the total sample size was 740. After elimination of respondents with missing data the final sample comprised: India (n=184), Taiwan (n= 176) Thailand (n=120), Australia (n=128), and USA (n=119).

Scales

Scales for key constructs of collectivism/individualism and social influence were sourced from the literature. The collectivism/ individualism ten-item scale (7 point itemized rating scale with 7= Very Likely to 1= Very Unlikely) of Yamaguchi (1994) was employed. The social influence scenario and scale of Lee and Green (1991) was used to capture the dependent variable in this study. This scale captures the degree of social influence that four significant others have on a purchase decision (parents, a close friend, boyfriend/girlfriend and salesperson). The scenario (Lee and Green, 1991) employed is described below:

“You need to buy some new sneakers. You are considering two models, one that you like, and another that is liked by the person who is with you. How likely would you be to purchase the sneakers that the other person likes if that person is your mother or father (best friend, boy/girlfriend, salesperson)?”

Being sourced from the extant literature, the scales were considered to have construct validity. Face validity was achieved by showing the questions to a convenience sample of consumers in each country, plus two academics familiar with this literature. The measures were purified through a process that examined their internal consistency by means of coefficient alpha (ranging from $\alpha = 0.664$ to 0.769).

Analysis and Results

H1 is a replication hypothesis – i.e., that Easterners (Indians, Taiwanese, and Thais) are typically more collectivist than Americans and Australians. The data in Table 1 supports this assertion: Indians, Taiwanese, and Thais have mean collectivism scores of 5.26, 5.07 and 5.05, respectively, versus 4.72 and 4.66 for Australians and Americans respectively ($p < 0.05$).

Table 1: Country means on collectivism scale

Country	Mean	Std. Deviation
India	5.26 'a'	0.72
Taiwan	5.07 'b'	0.67
Thailand	5.05 'b'	0.59
Australia	4.72 'c'	0.78
The United States	4.66 'c'	0.70

Note: Means for 'a' are significantly different from 'b' and 'c' ($p < 0.05$), F-approximation
H2 asserts that across all five nations in the sample, individuals with a collectivist orientation are more susceptible to social influences in their purchase decision than consumers with an individualist orientation. To test H2, the entire sample was split into two sub groups (sub group analysis, Kohli 1989) based on each respondent's summed score on the ten-item collectivism scale. The middle 10% of cases were eliminated to increase the contrast between the groups (Kohli 1989). The high scoring sub group represents the collectivist group and the low group, the individualist group. Results are portrayed in Table 2. It will be noted that for all sources of social influence collectivists have a higher mean score than their individualist counterparts. To illustrate, the influence of close friends shows that the mean influence scores are 4.81 (collectivists) versus 4.32 (individualists) ($p < 0.000$). The total social influence scores across all sources is 4.33 (collectivists) versus 3.91 (individualists) ($p < 0.000$). Thus H2 is supported.

Table 2: Means of social influence for individualists and collectivists

Social Influence Source	Individualists	Collectivists	Sig.
	Means (Std. Dev.)	Means (Std. Dev.)	
Parents	3.61 (1.76)	3.97 (1.75)	.005
Close Friends	4.32 (1.48)	4.81 (1.48)	.000
Boy/girlfriends	4.76 (1.55)	5.12 (1.37)	.001
Sales Person	2.94 (1.49)	3.44 (1.59)	.000
All Social Influence	3.91 (1.19)	4.33 (1.10)	.000

H3 states that consumers in the collectivist nations would exhibit more susceptibility to social influence than consumers in the two individualist nations. The findings related to this hypothesis are presented in Table 3. The results indicate a partial acceptance of the hypothesis, since in the cases of the USA and Thailand, the relationship is maintained. Across virtually all of the sources of social influence, India consumers exhibit more social influence than do Taiwanese, Thais, Americans and Australians. The findings associated with the Taiwanese, Thai, Australians, and Americans are less straight forward, however. Consumers in Taiwan, while different in the predicted directions from consumers in India and Thailand, are also exhibited a contrast to the prediction with the individualist Westerners when it comes to social influence. This finding will be discussed in greater detail in the Discussion section which follows.

Table 3: Means of social influence scores across nations

Country	Parents	Friends	B/Girlfriend	Salesperson	All Influence
India	5.98 'a'	5.80 'a'	4.90 'a'	3.97 'a'	5.16 'a'
Taiwan	3.11 'b'	2.58 'b'	2.65 'b'	3.93 'b'	3.06 'b'
Thailand	4.30 'c'	4.88 'c'	4.94 'a'	3.14 'c'	4.31 'c'
Australia	3.48 'd'	4.65 'd'	5.13 'c'	3.16 'c'	4.12 'd'
USA	3.00 'e'	4.00 'e'	4.63 'd'	2.53 'd'	3.54 'e'

Note: In each column, different 'a', 'b', 'c', 'd', and 'e' are significantly different ($p < 0.05$), F-approximation

Discussion

The findings have provided several insights that contribute to an understanding of marketing across diverse cultures. The first, basic insight relates to the findings associated with H1, which hypothesized that India, Taiwan, and Thailand are more collectivist in their orientations than Australia and the USA. The findings showed clearly that this is the case, with Indians, Taiwanese, and Thais are more collectivist than Australians and Americans, while with an exception of strong collectivist India, samples from the other two collectivist nations were not significantly different from each other. Likewise, samples from individualist nations were not significantly different from each other. These findings, however, provide a strong basis for stating that India, Taiwan, and Thailand are collectivist-oriented nations while Australia and USA are individualist-oriented nations. This finding has importance for the present study, since it provides the underlying basis for subsequent tests. In addition, this finding offers two additional contributions. First, it supports Hofstede's contention that cultures are relatively enduring and the continued use of his earlier findings for the classification of nations according to culture type is justified. Second, it established the reliability of the collectivism scale employed in the study across several diverse nations.

The findings associated with H2 confirmed the oft-postulated notion that collectivists are more susceptible to social influence in buying situations than individualists. Social influence appears more prevalent among those with a collectivist orientation, regardless of nationality.

The partial acceptance of H3 offers insights into the relationship between collectivism and the power of social influence across the nations, as well as raises questions about the existence of other factors that can serve to moderate the relationship. Tests associated with H3 confirm that India, with an exception of boy/girlfriend influence, exhibits significantly higher levels of social influence than respondents in the other four nations. The opposite is true for the Taiwanese and American samples, which report significantly lower levels of social influence than respondents in the other nations.

Conclusions, Limitations, and Implications

The study has achieved its objective of providing insights into the relationship between collectivism and social influence in buying situations. The two are positively related, as witnessed by the findings from five diverse nations. Further, this relationship exists, to a more limited extent, within countries. The intriguing question that arises from the study concerns factors that might serve to modify the relationship, an issue that is deserving of further study. The factor suggested here is that of discretionary income: does higher levels of discretionary income moderate the relationship between collectivism and the power of social influence such as the relationship that is shown for Taiwan and USA? Although Taiwanese sample exhibits strong value of collectivism, the power of social influence appear to be very weak when compare with other collectivist nations such as India and Thailand. Perhaps the explanation is linked with the Taiwanese precautions that they are separated from the Mainland China, yet not accepted as an autonomous nation thru the eyes of Chinese government. The Olympic organizers in China would not recognize Taiwan as a nation, therefore, would not allow them to participate in the competition. Moreover, the Taiwanese seem to consistently struggle for autonomous in order to maintain their independence and to be accepted in the global society as a competent nation. They are also highly influenced by

the American values due to the assistance of the United States toward the independence from Mainland China. Other factors could also be posited.

Table 4: Per Capita Gross Domestic Product between 1970 and 2003

Year	India GDP (\$)	Taiwan GDP (\$)	Thailand GDP (\$)	Australia GDP (\$)	USA GDP(\$)
1970	116.6	425.6	183.2	3,098.0	5,066.6
1975	187.1	960.8	349.2	6,885.6	7,567.8
1980	256.9	2,326.5	695.8	10,629.9	12,281.6
1985	295.8	3,223.6	752.7	10,569.5	17,670.8
1990	372.5	7,880.6	1,521.1	17,963.3	23,223.5
1995	376.1	12,437.7	2,816.0	19,956.9	28,138.0
2000	453.3	13,888.1	1,953.3	19,869.6	35,859.1
2003	507.6	13,311.1	2,010.5	19,989.0	39,590.3

Source: World Economic Outlook 2005

The findings of the study necessarily need to be qualified by the facts that the data come from only five nations, and were gathered from student samples. If subsequent research from other samples and countries reaffirms these findings, then there will be more important implications for marketers. In general, the findings suggest that marketers should give overt considerations to the collectivist orientation of a culture when devising a marketing strategy. This is not necessarily natural for marketers coming and have trainings from largely individualistic societies. The power of the collective to determine consumer buying preferences can be much greater than what they have experienced in their home nations. Likewise, the generalization of social influence among collectivists may not be sufficient to determine the susceptibility of significant others in one's purchasing decisions, as Taiwanese sample has clearly exhibited.

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