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# Public Ethnocentrism. An Obstacle of Worldwide Economic Development: Concept and a Preliminary Research

**ABSTRACT**

**Objective:** The phenomenon of ethnocentrism in the public sector has not been well recognized. The study was aimed at initiating an effort to fill the research gap by introducing the concept of “public ethnocentrism” and presenting empirical evidence from a preliminary test of the concept.

**Methodology:** while analysing and seeking full contextual understanding of the public ethnocentrism the ethnographic public representative’s observation and open-ended interviews have been chosen. Study of public ethnocentrism in Poland have been supplemented by interviews

with 11 representatives of public sector from the USA, Germany, Czech Republic, Austria, Indonesia, Malaysia, Tanzania, Namibia and Mexico.

**Findings:** Studies have shown a scale of willingness to use an ethnocentric attitude when making decisions in a public organization. It was found that public ethnocentrism restricts innovation by disrupting public choice.

**Value Added:** Two new research questions are identified.

**Recommendations:** There is a need to create an Ethnocentrism Perception Index (EPI). The tendency for ethnocentric behaviour should be taken into accounts when determining whether formal and informal institutions are conducive to running a business in a given country.

**Key words:** innovation, public ethnocentrism, epistemic justice

**JEL codes:** M0, M2, H8

## Introduction

While the general concept of “ethnocentrism” was introduced and used descriptively more than one hundred years ago and the general applicability of ethnocentrism to the study of consumer behaviour has been recognized many years ago by many researchers (e.g., Berkman & Gilson, 1978; Markin, 1974; Anderson & Cunningham, 1972; Bannister & Saunders, 1978; Etzel & Walker, 1974; Gaedeke, 1973; Rierison, 1966; Schooler, 1971; Shimp, 1984, pp. 285–290), the phenomenon of ethnocentrism in the public sector has not been addressed. Meanwhile, public organizations are significant buyers of goods and services that are produced in the private sector, and government spending is a substantial part of a nation’s gross domestic product. Public organizations’ influence on the private sector is therefore real and it is realized in various ways including through public procurement.

Although there are a number of irregularities in public procurement, which are disclosed by specialized agencies and presented in many public reports, there is unknown number of public decision-makers who eschew the purchase of products or services which are delivered by extraneous busi-

nesses, due to their public ethnocentrism attitudes rather, than their improper understanding of public procurement rules. The goal of the research was to analyse the public ethnocentrism influence on economic development. The research question was the following: How does the public ethnocentrism influence entrepreneurs?

The general assumptions were as follows:

- 1) public ethnocentric consumers have less favourable perceptions and evaluations of foreign products and services, and the concept “foreign” refers not only to other countries but also to other communities or regions.
- 2) Idiosyncratic features of public sector limit the study of public ethnocentrism phenomena.
- 3) The limit of social tolerance for the effects of the public ethnocentrism may be perceived differently by specific stakeholders or entire communities.
- 4) Public ethnocentrism can be perceived from the point of epistemic justice.
- 5) Disturbance of the public procurement system by public ethnocentrism may limit the development of innovative enterprises.

The paper is organized into four sections. Section 1 of this paper presents research methods used in the study of public ethnocentrism. Section 2 presents the results of literature review on the phenomenon of public ethnocentrism as a phenomenon similar to consumer ethnocentrism. Section 3 presents the results of research on public ethnocentrism in Poland and other countries. Section 4 concludes the paper.

## Materials & Methods

While reviewing the worldwide literature it was found that there is the lack of research studies on how public ethnocentrism influences innovation development. It was assumed that public ethnocentrism could be studied as consumer ethnocentrism. There are also few studies on public ethnocentrism

(Dobrowolski, 2017; Lebiocka, 2017). Operationalizing public ethnocentrism, like in the case of consumer ethnocentrism, is complicated by the absence of a suitable measurement scale. The California F-scale from 1947, as well as, E scale designed by Adorno (Adorno, Frenkel-Brunswik, Levinson, & Sanford, 1950) to measure the general construct of ethnocentrism were considered inappropriate for the Shimp research because of excessive generality (Shimp, 1984). The same applies to the study of the phenomenon of public ethnocentrism. Simultaneously the scale constructed by Neuliep and McCroskey (Neuliep & McCroskey, 1997) is not useful in the case of public ethnocentrism due to another subject of research. Like in the case of consumer ethnocentrism failure to locate an acceptable ethnocentricity scale required design of open-ended questions. The choice of an open-ended questionnaire and interview technique is justified, as the issue of consumer ethnocentrism is complex (Shimp, 1984). The same statement applies to public ethnocentrism (Dobrowolski, 2017).

Therefore, while analysing and seeking full contextual understanding of the public ethnocentrism the ethnographic public representative's observation and open-ended interviews have been chosen. Study of public ethnocentrism in Poland have been supplemented by interviews with 11 representatives of public sector from the USA, Germany, Czech Republic, Austria, Indonesia, Malaysia, Tanzania, Namibia and Mexico. The aim of these interviews, carried out during last three years was to establish the existence of public ethnocentrism in the world, and to find similarities and differences of this phenomenon in different countries. Next, the analysis of public ethnocentrism influence on innovation has been made. The study combines quantitative and qualitative methods as part of a strategy of epistemology pluralism.

## Current state of knowledge

Ethnocentric behaviour exists when one's own group is the centre of everything, and all others are scaled and rated with reference to it (Bizumic, 2014, p. 4). The term ethnocentrism has been attributed to Sumner, who used it in 1906, but Polish scientist Gumpłowicz had used the concept of ethnocentrism (more specifically, "Ethnocentrismus") for the first time in print in 1879 (Bizumic, 2014, p. 4). The phenomenon of cultural or consumer ethnocentrism has been studied by many researchers. The analysis of their research work allows to formulate the generalization that the affirmation of one's own culture and the depreciation of the culture of a foreign group is based on the evaluation of people, their attitudes and ways of acting, as well as artefacts (Adorno et al., 1950, p. 150). Ethnocentrism can be perceived as related to collective narcissism. However, ethnocentrism primarily focuses on self-centeredness at an ethnic or cultural level, while collective narcissism is extended to any type of group (Golec de Zavala et al.). The relationship between ethnocentrism and collective narcissism has rarely been studied, and there is little agreement about what this relationship might be (Bizumic & Duckitt, 2008, pp. 437–453).

Shimp and Sharma created the concept of consumer ethnocentrism. Those researchers found that this phenomenon can be defined as a belief shared by consumers as to the need to purchase goods of domestic origin (Shimp & Sharma, 1987). This belief is fuelled among other things by fears, like the loss of jobs as a result of globalism. Therefore, consumers' ethnocentrism can lead to the acquisition of national goods or services even if their quality is lower than that of foreign products or services, and the price is higher (Szromnik & Wolanin-Jarosz, 2013, pp. 100–102). It is difficult to fully accept such consumer ethnocentric arguments considering the fact that consumers around the world buy many products made in China and other foreign nations mainly because of low prices.

When a nation's GDP is growing slowly a government can fuel consumer ethnocentrism, in order to sustain domestic business collaboration and de-

velopment of its national economy. Is it possible that governments tolerate or even support consumer ethnocentrism knowing that it is a pathological phenomenon? The answer to this question is positive. The recent electoral slogan in the presidential election in one of the world's major economies was a de facto calling for ethnocentric behaviour. Labelling products with national flags, and national symbols, and using national artefacts in advertising is also a form of calling for ethnocentric behaviour. Such approaches can run counter to the concepts of free trade, equal opportunities and competition based on innovation, quality, price of products and services.

Consumer ethnocentrism can be considered as a contemporary instrument of protecting one's own market from goods and services originating in other countries. It is a form of market protection in the absence of custom barriers or in the situation of free movement of capital.

Consumer ethnocentrism can lead to the deceptive labelling of products that provide misleading information on the country in which a product was produced. In many countries, the "made in" label of a product may not reflect the fact was almost entirely produced in another country but underwent "final processing" in the home country. Recently, one of the German courts decided that the mere fact that the process of quality checking and packaging of the products made in China was carried out in Germany was not enough to mark them as "made in Germany". It is hardly surprising that the German entrepreneur wanted to use the label "made in Germany". Goods produced in China and in Germany are differently perceived. German products are considered high quality. The issue of consumer ethnocentrism has been noticed by the EU, which has taken steps to develop a uniform EU labelling system of products (Wedziuk, 2015).

## Results

### I. Towards public ethnocentrism research

Various types of ethnocentrism have been distinguished and examined including ethnical, educational, religious, political and consumer ones. Public ethnocentrism should be added to the typology of ethnocentrism. Public ethnocentrism can be defined as a belief shared by decision makers of public organizations that public needs should be met using goods and services of national or local origin (Dobrowolski, 2017, p. 129). Interviews conducted with 11 representatives of public organizations from the USA, Germany, Czech Republic, Austria, Indonesia, Malaysia, Tanzania, Namibia and Mexico have shown that the understanding of public ethnocentrism presented above, coincides with their understanding of this phenomenon. Public ethnocentrism is a phenomenon in which public decision-makers who have the duty to act in the public interest are guided by their belief that specific groups of people and organizations are better than others.

The phenomenon of public ethnocentrism can be analysed from the perspective of distributive justice that addresses, among other things, the just distribution of goods and costs among individuals in a society. However, to determine whether distributive justice processes are in place and functioning, it is necessary to examine the distributive norms of groups (Forsyth, 2006). Such norms include the standards of expected behaviours (informal institutions). This means that benefits and costs of public activities need to be allocated to the members of society according to the designated distributive norms of the society. Therefore, it would be necessary to actively influence the norms of informal institutions and create institutional order in which public ethnocentrism is recognized as a cost of public activity. When this occurs, distributive justice will be promoted when public ethnocentrism is eliminated or minimized. The phenomenon of public ethnocentrism can be also considered from the perspective of global justice. Based on questions formulated by Brock in case of distributive equality (Brock, 2015) one can

formulate the following questions. The first is – In the presence of public ethnocentrism can the distribution of goods be fair? The second is – Is the public ethnocentrism the cause of poverty? There are two important areas related to the scope and influence of public ethnocentrism on justice in the distribution of goods on a global level that merit further research.

Walzer argues that ethical standards come out of shared meanings and practices that are created and sustained by societies. So, moral universalism is false, because ethical standards vary between societies with different cultures (Walzer, 1983). Taking into accounts Walzer's arguments one could formulate the generalization that one should not apply the same criteria of distributive justice to strangers as one would to compatriots. However, preventing public ethnocentrism attitudes can be considered as an effort to meet a minimal condition of propriety that is necessary to maintain obligations between individuals and organizations, including the states that may prevent economic opportunism. This phenomenon reduces innovation capacities through increasing transaction costs. Therefore, the approach to global justice should be based upon what one can call a global understanding of public ethnocentrism as a systemic injustice.

The influence of public ethnocentrism in the way of taking into accounts social needs at the stage of creating public programs and then implementing them has not been fully recognized. Also, the scale of influence of public ethnocentrism on innovation capacities is unknown. There is no research in this area. Eleven foreign respondents were not able to answer the above questions.

The question arises - How should the phenomenon of public ethnocentrism be investigated? It seems that the research approaches used to study consumer ethnocentrism can be used to study public ethnocentrism. There are some universal determinants of ethnocentrism such as: psychosocial, demographic and social factors that apply to these two types of ethnocentrism. There are also similar mitigating or exacerbating factors (including the inability to replace the imported product with a national product) that research would have to consider.



The researcher of public ethnocentrism will be faced with a choice of research approach: nomothetic or idiographic. At this stage it is difficult to clearly indicate which approach seems to be more appropriate. The idiographic approach will be appropriate when the aim is to know the phenomenon of public ethnocentrism in a specific context in order to explain its mechanism. If the aim is to formulate general principle, then the research will probably be conducted in a nomothetic manner (Dobrowolski, 2017).

The choice of the paradigm is another important issue. The paradigm influences the selection of research methods that will determine the axiological orientation of researchers. The assumption that verification of the truth will take place through objective quantitative methods is not fully true. The perception of the phenomenon of public ethnocentrism by persons covered by the study depends on the environment in which they functioned, which in turn affects their socialisation. Adopting the interpretative-symbolic paradigm allows to focus research efforts on describing interdependencies in complex structures, but research does not necessarily lead to one consistent picture. In the critical studies the assumptions of the researcher are ideological, conditioned by the axiological orientation of the researcher, which may influence the outcome of the research. Considering the above, the study of public ethnocentrism as a poorly understood phenomenon should be carried out within the framework of an epistemological pluralistic strategy, using data triangulation and both quantitative and qualitative methods (Dobrowolski, 2017).

A research tool for measuring ethnocentric attitudes was developed by Shimp and Sharma. It is the CETSCALE questionnaire that consists of several seven-point Likert scale questions related to consumer ethnocentrism. However, the questions would need to be modified to specifically address public ethnocentrism. The questionnaire would need to address the extent to which policy makers were guided by the public interest, public procurement procedures and understood overall the various interests of the individuals forming a particular community. Taking the above into account,

it is appropriate to use open-ended questionnaires as well as interviews as methods to study public ethnocentric attitudes and related behaviours of public decision-makers (Dobrowolski, 2017).

## II. Public ethnocentrism in practice

The behaviour of employees of the Czestochowa City Hall was analysed during this research study. The purpose of the study was to determine whether the public employees were ethnocentric and whether they were aware of it. The study also examined the effect of patriotic attitudes (on the local and national levels) on public ethnocentrism. The general hypotheses were that: (1) public ethnocentric consumers have less favourable perceptions and evaluations of foreign products and services, and the concept "foreign" refers not only to other country but also to other community or region; (2) Idiosyncratic features of public sector limit the study of public ethnocentrism phenomena; (3) The limit of social tolerance for the effects of the public ethnocentrism may be perceived differently by specific stakeholders or entire communities; (4) Public ethnocentrism can be perceived from the point of view of epistemic and hermeneutical justice.

Choosing the city – Czestochowa was not accidental. It was chosen because the Silesia Region where Czestochowa City is located is the region with a different dialect, with slightly different customs from other regions in Poland. The ethnocentric attitudes of public officials from Czestochowa City were compared with the ethnocentric attitudes of public officials from various cities in Western Poland. This comparison was aimed at the initial determination of the intensity of ethnocentric attitudes, and in this respect such research should be treated as a prolegomenon.

Although the case study concerns the Polish city and Polish public officials, it should be noted that the problem of public ethnocentrism is worldwide, and the public procurement laws adopted in other countries also impose an obligation to choose the best bid, taking into accounts the lowest price and

the best quality offered by bidder. Nevertheless, irregularities in the awarding of public contracts are also disclosed in these countries. Although public consumers were only examined from two Polish regions, it is possible to verify research hypotheses and formulate generalizations.

The employees of the Czeszochowa City Hall must comply with the Code of Ethics, which is posted on the website of the City Hall. According to the Code of Ethics, city officials are required to treat their work as public service. Employees, in their conduct, have to treat public interest as more important than their own interests and to remain politically neutral. Employees of the City Hall are obliged to perform their duties in a fair and impartial manner. The solutions adopted in the Code of Ethics and accepted by the City Hall staff should therefore foster a culture of integrity. In addition, employees of the City Hall, which is the entity of the public finance sector, are required to comply with the provisions of the Public Finance Act and the Public Procurement Act. Those laws explicitly exclude ethnocentric behaviour in the exercise of public functions (Lebiocka, 2017).

In Czeszochowa, public expenditures should be realized in a purposeful and cost-effective manner. The contracting authority prepares and conducts the procurement procedure in a way that ensures fair competition and equal treatment of contractors and in line with the principles of transparency. The contracting authority, according to the World Trade Organization Agreement on Government Procurement and other international agreements to which the European Union is a party, shall provide bidders treatment no less favourable than the treatment of contractors coming from the European Union and works, supplies and services coming from the European Union. Procedures for the preparation and conduct of contract award procedures are performed by persons providing impartiality and objectivity.

Data for this research were collected using a questionnaire that was anonymously administered to 60 City Hall staff members. The 60 respondents were randomly selected. The questionnaire included items that were designed to measure (1) knowledge/understanding of the concept of ethno-

centrism; (2) level of patriotism at the national and local levels; (3) attitudes about the occurrence of various ethnocentric attitudes and behaviours; and (4) attitudes about hypothetical situations where specific ethnocentric considerations would be allowed by public procurement law. The questionnaire also included background items to obtain information on gender, age, and length of employment. The characteristics of the 60 respondents were (1) Gender: Female – 88% and Male – 12%; (2) Age: 30 or younger – 13%, Between the ages of 31 and 59 – 83%, and 60 or older – 3%; (3) Length of City Hall Employment: Less than 2 years – 10%, 2 to 7 years – 83%, and More than 7 years – 6% (Lebiocka, 2017).

The questionnaire responses showed that a majority 90% of Czesztowa City Hall respondents expressed views in support of ethnocentric attitudes. It should be noted that this support existed even though a majority of respondents 87% reported that they did not understand the concept of public ethnocentrism. In addition, the survey results suggested that there was a relationship between ethnocentric attitudes and patriotism. 78% of respondents expressed the opinion that people who work in the public sector should have patriotic attitudes (they responded definitely or probably yes to this survey question). The remaining 22% responded definitely or probably not to the survey question. Those respondents whose views suggested the importance of patriotism attitude in public sector held the view that love of country makes people involved in the public sector work more carefully and precisely in performing their tasks and responsibilities. Respondents also held the view that public sector workers should carry out their responsibilities in a completely selfless way. Such responses demonstrate the high importance of the worldview and its impact on the work of public sector entities. However, what does this mean in terms of patriotism? Half of the questionnaire respondents were of the opinion that the word patriotism meant an emotional attachment to the whole country. However, half associated patriotism with feelings to the local community. Patriotism was directed to a much smaller area than the State (Lebiocka, 2017).

In the opinion of most respondents (85%) when selecting products/services public sector staff should take the origin of a company into account. This suggests that most respondents have their personal preferences and opinions about origin and product/service selection. Furthermore, most respondents (80%) were of the opinion that in product/service selection it should be taken into account whether a company is from the near vicinity or not. Considering the origin of a company when selecting products / services can be viewed as a manifestation of an ethnocentric attitude. However, more than half of the surveyed group (70%) held the view that considering the brand as an important determinant in the choice of products / services. This supports the idea that well-known brand products can have high consumer trust. Therefore, although based on respondents' views the origin of a product / service can significantly influence the decision to choose a supplier, it is worth noting that the product / service brand can also play an important role in this process (Lebiocka, 2017).

As a result of this research, it was possible to identify how the products / services coming from the Czestochowa area are perceived by the employees of the City Hall. Most of the respondents (70%), held the opinion that choosing local products/services had a positive impact on the social or economic situation of the region, by reducing the level of unemployment. More than half of respondents (58%) believed companies from Czestochowa and the surrounding area were more trustworthy than those from other areas. Distrust of firms that are not local may be due to various factors including prejudice, fear of the unknown, or ignorance of companies which are not local. About one-third of respondents (35%) viewed local products / services to be easy to obtain. In spite of the positive views of local products, some respondents did not have the opinion that local products / services were of satisfactory quality. In addition, only 17% of respondents felt that local products/services were well known to them. Although 8% of respondents do not think that local products are of a good quality the vast majority (92%) of respondents still had positive views of the local products/services (Lebiocka, 2017). These survey results are suggestive of ethnocentric attitudes.

The survey questionnaire included some questions related to public procurement law. The first question in the survey referred to a hypothetical situation in which a public official could have the right to introduce additional criteria when selecting contractors. The most popular criterion selected by (48%) of respondents was the origin of the product / service from the area of the municipality. Fewer (25%) of respondents chose the Polish origin of the product / service or brand. These responses clearly suggest that the most desirable criteria are the local origin of goods. Another survey question referred to a hypothetical situation where two competing companies meet the criteria of the contracting authority at the same level with one company being local and the other one not. The respondents were asked whether or not the local company would have an advantage in the procurement decision. Only 10% of respondents expressed the belief that the location of the company would not offer an advantage, that it would not matter. This means that 90% of the respondents believed the origin of the business would probably affect the outcome of procurement process. Many (72%) of respondents stated that the selection process should allow for additional points in the evaluation process for local companies (Lebiocka, 2017). The research revealed that most of the respondents are ethnocentric.

Another public ethnocentrism research effort using an interview technique (open-ended interview) included 60 randomly selected employees of municipal offices located in western Poland. This effort found that these employees also showed ethnocentric attitudes. It should be noted, however, that these two studies used different measurement approaches – a questionnaire versus an open-ended interview. This difference may have contributed to the disparity in the findings.

This study revealed the existence of a positive correlation between the intensity of this phenomenon and patriotism (the same correlation found in the case of consumer ethnocentrism). Most (80%) of interviewed employees expressed the opinion that awarding a contract to a local producer / service provider is a kind of patriotic act. Respondents held the opinion that such decision supported the local labour market. Less than half (45%)

of interviewed employees held the same opinion with reference to Poland as opposed to their local area. These opinions clearly demonstrated that the positive relationship between patriotism and public ethnocentrism was stronger for local communities than for the whole country.

There is also another factor that can influence the level of cooperation between and among people. It is loyalty. People may feel loyal to each other or an organization even in the absence of trust in those they rely on. It seems that the feeling of loyalty maintains relationships between people (Barbalet, 1996). It seems that ethnocentrism can play the same role. The interviewed employees identified a perceived relationship between loyalty and ethnocentrism. 25% of respondents expressed the view that ethnocentrism can restore trust in the future if trust is absent at any given time. This research study has shown that ethnocentrism can be considered as a substitute of trust in the case when the trust is absent.

Taking into account arguments presented above, making rational decisions means taking measures mitigating the risk of losing trust. Ethnocentric behaviour may be considered as a means to alleviate risk. For example, the preference of public decision makers to choose local well-known contractors may reduce the risk of failure of a public contract. Most respondents (90%) perceived ethnocentric behaviour as a risk-mitigating factor.

All respondents stated that there is a connection between public ethnocentrism and the development of innovation. Innovation understood as creating better products or services may be limited by public ethnocentrism. Foreign respondents were of the same opinion. They stated that public ethnocentrism can be seen as a manifestation of the attitude of "local patriotism", protection of the jobs of their relatives, friends. The difference in the results of the research was revealed in the case of perception the public ethnocentrism as protection of domestic market against foreign services or goods. Public ethnocentrism in the opinion of respondents from Germany, the Czech Republic and Austria may have resulted from the conviction that services or goods produced in these countries are better than in other

countries and must be protected against unfair competition resulting, for example, from lower labour costs.

Public ethnocentrism may be associated with corruption. If one considers corruption more broadly than just in the criminal law perspective and if one assumes that corruption is also a use of public trust for private gain, then one can see this relationship.

The phenomenon of public ethnocentrism can be considered from the perspective of epistemic injustice. Fricker argues that there are two kinds of dysfunction in epistemic practices. The first occurs in testimonial transaction, when a speaker receives a deflated degree of credibility from a hearer owing to prejudice on the hearer's part (Fricker, 2007). Based on research of public ethnocentrism one can generalize that this phenomenon leads to inflation of credibility of provider of goods or services. Using arguments formulated by Fricker, one can state that the prejudice of a decision maker wrongly deflates the judgement of credibility of a provider of goods or services. Such unduly deflated credibility of a provider's goods and services may be not only an epistemic dysfunction but it may also be an ethical dysfunction. The potential provider of goods and services who receives a prejudicially deflated degree of credibility from a decision maker is thereby wronged (Fricker, 2007). Such a situation that occurs in practices of the public ethnocentrism can be understood as an epistemic injustice.

Ethnocentrism can lead to intolerance, and consequently to conflicts and tensions (Turner, 1998, p. 47). Therefore, public ethnocentrism can be perceived as a form of organizational pathology that can be defined as the relatively permanent disability of the organization, and can cause wastage of resources beyond the limits of social tolerance (Dobrowolski, 2017). No doubt, taking into accounts principal values of humanism, such as equal treatment of people, as well as, taking into account that the public ethnocentrism may lead to irrational choices and violations of the law, such as public procurement law, public ethnocentrism can be considered as organizational pathology. Specific stakeholders or entire communities may perceive the



limit of social tolerance for the effects of the organizational pathology differently. This suggests that organizational pathology is a situation that negatively affects the proper functioning of the organization as recognized by the majority of stakeholders. Similarly, one can specify relativism of public ethnocentrism. Public ethnocentrism can be understood as a phenomenon with negative impact on the well-functioning of a public organization, and that negative impact mentioned above is recognized by most stakeholders (Dobrowolski, 2017, pp. 127–137).

Preliminary studies confirmed the assumption that public ethnocentrism can be considered as the substitute of local trust. Taking into account the argument of Akerlof and Shiller (Akerlof & Shiller, 2009), one can formulate assumption that public ethnocentrism may temporarily affect the extreme propensity to consume. However, from the perspective of international cooperation, the disruption of public choice, by introducing other factors than the best value for money in this selection, limits trust in markets, which uses unfair practices on a macro-scale. Decline in trust affects the extreme propensity to consume, and in an aggregate form on macroeconomic values (Akerlof & Shiller, 2009). In addition, increasing consumption does not have to be the result of innovation, understood from the customer's point of view as a customer's gain value added from the "new" product / service, which is the case when a new function (or a new combination of existing functions) is provided and / or existing functions are provided at significantly lower cost (Little, 2007). Public or private consumers may purchase cheap but outdated and increasingly less functional services and goods. In the longer perspective, the lack of an innovative economy leads to a weakening of the economic position in the chain of cooperation and competition. Analysis of OECD databases on innovation and databases on economic development has shown correlation between innovative economy and development of countries. The generalization can be formulated, that distortion of the freedom of public choice by making decisions based on prejudices against contractors and service providers limits innovations.

## Final remarks

Based on this research study it is clear that while public ethnocentrism exists, it is difficult to assess its influence on decisions made in the public sphere. Although public officials may be willing to report the opinion that procurements should be made from local suppliers, the same officials might not report that procurement decisions were made solely on such opinions. This is because such behaviour could be forbidden by law and officials would not likely incriminate themselves and confirm that the law was broken. Studies have therefore shown a scale of willingness to use an ethnocentric attitude when making decisions in a public organization. This research result was expected. It was not intended to determine the real impact of public ethnocentrism on the decisions made but to determine the perception of the phenomenon of public ethnocentrism.

There is a need to create an Ethnocentrism Perception Index (EPI). The tendency for ethnocentric behaviour should be taken into account when determining whether formal and informal institutions are conducive to running a business in a given country. When creating an EPI, one can use the Transparency International experience in creating the Corruption Perception Index. Research in the area of public ethnocentrism has found that:

- Ethnocentric behaviour can be perceived as a risk-mitigating factor and a substitute for trust.
- Public ethnocentrism is the phenomenon in which public decision-makers who have the duty to act in the public interest are guided by the belief that a specific group of people and organizations are better than others.
- Public ethnocentrism can be defined as a belief shared by decision makers of public organizations that public needs should be met using goods and services of national or local origin.
- Informing the public about the negative effects of public ethnocentrism leads to epistemic justice.
- The approach to global justice should be based upon what one can call

as a global understanding of public ethnocentrism as a systemic injustice in public life.

- Preventing public ethnocentrism attitudes can be considered as effort to meet a minimal condition of decency, which is necessary to prevent economic opportunism. However, accuracy of such assumption requires further research.
- Public ethnocentrism restricts innovation by disrupting public choice.

Public ethnocentrism is a complex phenomenon that may be of interest to various scientific disciplines, including psychology, or sociology, management science, and economics.

Two new research questions are identified: 1) Is the distribution of goods fair in the case of public ethnocentrism? 2) Is the public ethnocentrism the cause of poverty?

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