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Conspicuous consumption and rural poverty in farming community: An empirical investigation based on two DS Divisions in Kurunegala district in Sri Lanka

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Abstract

Researchers and Practitioners have been interested in the field of conspicuous consumption (CC) for the past few decades. Much of these works have been concerned with defining and measuring the CC tendencies among leisure class. Less effort has been directed toward determining the factors that underlie the tendency to consume conspicuously by 'less income earners', such as small-scale farmers (SCFs). This paper examines empirically the relationship between CC tendencies and rural poverty in farming community in Kurunegala district based on the hypothesis that there is a strong relationship between the CC and status of poverty among farmers. The reasons for selecting the Kurunegala district for analysis were, amongst the others: it is the third biggest district in Sri Lanka with 30 Divisional Secretariats; the nominal poverty line is Rs. 3,667, which is Rs.328 below the national average; as a percentage of total population of Sri Lanka, it has 7.3% of the population, and the majority of them are engage in agriculture. This study identifies several different types of circumstances and sensory stimuli that serve as cues for triggering CC. A wide range of journal databases and books were referred to review the works of various researchers in this field. 260 households who can provide information on these criteria were selected from two Divisional Secretariats, namely: (1) Galgamuwa, and (2) Nikaweratiya using Stratified Random Sampling techniques. Each household was interviewed, personally and in-depth, with the help of a semi-structured interview schedule. The ordered Logistic regression techniques were used for statistical analysis. The results suggest that there is a significant relationship between CC and poverty among farming community. The paper will be useful for marketing practitioners and researchers towards comprehensive understanding of the CC in farming community.

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1. Introduction

Scholars affirm that the “*less income earners*” (i.e. poor people) are too nervous with obtaining absolute necessities, such as food, shelter, and, basic clothing in order to care about their relative standing in society^{1,2 &3}. This view that poverty puts status preferences on hold has its origin in Maslow’s hierarchy-of-needs. The hierarchy suggests that status needs lie dormant as long as people’s physiological needs are not met. They are in the view that personal comfort depends strongly on the absolute level of income of the household to which one belongs. Yet, Graham and Pettinato⁴ argue that the absolute income is not the sole determinant of satisfaction among the poor; “*relative income differences are, no doubt, influencing the well-being*” (p. 117). This implies that people’s comfort is influenced by their relative positions in a society than their absolute income.

This is a common phenomenon even among the poor’s. Postrel² says that “*displays of wealth in poor groups serve to combat the impression that a person is poor, often because they are a member of a group perceived by society as poor*”. The acquisition and display of expensive items to attract attention to one’s wealth or to suggest that one is wealthy is termed as conspicuous consumption⁵. Interestingly, in the early discussions, conspicuous consumption (CC) was thought to be something engaged in primarily by the rich who belong to the leisure class⁶, who displayed wealth in two ways, through “*conspicuous leisure*” and “*conspicuous consumption*”. However, with significant improvement of living standards, and the emergence of the middle class in the 20th century, the concept of CC has been discussed in the context of the consumption habits of middle classes. In modern society, the CC is more common even among poorer groups of people and emerging economies².

The CC literature pays little attention on conspicuous consumption among poor. Therefore, this paper examines the CC among poor people (small-scale farmers - SCFs) in Kurunegala district of Sri Lanka. Accordingly, this study attempts to address the question of “*what extent the poor people spend on CC, and do those people engage in CC with a motive of seeking status or to combat the impression that they are poor?*”

2. Methodology

This study is based on the views of small-scale farmers, who are eligible for “*Samurdhi*” subsidiary, living in two DS divisions (*Galgamuwa* and *Nikaweratiya*) of Kurunegala district. Out of 30 DS divisions situated in Kurunegala districts, two were selected randomly for this study. A total of 260 (*Galgamuwa*_{NGal}=138 and *Nikaweratiya*_{NNik}=122) usable responses were obtained on five-point Likert scale ranging from “*Strongly Disagree*” (1) to “*Strongly Agree*” (5). Multi-stage cluster sampling technique was used to select the sample for this study.

To assess empirical support for the status-signalling argument of SCFs, researchers gathered SCF’s monthly expenditures and income data using both direct (*i.e. what is your average monthly expenditure?*) indirect (*i.e. how much you save monthly in your savings?*) questions. Observations of SCFs consumption patterns (*i.e. the high-tech equipments they were using*) also employed to gauge the intensity of CC of SCFs.

Conspicuous consumption tendencies among the SCFs were measured using 15 statements based on 05 motives identified through literature survey (Table 01). These views were gathered on Likert-scale, and the questionnaire was administered by the research team.

The research was principally employed Participatory Rural Appraisal (PRA) methodology to gather the view of respondents. Each household (i.e. head of the family) was interviewed, personally and in-depth, with the help of a semi-structured interview schedule. Equal representation for both gender and all age groups were ensured during the sessions. The ordered Logistic regression techniques were used for statistical analysis, using SPSS (version 17) statistical software.

Table 01: **Motives for Conspicuous Consumption**

Motive	Code
1 To display the wealth and in turn impress others with the ability to pay particular high prices	DISW
2 To distinguish themselves from others	DIST
3 To enjoy self-concept & pleasure	SEFC
4 To impress upon others that one possesses higher status than others	HSTS
5 To creates social opportunities & social interaction for displaying the consumption to others	SOSI

3. Results and Discussion

Descriptive statistics of the sample used for this study is presented in Table 02. Most of the respondents were young and matured (26-50 years) males (61 percent), with the average monthly income range of Rs. 7,500.00 – 10,000 (37 percent). Most of respondents accepted that their consumption patterns are influenced by conspicuous motive. Spending patterns of respondents were also measured to explore how much they spend on CC on average. Table 02 shows that, 49 percent stated that they spend ≥ 01 percent of their income on CC (mean = 1.93, SD = 1.100).

Table 02: **Household descriptive statistics**

Demographic characteristics	%	Mean	SD
Age			
15 - 25 yrs. (1)	11		
26 - 35 yrs. (2)	39		
36 - 50 yrs. (3)	41		
Over 50 yrs. (4)	09	2.4846	.81714
Gender (male = 1, female = 2)			
Male	61		
Female	39	1.3923	.48921
Monthly income			
< Rs. 7,500 (1)	29		
Rs. 07,500 – 10,000 (2)	37		
Rs. 10,001 – 15,000 (3)	34	2.0500	.79173
Conspicuously consume (Yes = 1, No = 2)			
Yes	67		
No	33	1.3308	.47140
% spend on CC $\leq 1\%$ (1)			
2% - 5% (2)	19		
6% - 9% (3)	17		
$\geq 10\%$ (4)	14	1.9269	1.10039

3.1. Testing of propositions

Proposition 1: *poor people engage any form of conspicuous consumption, and percentage of conspicuous consumption among female is higher than that of male*

Apart from concerns that the majority spend less on CC, the expectations SCFs spending also measured in terms of 'expenditure-function'. Table 03 shows that SCFs expect more 'expressive' function (mean = 3.55, SD = .783) than 'utilitarian' function from their consumption. This underlines their 'genuine conspicuous motive'.

Table 03: Motives of Conspicuous Consumption

	Mean	SD
Function		
Utilitarian	3.2923	.92370
Expressive	3.5500	.78281
Motive		
Display the wealth (DISW)	3.8346	.92559
Distinguish from others (DIST)	3.4962	.94899
Enjoy self-concept (SEFC)	3.2231	.71676
Possess higher status (HSTS)	3.8077	.91416
Social opportunities & interaction (SOSI)	3.5654	.75564

The ordered Logistic regression used for measure statistical relationships among the variables. The coefficient of determination shows that the data are close to the fitted regression line ($R^2 = .808$; Std. Error of the estimate = .20012). The results indicate that among SCFs, visible spending is principally influenced by motives of displaying wealth and in turn impress others with the ability to pay particular high prices ($\beta = .764$, $p < .001$) and impressing upon others that one possesses higher status than others ($\beta = .627$, $p < .001$).

Table 04 presents crosstab data among respondents' gender and their CC concentration. In overall, no significant ($p = .950$) differences found. Interestingly, no significant differences found even between the expenditure on CC and respondent's age ($r = .049$, $SD = .433$) and income ($r = -.014$, $SD = .824$).

Table 04: Crosstab – Respondents' Gender and CC

% spend on CC	Male %		Female %	
	Within group	With sample	Within group	Within sample
<1%	53	32	47	18
2%-5%	15	09	25	10
6% - 10%	17	11	16	06
10% <	15	09	12	05
Total	100	61	100	39
Pearson Correlation	-.004			
Sig. (2-tailed)	.950			
Likelihood Ratio	4.229			

Proposition 2: SCFs are engaged in conspicuous consumption to combat the impression that they are poor, which followed the motive of seeking status

Dispersion of respondents motives to CC are summarized in Table 05. Interestingly, researchers find that high CC concern is associated with the DISW motive (*displaying their wealth and in turn impress others with the ability to pay particular high prices*). It indicates that SCFs are engaged in CC to combat the impression that they are poor. And it is followed by their status motive.

Table 05: Crosstab – Respondents' Gender and CC Motives

	DISW %	DIST %	SEFC %	HSTS %	SOSI %
Male	67	57	34	63	46
Female	80	52	40	77	54

4. Conclusion and Recommendations

In this paper researchers document divergent patterns of expenditures on conspicuous consumption goods among small-scale farming community. Finding reveals that SCFs in Kurunegala district spend considerable amount of their earnings on conspicuous items. A variety of estimates show that there are no differences between the visible expenditure in terms of SCFs demographics, such as gender, age and income.

For total CC, researchers find no evidence of any systematic relationship between SCFs' propensity to spend on conspicuous items and CC motives of the respondents. Yet, it indicates that the key motive of SCFs to consume

conspicuously is to ‘*combat the impression that they are poor and to impress upon others that one possesses higher status than others*’.

These findings offer evidence that understanding the complicated nature and possible consequences of status-signalling among ‘*low income earners*’ is an important area for future work. Since this study is limited to SCFs in two DS divisions of Kurunegala district, it should be extended to other DS divisions in order to generalize the findings.

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