

THE EFFECTS OF INCOME ON CONSUMER ACTIVISM IN NIGERIA

A. A. IJEWERE

(Received 26, July 2005; Revision Accepted 18, September 2007)

ABSTRACT

This study set out to examine if there is a relationship between income and the level of consumer activism in Nigeria. To achieve this objective, some related literature were examined. The methodology applied for the study include: sampling, hypothesis testing and simple frequency distribution. The results of the study revealed that consumer's willingness to join, finance and serve consumer associations is not dependent upon the level of consumer's income. Also, the willingness to attend, uphold and solicit for members is not dependent upon the level of consumer's income. Generally, the study revealed therefore that more consumers can join consumer associations to become activist since it does not require finance to become a member. In view of these findings, it is therefore recommended that government should encourage the setting up of consumer associations by funding them. Consumer associations should mobilize more members to become consumer activist since it does not require finance, government should also ensure that manufacturers produce quality products as this will reduce the level of consumer activism. Finally, manufacturers should set up consumer protection and customer service units and should always maintain a record on consumer complaints and treat these complaints to the satisfaction of the consumers.

KEYWORDS: Effects of Income, Consumer Activism in Nigeria

1. INTRODUCTION

This paper is aimed at investigating if there is a relationship between income and consumer activism. By implication, does income influence the level of consumer activism in Nigeria? This is the core of the study. At this point, it is very vital to know the meaning of consumer activism since it forms the background of the study.

Consumer activism is the concerted efforts, actions and collective reaction of consumers to protect their perceived interest in the market place (Czinkota, Kotabe and Mercer, 2004). It is intended to reduce, limit or control the over-bearing excesses of manufacturers and/or vendors such as high prices, poor quality and artificial scarcity of goods.

The basic concept behind consumer activism vis-a-vis the manufacturer, can be likened to two main forces that are exerting pressure on each other, with the possibility of the stronger force gaining an upper hand over the weaker one. The situation is that, while the manufacturer is out to maximise profit, consumers, on the other hand, through their collective efforts, are willing to fight for their rights. They complain in order to maximise their satisfaction. The end result of these actions is consumer activism and protection that exist all over the world including Nigeria.

Over the years, the Nigerian consumer has been bombarded with all sorts of low quality products in the market place, especially in the area of drugs, food, petroleum products, motor spare parts, cosmetics, chemicals and services. According to the Standards Organisation of Nigeria (SON) (1997), about 60% of the goods produced in Nigeria are sub-standard, while about 25% are fake. Durojaiye (1998), also expressed similar view by saying that the Nigerian consumer needs to be protected against the sale of sub-standard goods.

A consumer's earning or income, is one of the major factors in determining what he can or likely to consume. In otherwords, consumer's level of income and access to credit facilities determines what he can afford, and, therefore, what he can consume. By implication, when a consumer's income goes up, his consumption pattern is also likely to go up. Consequently, a consumer's level of activism is most likely to be influenced by the income earned. This imply that income is a factor in determining if consumers will support a consumer association financially which is the focus of this paper. To achieve this objective, the paper has been sectionalized into

five parts which include introduction, literature review, methodology, data presentation and discussion of findings, while the last part will conclude the paper.

2. REVIEW OF RELATED LITERATURE

The literature review for this study will be based mainly on two main concepts namely income and its influence on consumer activism and the meaning of consumer activism.

A consumer's earning or income is a major factor in determining what he can or likely to consume (Ijewere, 2005). In otherwords, one's level of income and access to credit facilities determines what one can afford and, therefore, what one consumes. The influence of income manifest itself in terms of the quantity and quality of goods and services which the individual consumes. Therefore, when a consumer's income goes up, his consumption pattern is also likely to go up. This imply that spending is a function of income.

Based on economic theory of income, during the classical years, two renowned economists, Say and Fisher opined that people hold money to undertake transactions and that the amount of money a person holds would determine what he is likely to spend, in otherwords, supply creates its own demand. This means that incomes is a factor in determining the level of consumer activism since the ability of a consumer to support the activities of a consumer association is mainly based on income.

The rate at which the nominal minimum wage has gone up over a period of time in Nigeria is also a pointer to the fact that the Nigerian consumers are better off financially, which in turn, influenced their high spending habit. During the late General Sani Abacha's regime for example, minimum wages was between three hundred to three hundred and fifty Naira (N300-N350) per month. But the Abdusalam Abubarka Administration increased the minimum wage to three thousand, five hundred Naira (N3, 500). While the current President Olusegun Obasanjo regime further increased the minimum wage to seven thousand, five hundred Naira (N7, 500). Since these increases in workers pay, their spending habit tend to have changed. This may be seen in the housing sector where more civil servants are now building houses. Other areas where consumption of goods is on the increase as a result of increase in salaries and wages, include vehicles, electronics, furniture, etc.

It may be argued that real income may not have

increased tremendously as nominal income, but the observed which improved assesses to consumer durables indicate that the total nominal wages increases was not completely wipe off by inflation.

The implication of the above is that when consumers are empowered financially, through increases in salaries and wages, their level of activism is most likely to be high since they need money to be actively involved in consumer affairs.

After discussing the relevance of income to consumer activism it is important at this point to also look at the meaning of consumer activism.

Kotler (2003), defined consumer activism as an organised movement of citizens and government agencies to improve the rights and power of buyers in relation to sellers.

Two broad, but related, interpretations have been given to the phenomenon of consumer activism. One interpretation sees it in terms of power relationship between consumers and producers, while the other concerns itself with consumers and the remedies of their perceived injustices (Akerle, 1980).

In the so-called free enterprise system, sellers have traditionally been more powerful than buyers-most of the time. Basic economics teaches that human needs and wants are much more than the resources available to supply them. The economics of the market place, which are claimed to put the consumer in a rather powerful position to determine the fate of the producer and seller (Friedman, 2003), are meaningless as long as the consumer cannot have all his needs met. Another source of a possible power disequilibrium, is sheer organisation. The seller has available massive economic resources, similar to those associated with political power in most societies. He has been able to influence the dispensation of political power in a way that made the laws more favourable to himself rather than the consumer. It has been required for the buyer to be hurt before seeking redress (the famous caveat emptor) instead of being protected in the first place. The collectivity of individual buyers each without the necessary economic resources lacked political power to seek protection. In practice, the remedies provided under common law, were purposely cumbersome, expensive, had uncertain results and were, therefore, of doubtful value to the individual unorganized consumer, (Watson, 2001).

The above suggests that the manufacturers and their middlemen are out to exploit the consumers. It therefore follows that the consumers need to be active in order to be able to protect their interest in the market place. The consumers need income to be able to achieve activism which is manifested through their membership of consumer associations and this is the relationship.

3. RESEARCH METHODOLOGY

The research methodology employed in this study, is the questionnaires technique. A sample size of 858 questionnaires were duly completed and returned. The questionnaires were administered to adults in six major towns of Edo and Delta States of Nigeria. The six towns chosen are Benin, Auchi, Ekpoma, Warri, Asaba and Sapele. The factors considered tend to be homogeneous over the whole country especially those that are policy driven. Therefore, these major towns in the two states may be generalized to present a picture of a country.

The stratified sampling method was adopted for the study. This is to ensure adequate or proportional representation of the different categories or types of elements that make up the population in the selected sample.

The relationship between income and consumer activism was verified by testing each of the six disaggregated elements of consumer activism against income. Thus, six sub-hypothesis were subjected to test, that is, one in respect of each disaggregated factor.

In the data analysis plans, the hypothesis testing method was adopted using simple regression analysis and simple frequency distribution.

4. DATA PRESENTATION AND DISCUSSION OF FINDINGS

The relationship between income and consumer activism was verified by testing six sub-hypothesis which include:

- i. The relationship between Income and Willingness to Join Consumer Associations.
- ii. The relationship between Income and Willingness to Finance Consumer Associations.
- iii. The relationship between Income and Willingness to serve in an official capacity in consumer Associations.
- iv. The relationship between Income and Willingness to attend consumer Association meetings.
- v. The relationship between Income and Willingness to uphold decisions taken at meetings.
- vi. The relationship between Income and Willingness to Solicit for members for Consumer associations.

The results and discussion of findings are hereby presented below:

The Relationship between income and Willingness to Join Consumer Associations.

Table 4.1 below, presents the results of the test of the hypothesis that the observed level of consumer activism is not dependent upon the consumer's level of income.

The table shows that the coefficient of the variable income, has a positive sign. The coefficient value of income is 4.088. This reveals that a 10% change in income will lead to a 40% change in consumer activism in the area under study. The t-value of the regression result is 0.88. This is not significant at 5% level test. The R^2 value is 0.001. This indicated that only 0.1% of the variation between income and willingness to join consumer association have been explained in the equation.

The value of the F-test is 0.77. It is thus not significant at 5% level test. The Durbin Watson (DW) value is 1.8249. Although the DW value is 1.82 and thus failed the 5% level of significance test, but it passed the 10% level of significance. However, the result revealed that there may be other variables in the relationship beyond this one variable test.

In summary, table 4.1 suggests that there is no relationship between income and consumer's willingness to join consumer association.

Table 4.1: Linear Square Regression of Willingness to Join Consumer Associations.

Variable	Coefficient	T-Test
Constant	4.12284	
Income	4.088	0.88
R^2	0.0009	
F	0.77	
DW	1.8249	

Source: Author's Fieldwork, 2005.

The Relationship between Income and Willingness to Finance Consumer Associations.

In table 4.2 the coefficient of the variable income has a positive sign while the coefficient value of income is 4.654. This means that a 10% change in income will lead to a 46% change in consumer activism in the area under study.

The t-value of the regression result is 1.01. This is not significant at 5% level test. The value of R^2 is 0.001. This shows that only about 0.1% of the variation between income and finance have been explained in the equation.

The value of the F-test is 1.03. It is therefore not significant at 5% level test, but it passed the 10% level of significance. The value of DW is 1.8250. Although the DW value is 1.82 and thus not significant at 5% level test, but it passes the 10% level of significance.

In summary, table 4.2 suggests that income has no significant role to play in determining if consumers will support consumer associations financially.

Table 4.2: Linear Square Regression of Willingness to Finance Consumer Associations.

Variable	Coefficient	T-Test
Constant	3.87521	
Income	4.654	1.01
R ²	0.0012	
F	1.03	
DW	1.8250	

Source: Author's Fieldwork, 2005.

The Relationship between Income and Willingness to serve in an official Capacity.

The table 4.3 below, indicates that the coefficient of the variable income has a positive sign. The coefficient value of income is 4.826. It shows that a 10% change in income will lead to a 48% change in consumer activism in the area under study. The t-value of the regression results is 0.97 and this is not significant at 5% level of test. The R² value is 0.001. This shows only about 0.1% of the variations between income and serve has been explained in the equation.

The value of the F-test is 0.95. It is therefore not significant at 5% level test, but it passed the 10% level of significance. The Durbin Watson (DW) value is 1.9089. The DW value is 1.90 and thus not significant at 5% level of test, but it passes the 10% level of significance.

In summary, table 4.3 suggests that income has no significant role to play in determining if consumers will serve as officials in consumer associations.

Table 4.3: Linear Square Regression of Willingness to Serve in an official Capacity in Consumer Associations.

Variable	Coefficient	T-Test
Constant	3.85092	
Income	4.826	0.97
R ²	0.0011	
F	0.95	
DW	1.9089	

Source: Author's Fieldwork, 2005.

The Relationship between Income and Willingness to Attend Consumer Association Meetings.

Table 4.4 shows that the coefficient of the variable income has a positive sign while the coefficient value of income is 3.756. This shows that a 10% change in income will lead to a 37% change in the area under study. The t-value of the regression result is 1.09 and thus not significant at 5% level of test. However, it passes the 10% level of significance.

The value of R² is 0.001. This means that only about 0.1% of the variation between income and attend have been explained in the equation. The value of the F-test is 1.18. It is therefore not significant at 5% level test. This indicates the relationship between income and consumers willingness to attend consumer association meetings. The DW value is 1.8745. Although the DW value is 1.87 and therefore not significant at 5% level test, but it passed the 10% level of significance.

In summary, table 4.4 suggests that income has no positive role to play in determining if consumers will join consumer associations and attend meetings.

Table 4.4: Linear Square Regression of Willingness to Attend Consumer Associations Meetings.

Variable	Coefficient	T-Test
Constant	4.29784	
Income	3.756	1.09
R ²	0.0014	
F	1.18	
DW	1.8745	

Source: Author's Fieldwork, 2005.

The Relationship between Income and Willingness to uphold Decisions taken at Meetings.

Table 4.5 below indicates that the coefficient of the variable income has a positive sign, while the coefficient value of income is 7.402. This implies that a 10% change in income will lead to a 74% change in consumer activism in the area under study. The t-value of the regression result is 1.52. It is not significant at 5% level. However, it passes the 10% level of significance.

The value of R² is 0.003. This indicates that only about 0.3% of the variation between income and uphold have been explained in the equation. The value of F statistics is 2.31 and is significant at 5% level. The result indicates that there is no relationship between the two variables.

In summary, table 4.5 indicates that income has no positive role to play in determining if consumers will participate in consumer association meeting and uphold the decisions taken at such meetings.

Table 4.5: Linear Square Regression of Willingness to uphold decisions taken at meetings.

Variable	Coefficient	T-Test
Constant	4.14176	
Income	7.402	1.52
R ²	0.0027	
F	2.31	
DW	1.9053	

Source: Author's Fieldwork, 2005.

The Relationship between Income and Willingness to Solicit for members for Consumer Associations.

In table 4.6, the coefficient of the variable income has a positive sign. The coefficient value of income is 4.656. It indicates that a 10% change in income, will lead to a 40% change in consumer activism in the area under study. The t-value of the regression result is 0.98. It is therefore not significant at 5% level test. The R² value is 0.001. It means that only about 0.1% of the deviation between the two variables in the regression is explained by this equation.

In summary, table 4.6 suggests that income has a positive role to play in determining if consumers will solicit for members to join consumer association.

Table 4.6: Linear Square Regression of Willingness to solicit for members for Consumer Associations.

Variable	Coefficient	T-Test
Constant	4.11084	
Income	4.656	0.98
R ²	0.001	
F	0.95	
DW	1.8963	

Source: Author's Fieldwork, 2005.

Generally, the results of the study reveals that consumers willingness to join, finance and serve consumer associations is not dependent upon the level of consumer's income. Also, the willingness to attend, uphold and solicit for members is also not dependent upon the level of consumer's income.

CONCLUSION AND RECOMMENDATIONS

This study examined the relationship between income and the level of consumer activism.

At the end of the study, it was found out that income has no significant role to play in consumer activism in terms of joining, financing, serving, attending, upholding and soliciting for consumer activism. This is because the null hypothesis that there is no correlation between income and consumer activism was rejected at 5% level of significance, while the alternative

hypothesis that there is no correlation between income and other variables was accepted.

The findings of the study also revealed that more consumers are ready to be activist since the consumer's income does not determine his level of activism.

Based on these findings, it is therefore recommended that consumer associations should mobilize more members to become consumer activist, government should encourage consumer associations by funding them, manufacturers should be directed by the government to produce quality goods. Finally, manufacturers should set up consumer protection and customer service units and maintain a record on consumer complaints and treat these complaints satisfactorily in order to reduce the rate of activism.

REFERENCES

- Akerle, A., 1980. "The Relevance of Consumerism for a Developing Economy", *Nigerian Journal of Marketing*, 2, pp.44-51.
- Czinkota, M.R., M. Kotabe and D. Mercer, 2004. *Marketing Management*, Blackwell Publishers, Inc. Massachusetts.
- Durojaiye, S.A., 1998. "Customers Awareness on Product Quality" *Standards Organisation of Nigeria Journal*, 1, (8):
- Friedman, E. A., 2003, "*Marketing Management*", Houghton Mifflin Press Boston.
- Ijewere, A. A., 2005. "Consumer Activism and Protection in Edo and Delta States," An unpublished ph. D thesis, Department of Business Administration, University of Benin, Benin City. 6, (1): Pp.7-10
- Kotler, P., 2003. "What Consumerism Means for Marketing", *Harvard Business Review*, pp.48-57.
- SON, 1997. "*Product Quality Improvement*" *Standards Organisation of Nigeria News*, 1, (1):
- Watson, D. S., 2001. "*Economic Policy: Business and Government*", Houghton Mifflin Company, Boston Mass.