



Conspicuous consumption behavior of land-lost farmers: A perspective of social identity



Haijun Bao, Siqi Deng, Shimeng Xu, Yi Peng*

School of Public Administration, Zhejiang University of Finance & Economics, China

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ABSTRACT

Land expropriation frequently occurs during the rapid urbanization process in China. The manner in which land-lost farmers are settled has been a great concern for the government and the academe. However, it appears that few studies, if not none, have investigated the conspicuous consumption behavior of land-lost farmers. This deficiency limited the effectiveness of the current policies for resettling land-lost farmers in the new urbanization process in China. To mitigate this deficiency, this research identified key factors affecting the conspicuous consumption behavior of land-lost farmers. Three hypotheses were postulated based on theoretical studies and practical observations in Zhejiang Province. Logistic regression was used to evaluate the significance of these factors on conspicuous consumption behavior. This research found that the personal values of land-lost farmers and the utilitarian influence of reference groups have significant positive effects on their conspicuous consumption behavior and that the social identity of land-lost farmers has a significant negative effect on their conspicuous consumption behavior. The findings can facilitate local governments to create appropriate policies in order to reduce conspicuous consumption behavior. Thus, the social resources that contributed to the resettlement of these land-lost farmers can be effectively utilized.

1. Introduction

Rapid industrialization and urbanization resulted in a significant number of land-lost farmers in China. The number of farmers displaced from collective land amounted to 112 million in 2014 (NBSC, 2014). Economic development will continue to require more land, thereby leading to the occupation of farmland, as well as the continued and dramatic increase in the number of land-lost farmers. An estimate claims that a 1% increase in China's urbanization rate results in the expropriation of 126.7 thousand hectares of farmland and the generation of 2660 thousand land-lost farmers (Huang & Tang, 2011). The increasing scale and pace of China's urbanization presents a crisis for millions in the rural–urban peripheries. In China, land-lost farmers face various challenges in their daily lives (Peng, Shen, Tan, Tan, & Wang, 2013; Lai, Peng, Li, & Lin, 2014; Lian & Lejano, 2014; Peng, Lai, Li, & Zhang, 2015; Wang & Xie, 2015; Yu et al., 2015). Serious social consequences would arise and generally affect the stability of China if the issues surrounding land acquisition are not properly addressed (Hui & Bao, 2013; Shen, Peng, Zhang, & Wu, 2012).

The lives of land-lost farmers have been a significant concern for the government and the academe. A survey in Zhejiang, Jiangsu, and Sichuan provinces demonstrated that unemployment and low income

were prevalent among land-lost farmers (Gan & Sun, 2015). The 2011 Annual Report on Urban Development of China stated that almost 60% of land-lost farmers have difficulties in life and 81% of them worry about their future (Caijing, 2011). These worries include concerns about their pensions (72.8%), income sources (63%), and funds for medical treatment (52.6%). The Chinese government has established diverse land acquisition policies to improve the living standards and to protect the interests of these farmers. These policies, which include one-off compensation and housing relocation, have contributed significantly to improving the lives of land-lost farmers. However, sudden wealth accumulation and social identity change have transformed the original consumption patterns and structures of these farmers. The unreasonable consumption phenomenon also emerged during this process. Conspicuous consumption behavior is the most notable issue among irrational consumption behaviors, which Veblen (1899) officially described as consumption that is intended to communicate one's economic status to others.

Existing studies on land-lost farmers have overlooked the role of conspicuous consumption behavior as a dependent variable although the average living standards of land-lost farmers remain comparatively low. The conspicuous consumption patterns of land-lost farmers is escalating in western China (Li, 2011a), and it is particularly prevalent

* Corresponding author.

E-mail addresses: baohaijun@zufe.edu.cn (H. Bao), dsq1993321@sina.com (S. Deng), mengmeng19910820@126.com (S. Xu), pengyihz@zufe.edu.cn (Y. Peng).

in coastal developed areas, including Yangtze River Delta and Pearl River Delta (Xu, 2011). However, majority of previous studies have focused mainly on developing a unified compensation and resettlement standard, investigating the conflicts of interest during the demolition process and the problem of urban adaptation (Hui & Bao, 2013; Tan & Li, 2013; Liang, Lu, & Wu, 2014; Zhu, 2015). The conspicuous consumption behavior of land-lost farmers has been rarely investigated, which limited the effectiveness of current policies on resettling land-lost farmers. Therefore, exploring the key factors that affect the conspicuous consumption behavior of land-lost farmers is both critical and timely.

The present study aims to investigate the conspicuous consumption behavior of land-lost farmers from the perspective of social identity. The factors that affect conspicuous consumption behavior are empirically examined with a sample of land-lost farmers in the developed regions in Zhejiang Province. The rest of this paper proceeds as follows: Section 2 reviews relevant literature and offers a solid theoretical basis for analysis. Section 3 presents the research methods. Hypotheses, logistic regression model, variable measurement, and data collection are presented in detail. Section 4 presents results and in-depth discussions on these critical factors. The final section concludes the study and provides policy recommendations. This research serves as a guide for the development of healthy consumption attitudes for land-lost farmers. The study also develops consumer behavior theory on land-lost farmers and explores future possibilities to achieve a coordinated and balanced urban-rural development in China.

2. Literature review

2.1. Conspicuous consumption theory

The academic concept of conspicuous consumption (CC) was first presented by the Canadian economist John Rae (1834), who explained the essence and utility of conspicuous commodity from the vanity psychology perspective. Since its introduction, the concept of CC was further developed. Duesenberry (1949) proposed the “relative income hypothesis” from a macroeconomic perspective and suggested that a person suffers felicity loss when the consumption levels of others rise, because the individual's relative consumption now declines. Named the “demonstration effect,” households are not only concerned about their own consumption level, but also of their consumption level relative to those of other households. Leibenstein (1950) analyzed CC behavior from a micro-level and associated external effects with consumption theory. He further viewed CC as a simultaneous effect that ranged from comparisons, as well as the vanity and Veblen effects of consumption phenomenon. Individuals tend to acquire some goods not for their intrinsic value but to obtain particular social status, thereby demonstrating a type of behavior that Veblen (1994[1899]) labeled “conspicuous consumption.”

Veblen's theory on the leisure class presented that preferences are determined socially in relation to the positions of individuals in the social hierarchy. Alternatively, the desire of minorities for tangible status symbols has been interpreted by theory of compensatory consumption as an attempt to compensate for blocked social mobility (Grønmo, 1988; Pellerin & Stearns, 2001; Woodruffe-Burton & Elliott, 2005). However, Veblen (1994 [1899]) also mentioned that CC is both cultural and universal mainly in a modern capitalist society. This assumption should be denied because subsequent studies have identified that acquiring and conspicuously displaying luxuries are important in many modern lifestyles in both affluent Western societies and the developing world (Bian & Forsythe, 2010; Ko & Megehee, 2010; Li, Li, & Kambele, 2010; Zhan & He, 2010). Some groups are sociologically more noticeable for the propensity toward CC (Chung & Fischer, 2001; Rao, 2001; Zukin & Maguire, 2004; Woodruffe-Burton & Elliott, 2005; Moav & Neeman, 2012). Anecdotal evidence has already shown that land-lost farmers as a particular group allocate greater shares of their expenditure for conspicuous items (Zheng & Fan, 2011).

Abundant literature has contributed to demonstrate the factors affecting CC behavior. Vigneron and Johnson (1999) analyzed CC motivation from the perspectives of reference group and self-consciousness, and they found that interpersonal influence can affect conspicuousness, precedency, and bandwagon motives; furthermore, personal influence can affect hedonic and perfectionist motives. Individuals tend to evaluate themselves in comparison with others. These comparison targets constitute reference groups (Hyman, 1942; Festinger, 1954). Theory of personal values finds wide support in marketing literature, and it has been used as a means to understand intrinsic shopping motivations (Kahle & Chiagouris, 1997). Personal values are centrally held (highest order) beliefs that direct (lower level) attitudes, intentions, conduct, and decision making, irrespective of the particular object or situation (Burgess, 1992). Zheng and Fan (2011) proposed that the in-depth social and psychological motivations on CC could be interpreted from the perspectives of the symbolic and individuals' needs, face-saving culture and self-concern, and social stratification and social identity. We summarize all subjects to show that mainly two aspects affect factors on CC, including personal values with endogenous and fundamental effects and a reference group that communicates to their self-concept.

Conspicuous consumption behavior is a type of irrational consumption behavior, and therefore the economics with the assumption premise of an “economic person” cannot completely resolve this problem. Research on CC has increasingly occupied a distinct space in marketing, business, and management studies (Amaldoss & Jain, 2008; Kastanakis & Balabanis, 2014; Riad, 2014; Mejia & Restrepo, 2015). The interdisciplinary intersection of sociology, psychology, and marketing is necessary to clarify CC behavior. Furthermore, as a consumption pattern, CC is rooted in different social identities, and therefore, individuals who transform from their original identification pattern is key in analyzing CC behavior.

2.2. Social identity theory

The basic idea of social identity theory (SIT) is that a person forms a unique personal identity as an individual and develops a social identity based on the group to which he or she belongs (Tajfel & Turner, 1986). People belong to various groups based on their gender, religion, political orientation, and nationality (Zeugnerroth, Zabkar, & Diamantopoulos, 2015). Social identity theory posits that individuals have two sources of identity: a personal identity, which defines them as idiosyncratic individuals, and a social identity, which ties them to membership in valued groups.

The core of land-lost farmers' problem is losing land and entering the city. These two processes involve deeper psychological changes than outer space migration. The transition from the farmer to the citizen means redefining the “self” and re-finding the social position of the “self.” In addition, the reference group changed after land-lost farmers entered the city. Based on the findings in the field study, the present study defines a reference group of land-lost farmers as the neighbors in new resettlement districts and colleagues in new working environments, which usually lead to changes in social identity. During the acquisition process of urban adaptability and modernity, the conversion of land-lost farmers' personal identity system lags behind the material system, which lacks psychological transition and elasticity, thereby resulting in social identity disorder (Zhang & Tong, 2006).

Although no established social identity and sense of belonging to the city are present, the institutional and local identities of land-lost farmers are weakening, and they struggle to identify and integrate into the urban society (Wang, 2001; Du, 2007). Furthermore, SIT proposes that people strive to achieve or maintain a positive social identity, which boosts their self-esteem, and that this positive identity derives largely from favorable comparisons that are formed between the owned group (in-group) and other groups (out-groups) (Tajfel & Turner, 2004; Hogg, 2006). The positive identity of land-lost farmers, which can

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