MACROECONOMIC EFFECTS OF CONSUMER ETHNOCENTRISM IN BOSNIA AND HERZEGOVINA

ABSTRACT: The subject of research in the paper is the social phenomenon of consumer ethnocentrism, which is characterized by an emotional attachment to everything that belongs to the country where the consumer lives. The aim of the paper was to analyze the macroeconomic effects of consumer ethnocentrism in Bosnia and Herzegovina. Losses for the national economy in terms of employment, production, taxes, and contributions, as well as other social effects were analyzed with the assumption of substituting imports with domestic production of products in the processing industry in Bosnia and Herzegovina. Possible additional employment in manufacturing companies, and the effects of paid taxes and contributions for additional employment for pension and disability insurance, health insurance, and unemployment insurance funds in Bosnia and Herzegovina in the period from 2009 to 2013 were considered. The amounts of losses per entities of the Federation of Bosnia and Herzegovina, Republic Srpska, and Brčko District of Bosnia and Herzegovina were determined. The results of the research can serve as leverage for investments in domestic production, increasing employment,

Amela Bešlagić¹ Mr. sci.
Ministry of finance, tax administration, Federation of Bosnia and Herzegovina, B&H

Mirza Bešlagić² Mr. sci
BH Telecom dd Sarajevo, B&H

¹ amela87_28@hotmail.com
² beslami@hotmail.com
and creating commodity reserves that would be reflected in domestic products.

*Keywords:* national economy, consumer ethnocentrism, Bosnia and Herzegovina.

**INTRODUCTION**

The field of research in this work pertains to consumer behavior and the macroeconomic effects of ethnocentrism on the national economy. Therefore, the subject of research in the paper is consumer ethnocentrism as the attitude of consumers towards the purchase and consumption of domestic products. Ethnocentric behavior is manifested as a positive attitude towards the purchase of products of domestic origin and the belief that the purchase of foreign products will harm the domestic economy. Therefore, a kind of "protection" of domestic production, jobs, exports, and gross domestic product is needed with the aim of creating a more positive image of the domestic country in the eyes of developed countries. The macroeconomic effects of the phenomenon on the economy of Bosnia and Herzegovina are discussed based on secondary data. In this regard, the basic research hypothesis was defined: H0: Based on imports, exports, production, and employment in the branches of industry that produce personal consumption goods, the expected losses for the national economy can be estimated in the context of employment, purchasing power, and other social effects.

It can be concluded that ethnocentrism is seen as behavior aimed at the betterment and support of members of the group to which the individual belongs, but not to those outside that group. It is about the way of behavior that develops within the family, as the primary reference group, about buying everything domestic. This reflects an approach to ethnocentrism based on consumer behavior in the shopping process. First of all, it is necessary to develop awareness of the importance of buying domestic products and familiarize individuals with the positive effects of consumer ethnocentrism, which is reflected in the economic strengthening of the economy through the increase of exports and employment, and the reduction of imports and the growth of the social status of citizens. Thus, consumer ethnocentrism is manifested as the consumer's belief that buying foreign products will harm the domestic economy and vice versa.

The general approach to ethnocentrism, which finds its footing in sociology, began to develop at the beginning of the 20th century. Over time, this phenomenon developed in the context of consumer behavior, which, at the beginning of the 21st century, resulted in an increase in research into
consumer ethnocentrism and important factors that determine consumer behavior. (Parts, 2007, 139).

THEORETICAL FRAMEWORK OF THE RESEARCH

As a result of the growth of international trade and business, different products of various origins are becoming available in many countries around the world, leading to a greater interest in researching the phenomenon of consumer ethnocentrism. So far, numerous studies dealing with this topic have been conducted in developed countries such as the United States of America, Great Britain, France, Germany, and Japan. However, insufficient attention has been paid to researching this phenomenon in less developed countries (Shah & Ibrahim, 2012, p. 26).

The emergence of the economic crisis has led to the formation of an ethnic "we" that differs from an ethnic "they", whereby everything that is different becomes hostile. All this creates preconditions for the creation of ethnic distance, which essentially means repulsion towards others and those who are different. Ethnocentrism is formed on this basis, a term defined as an unfair effort to elevate our values to the level of universal values. The feeling of unity, coherence, belonging, value, autonomy, and trust are the components that make up the feeling of identity. Crises destroy existing values and principles, strengthening the tendencies of neo-traditionalism, considering that the traditional model of identity offers security in times of crisis, expressing the desire for roots and for the ethnicization of the world. (Nikolić, Bosilj & Ivanović, 2012, 6).

*Figure 1. Pattern of consumer ethnocentrism*

Source:
The concept of consumer ethnocentrism was developed to explain the consumer's use of information about the country of origin of a product when evaluating it (Philip & Brown, 2003, p. 21). Wang (2018, p. 220) defines consumer ethnocentrism as the tendency to prefer local brands over foreign ones. In their work, Balabanis & Siamagka (2017, p. 166) investigated the effects of buying local brands on consumer shopping behavior, considering this area unexplored in the United States.

In their study, Akdogan, Ozgener et al. (2012, p. 2) investigated the impact of consumer ethnocentrism and animosity on repeat purchases with special reference to consumer loyalty. Animosity and ethnocentrism are thought to cause negative effects when it comes to repeat purchases. With the growth of international trade, products of different national origin become available to a larger number of consumers. It is this fact that has resulted in a greater interest in examining consumer attitudes towards products of different national origins. At the same time, it should be emphasized that the mentioned phenomena of consumer ethnocentrism and animosity influence the investment decisions of multinational companies, as well as foreign capital flows. Creating loyalty, in the above context, is the main goal of all companies operating on a global level. In their study, the previously mentioned authors assume that there is a positive relationship between consumer loyalty and repeated purchases of products and services of foreign origin, and repeated purchases are those in which consumers return again and again to an already consumed product or service. Thanks to loyalty, the consumer reduces time, thinking, and risk every time he buys a certain product.

The basic task of marketing is to encourage loyalty towards products of domestic origin in order to create a basis for a stable and growing market share. This can be one of the significant advantages when determining the price of the product by the manufacturer. There are different points of view on how to develop product loyalty. However, the appearance of substitute products significantly complicates such a situation. This trend causes a decrease in loyalty to products, dissatisfaction with them, and the emergence of new methods of stimulating sales. For this reason, the focus is on promotional budgets and attempts to teach consumers that the products they have chosen are the best, and that they solve their problems and satisfy their needs in the best way.

Economic development encompasses technological, structural, organizational, and other changes in the economy that contribute to the creation and utilization of available goods. It implies a process of continuous economic growth in a dynamic environment. Nowadays, improving economic development requires not only effectively utilizing the latest technological achievements but also anticipating changes in the environment in a timely manner. Entrepreneurship plays a significant role in influencing economic
development. To achieve key development goals, it is essential to develop human resources across all areas. Economic development has numerous goals, with the most important including poverty reduction, equality in income distribution, lower unemployment rates, and the attainment of basic macroeconomic objectives (Nanić & Palić, 2017, p. 42).

In the broadest sense, according to Auruskeviciene, Vianelli & Reardon (2012, p. 21), the country of origin of a product is considered to be the one in which the product is manufactured or branded. The past few decades have witnessed significant economic, political, and social changes, along with the revitalization of the economies of many countries. These changes have created significant conditions affecting consumer sensitivity and behavior in transition countries. Opinions about products and their country of origin are influenced by pre-transition experiences. Associations dating back to the past have merged with neighboring countries, ultimately impacting consumer perceptions of both domestic and foreign products. Given that the effects of consumer ethnocentrism are also reflected in some traditional circumstances, it remains unknown to what extent consumers from transition countries adapt to the model of ethnocentric behavior or adhere to their existing behavioral framework.

Governments seek to encourage trade between countries by eliminating tariffs. In this context, the elimination of trade barriers is prominent in developing countries, especially those in the process of accession to the European Union. Ethnocentric tendencies can manifest in all social circumstances that tend to exhibit hostility toward foreign products. Considering the rapid pace of globalization, there are numerous empirical studies investigating this topic. In transition countries, especially those affected by war events, expressed "ethnic distance" becomes a market characteristic and represents a real source of consumer behavior embodied in ethnocentrism (Nikolić, Bosilj & Ivanović, 2012, p. 21).

The rapid integration of countries into the European Union and the abolition of customs barriers result in increased free trade between countries and a wide flow of goods. The role of state institutions as a factor in strengthening consumer ethnocentrism is reflected in the creation of non-tariff barriers and promotional campaigns that stimulate the purchase of domestic products.

Due to pronounced political, economic, and cultural differences between Vietnam and the People's Republic of China, Nguyen, Dao, Duong, Nguyen, Nguyen & Dao (2023, p. 1) examined consumer perceptions and purchase intentions of domestic Vietnamese products compared to products originating in China in 2023. The results showed that the perception of the product's country of origin does not determine the degree of ethnocentric tendencies among consumers. On the contrary, the image of the country of
origin of the product affects the intention of Vietnamese consumers to buy products originating from China. The limitations of this study conducted in Vietnam are reflected in the fact that only imported products from China were observed, and not those from, for example, Japan, the United States of America, Korea, and so on.

In their work, John & Brady (2009) investigated consumer ethnocentrism in Mozambique, with an emphasis on the role of the government in strengthening domestic production to reduce imports. In 2006, the government of Mozambique launched the "Made in Mozambique" campaign to strengthen domestic production. The campaign aimed to award the label "Made in Mozambique" to all products, services, and brands produced in Mozambique according to strict quality standards and social responsibility. The label signals the national origin of the product or service, making it more attractive to local consumers.

The topic of consumer ethnocentrism is also very current in developing countries. Research conducted in Tunisia dealt with the influence of consumer ethnocentrism and the desire to buy products of domestic origin. The results showed that the country of origin of the product significantly contributes to strengthening the ethnocentric tendencies of Tunisians (Karoui & Khemakhem, 2019, p. 63).

Modern business conditions and environmental changes bring new trends in consumer behavior. Numerous fluctuations in all segments of the economy and society have marked the last few years in Bosnia and Herzegovina. Changes were particularly influenced by strong international competitors, transition, changed values, economic and social openness, local culture, globalization, and a host of other socio-economic and psychological factors.

In the literature, fierce criticism of the concept of globalization is increasingly common (Veljković, 2006, p. 10). The reason for this is an attack on consumers and their rights, under the pretext of meeting their needs and desires. However, considering the gap between rich and poor people and between countries, as well as job losses due to production and capital relocation to underdeveloped countries with inadequate working conditions, protests occur more frequently. Demonstrations target multinational companies and their global products. This poses a big challenge for multinational companies, as they face consumer associations, domestic competition, consumer ethnocentrism, and local institutions.

The impact of national conflicts on business is the subject of numerous studies. The boycott of American products spread quickly worldwide after the United States of America sent its army to Iraq. This caused the US national economy to suffer (Corpwatch, 2003, Hoang, Ho, Tran & Le, 2022).
With increased globalization and a lack of domestic products, consumers encounter foreign consumer goods. In Portugal, ruling structures encourage citizens to buy only domestic products to strengthen the national economy (Miguel, Marques & Duarte, 2022, p. 599).

New trends and business conditions have imposed mutual dependence on world economies. A drop in economic activity in one country inevitably affects other national economies. During economic and political crises, consumers are more inclined to buy domestic products. Hence, activities related to international trade have become central to the world economy, making it necessary to predict consumer attitudes towards domestic and imported products.

**RESEARCH RESULTS**

Given that consumer ethnocentrism has become an unavoidable topic in economic literature, it is important to address the macroeconomic effects that occur as a consequence of this phenomenon. For this reason, this paper analyzes the losses for the national economy in terms of employment, production, taxes, contributions, and other social effects. It assumes the substitution of imports by domestic production of products in the processing industry in Bosnia and Herzegovina, possible additional employment in production companies, and the effects of taxes paid and contributions for additional employment for pension and disability insurance funds, health insurance, and unemployment insurance in Bosnia and Herzegovina from 2009 to 2013. The analyzed data were collected from secondary sources provided by the Agency for Statistics of Bosnia and Herzegovina.

a) Substitution of imports by domestic production in the period from 2009 to 2013

*Table 1. Substitution of imports by domestic production from 2009 to 2013*

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Import of products of the processing industry (in 000 KM)</td>
<td>13,785,311</td>
<td>13,740,061</td>
<td>14,293,078</td>
<td>15,739,116</td>
<td>16,984,206</td>
</tr>
<tr>
<td>2.</td>
<td>Production value per employee (in KM)</td>
<td>105,266</td>
<td>103,089</td>
<td>98,921</td>
<td>106,623</td>
<td>106,769</td>
</tr>
<tr>
<td>3.</td>
<td>Additional number of employees in the processing industry (1): (2)</td>
<td>130,957</td>
<td>133,283</td>
<td>144,490</td>
<td>147,615</td>
<td>159,074</td>
</tr>
<tr>
<td>4.</td>
<td>Average gross salary per employee in the processing industry (in KM)</td>
<td>882,00</td>
<td>880,00</td>
<td>911,00</td>
<td>950,00</td>
<td>988,00</td>
</tr>
<tr>
<td>5.</td>
<td>Average net salary per employee in the processing industry (in KM)</td>
<td>585,00</td>
<td>584,00</td>
<td>604,00</td>
<td>630,00</td>
<td>655,00</td>
</tr>
</tbody>
</table>
Table 1 shows the import of manufacturing industry products from 2009 to 2013, which, according to the records of the Agency for Statistics of Bosnia and Herzegovina, amounted to 13,785,311,000.00 KM in 2009. The value of production per employee in the manufacturing industry sector in Bosnia and Herzegovina was 105,266.00 KM in the same year. This data was obtained based on the total value of production in the processing industry in 2009 and the number of employees in the industry during that year. Using this data, a calculation was made to determine the number of additional employees who would be employed if domestic production of processing industry products completely substituted imports. This calculation assumes that Bosnia and Herzegovina has the necessary conditions and resources for such production. The calculation yielded 130,957 new employees, which was used to further calculate the total contributions that would be generated from the increase in employment in the processing industry.

The average gross and net salary per employee in the processing industry, obtained from the website of the Agency for Statistics of Bosnia and Herzegovina, were used to determine the income based on paid taxes and contributions. This amounted to 36,537,003.00 KM, which represents a loss for the national economy, paid to pension and disability insurance funds, as well as health and unemployment insurance funds.

A similar budget was made for the following four years. It was determined that the total amount of taxes and contributions for 2010, based on the employment of an additional 133,283 workers, would amount to 39,451,768.00 KM for pension and disability insurance funds, as well as health and unemployment insurance. Similarly, the number of newly employed workers for 2011 and 2012 was budgeted to be 144,490 and 147,615 workers, respectively.

This resulted in total losses generated by the funds in 2011 and 2012, amounting to KM 44,358,430.00 and KM 47,236,800.00, respectively. In 2013, the import of products from the processing industry sector increased to KM 16,984,206,000.00. The value produced by one employee in this sector...
in 2013 was KM 106,769.00. Thus, if imports were reduced and replaced by domestic production, the number of unemployed persons in Bosnia and Herzegovina would decrease by 159,074, resulting in an inflow of 52,971,642.00 KM based on taxes and contributions paid to pension funds, disability insurance, health insurance, and unemployment insurance.

b) Contributions paid in favor of the FBIH and RS pension and disability insurance funds

*Table 2. Contributions for pension and disability insurance*

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross salary of additional employees in (in KM)</th>
<th>Contributions for pension and disability insurance - Federal Institute for Pension and Disability Insurance and Fund for Pension and Disability Insurance of the Republic Srpska (in KM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009.</td>
<td>115,504.074</td>
<td>20,409,570.00</td>
</tr>
<tr>
<td>2010.</td>
<td>117,289.040</td>
<td>20,724,973.00</td>
</tr>
<tr>
<td>2011.</td>
<td>131,630.390</td>
<td>23,259,090.00</td>
</tr>
<tr>
<td>2012.</td>
<td>140,234.250</td>
<td>24,779,392.00</td>
</tr>
<tr>
<td>2013.</td>
<td>157,165.112</td>
<td>27,771,075.00</td>
</tr>
<tr>
<td>Total:</td>
<td>661,283.866</td>
<td>116,944,100.00</td>
</tr>
</tbody>
</table>

Source: Authors

Table 2 illustrates the amounts of pension and disability insurance contributions that would be paid to the Federal Institute for Pension and Disability Insurance (17% of gross salary), the Republic Srpska Pension and Disability Insurance Fund (18.5% of gross salary), and payments from the territory of the Brčko District of Bosnia and Herzegovina (17.5% of gross salary, depending on whether the employer applies laws from the territory of the Federation of Bosnia and Herzegovina or the Republic of Srpska), when imports are replaced by domestic production.

The amounts of contributions for pension and disability insurance are derived based on the average percentage of 17.67%, which is used for calculations in the Federation of Bosnia and Herzegovina, the Republic of Srpska, and the Brčko District of Bosnia and Herzegovina. Specifically, these funds incurred a loss of 116,944,100.00 KM during the period from 2009 to 2013.

c) Contributions paid to the health insurance and reinsurance funds of the Federation of Bosnia and Herzegovina, the Cantonal Institutes for Health Insurance and the Institute of Health of the Republic of Srpska and Brčko District of Bosnia and Herzegovina
Table 3. Contributions for basic health insurance

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross salary of additional employees in (in KM)</th>
<th>Contributions for basic health insurance - Institute of Health Insurance and Reinsurance Federation of Bosnia and Herzegovina, Health Institute of Republic Srpska and Brčko District of Bosnia and Herzegovina and cantonal health insurance institutes (in KM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009.</td>
<td>115,504,074</td>
<td>14,056,846.00</td>
</tr>
<tr>
<td>2010.</td>
<td>117,289,040</td>
<td>14,274,067.00</td>
</tr>
<tr>
<td>2011.</td>
<td>131,630,390</td>
<td>16,019,418.00</td>
</tr>
<tr>
<td>2012.</td>
<td>140,234,250</td>
<td>17,066,508.00</td>
</tr>
<tr>
<td>2013.</td>
<td>157,165,112</td>
<td>19,126,994.00</td>
</tr>
<tr>
<td>Ukupno:</td>
<td>661,283,866</td>
<td>80,543,833.00</td>
</tr>
</tbody>
</table>

Source: Authors

Based on the budget presented in Table 3, it was determined that the Health Insurance and Reinsurance Institutes of the Federation of Bosnia and Herzegovina (12.5% of gross salary), the Health Institute of Republic Srpska (12% of gross salary), and the Brčko District of Bosnia and Herzegovina (12% of gross salary), along with cantonal health insurance institutes, incurred a loss of 80,543,833.00 KM during the period from 2009 to 2013 based on contributions for the basic health insurance of workers who could be additionally employed.

The amounts of contributions for basic health insurance were calculated based on the average percentage of 12.17%, which is applied in the Federation of Bosnia and Herzegovina, the Republic of Srpska, and the Brčko District of Bosnia and Herzegovina.

d) Contributions paid in favor of unemployment insurance funds - Federal Employment Fund of the Federation of Bosnia and Herzegovina, Cantonal Employment Office, Employment Service of the Republic of Srpska and Brčko District of Bosnia and Herzegovina
Table 4. Contributions for unemployment insurance

<table>
<thead>
<tr>
<th>Year</th>
<th>Total income from taxes and contributions (in KM)</th>
<th>Unemployment insurance contributions - Federal Employment Agency (in KM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>43.986.525</td>
<td>512.464</td>
</tr>
<tr>
<td>2010</td>
<td>27.054.533</td>
<td>315.198</td>
</tr>
<tr>
<td>2011</td>
<td>38.281.041</td>
<td>445.993</td>
</tr>
<tr>
<td>2012</td>
<td>38.903.914</td>
<td>453.249</td>
</tr>
<tr>
<td>2013</td>
<td>43.382.040</td>
<td>505.422</td>
</tr>
<tr>
<td>Total</td>
<td>191.608.053</td>
<td>2.232.327</td>
</tr>
</tbody>
</table>

Source: Authors

Table 4 shows the income from taxes and unemployment insurance contributions that could have been collected in favor of the Federation of Bosnia and Herzegovina in the period from 2009 to 2013, amounting to 2,232,327.00 KM.

Table 5. Contributions for unemployment insurance

<table>
<thead>
<tr>
<th>Year</th>
<th>Total income from taxes and contributions (in KM)</th>
<th>Contributions for unemployment insurance - Cantonal Employment Service, Employment Service of Republic Srpska and Brčko District of BiH (in KM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>43.986.525</td>
<td>1.195.750</td>
</tr>
<tr>
<td>2010</td>
<td>27.054.533</td>
<td>735.463</td>
</tr>
<tr>
<td>2011</td>
<td>38.281.041</td>
<td>1.040.650</td>
</tr>
<tr>
<td>2012</td>
<td>38.903.914</td>
<td>1.057.582</td>
</tr>
<tr>
<td>2013</td>
<td>43.382.040</td>
<td>1.179.318</td>
</tr>
<tr>
<td>Total</td>
<td>191.608.053</td>
<td>5.208.763</td>
</tr>
</tbody>
</table>

Source: Authors

Contributions for unemployment insurance paid to cantonal services, services in the Republic of Srpska, and the Brčko District are calculated as a percentage of 70% of the total amount set aside for unemployment insurance, as presented in Table 25. Accordingly, a loss of 5,208,763.00 KM was realized during the period from 2009 to 2013.
Table 6. Income tax

<table>
<thead>
<tr>
<th>Year</th>
<th>Total income from taxes and contributions (in KM)</th>
<th>Income tax paid to cantonal budgets (in KM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>43,986,525</td>
<td>8,541,073</td>
</tr>
<tr>
<td>2010</td>
<td>27,054,533</td>
<td>5,253,307</td>
</tr>
<tr>
<td>2011</td>
<td>38,281,041</td>
<td>7,433,212</td>
</tr>
<tr>
<td>2012</td>
<td>38,903,914</td>
<td>7,554,158</td>
</tr>
<tr>
<td>2013</td>
<td>43,382,040</td>
<td>8,423,697</td>
</tr>
<tr>
<td>Total</td>
<td>191,608,053</td>
<td>37,205,447</td>
</tr>
</tbody>
</table>

Source: Authors

Table 6 shows the losses generated by cantonal budgets based on income tax in the amount of 37,205,447.00 KM in the period of the past five years.

***

The macroeconomic effects of consumer ethnocentrism, the organization of domestic production, and import substitution, along with the stimulation of purchasing domestic products, are evident. These effects are reflected in financial losses for both the Federation of Bosnia and Herzegovina, the Republic of Srpska, and the Brčko District of Bosnia and Herzegovina, as well as for the cantons.

*Figure 2. Total losses based on taxes and contributions of the Federation of Bosnia and Herzegovina by years*
Figure 2 illustrates the total expected taxes and contributions paid in favor of the Federation of Bosnia and Herzegovina from 2009 to 2013, considering the treatment of losses due to the amount of imports of products from the processing industry. A decrease in total contributions was observed in 2010 compared to 2009, with income based on paid contributions amounting to 21,247,460.00 KM in 2009 and 13,177,921.00 KM in 2010. In 2011 and 2012, the expected benefits from contributions were approximately 18,646,212.00 KM and 18,949,604.00 KM, respectively. In 2013, the total amount of losses realized by the Federation of Bosnia and Herzegovina based on contributions amounted to 21,130,844.00 KM.

*Figure 3.* Total losses based on taxes and contributions for cantonal services, services in Republic Srpska and Brčko District of Bosnia and Herzegovina by years

![Graph: Total losses based on taxes and contributions for cantonal services, services in Republic Srpska and Brčko District of Bosnia and Herzegovina from 2009 to 2013](image)

Source: Authors

Figure 3 illustrates a decrease in losses based on taxes and contributions from 2009, when they amounted to 22,561,244.00 KM, to 13,876,611.00 KM in 2010. Similar to the Federation of Bosnia and Herzegovina, losses based on income tax and contributions to cantonal services, services from Republic Srpska, and Brčko District of Bosnia and Herzegovina, grew in 2011 and 2012 from 19,634,829.00 KM to 19,954,308.00 KM, respectively. Regarding 2013, the amount of losses based on taxes and contributions is close to the amount from 2009, totaling 22,251,196.00 KM. All calculations presented in the framework of the
Therefore, based on imports, production, and employment in the branches of the processing industry, as well as gross and net wages of employees in the processing industry, it was possible to estimate expected losses for the national economy and types of employment, losses for pension and disability funds, health and unemployment insurance funds, and other social effects, thus accepting the hypothesis $H_0$.

**DISCUSSION OF RESEARCH RESULTS**

From a macroeconomic perspective, the paper illustrates the annual losses that Bosnia and Herzegovina faces due to the absence of a developed strategy to support domestic production, unlike the Republic of Serbia, which actively engages in strengthening the national economy. Research conducted in 2010 by Marinković, Stanković, and Kostić indicated a slight increase in the degree of consumer ethnocentrism in the Republic of Serbia in recent years. The emergence of an economic crisis has made ethnocentric behavior socially acceptable and desirable. Additionally, loans for subsidizing the purchase of domestic products significantly contributed to the development of this social phenomenon in the Republic of Serbia, ultimately influencing consumers' actual behavior in purchasing products of domestic origin.

A lower degree of consumer ethnocentrism was observed in Tunisia due to the poor quality of domestically produced goods. Consequently, the Tunisian government should focus on creating adequate advertising campaigns to promote domestic products and facilitate partnerships between producers and foreign companies to enhance product quality (Karoui & Khemakem, 2019, 69). The results of research conducted in Sri Lanka showed that consumers with higher average monthly incomes are more inclined to buy imported products, while those with lower incomes show stronger ethnocentric tendencies towards domestic products. This suggests that the marketing campaigns of state institutions, aimed at strengthening the national economy of Sri Lanka, should focus on consumers who predominantly prefer imported products (Silili & Karunarathna, 2014, 11). The results of the research that was conducted after 9 years, that is, in 2023, in Sri Lanka showed that older respondents are more inclined to buy domestic products with the aim of strengthening the national economy (Haniffa, Abdul - Cader & Azam, 2023, 165).

The high degree of consumer ethnocentrism in Bosnia and Herzegovina was confirmed in a study conducted by Čičić, Brkić, and Prašo-Krupaliija in 2003. The similarities of their research are also evident in terms...
of imported products that BiH consumers do not reject, as well as their awareness of the importance of increasing employment, production, and exports by purchasing products of domestic origin. It is important to point out the fact that no similar research has been conducted on losses for the national economy in the wider region of the Western Balkans. In countries like Ecuador, the development of strategies and support is required that would give domestic producers a competitive advantage over imported goods (Gonzalez - Cabrera & Trelles - Arteaga, 2021, 165).

CONCLUSION

The methodology for calculating the macroeconomic effects on the national economy has been established. Specifically, based on imports, exports, production, and employment in the branches of the processing industry, the amounts of losses suffered by Bosnia and Herzegovina in the period from 2009 to 2013, based on realized imports of consumer goods, were identified. These losses represent potentially lost funds that could have been realized in the case of substituting imports with domestic production. The importance of state institutions in terms of strengthening consumer ethnocentrism through support programs and campaigns that promote and stimulate domestic production and the purchase of domestic products has been noted.

The results of the conducted research can provide valuable guidelines for improving the business activities of manufacturing companies both in Bosnia and Herzegovina and those companies outside the borders that plan to enter the market of Bosnia and Herzegovina. By identifying the ethnocentric tendencies of consumers in Bosnia and Herzegovina, companies can improve existing marketing strategies in terms of promoting goods produced in Bosnia and Herzegovina for a certain segment of consumers.

With the help of the results of the conducted research, it is possible to contribute to a better understanding and solving of problems that arise as a consequence of consumer ethnocentrism. First of all, the problem of the high unemployment rate would be solved, and then the work of health insurance funds, pension-disability insurance, and unemployment insurance funds would be improved. It also creates a better insight into the characteristics of consumers, their wishes and needs, and the barriers that limit consumer ethnocentrism. This type of research can be useful to marketers when creating a marketing strategy to attract consumers with different degrees of ethnocentric tendencies.
REZIME

MAKROEKONOMSKI EFEKTI POTROŠAČKOG ETNOCENTRIZMA U BOSNI I HERCEGOVINI

Predmet istraživanja u radu je društveni fenomen potrošačkog etnocentrizma kojeg karakteriše emocionalno stanje privrženosti svemu što pripada onoj zemlji u kojoj potrošač živi. Cilj je rada bio analizirati makroekonomске efekte potrošačkog etnocentrizma u Bosni i Hercegovini. Analizirani su gubici za nacionalnu ekonomiju u pogledu zaposlenosti, proizvodnje, poreza i doprinosa, te drugi društveni efekti uz pretpostavku supstitucije uvoza domaćom proizvodnjom proizvoda prerađivačke industrije u Bosni i Hercegovini, eventualanog dodatnog broja zapošljavanja u proizvodnim preduzećima, te efekata plaćenih poreza i doprinosa za dodatno zapošljavanje za fondove penzionog i invalidskog osiguranja, zdravstvenog osiguranja i osiguranja od nezaposlenosti u Bosni i Hercegovini u periodu od 2009. – 2013. godine. Utvrđeni su iznosi gubitaka po entitetima Federacija Bosna i Hercegovina, Republika Srpska i Brčko Distrikt Bosne i Hercegovine. Rezultati istraživanja mogu poslužiti kao poluga za ulaganja u domaću proizvodnju, povećanje zaposlenosti, te stvaranje robnih rezervi koje bi se ogledale u domaćim proizvodima.

Ključne reči: nacionalna ekonomija, potrošački etnocentrizam, Bosna i Hercegovina.

REFERENCES


