Effects of Corporate Social Responsibility Dimension on Consumer Identification among Safaricom Clients in Kajiado County Kenya

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Abstract

This study aimed to empirically examine the corporate social responsibility (CSR) factors that affect consumer identification in Kenya. The four factors examined in this study were economic, philanthropic, ethical, and legal. Explanatory survey design was done and a study sample of 325 respondents was collected in Kajiado County among clients of Safaricom. Data were analyzed by testing hypothesized relationships, correlation and multiple regression analysis. Social identification theory and stakeholder theory were used to ground the study. The findings revealed that economic, philanthropic, ethical and legal CSR are positively associated with consumer identification. The highest positive relationship was philanthropic followed by economic. Level of education had a negative relationship with consumer identification. Based on the findings, companies involved in different dimensions of CSR should focus on developing marketing strategies along philanthropic, economic and ethical dimensions of CSR. The policy on philanthropic and economic issues regarding consumers should be given priority. The findings made a contribution in terms of allowing us to understand the factors that can contribute to consumer identification. This study successfully extended the dimensions of philanthropic, economic, ethical and legal CSR model in the context of consumers' identification.
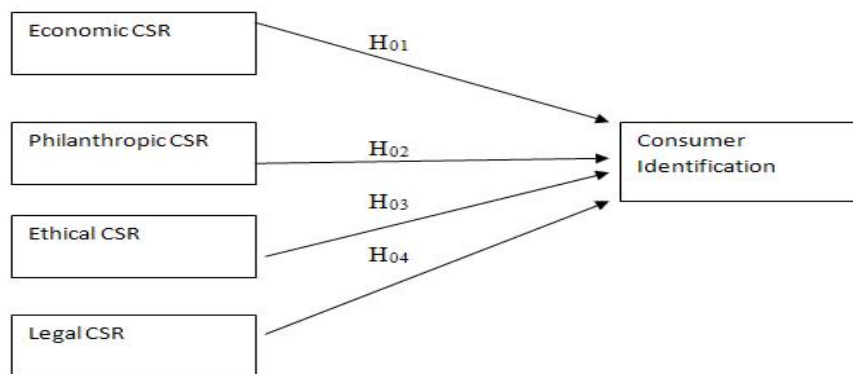
Keywords: *CSR dimensions, consumer identification, Safaricom Limited, stakeholder*

Introduction

Consumers' identification (CI) has become a focus for many companies. Consumer's self expression is indeed vital and has to be understood by organizations, who are jostling for a share of consumers' identity. Significant changes in marketing in the last ten years have brought dramatic changes in which consumers' can express their identities. These changes are being addressed; the main driver has been one on one marketing and mass customization. Recent development in this area involves organizations like coca-cola who have introduced a hundred different choice of beverages from which customers have an array of choices. While on the other hand, Starbuck have about fifty thousand possible combinations for their coffee and related beverages such that consumers' have a wide variety to choose from (Chernev, *et al.*, 2011).

Consumer identification is supposed to bring in a connection for consumers with the organization's activities. Consumers are likely to appreciate companies that are socially responsible and that attend to the needs of the society thereby a feeling of connectedness is bound to build. The engagement of organizations in CSR activities enhances the identity of the company with different stakes. Consumers are likely to assume that those companies that engage in CSR have desirable characteristics that "resonate" with their sense of self which forms the basis of identity (Lichtenstein *et al.,* 2004).

According to an article published by Infotrack East Africa (2010) on CSR in Kenya, findings were that foreign organizations were the drivers of CSR, although Kenyan companies are involved in social issues. Major organizations like Kenya commercial Bank (KCB), Safaricom and East African Breweries had established foundation to aid in the realization of particular CSR programs. Unlike Breweries and KCB, Safaricom was identified to cater for the low end consumers for example their recent Mpesa technology that allows consumers to transact even small amounts of money through mobile telephones. Accordingly Wanyama (2012), asserts that Safaricom have partnered with local organizations to fund income generating projects, for example animal rearing, assisting individuals with disability, reducing illiteracy levels by supporting admission of children to schools and especially the disadvantaged among other programs. This study was based and grounded on social identification theory (SIT) according to Taifel and Turner (1979), the theory looks at group membership and forms in-group and self categorization. Consumers' identification with CSR dimensions of economic, philanthropic, ethical and legal were rooted in both social identification theory and stakeholder theory.

Figure 1: Conceptual model

Source: Researchers' (2014)

The study aimed to fill a gap in research by empirically looking at CSR dimensions that explain consumer identification in Kenya. An analysis was done to test the hypotheses.

Objectives

1. Establish the effect of economic corporate social responsibility on consumer identification
2. Examine the effect of philanthropic corporate social responsibility on consumer identification.
3. Assess the effect of ethical corporate social responsibility on consumer identification.
4. Establish the effect of legal corporate social responsibility on consumer identification.

Methodology

The study was carried out in Kajiado County covering the seven administrative divisions of central, Loitokitok, Magadi, Mashuru, Namanga and Ngong division. The study used the explanatory survey design; that minimizes biasness and gives an opportunity for probability sampling. Manoj and Varun (1998) agree that explanatory survey can be done to explain hypothesized relationships.

The target populations consist of the individuals whose characteristics are to be studied. The population of Safaricom clients in Kajiado county was the target population. A sample size of 325 was used which is above the calculated sample (n=314) therefore complying with the rules of multiple regression analysis.

Variable Measurement

Independent variables
To measure CSR a scale developed by Turker (2009) was used, this is a scale with a pool of items drawn from previous scales in literature based on the work of (Aupperle,1984; Carroll, 1979; Maignan & Ferrell,2000; Quazi & Brien, 2000; Wood & Jones, 1995) and Maignan, 2000). This measure has been used before, a seven point Likert scale (1=strongly disagree, 2=disagree, 3=somewhat disagree 4=neutral, 5=agree 6=somewhat agree, 7=strongly agree) with 14 questions was used in this study.

Dependant variable
The aim of this study was to capture and explain the consumer's identification with CSR programs in the organizations and the level in which consumer's identify with these programs. To measure consumer identification this study used the measures proposed and used by Bhattarchya and Sen (2003). This measure has been used before; it has eight items on a seven point Likert scale (1=strongly disagree, 2=disagree, 3=somewhat disagree 4=neutral, 5=agree 6=somewhat agree, 7=strongly agree).

Data analysis

Descriptive Analysis
Frequencies of the categorical data were performed by use of the frequency tables. All the five categories describing the demographics of respondents of gender, age, monthly income, level of education and how often one bought Safaricom products were represented in the study of 325 respondents. Table 1 refers

Table 1 Descriptive Analysis

	Response	Frequency	Percent
Gender	Female	237	72.9
	Male	88	27.1
	Total	325	100.0
Age bracket	Below 30 years	50	15.4
	30–40 years	114	35.1
	Above 40 years	158	48.6
	Total	325	100.0
Monthly Income (Kshs)	Below 10,000	44	13.5
	10,000-20,000	64	19.7
	Above20,001	217	66.8
	Total	**325**	**100.0**
Educational level	Primary certificate	4	1.2
	Secondary	21	6.5
	Certificate	72	22.2
	Diploma	131	40.3
	Bachelors degree	85	26.2
	Masters	11	3.4
	Doctorate degree	1	.3
	Total	**325**	**100.0**
How often to you buy Safaricom products	Every day	238	73.2
	Once a Week	61	18.8
	Once in Two Weeks	11	3.4
	Once a Month	15	4.6
	Total	**325**	**100.0**

Filtering questions were used to capture Safaricom consumers who were primary school teachers. All the 325 respondents were clients of Safaricom. Gender distribution was 72.9% were female while 27.1% were male. The findings were that majority of the age bracket was above 40 years. The majority of Safaricom clients earned above Kshs 20,000/-. Most clients attained a diploma. The majority of clients bought or purchased Safaricom products on a daily basis.

Factor analysis

Factor analysis was done with the aim of understanding the variables used. Varimax orthogonal rotation was performed on the predictor and criterion. The aim was to summarize interrelationships among variables in a concise and accurate manner. All the items that had a factor loading of less than 0.5 were removed and Eigen values less than one were not retained. Principal component analysis was the method of extraction used as it incorporates all the variance in the observed variables. Using KMO statistic on table 4.1 sampling adequacy of

.877 was found. This shows that factor analysis is suitable as KMO is above 0.5 (Hair et al., 2006). Barlett's test is significant at P<.05.

Corporate Social Responsibility Factor Analysis:

KMO and Bartlett's Test

Table 4.1: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure adequacy	of Sampling	.877
Bartlett's Test of Sphericity	Approx. Chi-Square	1629.938
	Df	105
	Sig.	.000

Research data: 2014

Varimax Orthogonal rotation was used to extract the components. Varimax is considered more effective as method of factor rotation (Hair et al, 2006). Table 4.2 (see appendix) indicates that factor loading clustered into four components: Factor 1 legal CSR, factor 2 ethical CSR, factor 3 philanthropic CSR and economic CSR. The Eigen value for each factor was greater than 1.0 (4.896, 1.394, 1.242, 1.022) which is an indication that each factor can explain more variance than a single variable. The total percentage of variance explained the four factors

was 61%. Construct validity was confirmed, discriminant validity was also established as any factors that cross-loaded were removed. The scale reliability was established by using Cronbach α measure. The reliability of each coefficient of all the independent variables was 0.6 and above this meets the threshold recommended by Coussement et al (2011).

Table 4.3 KMO and Bartlett's Test for Consumer Identification

Kaiser-Meyer-Olkin Measure of Sampling adequacy		.840
Approx. Chi-Square		855.402
Bartlett's Test of Sphericity	Df	45
	Sig.	.000

Source: Research 2014

Using KMO statistic on table 4.3 sampling adequacy of .840 was found. This shows that factor analysis is suitable as KMO is above 0.5 (Hair et al., 2006). Barlett's test is significant at $P<.05$. Construct validity was established by the use of factor analysis; principal component analysis with varimax rotation was done. Items that loaded less than 0.5 were removed and items with an Eigen value of above 1 were retained. Table 4.4 (appendix) shows that 10 items loaded into two factors. The theory grounding the study agrees that identification is within group and self categorization. The study did not separate this construct into two but used the two components to measure consumer identification. Items defined each scale, individual items are generally unreliable which is why several scales are combined to one (Gorsuch, 1983).The total variance explained was 50%. The reliability of the questionnaires was done by use of Cronbach

α measurement. All dependent variable had a coefficient value of above 0.7, which meets the threshold of above 0.6.

Table 4.4 Correlation

	Economic	Philanthropic	Ethical	Legal	Consumer Identification
Economic	**1**				
Philanthropic	.459**	**1**			
Ethical	.406**	.489 **	**1**		
Legal	.364**	.501 **	.517**	**1**	
Consumer Identification	.273**	.425**	.445**	.405*	**1**

* Correlation is significant at 0.01 level (2-tailed): * Correlation is significant at 0.05 level (2-tailed

Pearson two- tailed correlation statistic was used to correlate the variables in the study. The results indicated that predictor variables in the study were significant as shown in table 4.4. The associated variables were significant at 0.01 and 0.05 levels. The hypotheses were tested using SPSS statistical software. The following conceptual model hypotheses were tested:

H$_{01}$: Economic CSR has no significant effect on Consumer identification

The null hypothesis was evaluated by testing the R$_2$ change after adding economic CSR in the model. The results of the relationship were evaluated using Pearson's product-moment correlation coefficient. There existed a strong positive correlation between economic CSR and consumer identification. All variables were loaded to SPSS using hierarchical multiple regression to evaluate R$_2$ change and ANOVA. Economic CSR explains 7.7% of consumer identification. The β coefficient was positive and statistically significant at α= 0.001 this lead to the rejection of the null hypothesis.

H$_{02}$: Philanthropic CSR has no significant Effect on Consumer Identification. On regression R$_2$ change was 0.113, this is an indication that philanthropic corporate social responsibility predictor variable accounts for 11.3% consumer identification. Therefore philanthropic CSR was important in determining consumer identification. The results indicated significant F value for ANOVA implying that the model was significant when philanthropic CSR was considered separately holding other variables constant. The results further indicated a

positive β coefficient this implies that an increase in philanthropic CSR there will also be increase on consumer identification The model was found to significantly predict consumer identification. The null hypothesis was rejected

H_{03}: Ethical CSR has no significant effect on Consumer Identification. Ethical CSR as shown in table 4.6 below, the coefficient of determination R_2 change .065, therefore ethical CSR explained 6.5% variation in consumer identification. This was significant at 95% confidence level. The null hypothesis was therefore rejected

H_{04}: Legal CSR has no significant effect on consumer Identification.

The study aimed at establishing the effect of legal CSR on consumer identification. Model test for ANOVA was done and was found to be significant model for predicting the outcome. On regression R_2 change was 0.014, meaning that legal CSR predictor variable explained 1.4% variance in consumer identification. Pearson product- moment revealed a positive relationship between legal CSR and consumer identification. The null hypothesis was therefore rejected.

Multiple Regression

Test of Normality, Linearity and Homoscedasticity

According to Tabachnick and Fidell (2007) scatter plot shows the impact of residues in the centre, for a normal distribution a symmetrical trail of resides from the centre as shown in the scatter plot graph.(appendix 1).Test of linearity was conducted on the dependent variable. The variables are linear if the scatter plots are oval shaped. The scatter plot is oval shaped therefore evidence of linearity. Multiple regression is suitable. Homoscedasticity is associated with the assumption of multivariate normality, when the assumption of normality is complied with the relationship between variables are homoscedastic (Tabachnick, 2007).

Kolmogrov –Smirnoff Test of Normality predictor and criterion Variables Kolmogrov- Smirnoff test of normality was significant at 0.05% level of significance as indicated in Table 4.5 indicating that the data sets for consumer identification and the independent variables were normally distributed
therefore suitable for multiple regression analysis.

Kolmogorov- Smirnov

Table 4.5 Dependent and Independent Variable test of Normality

	Statistic	df	sig
Consumer Identification	.056	325	.015
Economic CSR	. 164	325	.000
Philanthropic CSR	.110	325	.000
Ethical CSR	.108	325	.000
Legal CSR	.072	325	.000

Source: Research 2014

Multicollinearity statistics show the tolerance indicator for economic, philanthropic, ethical and legal CSR were all above 0.1. These variables had a variance inflation factor (VIF) below 10 which is acceptable for multiple regression (Cooper & Shindler, 2006). Analysis of variance was done and the results indicated the goodness of fit for the model. The dimensions of CSR and consumer identification have a statistically significant relationship. R_2 change was .025 when level of education was introduced, economic 0.77, philanthropic

.113, ethical .065 and legal .014. The F-statistic of all the changes in R_2 were significant. Which means that each of the variables added value to the model. Coefficient of determination R_2 was 29.5%. This was an indication that CSR factors accounted for 29.5% of consumer identification.

Discussions

The model explained 29.5% of consumer identification, an indication that CSR accounted for less than 50% of consumer identification. This is in line with prior studies that CSR is not receiving lot of attention in Africa, and a misconception that CSR is economic growth without ethical responsibility, these authors agree that corporate organizations that achieve economic growth are also socially responsible (Olu-Owolabi, 2009).

Philanthropic CSR was found to be the most significant determinant of consumer identification in Kajiado county followed by economic CSR and then ethical CSR. This supported prior studies that have extended philanthropic CSR to consumer identification. Philanthropic had a strong and positively significant on consumer identification (Lii,2011).In Africa economic CSR gets the most attention followed by philanthropic, legal and ethical issues in that

order Visser (2006), the findings of this study found out that consumers identify with philanthropic, economic, ethical and legal in that order. This research was however not about the order and layering of CSR dimensions, but about consumers' identifying with these various dimensions.

The highest prediction effect was from philanthropic followed by economic CSR and then ethical CSR and finally Legal CSR also had a positive beta coefficient. This is line with other studies from researchers whose findings indicate that information of social responsibility positively influences consumer behavior. Social responsibility is therefore a powerful influence for generating identification with the organization (Bhattacharya and Sen 2003: Lichtenstein et al 2004: Perez, 2009). Legal CSR was found the least positive predictor of consumer identification legal issues are not taking centre stage in Africa, however in Kenya substantial attempt has been made in consumer rights and CSR issues which have been legislated. The challenge is in implementation of these very noble laws (Mwaura, 2004; Visser 2006).

Table 4.6 Coefficients Table of Main Effects

	Unstandardized Coefficients		Standardized Coefficients		
	B	Std Error	Beta	t-value	Sig.
Level of Education	-.1.413	.613	-.133	-2.304	0.022
Economic CSR	1.094	.210	.281	5.218	0.000
Philanthropic CSR	1.130	.167	.382	6.768	0.000
Ethical CSR	.776	.145	.303	5.343	0.000
Legal CSR	.258	.102	.150	2.542	0.012

Summary and Conclusions

In conclusion, the first research objective was to determine the relationship of economic CSR and consumer identification among Safaricom clients. The findings of the study showed that economic CSR had a positive significant relationship with consumer identification (Table 4.4). These findings agree with Kevin and Keith (2006) who argue that consumers respond positively to higher levels of CSR.

This study also sought to examine the effect of philanthropic CSR on consumer identification. The main effect model (Table 4) indicated a positive significant relationship with consumer identification. The result of the stepwise regression was also significant which rejects the hypothesis two. .

The study objective was to establish the effect of ethical CSR on consumer identification. The study results indicated a very strong correlation between ethical CSR and consumer identification (Table 2). The study agrees with the findings of (Okeahalam, 2004; Ikejiaku, 2012) that organizations that ignore ethical issues are doing so at their own peril, unethical behavior such as cheating, greed cause collapse of companies. Organizations will be evaluated between short term economic egos and unselfishness of ethics. The results of regression indicated a very strong significant effect on the relationship between ethical CSR and consumer identification.

The findings agree with the studies of Mwaura (2004) and Visser (2006) who agreed that in Kenya, considerable progress has been achieved on aspects of human rights and CSR legislation. Prior studies indicate that legal responsibility is not a priority in developing countries. However Kenya has made considerable progress in regards to human rights and legislation of CSR. Infrastructure is inadequate for the implementation (Mwaura, 2004: Visser 2006). However Legal CSR had a strong positive correlation with consumer identification (Table 1). The stepwise regression indicated that there was a significant relationship between legal CSR and consumer identification, the null hypothesis was rejected

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