

**CONSUMER IDENTIFICATION AS A RESULT OF ECONOMIC AND  
PHILANTHROPIC CORPORATE SOCIAL RESPONSIBILITY IN SAFARICOM  
LIMITED COMPANY OF KAJIADO COUNTY, KENYA**

Owino Phyllis Osodo  
Moi University, School of business and economics  
Email:osodoph@gmail.com

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**ABSTRACT:** *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. The main driver has been one on one marketing and mass customization. This study sought to establish the effect of economic and philanthropic corporate social responsibility on Consumer identification among Safaricom Company limited consumers in Kajiado County. The study was based on the hypothesis that there is no relationship between economic CSR and consumer identification and that Philanthropic CSR has no effect on Consumer Identification. Cluster sampling was used to obtain a sample size of 325 respondents who were used in the data collection procedure by use of questionnaires. The study found out that both economic CSR and philanthropic CSR had a positive significant relationship with consumer identification rejecting the applied Hypothesis.*

**KEYWORDS:** Consumer Identification, Economic CSR, Philanthropic CSR, Corporate Social Responsibility

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## **INTRODUCTION**

Corporate Social Responsibility (CSR) is a paradigm shift from the original belief that organizations' main goal is the use of resources to produce profits (Friedman, 1992). It is called the shareholder strategy as advocated by the economist Milton Friedman (Galbreath, 2006). This term has many definitions with no one consensus. The European commission (2001) for example defined CSR as a concept where companies decide willingly to contribute to a better people and cleaner environment; it is issues like environmental protection, human resource management, health and safety at work, relations with local community, suppliers and consumers. While Owolabi and Olu-Owolabi, (2009) define CSR as a concept that is constantly changing with the needs of society. It demands that business organizations should provide adequate information on safety measures and health hazards of their consumer products and the feelings of the entire

members of the community should be considered. Owolabi and Olu-Owolabi (2009) have a caveat that this is only feasible in developed countries but unaffordable luxury in developing nations.

Consumer identification seeks 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, Drumwright & Braig, 2004). Safaricom with its foundation supports education by equipping educational institutions in order to reduce illiteracy among families through supporting enrolment and admission of children from disadvantaged families (Wanyama, 2012). However, despite continued funding and support for education in rural Kenya, the country still experiences problems of substantial number of out of school children, low enrolment rate, high rate of school drop outs, poor performance, lack of income to pay teachers and negative reputation formed by parents on Free Primary Education (FPE) (Oketch & Somerset, 2010). The government of Kenya introduced FPE in 2003 which created an increase in enrolment without commensurate physical structures to accommodate the extra new pupils. Safaricom endeavors to support the realization of this through its CSR programs funded through its foundation which aims at reducing illiteracy by supporting the enrolment and retention of children in schools and especially those children with disabilities (Wanyama, 2012).

Researchers are including consumers and corporate bottom line in their work. Corporate citizenship or CSR are important and not just a nice to have element of business strategy but a must to have status (Catchpole, 2009). Companies are allocating more resources to CSR initiatives as there seems to be a positive link between CSR and consumer patronage (Sen & Bhattacharya, 2004).

## **THEORETICAL UNDERPINNING**

This research was grounded on social exchange theory and on the determination of reciprocity. Cropanzano and Mitchel, (2005), argue that social exchange theory (SET) is well applied in workplace behavior. The belief of SET is that relationships grow in trust, loyalty and mutual commitment. Accordingly, most research in management focuses on reciprocity. Three definitions of reciprocity are as follows, one, reciprocity as a transactional pattern of interdependent exchange whose outcome depends basically on one's effort, or dependence, where outcomes are solely dependent on other's effort, or even interdependence where the outcomes entirely depend on the outcome based on combination of parties' attempt. Total dependence and total independence does not add to an exchange. This is basically that in an exchange something

has to be given and something has to be returned “reciprocal exchange” which does not also include plain bargaining. The second rule argues that reciprocity is as a folk belief; a cultural belief that people usually get what they deserve. The third rule views reciprocity as a moral norm. The rule of reciprocity is probably the best known exchange rule. More rules of exchange, in that people become more trusting of and more committed to one another, though rationality which refers to logic is not applied by individuals. Social exchange theory is viewed in its reciprocity rule and the symbolized exchange as defined by Bagozzi (1975). The theory of social exchange in which this study is grounded, looks into marketing exchange as either direct or indirect and which can take the form of intangible and symbolic features or one in which more than two parties may participate. Exchange is the basic foundation of marketing study, (Bagozzi, 1975). Bagozzi (1975) looks into exchange as maybe limited to economic institutions and consumers in the traditional sense or inclusive of all organizations and deserves more of the marketing scholars and practitioners attention. He further asserts that exchange in intertwined and subsumed in three classes, utilitarian, symbolic and mixed exchange.

## **MATERIALS AND METHODS**

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 Safaricom clients of Kajiado County in Kenya were used as the target population. Cluster sampling was applied, as it provides a practical sampling frame. A sample size of 325 was therefore used. Primary data was collected from sampled Safaricom clients who were teachers of primary schools in Kajiado County. The secondary data was obtained from internet, journals, library and the organization’s published work. Questionnaires were administered to all those Safaricom clients included in the sample. The choice of this instrument allowed the study objective to be attained.

## **RESULTS AND DISCUSSION**

### **The Null hypotheses tests**

In order to establish the effect of economic CSR on consumer identification, the author carried out the study based on the hypothesis that:

H<sub>01</sub>: There is no significant effect of Economic corporate social responsibility on consumer identification.

The study evaluated the effects of economic CSR on consumer identification. Economic CSR refers to the organizational duty of the provision of goods and services that consumer's need at a sound price. Consumers are expected to support a brand that supports a social cause. Consumers may consider whether to buy a brand based on the organization's commitment to support a social cause. 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. The objective of ANOVA is to examine whether independent variables in the model significantly explain criterion variable. The exceptional addition of a variable to a model is established by evaluating  $R^2$  change as every variable is entered in the model. Economic CSR explains 7.7% of consumer identification. The B coefficient was positive and statistically significant at  $\alpha = 0.001$  this lead to the rejection of the null hypothesis. The study concluded that economic CSR has a significant effect on consumer identification. This therefore implies that consumers will promote organizations that are committed to a social cause, by buying their products and encouraging others to buy. According to Bhattacharya and Sen (2003), consumers will be busy recruiting customers for the organization they identify with in the process the company sales will grow. Social exchange theory has been proven by this study, according to Emerson (1976), and explains exchange as one of cook's rules, the one that as an individual close to the kinship and residence is residential reciprocity in economic anthropology. Residential reciprocity is therefore seen as an interdependent exchange, which is exchange as shared and complimentary, thus those who are unfair will be punished and those that help others will receive a reward (Cropanzo & Mitchell, 2005).

To examine the effect of philanthropic CSR on consumer identification, the following hypothesis was drawn:

H<sub>02</sub>: Philanthropic CSR has no effect on consumer identification

Philanthropic CSR refers to amounts of donations or contributions to the community by organizations to stay socially responsible. Pearsons product-moment correlation was used to establish the strength and direction of the linear relationship. There was a positive and significant relationship between philanthropic CSR and consumer identification at  $\alpha = 0.001$ . This support prior studies that have extended philanthropic CSR to consumer identification and found that philanthropic was strong and positively significant on consumer identification (Lii, 2011).

This means that the more organizations contribute to the community the more the consumers identify with them. 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 B 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. Philanthropic CSR has an effect on consumer identification. Philanthropic is looked at as a direct donation to society which improves society and communities gain. This may be viewed as giving back to society where society may have failed. Consumers being part of society may want to see organizations that give back by extension would identify with these organizations which are indeed part of the society. The private sector draw huge amounts of resources from society and are therefore better placed in giving to society in the process fostering a psychological bond with their consumers. This may as well be a weapon for organizations to use for marketing. Entering into a psychological bond will assure organization of a well sustainable market that is for the progress of organizations. The existence of business in the society has been supported by Pelozza and Papania, (2008); Janita (2003); Maignan and Ferrel (2004) and Hae-Ryong *et al*, (2010). The stakeholder view moves individuals to invoke emotional commitment to family and tribe. Therefore communities receiving direct donations have identified positively with the activities of the organization.

From the study majority of the respondents 73.2% (n=238) buy Safaricom products every day, while 18.8% (n=61) buy Safaricom products once a week. The results clearly indicate that frequency of buying was significant ( $\chi^2 = 422.212, df=3, P < .000$ ).

**Table 1: How often do you buy Safaricom products**

	Frequency	Percent	Valid Percent	Cumulative Percent
Everyday	238	73.2	73.2	73.2
Once a Week	61	18.8	18.8	92.0
Once in Two Weeks	11	3.4	3.4	95.4
Once a Month	15	4.6	4.6	100.0
Total	325	100.0	100.0	

***To establish the effect of economic CSR on consumer identification***

Economic CSR had a positive relationship with consumer identification. Literature reviewed reveals that organizations that engage in CSR activities make profits in the long run (Kotler &

Lee, 2005). Consumers identify with the organizations economic CSR, the study found out that over 70% of consumers in Kajiado County buy products from Safaricom as shown in table 1.

Machiavellianism personality trait variable was transformed using COMPUTE macttr=log10(macttr+1) this was in according to Tabachnick and Fidell (2007). The Kolomogorov Smirnov statistic test was repeated on this particular variable. Table 2 shows that the Kolomogorov-Smirnov was significant.

**Table 2: Kolomogorov:Smirnov**  
 Kolomogorov- Smirnov

	Statistic	df	Sig
Macttr	.071	325	.000

**Source: Research (2014)**

Prior studies contend that organizations are rewarded for their efficiency and effectiveness in the production of goods and services (Leaniz & Bosque 2013). The findings were significant for economic CSR when introduced in the model for the main effect (Table 2). When the moderator of self efficacy was introduced, there was evidence that this personality trait moderated the relationship.

***To examine the effect of philanthropic CSR on consumer identification***

**Table 3: Correlation**

	ECONC	PHILC	ETHC	LEGC	PCT	SEET	SEFT	MACT	CONID
ECONC	1								
PHILC	.459**	1							
ETHC	.406**	.489**	1						
LEGC	.364**	.501**	.517**	1					
PCT	-.079	-.001	.052	.039	1				
SEET	.319**	.264**	.297**	.323**	-.009	1			
SEFT	.168**	.232**	.279**	.344**	.193**	.310**	1		
MACT	.115*	.139*	.201**	.201**	.359**	.253**	.346**	1	
CONID	.273**	.425**	.445**	.405*	.079	.224	.189**	.149**	1

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

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

Note: CONID – Consumer Identification,

ECONC – Economic CSR

ETHC- Ethical CSR

PHILC- Philanthropic CSR

LEGC- Legal CSR

PCT- Perceived Control

SEET- Self Esteem

SEFT- Self Efficacy

MACT- Machiavellianism

The findings of the study indicated that there existed a strong positive significance between philanthropic CSR and consumer identification. Correlation showed a positive relationship as evidenced in table 3.

**Table 4: Model Summary Main Effect**

Model	1	2	3	4	5
	<b>Control</b>	<b>Economic</b>	<b>Philanthropic</b>	<b>Ethical</b>	<b>Legal</b>
R	.158	.319	.464	.529	.543
R <sup>2</sup>	.025	.102	.215	.280	.295
Adjusted R <sup>2</sup>	.010	.085	.198	.262	.275
Std. error of Estimate	10.652	10.239	9.5864	9.195	9.1168
R <sup>2</sup> Change	.025	.077	.113	.065	.014
F change	1.630	27.223	45.806	28.544	6.461
Df1	5	1	1	1	1
Df2	319	318	317	316	315
Sig F Change	.152	.000	.000	.000	.012

**Source: Research (2014)**

According to literature reviewed, philanthropy had a strong relationship with consumer identification (Lii, 2011). Further literature asserts that individuals exposed to different type of CSR initiatives identify more with philanthropic campaigns. This is an important form of marketing (Roy & Cornwell, 2004; Lii, 2011).

## **IMPLICATION TO RESEARCH AND PRACTICE**

The findings of the study showed that economic CSR and philanthropic CSR had a positive significant relationship with consumer identification. Organizations in developing countries need to realize that there is a paradigm shift in marketing as consumers choose to identify with an organization as opposed to organizations choosing their consumers. Thus, organizations may have to set aside budgets for identification strategies if these organizations are to survive. Taking advantage of stereotyping as advocated by social identification theory, consumers will recruit customers to the organizations causing sales to increase and in the process increasing profitability, which is economic CSR. Reciprocal behavior as advocated for in the social exchange theory in its nature of interdependence, therefore works to the advantage of organizations that get involved in philanthropic activities, giving to society and expect a return from the same society, by consumers patronizing your organizations as stakeholders. This is therefore a competitive edge that organizations can use against competitors.

## **CONCLUSION AND RECOMMENDATIONS**

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 3). 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.

## **FUTURE RESEARCH**

Further research is required in the area of economic CSR as the contribution was less than philanthropic in our research. Research on this line and a reciprocal behaviour by the same community should be done. Further this study has revealed that philanthropic CSR was the most basic as opposed to previous research in Africa. Research on the reasons for change in importance may also be done.



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