
**THE EFFECT OF LEGAL CORPORATE SOCIAL RESPONSIBILITY ON
CONSUMER IDENTIFICATION AMONG SAFARICOM LIMITED COMPANY
CLIENTS IN KAJIADO COUNTY, KENYA**

Owino Phyllis Osodo

Moi University, School of Business and Economics
P.O. Box 5732 - 30100,
Eldoret, Kenya

ABSTRACT: *The changing attitudes of consumers on environment, ecology, social responsibility, and the change of consumption habits is forcing organizations to include Corporate Social Responsibility CSR in their practice. The adoption of CSR policies is therefore no longer a matter of voluntary practice on the part of business. This study aimed at determining the effect that legal CSR has on consumer identification, However it also shows a two way relationship between CSR and law with market pressures being used to press for a new sense of responsibility. The study was carried out in Kajiado County. Explanatory survey was adapted where questionnaires in a seven point likert scale were administered to 325 Safaricom clients in the month of February 2014. Cluster sampling technique was used in selecting primary schools where Safaricom clients were studied, clients were divided into administrative divisions and then simple random sampling was done. The results of the study indicated that there was a statistical significant relationship between legal CSR and consumer identification. It was thus concluded that legal CSR has a significant effect on consumer identification.*

KEYWORDS: Legal CSR, Consumer Identification, Law, Policies

INTRODUCTION

Mattinez and Bosque (2013) argue that a growing number of researches are looking at the study of CSR associations, consumer attitudes and behavior such as CSR based identity. Consumer identity is traditionally an antecedent of loyalty. Loyalty will imply repurchase and positive word of mouth. CSR has many different definitions though the most important form of socially responsible business is to meet economic and legal expectation (Virvilaite & Daubaraitė, 2011). Excluding legal responsibility from CSR is holding a narrow concept of CSR (Yang & Guo, 2014). Consumers' behaviors are influenced by the type of CSR an organization is engaging in. This will attract consumers to identify with the organization (Sharma & Shrivani, 2013).

Scholars agree that different identities (the perceived identity, the actual identity and the intended identity) emerge when organizations engage in CSR activities. Research contends that an organization that engages in CSR prompts its stakeholder's to react positively. In effect, under specific and identifiable set of circumstances a company's CSR programs are able to fulfill the stakeholder's higher order of self definition needs and therefore enable the stakeholder to identify with the company (Diogo *et al.*, 2011). The increased importance driven by CSR has prompted governments to promote socially and environmentally responsible

corporate practices hence this study to determine the effect of legal CSR on consumer Identification.

Justification

Studies on the determinants of CSR have identified several factors like economic, philanthropic, ethical and legal. Little is known about consumer identification with these factors. Further these relations have lacked evidence on consumer ability to appreciate these programs. Sharma and Shravani (2013) suggest that organizations should be more transparent in their legal aspects and CSR practices that can influence consumer behavior should still be discussed. On the other hand legal dimensions of CSR are getting more attention in China than in the West (Yang & Guo, 2014).

LITERATURE/THEORETICAL UNDERPINNING

According to African law library, legal CSR should be built in a self regulating mechanism that organizations would monitor and ensure that the law is adhered to. Martinizz *et al.* (2011) explain that there should be support for policy instruments and the government structure should be the most important of such a tool. The EU asserts that CSR it is now no longer voluntary but reaffirms that since every organization causes an impact it should therefore be responsible. Further, Visser (2006) and Mwaura (2004) assert that in African legal arena, CSR is not given a lot of attention. Therefore organizations lack seriousness when dealing with good conduct. The infrastructure for legal issues is inadequate and is not independent as most governments lack capacity to enforce the law.

The theoretical underpinning of the study was stakeholder theory. Branco and Rodrigues (2007) look at pure profit making view and agree that business people have an amount of dishonesty which is acceptable. Accordingly, business should make profit as long as the rules of the game are legally set up (Parrent & Deephouse, 2007). The basic idea was that stakeholder should be taken as well connected with the practice of business, and that the “stakes “in business have their due attention (Parrent & Deephouse, 2007).

According to Friedman and Miles (2002), government must stop individuals in society who wish to use their powers to steal from society. The limit of identification may be generated through social responsibility messages (Lichtenstein *et al.*, 2004; Marin & Ruiz 2007; Sen & Bhattacharya, 2001). Social identity theory (SIT) is the theoretical underpinning for research in the field of marketing as it brings out a strong justification on the basic understanding that people relate closely to organizations that help satisfy their personal definition needs (Ahearne *et al.*, 2005; Bhattacharya & Sen, 2003). Several authors have used the social identity theory to ground their studies. Marin and Ruiz (2007) used this theory alongside with similarity attraction theory and self categorization theories to explain the consumer attraction to social responsibility in the company. Diogo *et al.* (2011) used the social identification theory to predict the relationship between CSR and companies stakeholders.

METHODOLOGY

The study was based on the hypothesis that Legal CSR has no significant effect on consumer identification. The study used the explanatory survey design that minimizes biasness and gave an opportunity for probability sampling. Manoj and Varun (1998) agree that explanatory survey

can be done to explain hypothesized relationships. The study focused on Safaricom clients among teachers in various primary schools within Kajiado County including the seven administrative divisions of central, Loitokitok, Magadi, Mashuru, Namanga and Ngong division. Cluster sampling was applied, as it provided a practical sampling frame. Area sampling is applied to national populations, county populations and smaller areas where well defined political or natural boundaries are available (Blumberg *et al.*, 2008). A sample of 325 respondents was used. Questionnaires were administered to all those Safaricom clients included in the sample.

RESULTS

Table 1: 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

Conceptual Model key Effects on Hypotheses

The specific hypothesis of the study was to test the relationship between legal Corporate Social Responsibility and Consumer Identification among Safaricom clients in Kajiado County. The hypothesis was tested using SPSS statistical software. H_{01} : Legal CSR has no significant effect on consumer Identification.

Main Effect Hypotheses Consumer Identification

Model 1 was the control variables of gender, age, level of income, level of education and how often one purchased products from the organization. Model 2 was the introduction of economic CSR, model 3 was the introduction of philanthropic CSR, model 4 was the introduction of ethical CSR and Model 5 which was the focus of this paper was the introduction of legal CSR, the coefficient of determination R^2 was 0.014, and the variation in consumer identification is

explained by 1.4% of legal CSR. Legal CSR was significant at 95% confidence level. The null hypothesis was therefore rejected.

Table 2: Model Summary Main Effect

| Model | 1 | 2 | 3 | 4 | 5 |
|-------------------------|---------|----------|---------------|---------|--------|
| | Control | Economic | Philanthropic | Ethical | Legal |
| R | .158 | .319 | .464 | .529 | .543 |
| R ² | .025 | .102 | .215 | .280 | .295 |
| Adjusted R ² | .010 | .085 | .198 | .262 | .275 |
| Std. error of Estimate | 10.652 | 10.239 | 9.5864 | 9.195 | 9.1168 |
| R ² 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)

Table 3: ANOVA Main Effects

| Model | Sum of Squares | Df | Mean Square | F | Sig. |
|--------------|----------------|-----|-------------|--------|------|
| 1 Regression | 924.643 | 5 | 184.929 | 1.630 | .152 |
| 1 Residual | 36196.268 | 319 | 113.468 | | |
| 2 Regression | 3778.901 | 6 | 629.817 | 6.007 | .000 |
| 2 Residual | 33342.010 | 318 | 104.849 | | |
| 3 Regression | 7988.457 | 7 | 1141.208 | 12.418 | .000 |
| 3 Residual | 29132.454 | 317 | 91.900 | | |
| 4 Regression | 10401.933 | 8 | 1300.242 | 15.378 | .000 |
| 4 Residual | 26718.978 | 316 | 84.584 | | |
| 5 Regression | 10938.951 | 9 | 1215.439 | 14.623 | .000 |
| 5 Residual | 26181.96 | 315 | 83.117 | | |

Source: Research (2014)

Dependent Variable: Consumer Identification Main Effects

DISCUSSION

Based on the above test results, Legal CSR is seen as the organization's compliance to rules, regulations and set standards. 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 R² 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. A conclusion was drawn that legal CSR has a significant effect on consumer identification. This study found out that legal CSR was the lowest predictor

of consumer identification. This position is supported by prior studies. In Africa, legal responsibilities receive lower attention than the developed countries. This is not to indicate that organizations flaunt the rule of law but an indication that good conduct is not given a lot of attention. The infrastructure for proper execution of legal issues is lacking and receives a lot of interference from the authorities. Kenya has indeed made progress in legislation of consumer rights, however ability to enforce is a challenge (Mwaura, 2004; Visser, 2006). Legal issues are considered when society expects business to play a role of their economic mission within the legal structure (Solomon, 1994; Jamali, 2008). Accordingly, Jamali (2008) states that the stakeholder theory looks at the needs of shareholders that will not be met without taking into account stakeholder needs. The stakeholder theory has been supported by this study. Further the social identification theory asserts that individuals have a natural tendency to organize their worlds in social categories with which they see their personal identities overlapping (Hogg *et al.*, 1995; Tajfel & Turner 1989). This means that individuals form a network which could impact on the organization performance, either positively or negatively.

IMPLICATION TO RESEARCH AND PRACTICE

Governments in developing countries need to put in place systems that can work legally in their jurisdictions. The legal CSR had the least contribution in the model main summary. Research on legal CSR is very scanty in Africa; therefore; governments do not have enough information on implementation of the same. The organizations in Africa are experiencing the gap between legal presence in society and the firms themselves. This means that the African governments should set aside funds to carry out more studies on legal CSR in their countries. From the study, it is evident that there are few if any legally set systems that work thus, a need for the set up of effective legal CSR systems in the country. This study revealed that consumers are positive about organizations that have legal CSR. The organizations should try to promote the law by abiding with the law. In the same way consumers in Africa should come together and boycott organizations that are not law abiding.

CONTRIBUTION TO EXISTING BODY OF KNOWLEDGE

The findings of the study will make a contribution to strategic management and marketing profession. The legal CSR programs should positively influence consumer identification. Legal CSR is found to be one of the factors that contribute to consumer identification. Escalas (2013) explains that recent research is taking a more granular means of dividing relations between identity and consumer behavior. Legal framework that is clear and understood by the consumer is important. The government policy on this should ensure that there are no grey areas in law, that may bring disconnect between the organization and the consumers.

CONCLUSION AND RECOMMENDATIONS

The study found out that Legal CSR was not a very strong predictor of consumer identification. However, the statistical significance of legal CSR and consumer identification existed (Table 3). 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.

FUTURE RESEARCH

Future research should be done on the implementation of law and consumer good will. The positive correlation of consumer to legal CSR is an indication that individuals are willing to aid change in the legal structures. Further research could also be done on the challenges of the organisations on abiding with the law and its impact on consumer identification

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