Corporate Social Responsibility and Consumer Behavior in Nairobi and Nakuru:
A Focus on Cause Related Marketing

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ABBREVIATIONS AND ACRONYMS

AB Upper Class
C1 Middle Class
CRM Cause Related Marketing
CSR Corporate Social Responsibility
FGD Focus Group Discussion
ACKNOWLEDGEMENTS

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We would also like to acknowledge Strathmore University for the support given throughout the process, including the time given to the researchers to travel during the fieldwork exercise.

The researchers also acknowledge the efforts of the research assistants and the field managers who assisted in ensuring that data was collected on time. Special appreciation to the research consultant, who dedicated his time and effort in ensuring all the data was entered and analyzed comprehensively. To the survey respondents, the researchers wish to express their gratitude to all of them for accepting to participate in the survey.

And last but not least, special thanks to IREN for accepting our paper to be presented at the Dar es Salaam conference in November 2007. The insights gathered at the conference proved very useful.
EXECUTIVE SUMMARY

Corporate social responsibility (CSR) is a concept that many companies both in the developed and developing world are embracing to show concern for the less privileged in society. Various companies have also used cause related marketing (CRM) programs to support worthy causes. However, despite the numerous calls for companies to behave ethically towards their stakeholders, many companies are noted to exploit or take advantage of the vulnerability of consumers. Consumers in Africa especially still remain at the mercy of some irresponsible and unscrupulous corporations.

While the objectives of undertaking CSR and CRM activities are evident (image building, giving back to society, uplifting the welfare of the needy), it is not clear whether by practicing socially responsible behavior, it would lead to increased purchase of a company’s products. This study therefore sought to determine the awareness levels of CSR and CRM by Kenyan consumers, to establish whether consumer behavior is affected by a company’s involvement in CSR and CRM activities, and to determine if there is a difference in behavior in terms of gender, age and income.

The study was conducted between August and October 2007, in two towns-Nairobi (urban) and Nakuru (peri-urban) to ensure representation of the different socio-economic groups and lifestyles. Both qualitative and quantitative researches were used to collect data from a sample of 528 respondents. Data was then analyzed using the SPSS package in which statistical measures were used to give meaning to the quantitative data, while content analysis was used to give meaning to the qualitative data.

From the study, the key findings were that majority of respondents seemed aware about what CSR is all about and the related activities; however, CSR and CRM activities did not seem to heavily influence the purchase decision of customers instead, quality and price of the product were the dominant factors influencing consumer purchase behavior. There was no significant difference in behavior of the consumers based on the demographic factors of age, income or gender.

The major conclusion drawn from the findings was that consumers in Kenya were aware of what constitutes responsible or irresponsible behavior. However, majority did not know their rights as consumers indicating a lack of knowledge about the options available to consumers to seek redress following exposure to irresponsible behaviors from a company. In light of the study findings, recommendations such as the immediate enactment of the consumer rights bill and establishment of a consumer authority, more effective partnering of existing consumer
protection bodies, education of consumers about their rights, were made as a means to provide the way forward.

Organization of the report

This research report is organized into the following sections.

Section One gives a background of what consumers in Africa face from businesses, and highlights the challenges faced in the effort to protect consumers. The research objectives are explained as well.

Section Two discusses the research method with a focus on the sampling approach, data collection procedures, and methods used to analyze the data.

Section Three presents the findings and their interpretations.

Section Four is a discussion of findings in relation to the research objectives, provides conclusions and recommendations, and also describes the suggested implementation plans in light of the study findings. The section also highlights the insights obtained from the conference at which the findings were presented and winds up by describing the research limitations and the research gaps that may require further studies to be conducted.
1. BACKGROUND TO THE STUDY

1.0 Introduction

The practice of Corporate Social Responsibility (CSR) initiatives by Kenyan companies seems to have increased over the past few years. Although majority of Kenyan companies express their social responsibility through support of communities, they are also expected to take responsibility of the impact of their activities on other stakeholders including customers, employees, shareholders, and the environment in all aspects of their operations. This obligation, which is often voluntary, should result in an improvement in the quality of life of these stakeholders. However, it is still argued that in most countries in Africa, CSR is still in its embryonic phase (Visser, 2006).

Consumer vulnerability is particularly prevalent in Africa due to lack of basic skills and knowledge (Amine, 1996). While many companies have put in place policies to indicate their CSR concerns, consumers in Africa still remain at the mercy of irresponsible and unscrupulous corporations, with the norm being proliferation of counterfeits, goods of sub-standard quality, fraudulent advertising and labeling of goods, and poor treatment of communities and employees of certain corporations.

In Kenya, for instance, a case in point is a scandal that was highlighted in the media about a company, in the agriculture sector, which owns large plantations of pineapples whose guards released some dogs on children they claimed were trespassing in the plantation. This led to public outcry and a boycott of the company’s goods by some consumers from as far as Italy. Pollution of the environment has also been rampant, although the Kenyan government has recently attempted to reduce this by banning the use of plastic papers, and promoting the use of recyclable material.

Consumers have also not been spared from the irresponsible behaviors by some businesses. Unfair practices against consumers, which include false, misleading or deceptive representations, still remain unchecked. Commercial banks in Kenya for instance deceptively advertise loans as ‘free’, with no one explaining to ignorant potential customers the hidden charges around these loans, yet the rules of fair play would demand that sufficient information be made available.

Mortgage companies deliberately withhold critical information vital for decision-making. Most times the language used on contractual documents is not clear for potential customers.
Attempts by government agencies (such as Kenya Bureau of Standards - KEBS) to represent consumer rights and enforce responsible behavior from companies have not yielded much fruit. Although the consumer bill which is seeking to guarantee consumer rights and warranties has been proposed, it is yet to be passed by parliament. The Ministry of Trade of Industry has also attempted to gather opinions and complaints from the general public regarding issues that have affected them as consumers. However, information from the Ministry’s website indicates that consumers are still uninformed about their rights, and feel unrepresented due to lack of adequate consumer protection bodies. Generally, the enforcement of consumer protection has been for the better part haphazard and ineffective in Kenya.

In developed economies, companies have embraced social responsibility to a large extent. One avenue that is commonly used to leverage social responsibility is Cause Related Marketing (CRM). This is whereby companies encourage customers to buy their products with the promise of donating a percentage of the proceeds to certain causes (Adkins, 2004). Studies in developed countries have shown that the practice of CSR and CRM can create competitive advantages for a company by building brand awareness, (Adkins, 2004; Baron et al, 2000; Creyer and Ross, 1997), enhancing corporate image (Morton, 1999; Madrigal, 2000; Sen and Bhattacharya, 2001) and stimulating consumer purchase intentions (Baron et al 2000; Bennett and Gabriel, 2000).

In Kenya, various organizations are increasingly getting involved in corporate social responsibility, with a few like Dettol, Coca Cola and Safaricom (in partnership with UNICEF) using CRM to encourage customers to purchase their products. However, there is no documented research in Kenya that shows if consumer purchase behavior would be influenced by businesses’ CSR activities or by businesses involving them in tackling social issues through CRM.

1.1 Objectives of the Study

This research therefore sought to provide essential data on the extent to which the purchase decisions of Kenyan consumers are influenced by the Cause -related and CSR activities carried out by businesses. More specifically this research sought to achieve the following objectives:

i) To determine the awareness of Cause Related Marketing by consumers in Nairobi and Nakuru
ii) To establish whether consumer behavior is affected by a company’s involvement in Cause Related Marketing and other CSR activities

iii) To determine if there is a difference in behavior in terms of gender, age and income.

1.2 **Rationale for the Survey**

It is essential for corporations to evaluate the impact of their social responsibility activities in the communities since these activities involve substantial cost implications. This evaluation provides guidance to decision makers when making further plans in this area. This information is also useful to Consumer Activists, and Policy makers who may use it to guide them in formulating policy to protect the rights of consumers.

The findings could be used to develop predictive models on the relationship between CSR/CRM and consumer purchase behavior. This would be useful for Marketing Managers in segmenting their markets, and those in charge of Public Relations to determine which causes are important to their target markets so that they concentrate on those that their markets would most likely react to.

2. **RESEARCH METHODOLOGY**

2.0 **Introduction**

This section discusses the methodology that was used to collect and analyze data. It describes the research design, population of interest, sampling techniques, sample size, data collection methods and procedures as well as the methods used to analyze the data. The study took place between August and September 2007.

2.1 **Research Design**

To assess whether consumer purchase behavior was influenced by CSR as well as to determine their attitudes towards CRM, both quantitative and qualitative research designs were used. Quantitative research was used in order to determine the awareness level of consumers towards CSR and CRM, and establish whether their purchase decisions were in any way affected by these activities.

The findings from this research led the researchers to undertake qualitative research in order to obtain further insights into the behavior of consumers. The aim here was to delve deeper
into understanding the motives behind the behavior of consumers towards CSR and CRM activities of companies.

2.2 Population

The population of study was all adults residing in Kenya who are consumers of fast moving consumer goods.

2.3 Scope of Study

The scope of the study covered a major city (Nairobi) and a minor one (Nakuru) to ensure representation of different socio-economic groups and lifestyles. Nakuru represented the peri-urban consumers, while Nairobi represented the urban consumers.

2.4 Sampling Techniques, Sample Size and Response Rate

As shown in Table 1 below, respondents for the quantitative study were grouped into two socio-economic groupings; AB (upper-middle class) and C1 (middle class). This classification was based on the Market Social Research Association of Kenya (2000) Guide to Social Class Definitions, which has been used by research companies like the Steadman Group, one of the leading Research Companies in Kenya.

Table 1: Distribution of Respondents By Gender, Social Class and Geographic Spread

<table>
<thead>
<tr>
<th>Geographic Spread</th>
<th>Gender</th>
<th>Social Class</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>Nairobi</td>
<td>249</td>
<td>247</td>
</tr>
<tr>
<td></td>
<td>(145) 58%</td>
<td>(151) 61%</td>
</tr>
<tr>
<td>Nakuru</td>
<td>104</td>
<td>96</td>
</tr>
<tr>
<td></td>
<td>(42%)</td>
<td>(39%)</td>
</tr>
</tbody>
</table>

These groups (B and C1) were targeted to help determine if differences in consumers’ ethical purchase decisions were based on their social class (and consequently purchasing power). The respondents had all attained or were pursuing tertiary level of education as their minimum. These respondents were considered most appropriate for the study because they were likely to fully understand the concepts under discussion given their education level. The response rate was 99.2% which was considered sufficient to make generalizations of the population.
The qualitative study also used the same sampling methods consisting of both male and female groups from both social classes.

2.5 Data Collection Methods and Procedure

Quantitative data was collected through face-to-face interviews, which were held in respondents’ homes, using interviewer administered structured questionnaires. For quality control, the research assistants were trained to ensure that they understood the questionnaire and the interviewing method they were to use. Further, piloting was done to ensure that the respondents understood the questions.

Qualitative data, on the other hand, was collected through four focus group discussions which were held with male and female respondents from B and C1 social-economic groups. The respondents had been recruited a week before. The discussions, which were recorded on tape recorders, took place over two hour sessions and were moderated by the researchers. A total of 32 respondents took part in the discussions; 16 from Nakuru and 16 from Nairobi.

2.6 Data Processing and Analysis

All the questionnaires from the field were first edited to check for completeness, correct entry of responses, accuracy, or omissions. Coding of responses was then followed in which all response categories were assigned a numerical value. This process was followed by tabulation and charting. Analysis of the quantitative data was done using SPSS. Statistical measures including percentages and means were used to provide meaning to the data, and chi-square statistics to provide a measure of association. Interpretations were made following the findings, which are discussed in chapters three and four.

From the focus group discussions, the qualitative data collected was transcribed and then using the content analysis technique, similar themes that were identified and used for interpretations, to answer the research questions.

3. FINDINGS AND INTERPRETATION

3.0 Introduction

In this section a discussion is made of the findings with regard to: The level of understanding of social responsibility/irresponsibility; the attitudes of consumers towards CSR and CRM
and the effects of CSR activities on consumer purchase behavior. An interpretation is given alongside the findings.

3.1 Profiles of Households

Of the total respondents interviewed, 50% were male and 50% female from both B and C1 Social classes. A significant number of the respondents were either working full time (37%), or were students (31%). Majority (60%) in the C1 social class were earning below $600 per annum, compared to 45% in the AB social class. Majority of respondents from across the board pointed out that the activity they engaged in most was watching TV and listening to radio, an indication of the importance of media in their lives. When in fact asked how they had got the information about companies’ CSR campaigns, majority (84%) indicated that they learnt about them from watching TV. Below are diagrammatic representations of the respondents surveyed with regard to their social classes and levels of education.

Figure 1: Social Class Percentages
3.0 Understanding of Corporate Social Responsibility and Cause Related Marketing

Respondents were asked to describe their understanding of corporate social responsibility. Majority of respondents seemed to understand what CSR is all about, and were aware of CSR campaigns by companies.

Companies’ CSR stance was mainly judged by the quality of the product/services offered. One female respondent said:

“I would say that basically it is the product or service that they give, is it quality - is it to the [right] standard for customers or users, being honest in all their services and products”

As much as the researchers did not dwell on what quality meant to the respondents, it was clear that they understood quality to mean the extent to which the product/service met their needs.

The findings confirm assertions by various scholars (Hirshman, 1980; Barnes and McTavish 1983) that consumers are now better informed, more educated and more aware of their consumer rights and product requirements.

Companies that were cited and easily recalled by respondents as being responsible were mainly big companies, multinationals or their affiliates. These companies are visible through their community initiatives like digging wells in arid and semi-arid areas, building schools and donating to orphaned children.

While the big companies got unprompted mentions with regard to practice of CSR, locally owned small companies, (which are mainly small in size) were barely mentioned, implying
that the locally owned companies are not doing enough to gain top of mind awareness and visibility in the market, and hence are not in the consumers’ top consideration set. This is an indication that small companies in Kenya need to find ways that they can get to be visible to consumers, within their financial constraints.

When asked if they had participated in any activities organized by companies to help the community, 52% per cent of the respondents said they had. Activities that seemed popular were cleaning the environment (29%) and walking for a cause (37%). Further, when respondents at the focus group discussion were asked why they did so, various views were given:

“…because there is no point in enjoying so much and there are other people suffering [Male respondent]
“...it gives me a very good feeling.. right from the bottom of my heart” [female respondent]

This indicates that most respondents considered themselves ethical citizens, willing to help others in need.

3.2 Cause Related Marketing (CRM)

Respondents were asked if they had ever seen a company advertisement asking for a donation to the community through the purchase of the company’s product. 67% indicated that they had seen the campaigns in the retail outlets though they could not recall the particular cause being supported.

The findings further revealed that respondents responded to the CRM campaigns because the causes being supported were important to them. Causes that supported children were the most popular with 72% indicating that they would definitely get involved in such campaigns because children were helpless. Campaigns supporting men and animals were the least favorite. Respondents believed that victims of drug abuse had got themselves into the problems in the first place and were therefore not a priority. Figure 1 below shows the causes considered important.
This implies that for companies to gain participation of consumers in their CRM campaigns, they had to align their causes with those considered important by their target markets, or those causes pertinent to the issues the consumers are facing in their environments. For instance, with the increase of internally displaced persons after the conflict arising from the general elections in Kenya, a cause to help such people would most likely be supported by customer due to its pertinence.

3.3 Factors Considered in Purchase Decisions

Respondents were also asked about the factors they considered as most important in their purchase decision. This was in order to gauge whether the CSR commitment of a company had a major impact. Again, quality came up as the most important factor. As much as some of the respondents were from lower income levels, it seems that they would first consider how well the product/service met their needs, and depending on their ability to purchase, then they would buy. See figure 2 below:
How much the company helped the community was not a key factor in influencing respondents’ purchase decisions. Consumers tended to consider what was meeting their need first, and the other issues came secondary. This finding corresponds with a study done in U.K by Carrigan and Attalla (2001) where it was concluded that although consumer express willingness to make ethical purchases linked to CSR practices, CSR is not the most dominant criteria in their purchase decisions. In Kenya, this is compounded by the fact that consumers’ products options are limited, hence leaving the consumer with few varieties to choose from.

3.4 Attitudes toward Responsible Behavior by Companies and Subsequent Consumer Purchase Behavior

There was a evident cynicism amongst respondents towards CSR in general, where majority (77%) argued that social responsibility was just another way for companies to get more media coverage. Reactions from the focus group discussion were wide ranging:

“I think sometimes they use, all this social responsibility, as a form of marketing”

“I think if they were really genuine, they would not be showing it to everyone”

“[It is a way to] give back what they robbed”

Respondents argued that if the companies were as philanthropic as they claimed, then they needed not advertise the activities they carried out in the media, but rather wait for word of mouth endorsements from the beneficiaries.
Using attitudinal scales, the research sought to investigate the attitudes of consumers toward Cause Related Marketing (CRM), considering that these kinds of campaigns involved the participation of consumers in donating to needy causes. A significant number of the respondents (86%) felt that companies needed to support the needy regardless of whether consumers bought the product or not. Another 64% felt that companies that put donation message to encourage purchase of their products were taking advantage of the needy. They argued that they (consumers) were ethical citizens who helped the needy and hence cause related campaigns did not necessarily make them donate. Nevertheless, 91% felt that they would be making a difference by buying a CRM branded product.

The table below shows the differences in attitudes towards CRM based on the AB and C1 social classes:

<table>
<thead>
<tr>
<th>Item</th>
<th>Chi-square value</th>
<th>df</th>
<th>p value</th>
<th>Decision</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>I would buy more products/services from companies which indicate I will be donating by buying that product</td>
<td>1.869</td>
<td>3</td>
<td>0.600</td>
<td>Not significant at 95% confidence level</td>
<td>ABs (90%) are more likely to favour this item more than C1s (83%)</td>
</tr>
<tr>
<td>Companies should not ask consumers to buy products in order for them to donate; companies should donate whether or not the products are bought</td>
<td>8.367</td>
<td>3</td>
<td>0.039</td>
<td>Significant at 95% confidence level</td>
<td>C1s (52%) are more likely to favour this item more than ABs (39%)</td>
</tr>
<tr>
<td>I think companies that put donation messages on their products are taking advantage of the needy to increase their sales</td>
<td>5.708</td>
<td>3</td>
<td>0.127</td>
<td>Not significant at 95% confidence level</td>
<td></td>
</tr>
<tr>
<td>For me to buy products with the donation message, the cause being supported has to be important to me</td>
<td>6.111</td>
<td>3</td>
<td>0.106</td>
<td>Not significant at 95% confidence level</td>
<td></td>
</tr>
<tr>
<td>People do not normally donate to the needy so it is good for companies to make them donate through the purchase of products</td>
<td>10.522</td>
<td>3</td>
<td>0.015</td>
<td>Significant at 95% confidence level</td>
<td>C1s (53%) are more likely to favour this item more than ABs (35%)</td>
</tr>
<tr>
<td>I have a more positive image of a company if I see that it is doing something to make the world a better place, regardless of the specific cause or issue being addressed</td>
<td>0.315</td>
<td>3</td>
<td>0.957</td>
<td>Not significant at 95% confidence level</td>
<td></td>
</tr>
<tr>
<td>It is acceptable for companies to increase sales of their products through supporting the needy</td>
<td>20.126</td>
<td>3</td>
<td>0.000</td>
<td>Significant at 95% confidence level</td>
<td>C1s (53%) are more likely to favour this item more than ABs (35%)</td>
</tr>
<tr>
<td>I feel that if I buy products from companies that supporting a cause, I would be making a difference in society</td>
<td>1.279</td>
<td>3</td>
<td>0.734</td>
<td>Not significant at 95% confidence level</td>
<td></td>
</tr>
</tbody>
</table>
The attitudes of the two social classes were not significantly different, except on a few issues. For instance with regard to whether it was acceptable for companies to increase sales of their products through supporting the needy, the AB group showed less tolerance for companies, whereas majority from the C1 group (53%) agreed that it was acceptable to do so. This is perhaps because the C1 group were most likely to have closer associations with the needy, and hence this group felt that so long as the company was helping the less fortunate, the method they used was not too important.

The implication for marketers from these findings is that CRM campaigns need to be communicated as a convenient way of getting the already ethical consumer to donate to causes deemed important to them, and not as a way of increasing company sales.

### 3.5 CSR Impact on Purchase Behavior

With regard to actual purchase of products, respondents were asked if they had ever purchased a product simply because a company was involved in CSR. Majority (54%) indicated that they had not. However, there were contradicting results from the attitudinal scale which was given to gauge the extent to which they agreed/disagreed with certain statements. Statements were ranging from 1 to 5, where 1 was ‘Strongly Disagree’ and 5 was ‘Strongly Agree’ as shown below:

**Table 3: Effect of CSR on Purchase Decisions**

<table>
<thead>
<tr>
<th>Statements</th>
<th>Overall</th>
<th>Nairobi</th>
<th>Nakuru</th>
</tr>
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<tbody>
<tr>
<td>I go out of my way to look for products/services from companies that help the community</td>
<td>2.6</td>
<td>2.4</td>
<td>2.8</td>
</tr>
<tr>
<td>I would be willing to pay more for the products/services from companies that help the community</td>
<td>2.9</td>
<td>2.9</td>
<td>3.0</td>
</tr>
<tr>
<td>I do not consider how socially responsible a company is in my decision to purchase a product/service</td>
<td>2.5</td>
<td>2.4</td>
<td>2.7</td>
</tr>
<tr>
<td>I need more information on the CSR activities companies are involved in if it is to make a difference in my buying decisions</td>
<td>3.2</td>
<td>3.2</td>
<td>3.3</td>
</tr>
<tr>
<td>So long as the price is right, it does not matter whether the company is ethical or not</td>
<td>2.0</td>
<td>1.9</td>
<td>2.2</td>
</tr>
</tbody>
</table>
From the above findings, it is evident that majority of respondents would go out of their way, as well as pay more for products from a responsible company. A good number seemed to strongly disagree that if the price was right a company needed not be ethical. This was an indication that consumers across the board still expected companies to behave ethically whether or not their products were cheap. Another indication from the findings is that for the CSR activities to have more impact, companies need to communicate more about their CSR activities to their target customers, as majority said that they needed more information.

The focus group discussion gave further insights. Respondents were probed on whether they would seek products mainly because the producers were socially responsible. Respondents revealed that they would go for products of responsible companies only if there was more information, or if certain conditions were met. One respondent said:

“How would I know which one has the best practice and which one [does not]; where do I get all that information [about a company’s social responsibility record]?”

The conditions that were to be met included:

If not more costly”

“If it has been given much publicity”

“If it meets the need”

“Not if it is inconveniencing”

An additional insight from the discussion was that product alternatives in the market were too limited for consumers to base their purchase choices purely on responsible behavior of companies. In addition, consumers had too many competing priorities to base their purchase decisions merely on the ethical stance of companies. As long as companies meet the bare minimum of consumers’ needs, they (consumers) are content and are unlikely to go out of their way to seek those companies deemed responsible.

3.6 Attitudes toward Irresponsible Behavior by Companies and Subsequent Consumer Purchase Behavior

A significant number of respondents were aware of what constitutes irresponsible behavior by companies, with 63% citing irresponsible behavior as the pollution of the environment offering harmful products to the consumers. Figure 3 below shows the corporate activities respondents considered as irresponsible.
Respondents were also aware of the irresponsible companies in Kenya, and cited particular examples. They expressed disapproval of companies that had been reported in the media as having mistreated their employees and members of the communities around them. Specifically, racism and sexual harassment of women were cited as irresponsible behavior by respondents from C1 social class, especially those from Nakuru Town. These issues were prominent to this group since they had worked as casual workers in factories and farms, where such problems seem rampant in Kenya.

Figure 5: Activities Deemed as Irresponsible by Respondents

When asked if they had personally been affected by any form of irresponsibility by companies, 55% said they had, with majority (45%) indicating that they were affected by harmful products, and 31% by pollution of the environment around them.

3.7 Reactions toward Irresponsible Behavior

When respondents were asked what action they took following the irresponsible behavior they had experienced, majority of them (48%) said they did nothing, and only 19% had boycotted the products of the irresponsible company.

On probing in the focus group discussion why there was such an apparent passivity, respondents had various reactions. In general, three forms of reactions were identified: Indifference and Justification; Helplessness and Solution giving.
**Indifference and justification**

A number of respondents indicated that they had done nothing because they felt it would not make much of a difference:

“it wouldn’t make any difference.. if I just boycott alone and the rest of you are still buying..”

and you can’t be a hero and, you are not superman and save everybody, it is too overwhelming”

“the company is mistreating their workers and yet those who are outside they are receiving a good product”

“you know, everybody goes through hard times... I know what you have gone through, but still as far as am concerned to all extents and purposes this thing [product] still serves my needs”

“there is no way I can stop buying because of their irresponsibility. At least, I feel am doing something better [by getting involved in CSR activities] even if they are not”

Respondents in this category felt that they could not do much as individuals and hence their indifference. So long as the companies kept giving them products that met their needs or harm them directly, they were satisfied. They believed that they as individuals were ethical citizens and hence played their part.

**Helplessness:**

Respondents, especially those from the C1 social class, felt that they did not have much support in compelling ethical behavior from companies, neither did they know where to go in cases where they had been negatively affected. Some in fact expressed fear of reprisal should they take any actions against the corporate offenders. Some of their comments were:

“I would feel that if I did speak out I will be victimized because I feel that I don’t have support, I would probably just let it go”

“Am not covered by the law as well, so it will be a fight between me and the company and who will lose, definitely, myself, so I would rather keep quiet”

“I don’t have the authority or I don’t have the power to do anything about it”

“I don’t know what am supposed to do about it, I don’t know if writing an article would help or calling the cops on them would help, I cant do anything , I haven’t done anything, because I don’t know what I can do.... those guys are very powerful”
“I know am giving [the irresponsible companies] more power by buying from them, but I don’t have any other option”

These findings correspond with Salem et al’s (2007) assertion that in many developing counties, consumers are reluctant to complain to the concerned bodies, due to lack of awareness of their rights, or lack of awareness of these protection bodies.

Solution Givers:

These responses were mainly from the AB social class, specifically in the Nairobi area. They seemed more empowered and less afraid of taking action, and seemed to know what should be done should they encounter an irresponsible company:

“I would seek legal counsel privately, like I would consult, talk to a legal officer just to see what my stand is, protesting in public, maybe by way of media”

“The power should be given to the people through the government “

“The legal framework that should be set up, should particularly cater for that voiceless person who is also a buyer”

“They [the government] should come and tell us about our rights, what our rights are.. it is the responsibility of the government to educate the public”

”The only thing which maybe you can do is look for people maybe who agree with you and form a committee, a pressure group”

“Rather than stopping to use it [the product], because it will be extreme, and because there are benefits from their services, the easier and the more beneficial way to do is mobilize those of us who are frustrated and demand for a channel to put a complaint before the concerned authority so that something is done”

The findings above are characteristic of the crystallization stage of consumerism as posited by Kaynak (1985), and of Barksdale et al (1989). They argued that consumers living in countries in the infancy stage of consumerism are likely to be less satisfied with the status quo and instead favor government intervention on behalf of consumers.

There is an evident need for awareness to be created so that consumers are informed about of their rights and the avenues available to get redress.
3.8 Solving Society’s Problems

With regard to who should be responsible for solving society’s problems, majority (60%) of respondents pointed out that it should be government and society itself and only 30% mentioned that companies should be responsible for these problems. See Figure below:

Figure 6: Who Should be Responsible for Solving Society’s Problem

A significant number of respondents (67%) felt that each individual in the society needed to take responsibility for the problems around them. They however argued that this is not enough unless the government also intervenes to support the efforts of the individuals. This finding supports the articulation by Kaynak (1982), that consumerism in most LDCs is more a matter of government policy via legislation and efficient enforcement than a matter of engaged public support.

4. CONCLUSIONS AND RECOMMENDATIONS

4.0 Introduction

A discussion of the findings in relation to the research objectives is presented in this section. From the discussion, conclusions are drawn and recommendations made. The section also highlights the issues that were raised from the conference at which the paper was presented, and winds up with the research limitations faced in the course of the study.
4.1 Discussion of Research Findings in relation to the Research Objectives

4.1.1 To determine the awareness of Cause Related Marketing by consumers in Nairobi and Nakuru

Majority of respondents seemed aware about what CSR and CRM were all about. However, while they could identify companies which practice CSR, most could hardly recall specific causes supported by certain companies. They also seemed to have a favorable attitude towards the practice of CSR, as long as it was for a genuine cause.

4.1.2 To establish whether consumer behavior is affected by a company’s involvement in Cause Related Marketing and other CSR activities

CSR and CRM activities did not seem to heavily influence the purchase decision of customers. Instead quality and price of the product were the dominant factors that respondents indicated as the major influencers. Only 9% of the respondents said that CSR activities of a company influenced their purchase decisions. This therefore implies that although most consumers know about CSR and CRM activities, and commend companies that undertake CSR activities, their decision to purchase the company’s product(s) is influenced by other factors considered more important than a company’s ethical stance. In view of this finding, the objective of undertaking CSR by companies cannot be tied to influencing purchase decisions since most consumers tend to choose products based mainly on the price and quality factors.

4.1.3 To determine if there is a difference in behavior in terms of gender, age and income

From the study findings, there was no significant difference in behavior of the consumers based on the demographic factors of age, income or gender. This seems to imply that the views held by the respondents with regard to CSR and purchase behavior would perhaps influenced by other factors like culture, despite the differences in age group, gender and income levels.

4.2 Conclusion

Based on our findings, we can conclude that consumers in Kenya are aware of what constitutes responsible or irresponsible behavior. They also consider themselves ethical citizens and do in fact participate in CSR activities conducted by companies. Marketers therefore need to
identify the causes that are important to their target markets and use this as a segmentation method to attract those consumers. Cause Related Marketing gives them an opportunity to do this.

Consumers seem very passive in using their consumption choices to compel the irresponsible companies to behave responsibly, or reward the responsible ones. This is because they generally feel that their consumption behavior would not have any impact. In addition, they have very limited choices in the market, and do not base their decisions purely on the responsible stance of companies. As long as the consumer does not demand for his rights with regard to product quality, environmental preservation and general concern for the society, then companies will not deem it important enough to pursue unless there are effective institutional mechanisms to support them to do so. This calls for governments to empower consumers and obligate responsible corporate behavior through effective institutional mechanisms.

In addition, local companies do not come as top of mind in consumers’ minds, and are not visible in carrying any activities that are deemed responsible, or in providing quality products and services. Despite their limited resources, small local organizations need to find innovative ways to remain top of mind in the consumers’ minds, and to improve the perception of the quality of their products/services.

4.3 Recommendations

Considering that the most pertinent issues arising from this research had to do with consumer protection, our recommendations will dwell mainly on consumer protection. Discussions with the relevant stakeholders dealing with consumer protection issued revealed that the issue of consumer protection is a complex one, requiring careful negotiations and partnerships with the relevant parties, and one that requires working more towards policy formulation rather than direct confrontation of corporate offenders. Through the various discussions we have held with the stakeholders, we have also realized that for effective consumer protection to work, the approach that is effective in Kenya is in the combination of forces and partnerships with the relevant stakeholders. No one stakeholder can do much on their own. A lot of government support is also crucial.

Below are our recommendations, which we also have been sharing with some of the relevant stakeholders:
4.3.1 Consumer Rights Bill

Consumers have various rights including The Right to Safety; Right to Information; The Right to Choice; The Right to be Heard, The Right to Redress, and The Right to Consumer Education. These rights are embodied in a bill passed by parliament. Having this bill passed as law is the first step to towards consumer protection in Kenya.

In Kenya, consumer protection laws exist, though at various levels, for instance, those dealing with quality of foods and beverages, weights and measures among others. However, these laws are fragmented and not coordinated. There is therefore need to organize these pieces of legislation under one law for better enforcement.

An attempt was made in late 2007 to introduce the Consumer Protection bill in Parliament. However Parliament was dissolved before it was discussed and any pending bills were therefore suspended till the convening of the next Parliament in 2008. The Consumer Protection Committee tasked with drafting this bill, met again in early 2008 and it was decided that the bill be reviewed to include all stakeholders concerns, before its re-introduction in Parliament. Several meetings have been held with key stakeholders including representatives from government, consumer protection bodies, industry, academics and researchers such as ourselves (the researchers). The researchers had an opportunity to share some of the research findings with the Member of Parliament spearheading the consumer rights bill and gave suggestions on the key areas that consumers needed protection in.

Considering that the researchers have been incorporated into the Consumer Protection Committee, we expect to continually participate in the formulation of the bill till its presentation in parliament.

Impact of the Consumer Protection Bill on Key Stakeholders

**Impact on consumer**

From the research findings, it was evident that consumer needed protection from low quality products and services, deceptive advertising and labeling, environmental degradation and the need for consumer education. All these issues have been addressed in the draft bill. In addition once this bill is passed into law, a Consumer Protection Authority will be formed to act a custodian for consumers’ rights and will also be the umbrella body for all consumer protection organizations. This will enable consumers’ grievances to be adequately addressed, their rights and warranties will be upheld and protected from inaccurate or misleading
estimates, protection from deceptive representation by businesses, punish unscrupulous businesses while protecting the honest and genuine ones.

It is expected that new legislation may come along with additional costs for businesses, which tend to be passed on to consumers in form of higher prices. Although consumers have shown that they value quality products, as revealed from our research findings, in which case they would accommodate justified price increases, the proposed bill has provisions for unreasonable price hikes. This will reign in businesses that are notorious for unnecessary increasing their prices.

Impact on corporate organizations

The general attitude by the corporate organizations is that the Consumer Protection Bill will make business more expensive and that government will control prices of goods and services. However, after extensive deliberations with key stakeholders, the current version of the bill has incorporated these concerns and carries clauses that protect honest suppliers/businesses from such unwarranted controls.

This therefore means that, businesses that meet the minimum requirements or standards set for products or service quality are not expected to incur any extra costs through the passing of this bill since they are already ‘doing things right’. However, those businesses which have persistently flouted the minimum set standards by producing poor quality goods and services, will inevitably bear the impact of the new legislation, hence raising their prices will be unjustified.

Since the bill advocates for responding to customers’ needs, Consumer Protection Bodies may take up the chance to market it to corporate organizations with the message that it is another way of embracing the marketing philosophy to gain competitive advantage. The marketing philosophy holds that for a business to succeed, it must understand and meet the needs of its customers better than the competitor. In firms where more than only lip service is paid to the marketing concept, support of the consumer protection bill should not cause too many problems. Such firms could act as pace-setters by publicly declaring their support of the bill, since they are already practicing what is being advocated for in the bill.

Similar to the systems of quality certification (e.g. ISO 9000), a certification system could be set up by the consumer authority to enable firms to show the extent of their compliance with the protection bill standards. Such firms could use this aspect of certification in their
promotional messages to show how responsive they are to consumer needs. In Kenya, a lot of companies with the ISO certification include this fact in their promotions.

✔ Impact on government
As much as the introduction of new legislation by governments may lead to additional costs to enforce the law, for this particular bill we believe that there is political goodwill with regard to the need to protect consumers from unfair business practices. This is due to the experiences of the post-election violence where many companies unjustifiably increased their prices, prompting members of Parliament to question the extent of consumer protection in the country. Parliamentarians have indicated that they will support the bill when it is next tabled in Parliament, demonstrating that it has significant priority in the national agenda.

4.3.2 Consumer Protection Bodies
There exist a number of consumer protection bodies in Kenya. However, their impact is not felt in the marketplace, especially by the ‘common man’. The more active bodies are Consumer Information Network (CIN), The Kenya Association of Residents Association (KARA), and The Kenya Bureau of Standards (KEBS), a government agency entrusted with the mandate of ensuring consumers get quality products and services.
CIN is a member of the International Consumer Organization (ICO), an international consumer protection umbrella body. This gives them an opportunity to discuss consumer issues at a global level. CIN also works with KEBS and sits in a number of technical committees of KEBS which discuss consumer protection issues.

Despite these efforts, consumers seem unaware of CIN’s existence and impact in the marketplace. Interviews held with the CIN CEO revealed that they faced various challenges, among which included constrained funding which has limited the activities they could be involved in, and opposition from corporate bodies. In addition, the fact that they are not established by an act of parliament has limited their ability to sufficiently confront irresponsible corporate organizations.

The model that has worked for CIN in their consumer protection efforts is where they sit in relevant committees and advice on policy, rather than visible activism.

KARA, on the other hand, though not a member of the International Consumer Organization, has been more successful than CIN in their consumer protection activities. They are currently spearheading the Consumer Protection Bill, and have been able to bring together the relevant stakeholders to deliberate on the bill. Part of the reason for this success has been
their ability to raise funds through corporate organizations, who subscribe to the organization as members. KARA has managed to sell the idea to corporate organizations that by their subscription, their interests too would be represented, and that by working with other stakeholders, part of their social responsibility objectives would be met. This has greatly reduced the opposition KARA would face from corporate organizations, but has also hindered KARA from being registered as a member of ICO.

The CEO of KARA also revealed that the membership to their consumer body is through consumer associations, on individual basis and corporates. He however highlighted that they found it more effective to represent consumer associations rather than individual consumers, because individual consumers tend to have very diverse needs which become more difficult to represent. It is also harder to get consistent subscription from individuals.

Challenges faced by KARA mainly involved the lack of government support in consumer protection. KARA too is not established under an act of parliament and has limited mandate in consumer protection.

It is clear that the model that seems to work for consumer protection bodies in their efforts to protect consumers is one that encompasses all relevant stakeholders. We therefore recommend that, for consumer protection bodies to have any sustainable impact, they need to involve all stakeholders in the supply chain, including manufacturers of goods and services, retailers, consumer associations and consumers themselves. Each of the stakeholders should be held accountable for any of their irresponsible activities. This may require that all consumer protection bodies work with and under an umbrella body formed under an Act, like the consumer authority, which would be established once the consumer protection bill is passed. Very little can be achieved in the Kenyan environment until the protection bill is passed, so efforts to get the bill passed are recommended.

In Kenya, majority of individuals belong to various cooperative movements and revolving circles, and these cooperatives usually purchase goods and services on behalf of their members. As a starting point, such movements should be invited to subscribe to consumer protection bodies, whereby the ‘consumers’ who are members of the cooperatives would consequently get representation by the consumer bodies.

4.3.3 Education of Consumers

Consumers in Africa suffer from a cumulative effect of lack of education, lack of opportunities to acquire consumer skills, lack of information about products and their
potential hazards and lack of availability of alternative choices. As a result, African consumers are not in a position to competently evaluate marketing offers made by any company.

✓ Role of Consumer Authority

The channeling of consumer complaints is presently being handled by officers from the ministry of trade and the Kenya Bureau of Standards. However, consumers seem unaware of these avenues.

The draft consumer protection bill proposes for the establishment of a consumer protection authority, which would be allocated funding from the government to cater for consumer education on a national scale. The consumer authority will have officers charged with the responsibility of ensuring that consumer education campaigns are held frequently countrywide. We the researchers also recommended to the consumer bill committee that consumer desks need to be established at the consumer authority offices, once it is established, to collect and deal with consumer complaints countrywide. This recommendation was accepted and included in the draft bill.

✓ Campaign Activities

CIN has been involved to a small extent in holding consumer open days. KEBS on the other hand has also been conducting some consumer education campaigns. Their efforts are however limited since as government policy, they have been allocated a budget which they are not supposed to exceed. Their consumer education efforts have therefore not to have yielded much in terms of awareness creation.

We (the researchers) intend to partner with these organizations to complement their efforts by bringing on board our marketing expertise. This will involve working with the existing consumer protection bodies and KEBS, and also with the consumer authority once it is established, to conduct a series of consumer education campaigns using a variety of activities. This will include holding TV and Radio talk shows, publicity road shows, sensitization seminars for consumer representatives and business community. We have discussed this with the afore-mentioned consumer bodies and government agencies, who have asked us to come up with a proposal on how to go about this. We have also approached our employer the University, who has accepted to support the initiative. Companies that are already responsible towards consumers could use this opportunity to demonstrate their level of customer orientation.
It is expected that such campaigns would inform the ordinary consumer how to evaluate products/services on offer, and where to channel his/her complaints in the event of encountering a non-conforming product/service. In addition, we would conduct a survey to evaluate whether these campaigns had the expected impacts.

✔ Funding of Campaigns
We also intend to write a funding proposal to corporate bodies as well as donors like ICBE, to request them to fund the initiative, to enable us to give the campaign more publicity. These funds would also cover the campaign evaluation surveys.

4.3.4 Reaching the Business Community
Discussions with Managers from companies that are known to be the top contributors into social issues revealed that decisions on where to contribute and how much are mainly guided by the company’s strategic direction, and not much by the immediate community needs. The companies also revealed that they already had a percentage of their profits set aside for philanthropic activities. The managers were open to hearing any research findings that would help them understand social issues better.

As a way of sharing our findings with the business community, we intend to write a article on the Business Daily that is sponsored by the Strathmore Business School. We have already discussed this with the Business School Director, and will embark on it as such a time when the Business Daily is covering issues on social responsibility. We hope that highlighting the plight of social issues will encourage businesses to reconsider certain policies they have and contribute more towards the relevant social issues.

Our discussions with government officials from the Ministry of Trade also revealed that CSR is not regulated in Kenya. However, the Kenya Bureau of Standards (KEBS) is presently working on standards, and companies will be encouraged to apply them into their policies, albeit voluntarily. The regulation of CSR has been met with stiff resistance in the past, and hence KEBS intends to introduce the standards voluntarily and eventually work towards enforcing them over time. We have already had a discussion with the Standards Officer of KEBS, who has incorporated us into the committee working on the CSR standards so that we can contribute through our research.
4.3.5 Alignment of Government Welfare Policies and Corporate Social Investments

Managers of the companies we spoke to revealed that they have in the past faced challenges in trying to work directly with government ministries due to the bureaucracy in government, hindering much progress. However, in the recent years, companies have used the CDF committees set up in every province in the country as a way of devolving funds from central government to smaller units. The CDF committees are usually set up by the relevant Member of Parliament, and include not only government officials but also locals in that area. Companies have found it useful to work with committees to get more progress. We the researchers support this approach, as it ensures that community needs are aligned with government policies as well as corporate investments.

4.4 Insights from Conferences

Quality – Participant at the Conference held in Dar es Salam 2007 suggested that there was need to define the concept of ‘quality’ from the point of view of the customer. They recommended that further study needed to be carried out to establish exactly who determines quality (marketers through their false ads?) as they felt consumers were sometimes not in a position to determine what quality really is. We agree with this suggestion and have included the aspect of quality as a research gap, with the hope of investigating it further in a future research.

Corporate Responsibility versus Corporate Citizenship – Participants also highlighted the fact that focus needs to shift from corporate responsibility to corporate citizenship. This, they felt, would take care of small organizations which do not have the necessary funds to engage in CSR activities.

There has been a lot of debate with regard to corporate citizenship. Its usage has inconsistent, as has been suggested, not at all clear, with various scholars defining it in various ways. Carroll (1991) for example identifies CC as a discretionary activity beyond that which is expected of business, a choice to “put something back” into the community, as imposed by stakeholders.

Others use CC with the idea that corporations are “legal entities with rights and duties, in effect, ‘citizens’ of states within they operate” (Marsden, 2000: 11; see also Seitz, 2002).
The definitions above, in our opinion, showcase corporate citizenship in a very limiting way. The second definition for instance would take the debate of consumer protection away as corporates would also expect to be protected by the bill, considering they too would be viewed as ‘citizens’. This was evident in one of the consumer protection bill debates, with corporates arguing that they too needed defending.

We would prefer to look at corporate citizenship the same way as Matten and Crane (2004), who argue that corporate citizenship describes the role of the corporation in administering citizenship rights for individuals. Such a definition reframes CC away from the notion that the corporation is a citizen in itself (as individuals are), and towards the acknowledgement that the corporation administers certain aspects of citizenship for those individuals.

4.5 Research Limitations

Social Desirability Bias - occurs when some respondents provide socially desirable responses in order to appear ethical. This is despite the fact that every attempt was made in the design of the questionnaire to prevent against this influence. The likelihood of such a possibility has been expressed by other researchers in business and marketing ethics (See Al-Khatib et al., 1997).

Time Factor Versus Researchers’ Workload – Given the comprehensiveness of the research project, the researchers faced challenges coping with the workload at the university. They however attempted to overcome this by putting in a lot more hours than usual, sometimes working through Sundays and into late hours.

Dollar Fluctuations – this affected the amount of money available for use. Considering that the budget was made at the time when the shilling was weaker (exchanging at Ksh.68), then strengthening to exchange at Ksh.63 meant some differences had to be absorbed through savings where possible.

4.6 Research Gaps

The findings did not show any significant differences between respondents in terms of demographic characteristics of respondents. This could be attributed to the fact that ethical decisions are influenced more by cultural differences than by demographic differences. There is therefore need to conduct a similar research in a separate cultural setting since Kenyans generally seem to share similar cultural views.
Further research needs to also be conducted to establish exactly who determines quality for consumers, and what really constitutes quality from the consumers’ point of view.

We also believe that research needs to be carried out once the Consumer Protection Bill is passed, to determine the impact of the bill on consumers, the government as well as the corporate organizations.
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