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Exploring the effect of environmental practices of corporate social responsibility on consumer brand preference in Kenya

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Abstract

The purpose of this study was to establish the effect of environmental practices of corporate social responsibility on consumer brand preference for mobile phone services. Data was collected using a structured questionnaire and analyzed using both descriptive and inferential statistics. The study was conducted in Tharaka Nithi County, Kenya and established that environmental practices of corporate social responsibility had a statistically significant positive effect on consumer brand preference. The study unveiled that consumers are aware of environmental conservation measures, provision of waste disposal bins, tree planting and waste minimization. This has an effect on their perceptions, attitudes and ultimately their brand choices. This indicates the need for undertaking environmental practices of corporate social responsibility because they have a positive impact on consumer brand preference.

Keywords: Corporate social responsibility; Environmental practices; Consumer brand preference; Mobile phone services

1. Introduction

The decision by organizations to undertake environmental practices of corporate social responsibility will depend on whether their objective is to gain competitive advantage or create sustainability in a business (Porter, 2011). The effectiveness of environmental practices of corporate social responsibility in enhancing consumer brand preference is an important aspect that needs to be studied Wu, Chen and Chen (2022). Environmental practices of Corporate social responsibility have become increasingly important to consumers, who are often interested in knowing that the companies they purchase from are socially responsible and contributing positively to society. Environmental practices are one aspect of CSR that can have a significant impact on consumer brand preference. The Kenyan mobile phone industry has been characterized by the dominance of one player from 2011 to 2023 (Ongek & Onjoro, 2020; Muturi, 2014; Krell, Giroux, Guido, Hannah, Lopus, Caylor & Evans, 2021). The lower consumer brand preference for other companies operating in similar competitive conditions has not been explained. Considering the above discourse, mechanisms and the extent to which environmental practices of corporate social responsibility may lead to superior consumer brand preference in a highly competitive environment has not been explained in the context of mobile phone companies in Kenya. In addition, previous studies show various shortcomings which rendered them inadequate in establishing the relationship between environmental practices of corporate social responsibility and consumer brand preference for mobile phone services. Studies by Zhang and Wang (2022) and Chepkwony and Maende (2022) established that while customers perceive environmental practices of corporate social responsibility to be important, they attach more importance to quality, price and brand popularity than environmental CSR. The findings further indicated contradicting conclusions as to whether environmental practices of corporate social responsibility have any bearing on consumer brand preferences. Related studies by Hanson, Jiang, Ye and Murthy (2019) and Mwangi (2021)

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found a direct relationship between environmental practices of corporate social responsibility and brand preference. These studies' findings further indicate that environmental practices of corporate social responsibility have an overall positive effect on consumer perceptions. The findings of the studies above are in agreement with a study conducted by Mahmood and Bashir (2020) on the impact of environmental practices of corporate social responsibility on consumer loyalty which found that there is a significant positive effect of environmental practices on consumer brand preference. Accordingly, Heesup and Wansoo (2019) argue that environmental practices of corporate social responsibility can, over time, minimize regulations imposed by the government, satisfy the needs of several customers, boost the economy in emerging regions, and expand the quantity and calibre of their clientele. Majority of the above studies were conducted outside Kenya under different social economic and regulatory conditions and are therefore locational variants. It is also important to note that of all the studies above, none were conducted in the mobile phone service industry. Unlike previous studies, this study works to bridge the identified gaps through the utilization of descriptive and inferential statistics. It also undertakes linear regression and correlation analysis of the data that was collected. The study considered the relationship between the environmental practices of corporate social responsibility and consumer brand preference. In a nutshell, this study addressed the following research question; what is the relationship between environmental practices of corporate social responsibility and consumer brand preference for mobile phone services in Kenya?

2. Literature Review

The Current studies on environmental practices of corporate social responsibility done by Wu, Chen and Chen (2022), Heesup and Wansoo (2019) and Mahmood and Bashir (2020) lay a lot of emphasis on the need for firms to use environmental practices of corporate social responsibility to enhance their consumer brand preference. They suggest that such practices help in maximizing sales and consumer brand preference. In particular, Mahmood and Bashir (2020) posit that proactive engagement in environmental practices of CSR makes firms more competitive in the international markets as they help companies to successfully deal with multiple stakeholder demands. This will in turn create customer loyalty and ultimately brand preference. Heesup and Wansoo (2019) are emphatic that many firms use environmental practices of corporate social responsibility as a strategy for product promotion which in turn leads to enhanced consumer brand preference. The phrase "strategic environmental practices of corporate social responsibility", was coined by Porter (2011) to refer to the strategy of linking environmental practices of corporate social responsibility to consumer brand preference. On the contrary, some researchers and scholars view environmental practices of corporate social responsibility to be competing with other resource requirements of the organization and should not be an agenda driven by organizations whose main aim is to make profits (Friedman, 1970). This contradicts findings by Hanson, Jiang, Ye and Murthy (2019) which show a positive and significant contribution of environmental practices of corporate social responsibility to business value creation. Zhang and Wang (2022) as well as Chepkwony and Maende (2022) are critical of the view of investing heavily in environmental practices of corporate social responsibility does not have a positive effect on consumer perceptions and overall consumer brand preference. They argue that environmental practices of corporate social responsibility are a major cost center and customer interpretation of environmental practices of corporate social responsibility is mixed. The force behind environmental practices of corporate social responsibility has been explained differently by various researchers and scholars. For instance, Hanson, Jiang, Ye and Murthy (2019), noted that firms use environmental practices of corporate social responsibility as a strategy to retain valuable employees, as a cost management initiative and to build strong brands (through public relations) while providing the organization with an avenue for tax incentives. Mwangi (2021) view environmental practices as one CSR of activity that can help businesses succeed while tackling societal issues. In the long run, it is a sustainable win-win proposition for both business and society.

In their studies, Hanson, Jiang, Ye and Murthy (2019) and Mahmood and Bashir (2020) established that environmental practices of corporate social responsibility had a significant contribution to improving the customers' brand preference. They concluded that environmental practices such as environmental conservation measures, provision of waste disposal bins, tree planting and waste minimization affect consumer brand preference. Wu, Chen and Chen (2022) are of similar thought that organizations that commit their resources to ethical practices of corporate social responsibility develop customer loyalty and also attract new customers. This in turn translates to a favorable consumer brand preference. Based on the a fore -discussed views, this study proposed the following hypothesis:

- H1: Environmental practices of CSR have significant and positive effects on consumer brand preferences for mobile phone services

3. Material and methods

To explore the relationship between environmental practices of corporate social responsibility and consumer brand preference for mobile phone services, the current study adopted the descriptive cross-sectional survey design. The adopted design helped in exploring and describing the *relationships* among the key study variables (Kothari, 2019). The population of this study consisted of 2811 secondary school teachers in Tharaka Nithi County who are subscribers to either of the five mobile phone companies in Kenya (C.A.K, 2021). A stratified random sampling technique was adopted to ensure that respondents from the four sub-counties namely, Meru South, Maara, Thraka North and Tharaka South were fairly represented. In each stratum, a systematic random sampling technique was used for a more reliable and detailed representation of the population (Kothari, 2019). The sample size was determined using Israel's formula. The formula as adopted by Nkari (2016) was applied and resulted in a sample size of 350 respondents. Data was collected using a structured questionnaire. The questionnaires were personally administered to the respondents. To ensure that the respondents were fully engaged and motivated to give the required information, explanations were given to the respondents on issues that needed clarification (Fowler, 2009). The questions used for this study were modified and validated to suit the study objectives. The study variables were operationalized and measured using a five-point Likert-type scale. Data were analyzed using descriptive statistics (frequencies, percentages, mean and standard deviation) as well as inferential statistics (regression analysis and correlation analyses). One of the analytical models adopted for this study was the Simple linear regression model. The aim was to establish the cumulative effect of four (4) different Environmental practices on consumer brand preference. Hence summated scale was used. The relationship between Environmental practices of corporate social responsibility and consumer brand preference was given by the following function:

$$Y = \alpha + \beta_i \text{ENP} + \epsilon$$

Where:

Y - Consumer Brand Preference

ENP – Environmental Practices of CSR

β_i – Regression Coefficients

ϵ = Error term

In measuring the amount of variation between the independent and dependent variables, the coefficient of determination (r^2) was used.

4. Findings and Analysis

Three hundred and fifty questionnaires were administered out of which 344 were filled making a total response rate of 98.28 per cent which was considered adequate. According to Creswell (2018), a return rate of 50% and above is acceptable. The response rate of 98.28 per cent compared favorably with a similar study conducted among mobile phone companies by Onyango (2019) which had a response rate of 90 per cent.

4.1. Reliability and validity

The study ensured the reliability of the research instrument by computing Cronbach's alpha coefficient regarding the study variables. The lowest level of reliability of the variables was found to have a Cronbach's alpha coefficient of 0.89. This coefficient was above the acceptable minimum value of 0.5 as informed by Cronbach (1951) and above 0.7 which is the recommended value as informed by Nunnally and Bernstein (1994). This makes the internal consistency measures used in this study to be adequate in measuring the relevant study variables. Validity was achieved by ensuring that the questionnaire used during data collection was created from strong and validated literature and that an expert panel was involved. This study also enhanced validity by piloting the questionnaire. It was also ensured that the instrument had accuracy in reflecting constructs stated in the theoretical domain and that it measured what it claimed to measure. This made it necessary to involve some experts in the study area and some respondents to strengthen the questionnaire by reflecting on its coverage of the theoretical domain (Saunders, Lewis & Thornhill, 2007).

4.2. Responses on the Relationship between Environmental Practices of Corporate Social Responsibility

Four items were used to measure companies' involvement in environmental practices. These are environmental conservation measures, provision of waste disposal bins, tree planting and waste minimization. Overall, environmental practices by mobile phone companies in Kenya include ecological practices that a firm adapts because its consumers, employees, shareholders and the community regard them as fair and just regardless of the fact that the company does

not have an obligation to do so. The choice Table 1 contains a summary of the relationship between environmental practices of CSR and consumer brand preference for mobile phone services.

Table 1 Environmental Factors Influencing Consumer Brand Preference for Mobile Phone Lines among Secondary School Teachers in Tharaka Nithi County

| | Respondents Perception | SD | D | N | A | SA | Total | Mean | St. Dev |
|---|---|-----------|----------|----------|----------|-----------|--------------|-------------|----------------|
| 1 | Environmental conservation activities influence my preference for its line. | 55 | 99 | 95 | 63 | 32 | 344 | 2.761 | 1.234 |
| 2 | Provision of waste disposal bins in towns influences my preference for its line. | 23 | 102 | 53 | 143 | 23 | 344 | 3.119 | 0.979 |
| 3 | Mass tree planting exercises influences my preference for its service line. | 0 | 124 | 70 | 94 | 56 | 344 | 3.238 | 0.879 |
| 4 | Minimization of waste and emission from operations influences my preference for its service line. | 0 | 65 | 39 | 92 | 148 | 344 | 3.938 | 0.970 |
| Mean Score on environmental activities of CSR and Consumer Brand Preference for Mobile Phone Services | | | | | | | | 3.264 | 1.0155 |

Source: Survey data (2022)

The summary of results in Table 1 presents an average mean score (mean score =3.264, S. D=1.0155) implying that all the environmental practices of corporate social responsibility contributed at an average level to consumer brand preference of mobile phone services. The environmental practice considered to make the greatest contribution was minimization of waste and emission from operations (M = 3.938; SD = 0.970), mass tree planting exercises (M = 3.238; SD = 0.879 ;) and provision of waste disposal bins in towns (M =3.119; SD = 0.979). The environmental practice reported to be of least importance was engagement in environmental conservation activities in the community (M = 2.761; SD =1.234). Thereafter, regression analysis to determine the relationship between participation in CSR environmental practices and consumer brand preference for mobile phone lines among secondary school teachers in Tharaka Nithi County was done. Based on the results of table 2, a simple regression equation can be used to estimate consumer brand preference as follows;

$$Y = 36.32 + 0.836ENP$$

Where:

Y - Consumer Brand Preference

ENP – Environmental Practices of CSR

Table 2 Hierarchical Regression Results for consumer brand preference against environmental practices of corporate social responsibility

| Users Data | Model | | |
|-------------------|-------------------------|----------|----------|
| | Beta^a | t | p |
| Predictors | | | |
| (Constant) | 36.323 | 17.885 | 0.000 |
| ENP | 0.836 | 12.247 | 0.000 |
| R Square | 0.305 | | |
| Δ R Square | 0.305 | | |
| P-Value ΔF | 0.000 | | |

Source: Survey data (2022); Dependent variable: consumer brand preference

The test of significance of environmental practices of corporate social responsibility at 5 percent significant level showed a p-value of 0.000 (p<0.05). Therefore, environmental practices of corporate social responsibility have

statistically significant effect on consumer brand preference. The alternative hypothesis that there is statistically significant relationship between environmental practices of corporate social responsibility and consumer brand preference for mobile phone services is therefore accepted.

5. Discussion

The study intended to test how environmental practices of corporate social responsibility can influence consumer brand preference for mobile phone services. To achieve this specific objective, it was hypothesized that, there is statistically significant relationship between environmental practices of corporate social responsibility and consumer brand preference for mobile phone services. The results show that there is a significant positive relationship between environmental practices of corporate social responsibility and consumer brand preference for mobile phone services among secondary school teachers in Tharaka Nithi County Kenya. Therefore, environmental practices of corporate social responsibility have a significant effect on consumer brand preference.

The results agree with Wu et al. (2022) who found out that the environmental CSR efforts of corporations have a significant relationship with consumer brand preference despite the fact that they operationalized brand preference in terms of brand reputation and profitability. The current study operationalized consumer brand preference in terms of consumer attitude and regularity of purchase.

On the contrary, a study done by Chepkwony & Maende (2022) on perception of environmental practices of corporate social responsibility in the Kenyan tea sector revealed that the consumers tended to disagree that they are aware of environmental promotions and that they did not recognize the meaning of environmental slogans and labels for their brand of preference. The findings also indicated that the correlation between environmental practices of corporate social responsibility and brand preference was weak. Studies by Mwangi (2020) also revealed that there is insignificant positive relationship between environmental practices of corporate social responsibility on consumer brand preference.

Heesup and Wansoo (2019) found out that customers are likely to support the companies through their positive behavior in environmental CSR, regardless of their motives behind CSR commitments. The study by Heesup and Wansoo (2019) was done in Italian retail stores while the current study was done in the Kenyan mobile phone service companies and found out that environmental CSR is a multidimensional formative construct that affects consumer brand preference both directly and indirectly.

Environmental CSR compels organizations to stick to the company's core mission and add value through positive, participatory behavior (Mahmood & Bashir, 2020). It is also observed that customers may reciprocate environmental CSR with trust, brand identification, brand image and loyalty (Heesup and Wansoo, 2019). Therefore, it can be argued that a mobile phone service provider who is engaged in environmental CSR activities achieves better consumer brand preference due to the improvement of customer loyalty.

Heesup and Wansoo (2019) established that corporations increasingly integrate environmental CSR programs into their business strategies in efforts to generate brand preference benefits. Mobile phone service providers in Kenya are involved in environmental CSR as they view issues affecting the society as part of the issues affecting them as a business. They believe an empowered society is good for business. Corporate brand image is the perception that consumers have of a company. There are many ways in which environmental CSR is used to build brand image. For example, it can take the form of town clean up events, environmental conservation measures, and activities geared towards a reduction on waste and emissions. There are a variety of reasons why a business would want to be involved in environmental CSR. These reasons are often influenced by the firm's products or services, the location of production facilities, the firm's size, the macro environment in which that firm operates and most importantly, the firm's leadership (Hanson, Jiang, Ye & Murthy, 2019).

Essentially, the main reason why firms may want to adopt environmental CSR is that it can be used as a strategic approach to enhance corporate image by addressing issues stemming from their existence, those which are of importance to stakeholders and the society (Mahmood & Bashir, 2020). This means that corporations can tailor their loyalty gaining programs in such a way that they can influence people's preferences for mobile phone service lines.

6. Conclusion

The results showed that secondary school teachers in Tharaka Nithi County consider environmental conservation measures, provision of waste disposal bins, tree planting and waste minimization as important factors influencing their mobile phone service brand preferences. This implies that if a mobile phone service provider improves its relationship with stakeholders through environmental conservation measures, provision of waste disposal bins, tree planting and waste minimization, it could expect a corresponding effect on brand preference with consumers. The findings of the analysis showed that there was strong relationship between environmental practices of corporate social responsibility and consumer brand preference for mobile phone lines.

6.1. Recommendation

There is a need for mobile phone service providers to improve their relationship with consumers through environmental practices. Mobile phone companies can tailor their loyalty gaining programs through environmental practices in such a way that it can influence consumer's preferences. The reason behind this recommendation is that it is a strategic move which positively influences consumer brand preference and loyalty. Mobile phone companies can tailor their loyalty-gaining programs in a way that can influence consumers' preferences. There should be well-planned programs by mobile phone service companies to strategically engage in environmental practices to advance their individual companies' consumer brand preferences.

6.1.1. Areas for Future Research

This study was confined to a single sector which is mobile phone services in Kenya. It is suggested that similar studies be conducted in different sectors of the economy. It is important to note that the impact of environmental practices on consumer brand preferences may vary depending on several factors, such as the type and scope of ethical practices, the target audience, the level of consumer involvement, and the overall marketing strategy of the mobile phone company. Therefore, future studies could also target other countries with various social economic conditions to identify contextual and regional differences in the relationship between environmental practices and consumer preferences. Lastly, since environmental practices are just one among various CSR activities, it could be of interest to future researchers to establish the effect of other CSR practices on consumer brand preference.

Compliance with ethical standards

Disclosure of conflict of interest

No conflict of interest to be disclosed.

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