



## **RECONSTRUCTING DIMENSIONALITY OF CUSTOMER CORPORATE SOCIAL RESPONSIBILITY AND CUSTOMER RESPONSE OUTCOMES BY HOTELS IN KENYA**

Thomas Kimeli Cheruiyot<sup>1</sup>, Loice C Maru<sup>1</sup> and Catherine M. Muganda<sup>2</sup>

<sup>1</sup> Moi University, Department of Marketing and Management Science, Kenya.

<sup>2</sup> Moi University, Department of Accounting & Finance, Kenya.

### **KEYWORDS**

Customer corporate social responsibility, customer response outcomes, classified hotels, Kenya tourist customers.

### **ABSTRACT**

Study explored customer social responsibility and response outcomes perceptions of tourists of twenty selected classified hotels in Kenya. Using systematic random sampling, a sample of 661 resident tourists was selected from a total of 5440. Principal Component Analysis was used for data reduction. Six dimensions of customer social responsibility were extracted designated as environmental CSR, Customer CSR attitude, Customer CSR Orientation, customer switching potential, value of CSR and price criteria. Similarly, five customer response outcomes were obtained designated as customer competitive potential, customer satisfaction, service quality potential, degree of marketability and substitutability. Significant differences on customer CSR and customer responses outcomes across education levels, customer loyalty, gender and age of the customers existed. Additionally, lack of significant differences in perceptions across customer's intent to stay, country of origin, income level, hotel and customer's length of stay was found. Customer's willingness to pay for CSR was neutral in regard to CSR perceptions.

## **1. INTRODUCTION**

Despite the beneficial effect of corporate social responsibility for companies such as increased profits, customer loyalty, trust, positive brand image among others being well documented in academic literature (Sen. *et al* 2006; Ferrell 2001; Rundle-Thiele 2008 and McDonald, 2008), review of literature on corporate social responsibility and its role in organization effectiveness indicate lack of convergence on the results of the outcome. Consequently, the efficacy of CSR programs on customer outcomes has been equivocal. For instance, Maignan *et al* (1999) identified a positive relationship between CSR and customer loyalty in a managerial survey. Others such as Berger & Kanetkar (1995) and Crayer & Ross (1997) established that customers are willing to support companies committed to CSR. However, Luo and Bhattacharya (2006) found CSR reduced customer satisfaction levels.

Studies on CSR and its related outcomes lack empirical convergence. For instance while it is evident that consumer preferences will increasingly favour products and services from socially responsible, transparent and trustworthy firms (Willmott, 2001 and Mitchell, 2001), other results have yielded quite opposite results. The lack of convergence tended to be due to measures and dimensions of CSR and organization effectiveness, the context of the study and method of analysis (Orlitzky *et al* 2003). Particularly, these mixed results are attributable in part to the fact that CSR has several dimensions whose impact varies across industries, stakeholder groups, and individuals within a stakeholder group (e.g., Berman *et al.* 1999; Hillman and Keim 2001; Sen and

Bhattacharya 2001). Accordingly, there is a need to conduct industry-specific studies and to distinguish between different dimensions of CSR as well as between different stakeholders (Godfrey and Hatch, 2007; and Raghuram *et al.* 2010).

In addition, extant studies on CSR have relatively ignored how customers respond to CSR efforts. CSR studies have increasingly focused on tangible products, while the service sector in general and the hotel sector in particular has remained relatively neglected. Whereas it is evident that CSR has large potential in enhancing the qualitative components of a product and service, this should be even instrumental in the hotel sector as it is largely dependent on image and reputation of its services.

Specific objectives of this study were to examine the dimensionality of customer corporate social responsibility, assess the dimensionality of customer response outcomes and also to evaluate the differences in perceptions of customer corporate social responsibility and customer related outcomes in sample classified hotels.

The organization of the study is as follows: the next section will review literature on concepts and dimensions of customer derived competitiveness and social responsibility, relationship between social responsibility and enterprises. Further sections covers methodology, results, conclusions and implications for further study is covered next.

## **2. CONCEPTS AND DIMENSIONS OF CUSTOMER CORPORATE SOCIAL RESPONSIBILITY AND CUSTOMER RESPONSE OUTCOMES**

Similar to CSR, competitiveness is a multi dimensional construct that is subject to varied and conflicting interpretations. The recent literature on the dimensions of competitiveness has focused on resource based view and innovation as sources of competitive advantage. Other scholars have viewed competitiveness as dynamic (Porter and Kramer, 2002). Competitiveness of service products is only recently being recognized as a perceptual measure of enterprise competitiveness. Competitiveness has been viewed independently of the customer's service perception in mainstream tourism literature. However it is recognized that competitiveness cannot practically exist without positive perceptions and attitudes from the tourist customers. Repeat purchases or recommendations to other people are most usually referred to as customer loyalty in the marketing literature (Yoon and Uysal, 2003). Degree of loyalty is one of the critical indicators used to measure the success of a marketing strategy (Flavian, Martinez, and Polo, 2001). Concept of loyalty has been viewed from both behavioral and attitudinal approaches (Yoon and Uysal, 2003). CSR has partly evolved in response to consumer demands and expectations. It is argued that enterprises are increasingly sensitive to these demands both to retain existing customers and to attract new customers (EU, 2002). Customers may have perhaps the most influential effect on competitiveness of firms. Recent studies suggest that firms can differentiate themselves from competitors using reputation of excelling in their social responsibilities (Hollender, 2004).

*H<sub>1</sub>: There are significant differences on customer corporate social responsibility and customer response outcomes across socio-demographics*

Firms focus their CSR activities on getting the appropriate reaction from customers. In the tourism sector, customer oriented CSR practices include providing quality products, ensuring diversity of products, serenity of the environment and environmental quality. In essence, this was expected to lead to: awareness, new markets, preferences, experiences seasonality, and length of stay, quality perception and place attachment. The benefits of a community socially responsible program in developing African countries have been found to be immense (Banerjee, 2005). These are

enhanced corporate reputation and image, improved relations to the community, increased employee morale and increased customer goodwill. Thus it is posited that:

*H<sub>2</sub>: Customer Response Outcomes are multidimensional constructs, factor analysis yields several components*

### **2.1. Dimensions of Corporate Social Responsibility**

True to its multidimensional and fuzzy character, several studies have defined and characterized CSR into various dimensions. Corporate social responsibility (CSR) refers to a firm's moral, ethical and social obligations beyond its own economic interests (Brown and Dacin 1997; McWilliams and Siegel 2001; Mohr, Webb, and Harris 2001). CSR has been characterized by Burge and Logsdon (1999) into five dimensions of CSR centrality, specificity, pro-activity, voluntarism and visibility. Further, Rahman (2011) definitions of CSR cover various dimensions including economic development, ethical practices, environmental protection, stakeholders' involvement, transparency, accountability, responsible behavior, moral obligation, corporate responsiveness and corporate social responsibility, human rights, law abidance, quality improvement and voluntariness. Similarly, the social responsibility of business encompasses the economic, legal, ethical, and discretionary/ philanthropic expectations that society has of organizations at a given point in time (Carroll, 1979).

Inoue & Lee (2010) examined effects of different dimensions of corporate social responsibility on corporate financial performance in tourism-related industries. Although stakeholder framework proposes the multidimensionality of corporate social responsibility (CSR) (Clarkson, 1995), previous research has yet to investigate the relationship between certain dimensions of CSR and corporate financial performance (CFP) in tourism. It disaggregated CSR into five dimensions based on corporate voluntary activities for five primary stakeholder issues: (1) employee relations, (2) product quality, (3) community relations, (4) environmental issues, and (5) diversity issues, and examined how each dimension would affect financial performance among firms within four tourism-related industries (airline, casino, hotel, and restaurant).

Traditionally, customers form value expectations and decide to purchase goods and services based more on their perceptions of products benefits, and less on the total costs incurred. Customer satisfaction indicates how well the product use experience compared to the buyers' value expectations (Cravens and Piercy, 2003). Hotel sector is an image driven industry, with the customer oriented CSR construct being measured using among others, quality product, product diversity of the product on offer, serenity and environmental quality.

It is thus posited that:

*H<sub>3</sub>: Customer corporate social responsibility is a multi dimensional construct, factor analysis yields several components*

### **2.2. Corporate Social Responsibility and Response Outcomes**

Empirical studies on the social issues in strategic management literature have dealt with the relationship between corporate social responsibility or its variants: corporate social responsiveness, corporate social performance, corporate citizenship, and corporate performance (Waddock & Graves, 1997; Griffin & Mahon, 1997; Russo & Fouts, 1997; Husted, 2001; Carroll, 1979, Wartick and Cochran, 1985). However, the results of these studies have been largely inconclusive and fragmented, sometimes indicating a direct relationship, an inverse relationship, and sometimes no relationship at all (Griffin and Mahon, 1997; Husted, 2001).

Furthermore, it has been found that empirical evidence on the effectiveness of strategic CSR as a good investment was equivocal. Several issues are not clear in as far as social responsibility and its effect on enterprise competitiveness is concerned, first, whether socially responsible corporations outperform or under perform other companies (McWilliams and Siegel, 2001 and Trevino and Nelson, 1999). Secondly, whether CSR precede or follow firm performance and thirdly, the moderating factors (contextual, internal, and external environment) of this relationship.

Other studies suggest a link between corporate social responsibility and performance of the corporation (Cochran and Wood, 1984; Griffin and Mahon, 1997; Preston and O'Bannon, 1997; Preston and Sapienza, 1990; Windsor and Preston, 1988 and Wood, 1991). Research suggests that firms experience benefits from improving their social and environmental performance. These benefits can result from competitive advantages that emanate from improved efficiency and performance and also from reputation and goodwill that result from positive perceptions of the corporation.

Though quantification of returns to social responsibility remains a challenge, research studies have found that short-term profits sometimes increase and at other times decrease when executives include social objectives. Some research shows that companies that practice social responsibility prosper in the long run, although these studies are neither conclusive nor exhaustive, nor do they clarify causality (*Business Ethics*, 2001).

General finding of Orlitzky *et al* (2003) seems to conclude that the strategically wise firms outperform their rivals by investing in CSR and creating above average returns. According to Little (2003) addressing corporate responsibility can help companies build market share, control risks, attract staff, stimulate innovation, gain access to cash, reduce costs and above all improve competitiveness, yet companies still fail to recognize the benefits. Similarly, corporate social responsibility may act as a product or service strategy designed to sustain competitive advantage (Banerjee, 2005).

### **3. RESEARCH METHODOLOGY**

Research Design - The study adopted an exploratory survey to elicit attitudes and perceptions of tourists customers on social responsibility and competitiveness issues. The design was best suited for describing population characteristics, knowledge, beliefs, attitudes, preferences and behaviors. Similar studies have successfully used survey design (for instance, Masau and Prideaux, 2003).

Study Context - The study area covered 200km of Kenyan Southern and Northern coastline including Mombasa, Malindi, Watamu and Kilifi towns. The choice of study area was based on the fact that the area is host to the majority of international and local tourists annually with the coastal beach claiming slightly over 50 percent of the total bed night occupancy and higher length of stay by tourists in the country (KBS 2006). Furthermore, the coastline has the largest concentration of hotel accommodation and other tourism facilities. The choice of the classified hotel enterprises was on the basis of the intensity of competition amongst the international hotel chains and the importance attached to corporate social responsibility by international tourists and other key stakeholders. Secondly, the service industry was considered an image driven sector. Finally, classified hotels are trend setters in the tourism industry in Kenya besides being the largest and finest in the service sector.

Target Population and sampling - The study population focused on tourists from classified hotels in the study area. Ideally, population could potentially include all tourists who patronize the classified hotels over the study period. However, the total tourist population of 5440 was obtained from records of occupancy rates and bed capacities of the sample hotels during the study period.

Using a multistage sampling initially twenty classified hotels were selected from a total of list 87 hotels (GoK, 2004). Proportionate sampling method was used to select actual sample sizes from the hotels and finally systematic random sampling was utilized to identify actual tourist respondent. A total of 661 tourist respondents were selected.

Data collection Instruments and Procedures - Structured questionnaires were used and administered using drop and pick method. All research assistants were required to show an introductory letter to all potential respondents when soliciting participation in the research. As indicated in the introductory letter, the right of anonymity and confidentiality was guaranteed. This included the assurance that the study was only for academic purposes and not for circulation to other parties. The tourists were interviewed only at their convenient time and place. Caution was particularly observed not to intrude into respondent's hotel rooms and private residence.

Data Analysis - Both descriptive and inferential statistics were used for data analysis. Prior to data analysis evaluation of normality and Outliers was performed using skewness and kurtosis. It was then followed by first examining the measurement properties of the scales such as the unidimensionality of items on their constructs by assessing reliability and validity measures. Descriptive statistics was performed on measurement scales and analysis of variance (ANOVA) was performed to test for significant differences across socio-demographics variables. Finally an exploratory factor analysis (EFA) was performed for dimensions extraction. Factor analysis was appropriate for correlation relationships that are exploratory in nature. Exploratory Factor analysis was used to extract the scales dimensionality and to elicit relevant items for each dimension and the number of factors determined using the eigen value greater than one rule or the scree plot (Kline, 1999). The study adopted the former criteria since it is automatically generated from the analysis and is not subjectively determined as is the case for scree plot. According to the criterion, a given factor must account for at least as much variance as can be accounted for by a single item or variable. The orthogonal rotation method, specifically varimax with Kaiser Normalization Method was used (Tabachnick and Fidell, 2007).

### **3.5. Reliability and Validity of Instruments**

As a prerequisite to further analysis, reliability and validity of used measurement scales were computed and reported. In order to retain the best items in a scale, the item with the lowest loading, reliability coefficient and/or item to total correlation was dropped. An iterative sequence of deleting items with low loadings and re-computing alphas and item to total correlations was done. Composite reliability refers to a measure of the internal consistency of indicators to the construct, depicting the degree to which they indicate the corresponding latent construct. An acceptable threshold for composite reliability is  $\geq 0.70$ . If the composite reliability is  $\geq 0.70$ , the indicators of the latent construct are deemed reliable and measure the same construct. As a complementary measure of the composite reliability, the variance extracted was computed to reflect the overall amount of variance in the indicators accounted for by the corresponding latent construct. A commonly used acceptable cutoff point is 0.50. If the variance extracted values were high, the indicators were truly representative of the latent construct.

Cronbach's coefficient alpha ( $\alpha$ ) was used to evaluate internal consistency of data scores. This is a statistic that measures internal consistency reliability, the degree to which responses are consistent across the items within a single measure. If internal consistency reliability is low, the content of items may be so heterogeneous that the total score is not the best possible unit of analysis for the measure (Kline, 2005). Although there is no absolute standard on how high coefficients should be, some proposed guidelines on score reliability are offered by Kline (2005). Accordingly, general

reliability coefficients around 0.90, may be considered excellent, values around 0.80 as very good and values of around 0.70 as adequate.

The reliability of five items measuring environmental corporate social responsibility (CSR) was evaluated using Cronbach Alpha ( $\alpha$ ) Coefficient. Initial reliability test showed that one item was inconsistent. The item was accordingly dropped from further analysis. When the item was deleted, the reliability increased to Alpha ( $\alpha$ ) = .748.

Regarding reliability of customer social responsibility, five items on customer social responsibility were subjected to reliability analysis. Due to some internal inconsistency, two items were omitted from the scale. The decision was based on initial low reliability and item to total statistics. To improve scale reliability three items were subsequently retained. Grand mean=3.504 standard deviation=2.1165 and  $\alpha$  =0.704.

On reliability of customer CSR orientation, Initial ten items considered for measurement of customer CSR orientation were subjected to reliability test. The test was found to be below the threshold of  $\alpha$ =0.70 considered necessary for internal consistency. Three items were systematically removed from the scale due to low item to total correlation. Accordingly, five items were retained, together the items had a relatively high reliability of  $\alpha$ =0.727. The retained items had a grand mean of 3.448. As for the reliability of preference/expectations/diversity, similarly, in order to retain the best items in a scale, the item with the lowest loading, reliability coefficient and/or item to total correlation was dropped. An iterative sequence of deleting items with low loadings and re-computing alphas and item to total correlations was done.

Reliability for preference, expectations and product diversity increased to  $\alpha$ =.703 when one item was deleted. This left a total of 5 items in the scale. Behavioral intentions scale was also evaluated for reliability and was found with alpha ( $\alpha$ )=0.393. This was omitted from further consideration. Perceived service quality which had six initial items retained three items, accordingly increasing reliability to alpha ( $\alpha$ ) =0.672. Further, the dropped items were used to measure irresponsible CSR attributes and six items were retained from a total of 13 items, the alpha was raised to ( $\alpha$ ) =0.696. The main logic for this was that most of the dropped items were inclined to poor CSR practices.

For validity of data, content, construct, convergent and concurrent related validity were evaluated. This concerns whether the test items are representative of the domain they are supposed to measure. For this purpose expert opinion was the basis for establishing whether item content was representative of the concept under study. Concurrent validity is used when scores on the predictor and criterion are collected at the same time (Kline, 2005 and Godard, Ehlinger and Grenier, 2001).

Convergent validity was assessed from the measurement model by determining whether each indicators estimated pattern coefficient (Factor loadings) on its posited underlying construct factor is significant (greater than twice its standard error). Pattern coefficients are generally interpreted as regression coefficients that may be in un-standardized or standardized form.

#### **4. RESULTS AND DISCUSSIONS**

Sample Characteristics of Tourist Respondents - On the gender of customer respondents, the proportion of female respondents was found to be 294 (44.48%) which is slightly less than the male respondents at 352(53.52%).

On the level of income, those earning below 1000 Euros (equivalent to Ksh.100,000), were 14.9% (94), (1000-2000) were 36% (227), 2001-5000 were 33.5% (211) and those earning more than 5000, were 15.6%(98). On education level, majority of the respondents were degree holders

comprising 50.9%(332), followed by diploma level;22.9%(149), postgraduate 9.4%(61)vocational 6.4%(42), high school 4.9%(32), certificate 4.4%(29) and primary 1.1%(7). This shows that tourist customers were relatively highly educated. While the average length of stay was 13.42 days (SD=27.44), the mean age of customer respondents were found to be 35.8 years (SD=10.13).

#### **4.1. Perceived Customer Corporate Social Responsibility and Customer Response Outcomes Across Socio-Demographics**

One way ANOVA was performed across ten tourist customer's socio demographics. The socio demographics were country of origin, gender, age, education level, income, intent to stay (loyalty), willingness to pay for CSR, number of prior visits by tourist, planned length of stay and hotel enterprise.

The proposition was that there were no significant differences across socio demographics. Results showed that across different *education levels* most variables were not significant, indicating that we reject the null hypothesis and accept the fact that there were significant differences across education levels. Therefore relative heterogeneity exists in perceptions across education levels. Only two dimensions were significant across education levels. These were customer CSR orientation and price criteria. There was therefore homogeneity of perceptions in regard to corporate social responsibility and price criteria across socio-demographics. Level of education was important determinant of perceptual differences in CSR and customer response outcomes.

Further, performing one-way ANOVA across *age of the tourist customer*, few customer CSR and customer response outcomes were significant. These were customer CSR attitude, customer CSR orientation and customer satisfaction. This means that the null is accepted, that there were no significant differences across socio-demographics. The rest of the variables showed relative homogeneity across tourist age. These showed that age only partially confounds certain customer CSR and customer response outcomes. Heterogeneity of perceptions is shown across socio-demographics.

ANOVA across *gender* showed that the perceptual differences were not significant at 5% except for two variables. These were: customer satisfaction and substitutability which were significant at 5% level. Most of the customer CSR and customer response outcomes were not significant. This implies that there were significant differences in perceptions across gender, with it playing a role in differences in perceptions on CSR and its response outcomes.

One way ANOVA across tourist *income levels* were performed. Three variables showed highly significant results across income categories. Perceptual differences were significant at 0.1% in respect to customer CSR orientation, switching potential and value of CSR. Two variables were significant at 1% level. These are environmental CSR and customer satisfaction. Three variables showed perceptual differences at 5% significance level. These are; customer CSR attitude, service quality and marketability. Finally, three variables showed no significant results at 5% level. These were price criteria, competitive potential and substitutability (see table 1). Majorly we accepted the null that there were no significant differences across income levels. This factor therefore has little effect on perceptions of customers. The exceptions however include price criteria, competitive potential and substitutability.

It was also found that across *intent to stay categories*, all the customer CSR dimensions were significant at 1% level. This means we accept that there were no significant differences across the variables. This implied that the customer orientation and customer response outcomes do not significantly differ across intent to stay. Only substitutability and service quality variables showed significant differences across intent to stay categories.

Willingness to pay for corporate social responsibility was one of the important categories across which significant differences were investigated across various dimensions. Customer CSR dimensions were all significant at 1% level. These were environmental CSR, customer CSR attitude, customer CSR orientation, switching potential and value of CSR. Others that were significant: price criteria, competitive potential at 1%, while service quality was significant at 5% significance level. This implies that for most variables there was no significant differences across willingness to pay customers, except for marketability and customer satisfaction. We asserted that there was relative homogeneity in perceptions in respect to willingness to pay.

Across *number of times a customer* is visiting (loyalty), the customer perceptions and attitudes showed that four variables were not significant at 5% level. Implying that there was significant differences across customer loyalty on environmental CSR, customer CSR orientation, competitive potential and marketability. Similarly, seven variables were significant. Meaning there was no significant differences across customer loyalty on customer CSR attitude, value of CSR, price criteria, substitutability. Three variables were significant at 1% level. These were switching potential, customer satisfaction and service quality.

*Country of origin* of the tourists showed a mixture of significant results. The country of origin has no significant differences in eight variables. These were environmental CSR, service quality, customer CSR attitude (significant at 1% level). Others were switching potential, value of CSR, customer satisfaction, marketability and substitutability (significant at 5%). Three variables showed relative heterogeneity across country categories. These were customer CSR orientation, price criteria and competitive potential. The three were all not significant at 5% level.

In contrast on the perceptual differences across *hotel enterprises*, all were significant at 0.1% level. This indicates relative homogeneity across hotel enterprises on customer CSR and customer response outcomes. One way ANOVA *across days of stay* were performed. Five variables showed significant differences at 0.1% level, across the various domains. These were customer CSR attitude, customer CSR orientation, value of CSR, price criteria and customer satisfaction. Two variables were significant differences at 1% level. These were environmental CSR and service quality. Finally two variables showed significant differences across age; these were marketability and competitive potential. Two variables were depicted no significant differences across; these were substitutability and switching potential.

#### **4.2. Exploratory Factor Analysis (EFA) of Customer CSR and Customer Response Outcomes**

Most of the constructs in the research model have not been firmly established in the literature. Accordingly, exploratory factor analysis was conducted as a step in the confirmation of the research constructs. The sample size was deemed adequate, since factor analysis was a large sample technique. As a general rule of thumb, it is comfortable to have at least 300 cases for factor analysis. Comrey and Lee (1992) provide as a guide sample sizes of 500 as very good and 1000 as excellent.

Before exploratory factor analysis was conducted three measures were applied when assessing factorability of the matrix. First measure was the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy. It is a ratio of the sum of squared correlations to the sum of squared correlations plus sum of squared partial correlation. This value varies between 0 and 1. The value approaches 1 if partial correlations are small. Values of .6 and above are required for good factor analysis (Hair, *et al.*, 2006). The second measure was the Bartlett's test of Sphericity which is a sensitive test of the hypothesis that the correlations in a correlation matrix are zero. Accordingly, the determinant of the matrix of the sums of products and cross products was converted to a chi



square statistic and tested for significance. Significant results at 0.05 level suggest sufficient correlation exists among variables. The third measure was done on preliminary results of exploratory factor analysis through inspection of factor loadings. The acceptable factor loading is normally  $\geq 0.32$ . Ideally, absolute values less than 0.32 were suppressed. For the purpose of this study a more stringent criteria was applied to suppress any factor loading of  $\leq 0.5$ . This was to facilitate a more robust analysis and interpretability.

**Table 1: Customer Corporate Social Responsibility and Customer Response Outcomes Across Socio-Demographics**

	Ed. Lev N= df=6	Plan stay N= df=1	WTP For CSR N= df=1	Times N= df=13	Country N= df=45	Gender N= df=1	Hotel N= df=19	Age N= df=51	Days N= df=35	Income N= df=3
Environmental CSR	1.73 (.11)	13.26 (.00***)	9.06 (.00**)	.95 (.51)	2.02 (00***)	1.40 .237	4.31 .00***	1.02 .44	1.87 .00**	4.16 .00**
Customer CSR attitude	.86 (.53)	19.48 (.00***)	57.64 (.00***)	2.02 (.02*)	1.79 (.00**)	.03 .869	29.45 .00***	2.27 .00***	2.94 .00***	3.46 .02*
Customer CSR orientation	8.42 (.00***)	26.41 (.00***)	29.68 (.00***)	1.28 (.22)	.55 .99	2.45 .118	8.62 .00***	1.60 .01**	2.25 .00***	9.53 .00***
Switching potential	1.49 (.18)	21.37 (.00***)	8.86 (.00**)	6.73 (.00***)	1.52 .02*	2.37 .124	11.09 .00***	1.36 .06	.75 .86	7.02 .00***
Value of CSR	1.18 (.32)	12.10 (.00***)	32.31 .00***	1.98 (.02*)	1.55 .01*	.27 .601	6.57 .00***	1.30 .09	3.23 .00***	9.43 .00***
Price criteria	2.56 (.02*)	12.67 (.00***)	9.48 (.00)	1.85 (.03)	1.07 .35	.41 .520	5.44 .00***	.99 .49	2.36 .00***	1.83 .14
Competitive potential	1.22 .30	23.79 (.00***)	9.52 (.00)	1.68 (.06)	.83 .77	1.57 .211	4.63 .00***	1.17 .20	1.55 .02*	2.08 .10
Customer satisfaction	1.90 (.08)	45.99 (.00***)	3.58 (.06)	16.76 (.00)	1.52 .02*	6.30 .012	9.74 .00***	1.61 .01**	2.27 .00***	5.57 .00**
Service quality	.64 (.70)	1.50 (.22)	4.58 (.03)	2.22 (.01)	2.06 .00***	.94 .332	11.79 .00***	.96 .55	1.71 .00**	3.38 .02*
Marketability	1.56 (.16)	30.77 (.00***)	1.29 (.26)	1.35 (.18)	1.53 .02*	.04 .850	7.74 .00***	1.24 .13	1.50 .03*	3.51 .02*
Substitutability	.57 (.75)	1.29 (.26)	4.29 (.04)	1.97 (.02)	1.52 .02*	4.49 .035	8.17 .00***	.92 .64	1.18 .22	1.63 .18

Prior to exploratory factor analysis the items representing the above constructs were analyzed for factorability. This was using KMO and Bartlett's test of sampling adequacy. It was found that the items were factorable as demonstrated in subsequent sections below. The high value of KMO and a significant level of Bartlett's test of sphericity meant that factor analysis could be done. The 22 items measuring *customer CSR* was analyzed for factorability using Kaiser-Meyer-Olkin measure of sampling adequacy (KMO=.847) and Bartlett's test of Sphericity ( $\chi^2 = 8788.9$ ,  $df=595$  and  $p=0.000$ ) showed sampling adequacy and significance amenable to factorability. As for *customer*

response outcomes, an analysis of Kaiser-Meyer-Olkin Measure of sampling adequacy (KMO =0.778) and Bartlett's test of Sphericity ( $\chi^2=2274$ , df=91 and p=0.000) showing sampling adequacy and significance amenable to factorability.

### 4.3. Factor Analysis on Customer CSR

Six components were extracted after 8 iterations. The components that were extracted were having Eigen values  $\geq 1.0$ . This represented at least 61% of the total variance. The factor components and their loadings are shown in Table 2.

*Dimensions of Perceived Customer CSR.* Six components extracted measuring perceived customer oriented CSR were labeled as follows: The first dimension labeled "Environmental CSR" was extracted representing 27.06% of variance. The items were concerned with customer's feelings about the local environment, the importance of the environmental conservation to them, the perceived cleanliness of the hotel's environment and the peacefulness of the hotel's surrounding. Others were fulfillment of its end of the bargain by hotel, support for local community's programs if well organized by the hotel, the range of choices regarding the hotel's offers/products and concern for the environment. One item had a negative but significant loading on the environmental CSR. This was concern for the environmental considered rather poor.

Second dimension labeled "Customer CSR Attitude" was extracted representing 11.31% of the variance. This component was associated with lack of consideration for social responsibility as a priority in tourist travel choices, the basis for future revisit on social responsibility of the hotel and the likelihood of stay at a more socially responsible hotel.

Similarly, dimension labeled "Customer CSR Orientation" was extracted representing 7.83% of variance. The component was associated with awareness of the hotels responsibility to their customers, consideration of social responsibility as important for their travel/leisure activities, the importance of the treatment of employees as criteria for choice of hotel, the importance of Community support by hotel as a criteria in hotel choice and tourist commitment to use only socially responsible hotels. Furthermore, a dimension labeled "Customer Switching Potential" was extracted representing 5.38 % of variance. The component was associated with likelihood to switch to a more socially responsible hotel and frequency of stay in different hotels on visiting had significant loadings to the component.

A dimension labeled "value of CSR" was extracted representing 4.89% of variance. This was consideration of a socially responsible hotel as being too expensive. Finally, dimension labeled "Price Criteria" was extracted representing 4.72% of variance. The component was associated with comparative cost consideration in customer's decision to stay at a hotel and poor concern for the environment by the hotel.

**Table 2: Customer's CSR Rotated Component Matrix**

Customer Oriented CSR Indicators	Component					
	1	2	3	4	5	6
The Quality of service in the hotel is good	.76	.22			.11	.11
The hotels local environment is uplifting to my feelings	.70		.13		.35	-.17
The hotels environment is quite clean	.69					
The hotels surrounding is very peaceful	.69				-.10	
The hotel's environmental conservation is important to me	.66	.12	.20			
I like the range of choices regarding the hotel's offers/products	.61		.21	-.11	.17	.38
The hotel has fulfilled its end of the bargain	.55	.29	.16	-.15	.21	.43
I would like to support local community's programs if well organized by the hotel	.54	.13	.28	.14	-.35	-.18
I belief hotels that are socially responsible have higher quality service	.49	.45			.13	-.20
My future return will not be based on social responsibility of the hotel	-.18	-.84				
I do not consider social responsibility as a priority in my travel choices		-.74	-.23		-.19	.17
I would likely switch to a more socially responsible hotel	.12	.56	.43	.26	-.20	
I'm aware of the hotels responsibility to their customers	.28		.66			-.20
Community support by hotels is an important criteria in my choosing the hotel		.44	.66		.12	
The treatment of its employees is an important criteria in my choice of hotel		.14	.64		.26	.16
I have taken personal responsibility to use only socially responsible hotels		.36	.59	-.23		-.34
I consider social responsibility as important for my travel/leisure activities	.26	.43	.54	-.12	.13	.19
I often switch from one hotel to another				.86	.11	
I have always stayed in different hotels whenever I visit				.83		.12
Hotel cost compared to other hotels influenced my decision to use the hotel		.21	.32	.13	.61	
I find the hotel's concern for the environmental rather poor	-.49				-.56	.15
A socially responsible hotel is too expensive	-.17	-.21	-.14	.19	-.19	.72

#### **4.4. Factor Analysis for Customer Response Outcomes**

Further, exploratory factor analysis was performed on 14 items indicative of response outcomes. Five components were extracted after 8 iterations. The components that were extracted had eigenvalues  $\geq 1.0$ . This represented at least 60% of the total variance.

Dimensions of Customer Response Outcomes - As indicated in the preceding section, five components were extracted from a total of fourteen items used to measure perceived customer response outcomes. The components and factor loadings are provided in table 3. The dimensions were renamed as follows: The First dimension labeled "Customer competitive potential" was extracted representing 27.80% of variance. A total of seven items had significant loading of  $\geq .5$  on this component. Two items had negative but significant loadings on the component. These were perceived lack of willingness by employees to help customers and unwillingness to recommend the hotel to anybody. In addition, five items had significant positive loadings on the component. These were related to service quality, willingness to recommend to friends/relatives, trust and confidence on the employees of the hotel, the perceived quality of service in the hotel and meeting customer expectations. The two items with negative loadings had the highest absolute significant values. The negative loadings were attributed to the nature of the respective statements. Perceived Competitiveness was therefore attributed to high score on the positive statements. "Customer satisfaction" was extracted representing 12.44% of the variance. The component captured two key issues; customer preference to stay in the hotel on visiting and place attachment. The two had issues had positive loadings on the component and represent underlying customer satisfaction.

Similarly, a dimension labeled "service quality potential" was extracted representing 9.12% of variance. The component was reflective of empathy and tangibility of the service quality in the hotel as perceived by the customer. Specifically, statements like "I receive caring, individualized service from employees in this hotel" and "The physical facilities in the hotel were excellent" both had positive significant loading on service quality potential.

Furthermore, the "degree of Market-Ability" was also extracted representing 7.99% of the variance. One item had positive significant loading on this component. This was related to recommending behavior, specifically the statement "I was informed about how good this hotel is by a friend/relative/other" was elicited from the customer respondent.

Finally, a fifth dimension labeled "Substitutability" was associated with service switching potential of the customer. This component was extracted representing 7.15% of the variance. Two items had relatively high loadings on the component relating to frequency of switching and perceived lack of differentiated service. Specifically statements such as "I often switch from one hotel to another" and "Quality of service is similar to those of other hotels of same type" were elicited from the respondents. This indicated that the potential to switch was associated with the quality of service and lack of service differentiation. It could also indicate lack of customer loyalty. It has extended implication to customer derived competitiveness of the enterprise.

**Table 3: Customer Response Outcomes**

Customer Competitiveness Items	Component				
	1	2	3	4	5
I will not recommend this hotel to anybody	<b>-.76</b>		.25		.19
The employees lack the willingness to help customers	<b>-.71</b>			.23	
Quality of service is good	<b>.68</b>		.15	.18	
The hotel has met my expectations	<b>.68</b>		.28	.22	
I trust and have confidence in the employees of this hotel	<b>.67</b>	.13	.25		.21
I recommend this hotel to my friends/relatives	<b>.63</b>	.13		.44	-.16
The service I have received is more than what was asked for	<b>.62</b>		.16		.25
I feel this hotel is like my second home		<b>.87</b>	.13		
I prefer staying in this hotel whenever I'm visiting	.13	<b>.87</b>		.11	
The physical facilities in the hotel is excellent			<b>.81</b>	.16	-.20
I receive caring, individualized service from employees in this hotel	.42	.24	<b>.58</b>	-.21	.20
I was informed about how good this hotel is by a friend/relative/other				<b>.80</b>	
I am much more likely to stay at a more socially responsible hotel			-.19		<b>.84</b>
Quality of service is similar to those of other hotels of same type		-.14	.25	.49	<b>.52</b>

## 5. CONCLUSIONS AND IMPLICATIONS OF THE STUDY

It has been clearly established that customer CSR and customer response outcomes are multi-dimensional and multifaceted constructs. Customer CSR was characterized by environmental social responsibility, customer attitude and orientation related dimension representing key dimensions. Others are perceived value of CSR and price criteria representing fringe dimensions. Customer response outcomes were delineated as customer competitive potential, customer satisfaction, service quality potential, degree of marketability and substitutability.

It could be concluded whilst most issues had relative heterogeneity across education categories only social responsibility criteria was the exception. This indicated that education moderated the perceptions in regard to social responsibility. This is not true for the country of origin and hotel subtypes that customers resided.

It could be concluded that personal profile and some demographic factors influence the perceptions of the tourist in regard to corporate social responsibility and related competitiveness outcomes.

In conclusion while significant differences on customer CSR and customer responses outcomes across education levels, customer loyalty, gender and age of the customers existed, lack of significant differences in perceptions across customer's intent to stay, country of origin, income level, hotel and customer's length of stay was found. Customer's willingness to pay for CSR was neutral in regard to CSR perceptions.

Due to its dimensionality and customer differences on wide range of CSR practices and outcomes marketing strategy calls upon managers to focus efforts on custom CSR practices in their businesses. Corporate leaders should attempt to embed multiple forms of value across their company's CSR portfolio and even within CSR activities themselves. Managers should ensure consistent, long-term commitment to each CSR activity. Since different corporate activities have different impacts on the customer's perception of the overall firm's effort and long-term commitment to CSR. CSR activities are instrumental in customers' decisions to support the firm, with higher levels of perceived effort and long-term commitment leading to more positive customer responses.

This study focused on customer as homogenous individuals. However future research should focus on customer sub-types as it relates perceived effect of CSR. For instance, literature distinguishes two customer types: the self-oriented (self-enhancement) customer and the other-oriented (self-transcendent) customer.

Future research should also categorize various forms of CSR practices as it relates customer outcomes. For example product-related CSR activities versus philanthropic CSR could influence customer outcomes differently.

Finally, it could be useful to examine CSR and customer outcomes in different contexts. This will provide a deeper understanding of the role of CSR in different contexts

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