

Influence of Organizational Demographics on the Relationship between Green Marketing Practices and Customer Satisfaction in the Soft Drink Industry in Nairobi Kenya

M/s Rachael Wairimu Macharia¹, Prof Francis N. Kibera², Prof. J. N. Munyoki³

Dr. Mary .W. Kinoti⁴

1. Scholar, School of Business, University of Nairobi

2. Professor, School of Business, University of Nairobi

3. Professor, School of Business, University of Nairobi

4. Doctor, School of Business, University of Nairobi

Abstract

The objective of this study was to establish the influence of organizational demographics and Customer perception on the relationship between green marketing practices and Customer Satisfaction in the soft drink industry in Kenya. The specific objective was to establish the relationship between green marketing practices and Customer satisfaction in the Soft Drink industry in Nairobi Kenya. This study was anchored on consumer behavior theory and was guided by positivistic philosophy. The study adopted a descriptive cross-sectional research design to establish the influence of organizational demographics and customer perception on the relationship between green marketing practices and customer Satisfaction in the soft drink industry in Kenya. The study targeted a sample of 180 trade customers and 162 soft drink firms but, the researcher managed to successfully collect data from 130 of the trade customers and 102 soft drink firms. Since Cronbach's Alpha is the most commonly used measure of co-efficient of internal consistency, the study adopted the same. Descriptive statistics (mean scores and measures of dispersion) and inferential statistics (correlation, analysis of variance and regression analysis) was conducted to determine the expected relationships between green marketing practices and customer satisfaction. The change in R^2 due to the interaction term was 0.014 (0.396 - 0.382) and the interaction term was statistically significant ($p < 0.05$) and therefore the study accept hypothesis H_2 that organizational demographics had a statistically significant moderating effect on the relationship between green marketing practices and customer satisfaction. Based on the overall study results obtained from the tests of the study hypotheses, it is concluded that organizational demographics had a statistically significant moderating effect on the relationship between green marketing practices and customer satisfaction.

Acknowledgment

I am greatly humbled by all the knowledge that I have acquired through others by the help of God. I sincerely appreciate the logistical support provided by the Kenya Bureau of standards officials, all my respondents, research assistants and data analysts without whom this research work would not have been a reality. Thank you so much for all the necessary information accorded to me by all of you. I would like to acknowledge the power of the almighty God for his sufficient grace, strength and courage to soldier on throughout the process of doing this thesis. Finally special thanks and appreciation go to my larger family and friends for their love, encouragement and moral support.

Keywords: *Organizational Demographics, Green Marketing Practices, Customer Satisfaction, Soft Drink Industry, Nairobi Kenya*

1.1 Background of the study

Zou and Stan (1998) describe firm's demographics and managerial variables as organization characteristics which in turn comprise part of the organization's internal environment. In a firm specific framework or situation, a firm's capabilities and constraints greatly influence the choice of marketing strategy and ability to implement a chosen strategy. Organizational demographics such as the age of the firm, measured by the number of years the firm has been in operation, the size of the firm measured by the numbers of employees and the firms' ownership

structure can influence the firm operations (O'Sullivan, et al., 2009). Organizational culture has been described as the set of shared assumptions and beliefs about an organization and its function in the marketplace or the ways of thinking, behaving, and believing that members of a social unit have in common. As such, culture has been commonly treated by organizational researchers as a set of cognitions shared by members of a social unit (Barney, 1986).

These demographics can influence the management decisions and the marketing practices adopted by a particular firm. In this study, the organizational demographics consist of the soft drink firms' demographics which are assumed to influence employees' performance and in turn influence customer satisfaction. Menon and Menon (1997) highlighted the influence of firms' characteristics and resources on the resulting level corporate environmentalism. Adoption of an innovation within an organization might be positively related to the firm size (Min & Galle, 2001). This implies that the larger the firm the greater the capability to implementation of an innovation due to the increased chance that the innovation investment will give positive returns. In distinction small firms perceive an environmental program as a heavy burden and not an aggressive marketing strategy. According to Klein et al, (1995) an organization's culture is said to play a key role in strategy formulation, firm performance, and competitive advantage. Culture may also have indirect effects on performance in benefiting other aspects of an organization. Klein et al, (1995) found that organizational culture is linked to service quality and employee performance, both of which have been identified as fundamental links to subsequent consumer satisfaction and financial success indicators.

Literature has provided evidence on how geographic, demographic, psychographic and behavioural variables have been used to target consumer markets. Several authors have studied variables that explain the characteristics of adopter categories, especially the characteristics of early adopters. Studies focusing on innovations and demographic variables are of interest for employees' satisfaction reasons, although their explanatory effect on adoption is generally found to be low (Cottrell, 2003; Midgley, 1987; Rogers, 2003). It has been shown that early adopters in general are large and old firms than later adopters, especially in the high involvement product category such as consumer durables (Gatignon & Robertson, 1985; Martinez et al., 1998). Contrary research has also found that early adopters are younger firms in general than later adopters due to competition along conventional strategies (Kinnear, 1981). Corporate Social Responsibility (CSR) and marketing ethics frameworks strongly support manager's commitment to environmental issues. Therefore, social responsibility in marketing provides a marketing framework under which green marketing is established (Weiner & Doescher, 1991). According to the shareholder approach (ownership) the responsibility of business is to increase its profits (Friedman, 1962) hence a big role of ownership in green marketing practices adoptability.

Several studies have associated green marketing practices to firm performance in terms of increased sales, competitive advantage, market share, profitability and attract environmentally conscious consumers (Chen, 2010). However, organizational characteristics particularly age, size and ownership structure have been reported to moderate the relationship between green marketing and performance (Kinoti, 2012; Song-Turner, 2011). There are minimal empirical findings on moderating effect of organizational characteristics on the relationship between green marketing practices and customer satisfaction. Hence, the effect of age, size, ownership and culture on the relationship between customer satisfaction and green practices was tested in this study.

1.1.1 Customer Satisfaction

Swenson and Wells (1997) view customer satisfaction as either an outcome or a process. An outcome as satisfying the end state resulting from the consumption experience and a process as the perceptual evaluative and psychological process that contributes to satisfaction. The explanation is varied with regards to its level of simplicity which includes product satisfaction, satisfaction with the purchase decision experience, satisfaction with the performance attributes, satisfaction with the outlet or institution and satisfaction with pre-purchase experience (Wagner, 2003).

According to Oliver (1997) satisfaction refers to a consumer's judgment that a product or service feature, or the product or service itself, was providing a pleasurable level of consumption-related fulfillment, including levels of under or over-fulfillment. Customer satisfaction can be seen as a fulfillment of consumer's consumption goals as experienced and described by consumers (Oliver, 2006). Therefore, customer satisfaction is important for companies and other organizations in their efforts to improve product and service offerings and maintain customer loyalty in the face of growing intensity of green competition. Satisfaction also refers to a customer's overall evaluation of how pleasurable their interaction with an organization is including the buying and use experience, relative to his or her expectations. It reflects a person's comparative judgment resulting from a

product's perceived performance in relation to his or her expectations. It is an overall customer attitude or an emotional reaction to the difference between what customers anticipate and what they receive, regarding the fulfillment of some need, goal or desire (Ronald, 2010).

For call centers, support, and service desks, first call resolution is the honored grail. Service reflects on employee attitude and has been found to be a major determinant of Customer defections (Adams, 2006). Employee satisfaction, in turn results primarily from high quality support services and policies that enable employees to deliver results to customers (Capek, 2007; Heskett et al, 2008). For a company operation, product delivery and project implementation, on-time performance is the measuring stick. In a high transaction business, the first interaction with a customer will be a key determinant of whether the customer will return. Customer complaints can act as an indicator that the level of customer satisfaction is falling (Nigel, 2000). It is very advisable not to rely solely on complaints for this purpose since research has consistently demonstrated that much customer satisfaction is never reported back to the suppliers, although it is usually voiced to colleagues, family and friends. Not all dissatisfied consumers complain, it is likely that many times complaints come in from consumers who are satisfied. It is evident that companies receive complaints from a small fraction of their total number of consumers (Oliver, 2006).

Complaints are generally seen as being expressions from consumers about dissatisfactory experiences. Viewed in this manner, complaints may be very useful for the firm in the discovering and eliminating product and marketing problems. A problem unrecognized is a problem unsolved. Complaints help firms recognize problems in the marketplace. As such, complaints are very useful indicators of market performance (Oliver 1996). As far as customer satisfaction measurement is concerned it is useful to maximize customer communications as they provide valuable pointers to topics which should be covered in the customer survey and should certainly be incorporated into exploratory research (Crawford, 2007). The real reason of consumer complaints can stay hidden and complaints can stem also from unreasonable expectations, from the inability to understand if a problem really exists and from the incapability to use properly a product or a service. Even when a problem subsists, the consumer can be responsible of it or the cause can be a factor beyond both the consumer's and the manufacturer's control (Oliver 1987).

The relevant marketing literature suggests that there is a relationship between customer satisfaction and loyalty. Satisfaction leads to attitudinal loyalty. It could be seen as the intention to purchase (Menon, 1999). Satisfaction is an outcome that occurs without comparing expectations and could also be an evaluative response to perceived outcome of a particular consumption experience. It is an overall judgment on satisfaction based on the assumption that satisfaction is the outcome of service quality. Therefore, green satisfaction (GS) is defined in this study as a pleasurable level of consumption-related fulfillment in order to satisfy specific green needs and environmental responsibilities (Chen, 2009). Customer satisfaction is closely linked to future purchase behaviour and willingness to recommend and is a strong predictor of loyalty and customer retention (Kabare, 2013). A satisfied customer will not complain but refer others to their service providers. This is determined by customer satisfaction assessment that is used to develop a strong value proposition, one that is persuasive, distinctive, measurable, defensible and sustainable (Krivobokova, 2009).

1.2 Statement of the problem

There is linkage in literature on the concepts of green marketing practices and customer satisfaction and a linkage in organizational demographics and customer satisfaction (Sihem & Mohamed, 2013; Chang & Fong, 2010; Klein et al, 1995). Green marketing practices have an influence on customer satisfaction (Sivesan & Umanakenan, 2013). Organizational demographics can influence the relationship between green marketing practices and customer satisfaction.

Several studies have associated green marketing practices to firm performance in terms of increased sales, competitive advantage, market share, profitability and attract environmentally conscious consumers (Chen, 2010). However, organizational characteristics particularly age, size and ownership structure have been reported to moderate the relationship between green marketing and performance (Kinoti, 2012; Song-Turner, 2011). There are minimal empirical findings on moderating effect of organizational characteristics on the relationship between green marketing practices and customer satisfaction. Hence, the effect of age, size, ownership and culture on the relationship between customer satisfaction and green practices was tested in this study. It is against this background that this study filled the knowledge gap on the relationship between green marketing practices and customer satisfaction and how it is moderated by organizational demographics.

1.3 Objective of the study

To establish the influence of organizational demographics on the relationship between green marketing practices and customer satisfaction in the soft drink industry in Nairobi Kenya

1.4 Hypothesis

H₁: Organizational demographics have a statistically significant moderating effect on the relationship between green marketing practices and customer satisfaction.

2.1 Theoretical Review

2.1.1 The theory of corporate environmentalism.

Corporate environmentalism, refer to environmentally beneficial actions undertaken by corporations that go beyond what is required by law. Corporate environmentalism theory explains the emergence of green marketing concept, the analysis of how marketing activities impact on the environment and how the environmental variable can be incorporated into the various decisions of corporate marketing (Menon & Menon, 1999). The question of whether corporate environmentalism is profitable arises naturally from the ongoing debate over CSR that was started by Milton Friedman's famous article on the social responsibility of business. The proponents of this theory have generally accepted that corporations can undertake socially responsible actions that raise profits and the three main drivers of corporate environmentalism are market forces, government regulation and civil regulation (Friedman, 1970).

For decades marketing theory ignored the influence of the biophysical environment on marketing. However, with the increase in environmental legislation, environmental awareness has increased among corporate organizations compelling them to integrate environmental issues in their strategic planning process. Theoretical attempt to incorporate the biophysical into business operations has resulted in this new paradigm of sustainable development (Kinoti, 2012). The theory of corporate environmentalism identifies external forces (legislation and public concerns) and internal forces (top management commitment) as key drivers of corporate environmentalism. This theory further argues that consequences of corporate environmentalism could include but not be limited to customer satisfaction, positive corporate image, green product launches, research and development and enhanced competitive advantage (Peattie, 1995). Therefore this theory connects the two main study variables namely green marketing practices and customer satisfaction.

2.2 Literature on Green Marketing Practices, Demographics and Customer Satisfaction

Literature has provided evidence on how geographic, demographic, psychographic and behavioural variables have been used to target consumer markets. Several authors have studied variables that explain the characteristics of adopter categories, especially the characteristics of early adopters. Studies focusing on innovations and demographic variables are of interest for employees' satisfaction reasons, although their explanatory effect on adoption is generally found to be low (Cottrell, 2003; Midgley, 1987; Rogers, 2003). It has been shown that early adopters in general are large and old firms than later adopters, especially in the high involvement product category such as consumer durables (Gatignon & Robertson, 1985; Martinez et al., 1998). Contrary research has also found that early adopters are younger firms in general than later adopters due to competition along conventional strategies (Kinneer, 1981). Corporate Social Responsibility (CSR) and marketing ethics frameworks strongly support manager's commitment to environmental issues. Therefore, social responsibility in marketing provides a marketing framework under which green marketing is established (Weiner & Doescher, 1991). According to the shareholder approach (ownership) the responsibility of business is to increase its profits (Friedman, 1962) hence a big role of ownership in green marketing practices adoptability.

Several studies have associated green marketing practices to firm performance in terms of increased sales, competitive advantage, market share, profitability and attract environmentally conscious consumers (Chen, 2010). However, organizational characteristics particularly age, size and ownership structure have been reported to moderate the relationship between green marketing and performance (Kinoti, 2012; Song-Turner, 2011). There are minimal empirical findings on moderating effect of organizational characteristics on the relationship between green marketing practices and customer satisfaction. Hence, the effect of age, size, ownership and culture on the relationship between customer satisfaction and green practices was tested in this study.

2.3 Conceptual framework

The model is represented in terms of the relationship between green marketing practices and customer satisfaction. Green marketing practices element is treated as the independent variable and Customer satisfaction

as the dependent variable. The green marketing practices relationship with customer satisfaction construct was hypothesized as influenced by organizational demographics as moderating variable as shown in figure 2.1

Independent variable

Dependent variable

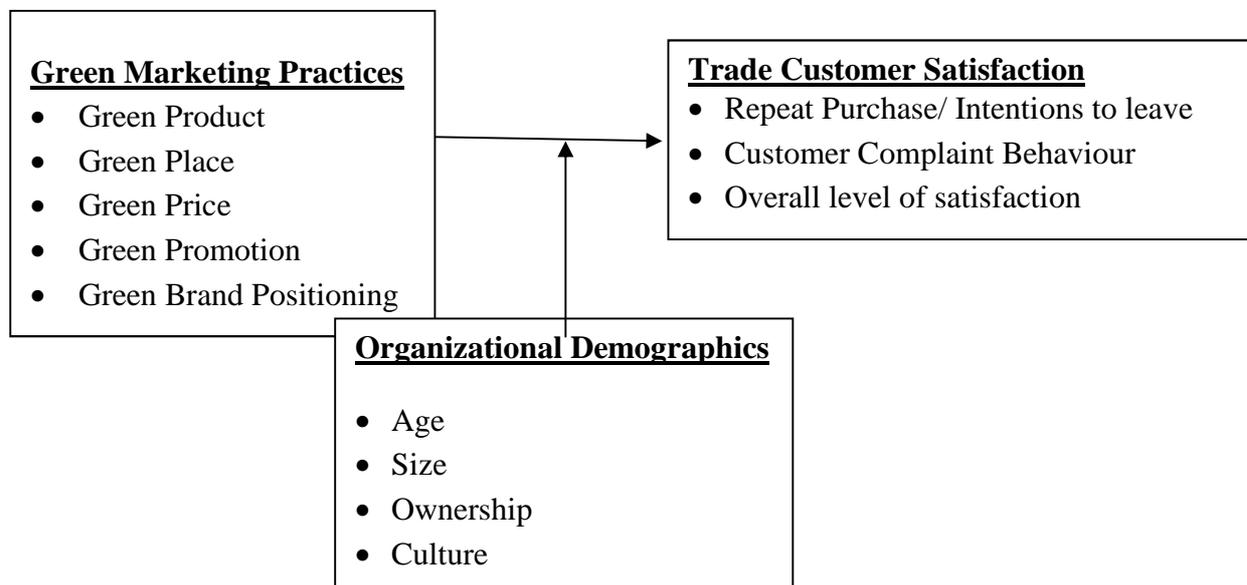


Figure 1: Conceptual Framework

3.1 Methodology and Design

The study adopted a descriptive cross-sectional research design to determine how green marketing practices, organizational demographics and perception impacted on customer satisfaction in soft drink companies in Nairobi, Kenya. A descriptive cross-sectional survey collects data to make deductions and conclusions about a population of interest (universe) and have been regarded as snapshots of the populations from which researchers collect data. It assisted the researcher in establishing whether significant associations among variables exist at some point in time (Cooper & Schindler, 2006). Raman (2008) found out cross-sectional studies have robust for effects of relationship studies. Descriptive survey design allows for the collection of large data from sizable population. This enables the researcher to provide a cohesive summary of issues or events as described by the participants (Sandelowski, 2000). The choice of this design was appropriate for the study since it utilizes a questionnaire as a tool of data collection. This is supported by Gall et al (2003) who asserted that this type of design enables one to obtain information with sufficient precision so that hypothesis can be tested properly. This type of design has recently been used in similar studies by Kabare, (2013); Njeru, (2013); and Kinoti, (2012).

3.2 Population

The study focused on two populations. Group one comprised of both locally and foreign owned registered soft drink firms operating within the boundaries of Nairobi County. As at December, 2014 there were one hundred and sixty two (162) listed companies (Kenya Bureau of Standards, 2014). The list of the soft drink companies is shown in Appendix 4. Group two comprised of trade customers of soft drink industries who have a direct link with the supplier/ manufacturers. The trade customers included distributors and wholesalers whose population was 341. The researcher considered this population appropriate because soft drink firms were likely to have adopted green marketing practices owing to customers concerns on health and environment issues. The soft drink companies provided the links to their trade customers.

3.3 Sampling Procedure

The researcher used the formulae suggested by Fisher, Laing and Stoeckel (1985) for determining sample size of the trade customers. A sample size of 180 trade customers was used in the current study which was arrived at using the formula as follows:

$$N = \frac{Z^2(P)(1 - P)}{E^2} = \frac{(1.96^2 \times 0.5^2)}{0.05^2} = 384$$

$$nf = \frac{n}{1 + n/N} = \frac{384}{1 + (384/341)} = 180 \text{ Trade customers}$$

Where n = the desired sample size (if the target population is greater than 10,000)

nf = is the desired sample size (when the population is less than 10,000).

N = the Population (in this case 341)

Z = level of confidence expressed in standard deviations ($Z=1.96$ at $\alpha=0.05$).

P = Proportion of the sample assumed to possess a characteristic or attribute.

E = maximum sampling error the researcher (user) is willing to accept in the results. At 95% level of confidence the allowable error (α) is=0.05.

Random sampling by making a compiled complete list of all the elements in a population from the lists received from the suppliers, assigning each a number and then drawing a set of random numbers which identifies n members of the population to be sampled was used to select sample elements.

3.4 Data Collection

The relevant data was collected from both secondary and primary sources. Primary data was collected on the study variables through the use of two semi- structured questionnaires: one for the manufacturers and another for their direct trade customers. Key informant method was used to administer questionnaires. Key informant method was recommended by Kumar, Stern and Anderson (1993). It is described as obtaining data from persons whose professional and/or organizational responsibilities indicate that they have knowledge about specific characteristics of the population being studied (Warheit, Bulh and Bell, 1978; O'cass et al., 2004). One respondent was interviewed in each firm. Some previous researchers have proposed the use of multiple informants, while other scholars have supported single informants giving the reason that they provide data that are reliable and valid as multiple informants (O'cass et al., 2004; Narver and Slater, 1998). This is consistent with previous studies that have used key informants method to study green marketing practices and customer satisfaction relationships (polonsiek et.al, 2011; Zebal and Kinoti, 2012). The study targeted three hundred and forty two (342) respondents of both manufacturers and trade customers.

3.5 Data Analysis

The data collected were first cleaned, coded and organized in a manner that facilitated analysis using the Statistical Package for Social Sciences (SPSS). Descriptive statistics (mean scores and measures of dispersion) and inferential statistics (correlation, analysis of variance and regression analysis) was conducted to determine the expected relationships between green marketing practices, Organizational demographics, customer perception and Satisfaction. Saunders *et. al* (2009) emphasized on the importance of descriptive analysis since it forms the basis of correlation and experimental studies. Regression analysis was carried out to measure the relationship between variables and also establish the strength of linear association between the variables. A 95% confidence level was used in this study. The general formula for predicting customer satisfaction was presented by the model

$$CS = \beta_0 + \beta_1 GMP + OD + \epsilon$$

GMP= Green marketing practices

OD= Organizational demographics

Where: β_0 = intercept

CS = Customer satisfaction

β_1 is beta coefficients

X_1 represent dimensions of green marketing practices,

ϵ is the error term

4.1 Study Findings

4.1 Descriptive Statistics of the Study Variables

The following section presents the descriptive statistics on green marketing practices, organizational demographics and customer satisfaction

4.1.1 Green Marketing Practices

The determinants of green marketing practices were assessed by fourteen measures as shown in table 4.1. Table 4.1 presents the relevant result which shows that on the scale of 1 to 5 (where 5= the greatest extent and 1 is the lowest extent). Most the respondents are to great extent of the view that competitive forces determine green marketing practices (Mean 3.81) and was followed by increasing number of green consumers & their willingness to buy green products (mean 3.75). However, the Competitive advantage (mean 3.15) and Moral and ethical reasons (mean 3.25) all had moderate intensity. Overall, the intensity of determinants of green marketing practices was slightly high (3.751).

Table 4.1 Green marketing practices

Determinants green marketing practices	N	Mean	Std. Deviation	t-value	Significance (P-value)
Compliance with government regulation	130	3.550	1.243	42.354	0.000
Society concerns for the environmental	130	3.730	1.134	38.834	0.000
Increasing number of green consumers & their willingness to buy green products	130	3.750	1.089	33.452	0.000
Environmental problems that threaten the environment & human life	130	3.700	1.144	36.291	0.000
Competitive forces	130	3.810	1.029	34.891	0.000
Profitability goals	130	3.400	1.280	26.372	0.000
Competitive advantage	130	3.150	1.013	38.380	0.000
Moral and ethical reasons	130	3.250	.993	28.972	0.000
Top management initiative & environmental knowledge	130	3.254	.993	36.892	0.000
Stakeholders pressure	130	3.253	.993	34.891	0.000
Size of the firm of the nature & industry	130	3.500	.806	32.343	0.000
Community & environmental groups pressure	130	3.550	.804	29.634	0.000
Individual employees & management initiative	130	3.550	.739	28.934	0.000
Leadership values & managerial altitude	130	3.500	.806	32.456	0.000

Overall mean score=3.751

Source: Primary Data, 2017

The results reveal that at one-sample t-test comparison of the determinants of green marketing practices mean score indicates differences that were all statistically significant. The extent of determinants of green marketing practices varied from one measure to another. Compliance with government regulation had the highest difference (t-value = 42.354, p-value < 0.05) and it was followed by society concerns for the environment with (t-value=38.834, p-value < 0.05). On the other hand, the lowest difference was reported in profitability goals (t-value=26.372, p-value < 0.05) followed by moral and ethical reasons (t-value=28.934, p-value < 0.05).

4.1.2 Customer Satisfaction

The level of customer satisfaction was assessed through trade customer respondents' indication by three measures namely repeat purchases, complaint handling behavior and the overall customer satisfaction. To assess on the common features considered in satisfaction surveys, the soft drink manufacturers' respondents were asked

to indicate the extent to which their organization surveyed customer satisfaction on fourteen customer satisfaction constructs. This is presented in Table 4.2.

Table 4.2 Soft Drink Manufacturers Customer Satisfaction features

Tools of customer feedback	N	Mean	Std. Deviation	t-value	Significance (P-value)
To develop a new brand we survey for features critical to quality	130	4.452	.071	32.184	0.000
To alter existing brand we survey for critical green product quality features	130	2.950	.657	29.814	0.000
We conduct surveys often to access customers image of our brand	130	3.050	.687	30.252	0.000
We conduct customer Retention assessment often	130	4.050	.203	28.280	0.000
We record customer complaints and follow ups are done	130	2.400	.743	26.324	0.000
We record response time to customers request and use it on service level	130	3.750	.829	33.452	0.00
We conduct distributors satisfaction survey often	130	3.400	.860	26.292	0.00
We interview distributors of other soft drinks on green marketing practices.	130	4.150	.726	26..321	0.000
We interview customers of other brands on perceived green marketing practices	130	4.100	.830	27.374	0.000
Feedback got through our frontline satisfaction is used well by our firm	130	3.750	.887	29.346	0.000
We use mystery shoppers in satisfaction surveys	130	3.950	.739	26.482	0.000
Customer Loyalty & Retention					
How good has the organization been experiencing repeat purchases	130	3.400	.860	26.292	0.000
Customer complaint Behaviors					
How good has the organization been in solving customers complaints	130	2.440	1.7435	26.324	0.000
Overall mean score=3.815					

Source: Primary Data, 2017

The results in Table 4.2 show that to develop a new brand we survey for features critical to quality (Mean 4.452) and also we conduct customer retention assessment often (mean 4.050) had the highest mean scores. However, we conduct surveys often to access customers image of our brand (mean 3.030) and to alter existing brand we survey for critical green product quality features (mean 2.950) all had moderate intensity. Overall, the level of customer satisfaction was considerably high (mean 3.815). The results reveal that at one-sample t-test comparison of the level of customer satisfaction mean score indicates differences that were all statistically significant. The extent of customer satisfaction varied from one firm to another. To develop a new brand we survey for features critical to quality had the highest difference (t-value = 32.184, p-value < 0.05) and it was followed by we conduct surveys often to access customers image of our brand (t-value=30.252, p-value < 0.05). On the other hand, the lowest difference was reported in we record customer complaints and follow ups are done (t-value=26.324, p-value < 0.05) followed by customer loyalty & retention (t-value=26.292, p-value < 0.05).

4.1.3 Organizational Demographics

Organizational demographics on the other hand were assessed by seven indicators. Table 4.3 presents the relevant result which shows that on the scale of 1 to 5 (where 5= the greatest extent and 1= the lowest extent). Most of the respondents were to great extent focused on other factor apart from organizational demographics (Mean 4.350) and also ownership (mean 3.900). However, age of the firm (mean 3.850) and the size of the firm (mean 3.650) were moderate. Culture was assessed separately using four indicators and their mean score ranged between 3.100- 3.300 which was moderate too. Overall, the intensity of organizational demographics on the customer satisfaction was moderately high (mean 3.606).

Table 4.3 Organizational Demographics

Organizational Demographics	N	Mean	Std. Deviation	t-value	Significance (P-value)
Age	130	3.850	.909	52.504	0.000
Size	130	3.650	1.194	48.686	0.000
Ownership	130	3.900	.943	41.262	0.000
Others	130	4.350	.476	35.262	0.000
Culture					
Involvement (commitment, decision making, orientation, ownership)	130	3.300	1.100	38.680	0.000
Consistency (systems & processes promoting CSR)	130	3.350	1.013	29.960	0.000
Adaptability (internal ability to respond to external changes)	130	3.350	1.013	40.892	0.000
Mission (Clear on existence and headed to what direction)	130	3.100	.788	38.122	0.000
Overall mean score=3.606					

Source: Primary Data, 2017

The results revealed that at one-sample t-test comparison of the organizational demographics mean score indicates differences that were all statistically significant. The extent to which the organizational demographics indicators affect each other varied from one firm to another. Age of the firm had the highest difference (t-value = 52.504, p-value < 0.05) and it was followed by the size of the firm (t-value=48.686, p-value < 0.05). On the other hand, the lowest difference was reported on others (t-value=35.262, p-value < 0.05) followed by the culture that is consistency (systems & processes promoting CSR) (t-value=29.960, p-value < 0.05).

4.2 Influence of Organizational Demographics on the Relationship between Green Marketing Practices and Customer Satisfaction

The main objective was to establish whether organizational demographics have a statistically significant moderating effect on the relationship between green marketing practices and customer satisfaction in the soft drink industry in Nairobi Kenya. In order to do that, the study had formulated the following hypothesis;

H_A: Organizational demographics have a statistically significant moderating effect on the relationship between green marketing practices and customer satisfaction

According to Fairchild and Ma Kinnon (2009) moderation tests whether responses by a dependent variable to changes in a predictor variable vary across levels of a third variable that affects the strength and/or direction of the relationship. Predictor variables and their interaction term are used in a single regression equation. Moderation is present if the coefficient for the interaction term is statistically significant. This procedure of testing the moderating effect was followed in this study. The predictor variable which is organizational demographics was centered by subtracting the mean scores, standardized and their interaction term calculated as a product of the independent and moderator variable. The change in R² and the coefficient and significance level due to the interaction term were used to check for moderation effect. The relevant results are presented in Table 4.4.

Table 4.4 Results for Hypothesis Test

a) Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.385	.382	.687	.218
2	.392	.396	.656	.334

a Predictors: (Constant), Green Marketing, b Predictors: (Constant), Organizational Demographics

b) ANOVA

Model		Sum of Squares	DF	Mean Square	F	Sign.
1	Regression	112.018	2	3.218	9.018	0.006
	Residual	11.640	128	0.124		
	Total	123.658	130			
2	Regression	113.018	3	3.218	7.028	0.002
	Residual	10.640	127	0.124		
	Total	123.658	130			

a Predictors: (Constant), Green Marketing, b Predictors: (Constant), Organizational Demographics

c) Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta (β)	T	Sign.
1	(Constant)	4.446	.482		1.402	1.038
	Green marketing	.451	.402	.385	1.068	.004
2	(Constant)	5.642	.382		1.231	.038
	Green marketing	.432	.302	.342	1.868	.004
	Organizational demographics	.084	.112	.132	.765	0.00

Dependent Variable: Customer Satisfaction

Source: Primary Data, 2017

As shown in table 4.4 of moderation testing, the influence of green marketing practices and organizational demographics on customer satisfaction in the soft drink industry in Nairobi Kenya were both positive and statistically significant ($p < 0.05$). The change in R^2 due to the interaction term was 0.014 (0.396 - 0.382) and the interaction term was statistically significant ($p < 0.05$) and therefore the study accept hypothesis H_2 that organizational demographics have a statistically significant moderating effect on the relationship between green

marketing practices and customer satisfaction. The resultant regression model for the moderating effects models is:

$$CS = 4.446 + 0.342GMP + 0.132OD + e$$

Where; CS is the customer satisfaction

GMP is green marketing practices

OD is the organizational demographics

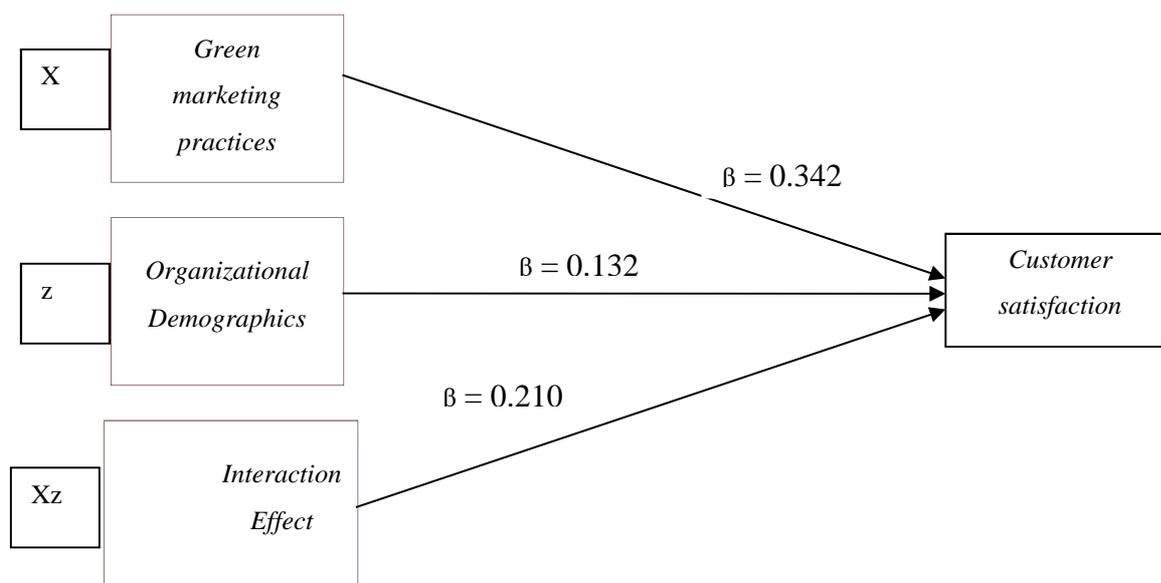


Figure 2: Summary Results of Moderation Testing

Figure 1 represents a summary of the results for moderation testing. It shows the regression coefficients along the tested variable relationships and the change in coefficient of determination (R^2) due to the interaction term and indicates the significance levels obtained.

The results indicate that there was change in R^2 when interaction of green marketing practices and organizational demographics is introduced. Further the F change $10.018-7.028= 2.990$ and significance of F change is 0.000 indicating that the interaction is significant. These results imply that as a moderator, organizational demographics affect the relationship between green marketing practices and customer satisfaction of soft drink companies in Nairobi Kenya. These results contradict the findings of a research by Michael, et al (2007) who found organizational culture to have no moderating effect on the relationship between home building markets and customer satisfaction in auto dealerships. Their study results showed that team orientation culture was negatively related to satisfaction with service. However, these results support the result by Oakley (2005) that there is a direct link between employee satisfaction and customer satisfaction, and between customer satisfaction and improved financial performance, organizational characteristic explains the employee satisfaction that leads to customer satisfaction.

5.1 Summary of the Findings

Organizational demographics had a statistically significant moderating effect on the relationship between green marketing practices and customer satisfaction in the soft drink industry in Nairobi Kenya.

5.2 Conclusion

Based on the overall study results obtained from the tests of the study hypotheses, it is concluded that The relationship between green marketing practices and customer satisfaction in the soft drink industry in Nairobi Kenya is also moderated by organizational demographics. The study results revealed that there was a statistically significant positive moderation effect of organizational demographics on the relationship between green marketing practices and customer satisfaction in the soft drink industry in Nairobi Kenya. Based on these

results, the study concludes that soft drink industry in Nairobi organizational demographics for example culture has a big role in shaping their customer attitudes because it has been found to have a statistically significant and positive effect on the relationship between green marketing practices and customer satisfaction.

References

- Aaker, D., & Shansby, J. (1982). Positioning your product. *Business Horizons*, 25(5), 56-62.
- Aaker, D. A., & Stayman, D. M. (1992). Implementing the concept of transformacional advertising. *Psychology and Marketing*, 9 (6), 237-253.
- Aaker, D., & Biel, A. (1993). *Brand Equity and Advertising: Advertising's role in Building Strong brands*. Lawrence Erlbaum: Associates Publishers.
- Alvarez, M. J., Burgos-Jimenez & Cespedes, J. (2001). An Analysis of Environmental Management, Organizational Context and Performance of Spanish Hotels. *Omega* 29, 457-471.
- Ambec, S., & Lanoie, P. (2008). Does it pay to be green? A systematic overview. *Academy of Management Perspectives*, Vol. 22 No. 4, pp. 45-62.
- Banerjee, S. B. (1999). *Corporate Environmentalism and greening of strategic marketing, Implications for marketing theory and practice*: Greener marketing, a global marketing. Perspective on greening marketing practice edited by charter M and Polonsky M.J (2nd ed). Sheffield UK: Greenleaf publishing.
- Barney, J.B. (1986). Organizational Culture: Can It Be a Source of Sustained Competitive Advantage?. *Academy of Management Review*, 11(3), 656- 665.
- Baron, R.M., & Kenny, D.A. (1986), The moderator-mediator variable distinction in social psychological research: Conceptual, strategic and statistical considerations. *Journal of Personality and Social Psychology*, 51 ,1173-82.
- Baumann, C., Suzan, B., & Greg, E. (2005). Determinants of Customer Loyalty and Share of Wallet in Retail Banking. *Journal of Financial Services Marketing*, 9 (3), 231-48.
- Blythe, J. (2008). *Essentials of Marketing* (4th ed.). Pearson Education. ISBN 978-0-273-71736-2.
- Buil-carrasco, I., Fra-Andres, E., & Matute, V. J. (2006), Corporate environmentalism strategy in the Spanish consumer product sector: A Typology of firms, business strategy and environment. Published *online at www.interscience.wiley.com* .1-21.
- Carmona, S. E., Cespedes, J., & Burgos-Jimenez, J. (2004). Environmental Strategies in Spanish Hotels: Contextual Factors and Performance. *Service Industries Journal* 24(3), 101-130.
- Chamorro, A., & Banegil, T.M. (2006). Green marketing philosophy: A study of Spanish firms with Eco-labels. *Corporate social responsibility and Environmental management*, 24, 11-24.
- Chernatony, L. & Mc Dolnad M. (1998). *Creating powerful Brands in consumer , service and Industrial markets* (2nd ed). Butterworth Heinemann.
- Cooper, D.R., & Schindler, P.S. (2006). *Business Research Methods*. 9th Ed. NY: McGraw-Hill.
- Chen, Y.S. (2008). The driver of green innovation and green image-green Core competence. *Journal of Business Ethics*, 81(3), 531-543.
- Chen, Y. S. (2011). Green organizational identity: sources and consequence. *Management Decision journal*, 49(3),384-404.
- Crane, A. (2000). Marketing and the Natural environment: What role for morality. *Journal of macro marketing*, 20(2), 144-154.
- Crawford R. (2007). *Customer Priorities: what customers really want*. www.instituteofcustomerservice.com.
- Creswell, J. W., & Plano Clark, V. L. (2011). *Designing and conducting mixed methods research* (2nd ed.). Thousand Oaks, CA: Sage.
- Dekhili, S. & Achabou, M. (2013). Price Fairness in the Case of Green Products: Enterprises' Policies and Consumers' Perceptions. *Business Strategy Environment*. 22, 547-560
- Deshpande, M. N. (2011). A Conceptual framework of Green Marketing: A tool for sustainable development. *International Journal of Sales & Marketing Management*, 1(1), 1-6.
- Derek, S. R, William A. R., & Jeffrey, A. L. (2013). The relationship between environmental advocacy, values, and science: a survey of ecological scientists' attitudes. *Ecological Applications*, 23, 1226-1242.
- Donaldson T., & Preston, L. (1995). The Stakeholder Theory of Corporation: Concepts, Evidence and Implications. *Academy of Management Review*, 20, 65-91.
- Fairchild, A. J., & MacKinnon D. P. (2009). A General Model for Testing Mediation and Moderation Effects. *Prevention Science*, 10, 87-99. Press, New Haven, CT, London.
- Fisher, A. A., Laing, J., & Stoeckel, J. (1985). *Guidelines for Overcoming Design*

- Problems in Family Planning Operations Research. *Studies in Family Planning*, 16(2).
- Freeman, R. E. (1984). *Strategic Management: A stakeholder approach*. Boston: Pitman.
- Friedman, M. (1970). The Social Responsibility of Business is to Increase Profits. *The New York Times Magazine*, September 13th, New York, The New York Times.
- Friedman, M. (1962). *Capitalism and Freedom*. University of Chicago Press.
- Gam, H. J, Cao, H., Farr , C., & Kang, M. (2010). Quest for the eco apparel market: a study on willingness to purchase organic clothes. *International Journal of Consumer Studies*, 34,48-56.
- Hair, J. F., Anderson, R. E., Tatham, R. L., & Black, W. C. (1998). *Multivariate Data Analysis with Readings (5th ed.)*. Englewood Cliffs, NJ: Prentice Hall.
- Harris, J. D., & Freeman, R. E. (2008). The impossibility of the separation thesis. *Business Ethics Quarterly*, 18(106), 541–548.
- Hart, S. (1995). A natural resource-based view of the firm. *Academy of management Review*, 20(4), 874-907.
- Hartman Group (2007), Hartman Report on Sustainability: Understanding the Consumer Perspective, Hartman Group, Bellevue, WA.
- Hartmann, P., Vanessa, A., & Forcada, F. (2005). *Green Branding effects on attitude: Functional versus emotional positioning strategies* <http://www.emeraldinsight.com/0263-40503.htm> accessed 11th July 2013.
- Harvey, F. (2006). Ontology. In B. Warf (Ed.), *Encyclopedia of Human Geography*. Thousand Oaks, CA: SAGE Publications Inc.
- Heskett J.L., Jones T.O., Loveman G.W., Sasser E.W., and Schlesinger L.A. (2008). Putting the Service-Profit Chain to Work. *Harvard Business Review* March-April, 164-174.
- Hines, J.M., Hungerford, H.R., Tomera, A.N. (1987). Analysis and synthesis of research on responsible environmental behavior: a meta-analysis. *Journal of Environmental Education*, 18, 1-8.
- Homburg, C., & Giering, A. (2001). Personal Characteristics as Moderators of the Relationship Between Customer Satisfaction and Loyalty. *Psychology & Marketing Journal*, 18 (1), 43-66.
- International Institute for Labour Studies. (2013). Making quality employment the driver of development. <http://www.ilo.org/wcmsp5/groups/public/@africa/documents/publication> accessed 20th January 2016.
- Jain, S.K & Kaur, G. (2004). Green marketing: an Indian perspective. *Management Decision Journal*. 31(2), 168–209.
- James, L. O. (2005). Linking Organizational Characteristics to Employee Attitudes and Behavior: A Look at the Downstream Effects on Market Response & Financial Performance. *Journal of Service Research*, 6 (3), 231-242.
- Jiang, P. & Rosenbloom, B. (2005). Customer intention to return online: price perception, attribute- level performance, and satisfaction unfolding over time. *European Journal of Marketing*, 39 (1/2),150-174.
- Kabare, N. (2013). Quality Drivers, Managerial focus, Customer perception and Customer satisfaction in large flour mills in Nairobi. Unpublished Ph.D Thesis, University of Nairobi.
- Kalafatis, S. P., Tsogas, M. H., & Blankson, C. (2000). Positioning strategies in business markets. *Journal of Business & Industrial Marketing*, 15(6), 416-37.
- Keller, K. L. (1993). Conceptualizing, Measuring and Managing Customer-Based Brand Equity. *Journal of Marketing Research*, 29, 1-22.
- Kibera, F. N. & Waruingi, C. (2009). *Fundamentals of Marketing: An African perspective*. Kenya Literature Bureau.
- Kinnear, T. C., & Taylor, J.R. (1973). The Effect of Ecological Concern on Brand Perceptions. *Journal of Marketing Research*, 10 (5), 191-197.
- Kinoti, M. W. (2012). Green Marketing Practices, Corporate Image, Organization Characteristics And Performance of ISO 9000 & 14000 Certified Organizations in Kenya. Unpublished Ph.D Thesis University of Nairobi.
- Klein, A.S., Masi, R.J., & Weidner, C.K. (1995). Organization Culture, Distribution and Amount of Control, and Perceptions of Quality: An Empirical Study of Linkages, *Group & Organization Management*, 20 (2), 122-148.
- Kotler, P., & Lee, N. (2005). *Corporate Social Responsibility: Doing the Most Good for Your Company and Your Cause*. Wiley.
- Malhotra, N. K., & Dash, ., (2011). *Marketing Research an Applied Orientation*. New Delhi: Pearson.

- Matule, V. J., Bravo, R. & Pina, J. M. (2011). The influence of Corporate social responsibility and price fairness on customer behavior: Evidence from the financial sector, *Corporate Social Responsibility and Environment Management*, 18, 317-331.
- Menon, A., Menon, A., Chowdhury, J., & Jankovich, J. (1999). Evolving Paradigm for Environmental Sensitivity in Marketing Programs: A Synthesis of Theory and Practice. *Journal of Marketing Theory and Practice*, 7(2), 1-15.
- Michael A., Gillespie, R., Denison, S., Ryan, S., William, S. (2007). Linking Organization culture to customer satisfaction. *European journal of work and organizational psychology*. DOI: 10.1080/13594320701560820
- Miles, M. P., & Munilla, L. S. (1993). Eco-orientation: An emerging business philosophy. *Journal of marketing Theory and Practice*, 1 (2), 43-51.
- Min, H & Galle W. P. (2001), "Green purchasing practices of US firms". *International Journal of Operations & Production Management* vol 21 No 9 pp 1222-1238.
- Mittal, V., & Kamakura, W. (2001). Satisfaction, Repurchase Intent and Repurchase Behavior: Moderating Effect of Customer Characteristics. *Journal of Marketing Research*, 38, 131-42.
- Mourad, M., & Ahmed, Y.S.(2012). *Perception of Green brand in an emerging innovative market: factors affecting the green brand preference in the telecom industry in Egypt*. www.emeraldinsight.com/1460-1060.htm accessed 15th Sep 2014.
- Muchiri, M. (2012). Market entry strategies used by multinational corporations to enter into the Kenyan market. *International journal of Business and Social Research*, 3(3) 32-35.
- Mugenda, O., & Mugenda, A. (2003). *Research Methods*, 2nd edition, Kijabe Printer Nairobi, Kenya.
- Oburu, C., & Kinoti, M. (2012). Factors contributing towards adoption of Green Marketing in mobile service providers in Kenya. *DBA Africa Management Review*, 2(1), 56-69.
- Oliver, R.L. (1997). *Satisfaction: A behavioral perspective on the consumer*. New York: McGraw-H
- Oliver, R.L. (2006). *Customer satisfaction research*. The handbook of marketing research. USA: Sage
- Olsen, S.O. (2002). Comparative evaluation and the relationship between quality, satisfaction, and repurchase loyalty. *Journal of the Academy of Marketing Science*, 30(3), 240-249.
- O'Sullivan, et al. (2009), Marketing performance measures and firm performance: Evidence from the European high-technology sector. *European Journal of Marketing*, 43(5/6), 843-862.
- Ottman, A. J. (1998). *Green Marketing: Opportunities for Innovation*. New York: NTC .
- Ottman, A. J. (2011). *Green Marketing trends focusing upon environmental protection*. [http://www.greenmarketing.com/blogs/category/green trends](http://www.greenmarketing.com/blogs/category/green%20trends) accessed 20th August 2013.
- Oyewole, P. (2001). Social Costs of Environmental Justice Associated with the Practice of Green Marketing. *Journal of Business Ethics*, 29(3), 239-252.
- Padgett, D. & Allen, D. (1997). Communicating experiences: a narrative approach to creating service brand image. *Journal of Advertising*, 26 (4), 49-62.
- Parker, B., Segev, S. & Pinto, J. (2009). What it Means to Go Green: Consumer Perception of Green Brands and Dimensions of Greenness, Florida International University, North Miami, FL.
- Paulssen, M. & Birk, M.M. (2007). Satisfaction and repurchase behavior in a business to-business setting: investigating the moderating effect of manufacturer company and demographic characteristics. *Industrial Marketing Management*, Vol. 36 No. 7, pp. 983-97.
- Peattie, K. (1995). *Environmental Marketing Management: Meeting the Green Challenge*. London: Pitman Publishing.
- Peattie, K. (2001). Towards sustainability: The third Age for Green Marketing. *The Marketing Review Journal*, 2, 129-146.
- Polonsky, M. (1991). Australia Sets Guidelines for Green Marketing. *Marketing News*, 24(21),6-18.
- Polonsky, M., & Ottman, J. (1998a). Exploratory examination of whether marketers include stakeholders in the green new product development process. *Journal of Cleaner Production*, 6(3),269-75
- Polonsky, M. J. (1995). A Stakeholder Theory Approach to Designing Environmental Marketing Strategy. *The Journal of Business and Industrial Marketing*, 10(3), 29-47.
- Polonsky, M. J., & Mintu-Wimsatt, A. T. (2001). *Environmental Marketing: Strategies, Practice, Theory, and Research*, New York : Haworth Press.
- Porter, M., & Van der, L. (1995). *Competitive Strategy. Techniques for Analyzing Industries and Competitors*. Free Press: New York.
- Prakash A. 2000a. *Greening the Firm: the Politics of Corporate Environmentalism*. Cambridge University Press: Cambridge.

- Prakash A. 2002. Green marketing, public policy and managerial strategies. *Business Strategy and the Environment*, 11, 285–297.
- Pujari, D., & Wright, G. (1996). Developing environmentally conscious strategies: A qualitative Study of selected companies in Germany and Britain. *Journal of marketing intelligence and Planning*, 14(1), 19-28.
- Rao, S.S., Truong, D., Senecal, S. and Le, T.T. (2007). How buyers' expected benefits, perceived risks, and e-business readiness influence their e-marketplace usage. *Industrial Marketing Management*, 36(8), 1035-45.
- Rios, F., Martinez, T., Moreno, F. & Soriano, P. (2006). Improving attitudes toward brands with environmental associations: an experimental approach. *The Journal of Consumer Marketing*, 23 (1), 26-34.
- Ronald, G. (2010). The American Customer Satisfaction Index (ACSI), The European Performance Satisfaction Index, The NCSB, www.van-haafte.nl, accessed 14th July 2014.
- Sandelowski, M. (2000). Focus on research methods: Whatever happened to qualitative description? *Research in Nursing and Health*, 23, 334-340.
- Schiffman, G. L., & Kanuk, L. (2009). *Consumer Behavior (9th Ed)*. Pearson Prentice Hall.
- Shafeiha, S. & Saeednia, H. (2010). Impact of Customers' Perceptions from Service Brand on Customer Value-Loyalty Process (Iran Insurance Company). *International business and Economics research journal*. 1(3):232–40.
- Song, T. H. (2011). *The Role of Firms in China's Green Marketing*, University of Ballarat, Australia.
- Stone, G., Barnes, J.H., Montgomery, C. (1995). Ecoscale: a scale for the measurement of environmentally responsible consumers. *Psychology & Marketing journal*, 12(7), 595-612.
- Swenson, M. R., & Wells, W.D. (1997). Useful correlates of pro-environmental behavior, in Goldberg, M. E., Fishbein, M., Middlestadt, S.E. (Eds), *Social Marketing, Theoretical & Practical Perspectives*, Lawrence Erlbaum, Mahwah, NJ, 91-109
- UN Global Compact (2010). Findings of largest CEO research study on corporate sustainability. <http://www.unglobalcompact.org/news/42-06-222010> accessed 25th August 2014.
- TCCC, (2007). The Coca cola company corporate responsibility. [http://www.thecolacolacompany.com/citizenship/economic impact](http://www.thecolacolacompany.com/citizenship/economic%20impact) accessed 15th Sep 2014.
- Walley, N. & Whitehead, B. (1994). It's not easy being green. *Harvard Business Review*, 72(3) 2-7.
- Wiener, J. L. & Doescher, T.A., (1991). A Framework for Promoting Cooperation. *Journal of Marketing* 55 (April), 38-47.
- WPP (2010), "Survey identifies varied green beliefs and behaviors among global consumers", available at: www.wpp.com/wpp/press/press/default.htm?guide accessed 16th July 2014.
- Zheka V. (2005). Corporate governance, ownership structure and corporate efficiency: The case of Ukraine. *Managerial and Decision Economics* 26.
- Zhu, Q., Sarkis, J., & Geng, Y. (2005). Green supply chain management in china. *Journal of Sustainable development*, 4(3), 66-99.
- Zikmund, W.G (2000). *Business Research Methods*. (6th edition). Dryden Press: California.
- Zou, S., & Stan, S. (1998). The determinants of export performance: A review of the empirical literature between 1987 and 1997. *International Marketing Re-view* 15 (5), 333-356.