# EFFECTS OF GREEN MARKETING PRACTICES ON THE NON FINANCIAL PERFOMANCE OF THE KENYAN AIRLINES

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## DECLARATION

This Research Project is my original work and has not been presented in any University or college.

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This Research Project has been submitted for examination with my approval as the University supervisor

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## DEDICATION

I wish to dedicate this research project to my Mom Margaret Mnyolmo, my Dad Pius Mnyolmo, my dear sisters Sonny, Stellah and Maureen for their unlimited moral and financial support throughout my journey in school, and encouragements during times of despair. Without you I will not be able to achieve my dreams. Thank you and May God bless you.

# ABBREVIATIONS AND ACRONYMS

**AMA**: American Marketing Association

**NEMA:** National Environment Management Authority.

**ISO**: International Standards for Organizations.

**CO2:** Carbon dioxide

**KCAA**: Kenya Civil Aviation Authority.

**GHG:** Green House Gases

**REDD:** Reduced Emissions from Deforestation and Degradation

**STD.DEVIATION**: Standard Deviation.

**IATA:** International Air Transport Authority.

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**ABSTRACT**

Environmental problems are of great concern in today's society and most of the Airlines are investing towards a green economy by adopting green marketing practices that have less detrimental effects to the environment in their day to day activities to improve organizational performance. This study therefore sought to establish the effects of green marketing practices on non-financial performance of Kenya Airlines. The aim of the study was to attempt to answer the following questions: to what extent has Kenya airlines adopted green marketing practices? , and what are the effects of green marketing practices on non-financial performance of Kenya Airlines? A descriptive cross–sectional survey was therefore used to establish the objectives of the study which was to: Determine green marketing practices adopted by Kenya airlines and examine effects of green marketing practices on non-financial performance of Kenya Airlines. The study comprised 32 registered Airlines in Kenya according to world Airline directory 2016. Primary data was collected using semi-structured questionnaires. The response rate was 87.5% which was represented by28 Airlines who filled the questionnaires. Data was then analyzed using descriptive statistics and presented in tables and mean scores, standard deviation, and percentages. Respondents were middle and top level managers of the Airlines who were experienced and had knowledge on green marketing. The results indicated that Airlines have adopted different green marketing practices with green price practice being adopted to a very large extent by the Airlines, followed by product and physical evidence practice to a large extent, Place and promotion adopted to a moderate extent and corporate practices has been adopted but to a small extent. Regression analysis was done to see if green marketing practices adopted by the Kenya Airlines had effects on the non-financial performance and the results showed a positive correlation. From the findings it can be concluded that Airlines have adopted various green marketing practices and this has in turn contributed to the non-financial performance of the Airlines such as improved cost effectiveness and higher competitive edge, improved product/service quality, customer satisfaction through repeat purchase, increased market share, and efficiency.

# CHAPTER ONE: INTRODUCTION

## 1.1Background of the Study

Green marketing is the sale of products that are environmental friendly this is as defined by American Marketing Association (2014).Hence the marketing through a green dimension is the product modification, production steps change and also changing the advertising. Polonsky and Rosenburger (2001) said that the greening of the corporate world would be through various processes such as design, pricing, logistics, market targeting and promotions. Fuller (1999) also defined the concept as the pricing of products to attain consumer needs and at the same time being compatible with the ecosystems. Though regular in everyday life, issues with the environment such as rising in global warming, cutting trees, depletion of the ozone layer are not issues that will end soon. Menon and Menon (1997) said that the marketing with green thinking should be incorporated in the firm philosophy to help measure the firm's position in the industry it plays in.

This study finds its rooting in two major theories namely; Institutional theory and systems theory**.** According to Doug and Scott (2004) Institutional theory explains the process through which organizations gradually change by integrating new ideas and values in order to reply to changes that take place in the larger business environment. These changes are particularly determined by the manager's understanding and awareness of green practices which are seen through voluntary activities that are adopted by the organizations. Li and Geiser (2009) said that Systems theory describes the relationship between the different departments in an organization and how change in one area can affect different functions of other departments. According to Walker and Brammer, (2009) organization act as systems which interact with their environment and keep changing as they try to adapt to the changes in the their environment.

Airline industry today is facing a lot challenges that  include, cost control, access to capital markets, industry losses, fleet replacement, inconsistent profitability, irrational pricing and predator action by major airlines, poor airport infrastructure, high debt to equity ratios, poor strategy, , high fuel prices, capacity issues, airport and unfair competition, airspace congestion, terrorism, globalization and many others. Therefore tireless efforts should be put by the commercial airline and the regulatory bodies to advance and counter the challenges for a sustainable future.

### 1.1.1 Concept of Green Marketing

Although green marketing is new, it is widely being accepted in the business world. Peattie (2001), asserts that the same has evolved in three steps; ecological marketing, environmental marketing, and to justifiable marketing. Polonsky (1994) said environmental marketing can be all actions thought-out to get and hasten interchanges that eventually meet human needs and wants but does not detrimentally affect the nature.

Green marketing deals with the actions that lead to environmental sustainability achievement such as the repackaging and redesigning of products that are friendly to the environment. This facet is a fraction of the corporate strategy. Focus by marketing practitioners has now started to shift to the green marketing as they use graphic images that have some green connotations. Firms now use terms associated with greening to classify their products such as phosphate free, ozone friendly, recyclable, refillable, environmental friendly labels. Consumers link those terms with green marketing (Singh & Kamal, 2012)

### 1.1.2 Organizational Performance

Daft (2000), defined organizational performance as the usage of assets efficiently and effectively in order to accomplish a company's goals. Richardo (2001) defined the same as the ability of an organization to meet its objectives and goals. Business Dictionary (2014) stated that organizational performance is an analysis of a company's performance as compared to goals and objectives. Within corporate organizations, there are three primary outcomes analyzed: financial performance, market performance, and shareholder value performance (in some cases, production capacity performance may be analyzed). By organizations measuring their performance, they are able to plan, counter competition, comply with regulations like NEMA environmental laws, and international standards like the ISO 14000.

Organizational performance is measured by using quantitative data like return on investments, return on sales and so forth. The definition of performance has included both efficiency-related measures, which relate to the input/output relationship, and effectiveness related measures, which deal with issues like business growth and employee satisfaction. Peter & Crawford, 2004; Lee, (2005) further stated that performance can be conceptualized using financial and nonfinancial measures from both objective and perceptual sources. Venkatraman and Ramunujam (1986) said that objective measures include secondary source financial measures such as return on assets, return on investment, and profit growth. These measures are nonbiased and are particularly useful for single-industry studies because of the uniformity in measurement across all organizations in the sample

In addition to using financial indicators Venkatraman and Ramunujam (1986) further stated organizations should also use functioning pointers when determining organizational performance. The operational indicators may include measures such as new product introduction, quality of product, manufacturing value-added and marketing effectiveness. These operational measures could reflect the competitiveness of the organization to other industry players and might lead to financial performance. Environmental performance in organizations can be measured through reduction of air emissions; reduction of solid/liquid waste; decrease of consumption for hazardous/harmful/toxic materials; decrease in frequency for environmental accidents; improvement of environmental situation; and improvement of compliance. Hence, using a multiple indicator approach to operationalize organizational performance would be superior to using only a single indicator. For this study therefore a multiple indicator approach will be used to measure non financial performance such as customer satisfaction, perceived quality, efficiency and market share of the airline industry in Kenya.

### 1.1.3 Green Marketing and Organizational Performance

The green marketing may not be the firm's strategy but plays a vital role in the brand's value and firm's performance. Different dimensions of marketing must be put into consideration in every green strategy encompassing the five P's of product development. Community procedures of policy need to be considered (Aseem, 2004).Additionally, green marketing is linked to concerns in ecology and sustaining the environment. It needs to analyze eco-efficiency and efficient usage of resources.

Holsapple and Wu (2011) assert that the factors responsible for organizational performance are having resources that are unique, vital and original. The literature in marketing shows why there is need to use green practices. According to Kinoti (2012), actions that are environment responsible increase consumer satisfaction and the firm's market share and saves on costs and time. Business that have a reduction in inputs and pollution which causes waste would end up cutting costs. Through achievement of the recovery of financial outlay green firms are able to recover from going green.

As said by Polonsky, (2011) firms should make a choice on the usage of marketing practices for example the usage of modern environmental friendly technology of production of good and other green techniques i.e eco-products, recycle, eco- package. Modern society affects greatly the firm's strategy. Macro-marketing is the marketing's influence on the natural environment. Micro- marketing effects on society and its influence on the larger macro-system and the way systems cooperate.

### 1.1.4 Kenya Airline Industry.

Airline industry in Kenya started in 1929 by foreign carriers until the establishment of East African airways in 1946. Following the break-up of the East Africa community, Kenya airways was founded in February 1977 this is according to Kenya airways website. The established airline industry in Kenya is regulated by the Kenya Civil aviation authority (KCAA). The domestic, civil and cargo air transport market is composed of several players that include: 748 air services, African Express Airways, Air Kenya Express, Aircraft leasing Services (ALS), Astral Aviation, Blue Bird Aviation (Kenya), capital airlines (kenya), DAC East africa, Fly 540, Fly SAX, Jambo jet ,Kenya Airways (KQ) and Safarilink Aviation The major airlines operating scheduled passenger and cargo flights in Kenya are; Fly 540 , Jambo Jet and Kenya Airways. The rest of the other airlines operate charter flights for both passenger and cargo in Kenya and the region.

Business travel is on the increase due to globalization of businesses. As a result, Kenyan airlines are facing very tough competition in the international, regional and domestic market with many players from the developed countries such as Europe wanting to operate flights into the region. There have been Strategic alliances and partnerships in order to increase route coverage and customer satisfaction. The growth in passenger there is an overall increase in environmental impacts since environmental improvements brought by technological and operational advancement are not enough to cater for such growth. There has been an increase in public outcry over the environment and the impacts of air transport on residential communities living near airports and wildlife as well. (Hupe, 1998).

## 1.2 Research Problem

Green marketing is all about designing and developing products that are sensitive to the ecological system. This in turn will lead to environmental sustainability. Of late there has been a lot of concern world over on environment depletion caused by human activities such as destruction of forests, mushrooming of industries which emit gases to the air. Countries which are developing such as are trying their best to ensure that the environment is protected for future generation to have a better country to live. This is done through good policies that are aimed at preserving our ecosystem and that are why authorities like NEMA are in place to ensure that rules and regulations on environmental are followed to the latter.

The Airline industry plays a significant part in ensuring development of any country. It is among the competitive and strategic industries in the world. Lately airlines are experiencing performance challenges brought about by many factors such as incidences of terrorism in the region, West Africa Ebola crisis, and competition from other airlines and effects of travel advisories. Further still Kenyan airlines are faced with a lot challenges in their quest to ensure that they are responsible towards their environment due to waste production, use of old aircrafts, noise pollution, harmful waste from aircraft maintenance.

Various studies have been conducted related to green marketing which include, Kirimi (2013) who carried out a study that sought to establish green marketing strategies on performance of fast moving consumer goods and his findings were green price, process, competitiveness has an influence on firm performance. Afande( 2012) carried out a study to examine the extent to which Green marketing strategies on performance of Kenyan tea firms and found out that there is a positive relationship. Kinoti (2012) carried out a study to determine the relationship between green marketing practices on ISO900 and 14000 companies in Kenya. Her findings were that green marketing practices in general influence performance. While the findings from these studies cannot be ignored, they were either too broad or generalized like Kinoti and the results may not apply to the airline industry, Afandes study only looked at the financial performance of the tea firms whereas kirimi’s study looked at the performance in general. My study therefore will explore green marketing on the non financial performance of the Airline industry .The research question is, has Kenya airlines adopted green marketing practices? What are the effects of green marketing practices on the non financial performance of Kenya airlines?

## 1.3 Research Objectives

i. To determine green marketing practices adopted by Kenya Airlines.
ii. To examine effect of green marketing practices on the non financial performance of Airlines in Kenya.

## 1.4 Value of the Study

This study would add literature to existing body of knowledge in the field of green marketing which has not been extensively researched on. The researchers and academic community would use this study as a yard stick for further studies. The students and academicians will use this study as a reference point and also try to improve on the areas that are not covered by the researcher in the future within this field of green marketing.

The study will be beneficial for effective policy formulation by various entities like the Government which is charged with the responsibility of ensuring organizations follow the set regulations in carrying out their businesses to ensure environmental sustainability. Bodies like National Environment Management Authority (NEMA) will also use this research for effective policy formulation on environmental management issues.

The Airline industry contribute 3% of the global $CO_2$ emissions from the green house gases thus has detrimental effects on the environment and are harmful to both humans and wildlife. The results of my study would therefore enable the current and future management of all Kenyan Airlines formulate and implement policies that will ensure that environmental protection and hence will in turn help to improve the non financial performance of their organizations.

## CHAPTER TWO: LITERATURE REVIEW.

### 2.1INTRODUCTION

This chapter addresses the theoretical foundation of the study and also looks at studies that have been conducted by various scholars on green marketing practices, organizational performance, empirical review on green marketing, research gap and summary of literature review.

### 2.2 Theoretical Foundation of the Study

This study is founded on two theories namely: institutional and systems theory

#### 2.2.1 Institutional Theory

This theory postulated by Hirsch (1975) looks at how exogenous fissures affect a firm. In this theory three dimensions of isomorphic thrusts exist which are mimetic, normative and coercive. These forms of drivers which are isomorphic tend to be coercive and are influencers from the leadership. Jennings and Zandbergen (1995) said the theory is usable in addressing green problems and issues that are exogenous and hence this theory can be used to explain the practices in environment (Lounsbury, 1997). Rivera (2004), gives some examples about how brutish companies places trade barriers and fines. Isomorphic drivers which are normative may make firms to adhere so as to appear legit. Ball and Craig (2010), said that pressures that are normative socially may be used in explaining practices for managing the environment. Aerts, Cormier and Magnan (2006) assert that isomorphic mimetic drivers happen if firms do copy the activities of successful rivals in the industry with a bid to follow their pathway to victory.

Kilbourne, Beckmann & Thelen, (2002) says that the pressures which are coercive are important in the driving of activities of managing the environment. Voluntary practices of managing the environment have been promoted by the governments according to past research (Rivera, 2004).In civilized nations like the U.S.A; coercive pressures have often led to improved awareness and hence practices. These pressures drive firms to make voluntary initiatives and more so robust environmental practices (Clemens &Douglas, 2006).The laws in the developed countries also made a surge in pressures on the firms for improved management of the environment, thereby overtaking the requirements of the local by-laws.

### 2.2.2 Systems Theory

According to Li and Geiser, (2009), Systems theory describes the relationship that exists firm-wise and that change sector different departments in the same organization .Further Walker and Brammer, (2009) stated that organizations always act as systems that is surrounded and influenced by their environment. And those organizations are in dynamic state constantly changing as it adapts to the changing environment in order to survive.

The grip of this theory is that all activities of a business are interrelated and the change in one area affects others (Maignan *et al.,* 2012).Open firms are the ones that have a continuous interaction with the environment and achieve or strike a balance with the changes in the environment. Lozano and Valles, (2013) says the theory shows firm structure forms a relation between the various departments in the organization. These may incorporate integral themes through coordination, secondly division of tasks through differentiation and thirdly the hierarchy of leadership relation and also formal statutes, steps and controls that lead the firms (Maignan *et al.*, 2012). According to Menon and Menon (2013), the relation betwixt the firm structure and the environment is important for success of the organization. Firms are open systems and get support from the environment entirely.

## 2.3 Green Marketing Practices

Review of the literature on green marketing practices shows various actions that can be undertaken to enhance environmental sustainability. Some of the possible green marketing practices are discussed below.

### 2.3.1 Corporate Practices

According to Fuller (1999), organizations should develop a statement explaining environmental commitment; develop an environmental workplace policy; develop achievable environmental goals for all stakeholders; do audits of the environment regularly; cooperate with groups or authorities on environmental issues; sensitization of key stakeholders on environmental issues; give financial support for environmental projects; and investment in research and development for cleaner environment. In addition, Polonsky and Rosenberger (2001), suggested the following: usage of best in class technologies to handle air pollution, sewerage and general waste like programs to recycle paper; appraisal of steps that are based on their impact on the environment; formation of cross functional teams to look into environmental performance; substitution of environmental questionable materials; and giving stipends to workers who developed fresh ideas on the environment.

### 2.3.2 Green Product Practice

Barlon (2006), a product is one that meets the needs of a customer and it should be treated as such. This concept was extrapolated to add services in the service industry. The usage of products and the products themselves should have an environmental care dimension in them. This would lead to customers who buy products to do so knowing that they are dealing with environmental conscious organizations. Green organizations or organizations that embrace green practices can use their products to educate customers and hence be organization friendly establishments. This then leads to having products that are of the highest standard, environmentally safe, easy to use, produced with environmentally friendly processes with little or no damage to the environment (Ottman,1993)

According to Ottman(1993), In order to encourage a green market, information should be readily available for comparison purposes between different stakeholders on the basis of the environment and costs. Proper labeling, branding and packaging should be used. The following green marketing practices have also been proposed by Peattie (1992), Zeithaml, Parasuraman and Berry (2006), Grundey and Zaharia (2008), participation in the design of products for recycling, reuse or disassembly; recovery of the factory's end-of-life products; offering environmental friendly products; and undertaking product standardization to ensure environmentally safe products.

### 2.3.3 Green Price Practice

When one pays for a product the payment is called the price. Consumers will unswervingly pay more if the product has additional value in it. This value might be made better by working on the design, function, the appeal of vision and taste. The benefits of going green are the way customers will value products that have conserved the environment. The green products however are less expensive and take a shorter product life cycle since it uses non-hazardous products, vehicles that are fuel efficient and efficient water printing (EPA, 2007).Further still EPA (2007), said that organizations that practice green marketing should charge a fair price for their products/services and consumers should not be made to pay a premium for environmental practices that are already required by the law. In addition Barrett (1991), Peattie (1992), Zeithaml, Bridges and Wilhelm (2008) came up with these green practices: the firm should be proactive and focus on costs, there should be improved cost-effectiveness and a higher competitive edge; and adoption of green methods of accounting should be done against the backdrop of support from the firms.

### 2.3.4 Green Place practice

The green place involves both forward and reverse distribution. The reverse logistics include reducing, managing and disposing waste from packaging and products.

In the Airline industry the products for reverse logistics include the aircraft, technical spares, fuel sourcing ,in flight products, uniforms, stationery, service outsourcing, IT infrastructure .The reversed products are either; further recycled, reused in the production process or destroyed in an environmental friendly way. The following green marketing practices were further proposed by Coddington (1993), Isherwood (2000), Bartlett and Howard (2000), change for more environmental friendly transportation; adoption of green distribution, including redesigning physical facilities; converting to a more fuel efficient fleet and redesigning distribution to minimize transportation.

### 2.3.5 Green Promotion Practice

According to EPA,(2007) Promotion entails all the activities that are aimed at reaching the consumers so that they are aware of what an organization offers and this can be done through advertisements, sales promotion and other forms of communication that consumers can easily access. Other green marketing practices in relation to promotion that have been suggested by Davis (1993), Carlson, Stephen and Kangun (1993), Grundey and Zaharia, (2008), include; providing customers with information on environmental friendly products and the firms should clearly state their environmental efforts, characteristics and benefits achieved; the organization should use sustainable marketing practices to reinforce environmental credibility; the organization should advertise the expenditures that it has used on the environmental protection; the truthfulness and specificity of the green marketing claims should be monitored and the claims be informative by nature; and the organization should have newsletters communicating environmental actions to all employees.

### 2.3.6 Physical Evidence practice

Ottoman (1993) the material part in a service confers the physical evidence. A customer relies on the cues on material since there are no physical dimensions to a service. Physical evidence may include; web pages, business cards, brochures etc also the placate of a building. The marketers of going green should package products as bio-degradable, disposable and recyclable.

According to Peattie and Crane (2005), the physical layout and appearance of employees of an organization serve as evidence to potential prospects of goods and services in a company. The customer confidence concerning the product/service on offer is based on tangible aspects of the organization. Also the documents issued after payment, marketing materials and customers product user guide materials promote customer loyalty to the brand hence repeat purchase behavior (Kotler,2007). Organizations should encourage customers to purchase products/services using materials that provide comprehensive information about the product/service to customers. Marketing materials should be recyclable and environmental friendly.

## 2.4 Organizational Performance

Johnson and Kaplan (1987) posit that with the coming of multinationals, there was a shift in the measurement of performance from the activities of a company to the various segments of the companies. Return on Investment, return on assets and return on equity have been in use since the 1960s as the measure of firm performance in the future. Through the use of the aforementioned, American companies lost to Japanese companies in terms of competitiveness due to the usage of non-financial measures in firm performance.

The work-entitled Balanced Score Card brought the non-financial indicators to the fore when it was designed. Neely (1999), said that financial and non-financial indicators can be used to measure performance. The indicators of the financial performance used by firms have been the figures in financial statements from the companies. More to this study Neely asserts that the modern company environment non-financial indicators are commonly used by business to gain competitive advantage. However organizations still need to measure their performance in other areas apart from financial such as customers, employees, supplier and the wider community. According to Kaplan and Norton (2000), the collaboration betwixt the financial and non-financial appraisal may be the best measure for results in a company environment. On the flipside, non-financial tellers are usually used for measurement of performance. These may include employee efficiency, market share, customer satisfaction and loyalty (Zaman 2004).

According to Kirimi (2013) non-financial performance indicators in organizations are categorized into two that is objective and subjective. Objective indicators use mathematical formulae to calculate the respective indicator. This includes time which has been spent on an overall process in the organization in delivering the end product to the consumer. Reduced time is a key performance indicator in an organization. Costs of making and delivering a product to the consumer should be significantly reduced in a performing organization. A growth in market share in terms of the number of customers in a geographical area represent performance of an organization and a reduction represent a drop thus non-performance of an organization. Competitiveness of the organization is an advantage a firm acquires over its' competitors such as employing highly qualified personnel and use of latest technology.

## 2.5 Empirical Review of Green Marketing and Organizational Performance

A research study by Kinoti (2012) done on 120 organizations in Kenya which were ISO 9000 and 14000 certified which focused on the green marketing practices .The findings in the study revealed that green marketing practices in general influence performance. Whereas the individual measures of performance of green marketing indicated significant effect on the effectiveness, competitive advantage, innovativeness, and efficiency however it does not have influence on sales turnover, market and gross profit.

A study by Thomas Ngniatedema (2014) on manufacturing and service organizations which was based on 500 publicly traded companies in the US. The study sought to investigate influence of green marketing on the performance of manufacturing and service companies. From the findings based on metrics for environmental impact used, manufacturing companies scored the least when it came to green image than the service organizations. Further still, the results indicated differences on the influence of green marketing practices between manufacturing and service companies. The findings indicated that green policies affected the performance of the manufacturing firms, whereas green image played a significant role in the performance of the service organizations.

A study by Kaimori Patrick (2013) conducted on 58 large and medium supermarkets in Nairobi County. This study sought to determine the extent to which green marketing practices has been adopted by the medium and large supermarkets in Nairobi. The findings were that green marketing practices were applied to some extent by the supermarkets and the green marketing practice that a lot of importance was attached to was that supermarkets apply product packaging green practice and disposal of product waste.

A study conducted by Javad shalaee Bagheri (2014) on green marketing and its effects on consumer behavior in sports shops. The study sought to investigate green marketing and its effects on the behavior of consumers in East Azerbejan Province of Iran. This study included 210 shops and the results show that there was a significant impact of green marketing on the behavior of the consumers in regard with the features of the product, green promotion, green pricing and green distribution and education, income, and age, however there was a small effect on behavior of consumers in sports shops with regard to the marital status and gender of consumers.

A study carried on green marketing and its impact on consumer behavior by Aysel Boztepe (2012). The study was carried out on 540 consumers and the aim of the study was to determine the effects of green marketing on consumers purchasing behaviors and according to the results of the study, it’s clear that awareness about the environment, product with green features, green promotion practices and green price influenced how consumers purchased products to a great extent.

## 2.6 Conceptual Framework

**Table 2.1** is the conceptual framework of this study.

**Independent variable** **dependent variable**

**Green marketing practices** **non financial performance**

- Green product
- Green Price
- Green Place
- Green Promotion
- Physical evidence
- Corporate practices

- Efficiency
- Perceived Product quality/ service
- Customer satisfaction and loyalty
- Market share

Independent variables are those factors influencing performance of Kenya airlines which comprise of environmental adjustments to green marketing practices (product, price, place, corporate practices, physical evidence and promotion) .Product: it should be made in a way that it does not affect the environment negatively. Price; organizations can save on costs if they are proactive and focus on costs.

Place: implementing reverse logistics and converting to a more fuel efficient fleet will lead to improved green performance for airlines. Promotion: organizations should promote products that are friendly to the environment and should provide information to all stakeholders on their green initiatives. Physical evidence: customer confidence concerning product/service on offer is based on tangible aspects of the organization for instance documents issued after payment, marketing materials and customers product user guide materials promote customer loyalty to the brand hence repeat purchase behavior.

Dependent variables are the non financial performance indicators that will lead to organizational performance as discussed below.

Efficiency; this refers to use of fewer resources to achieve the organization objectives. Perceived Product/service quality is what consumers consider to be superior compared to other products. Customer satisfaction and loyalty this means an organization services are good and meet consumers' needs and this will be seen through return customers. Market share: A growth in market share in terms of the number of customers in a geographical area represent performance of an organization and a reduction represent a drop thus non-performance of an organization.

## 2.7 Research Gap

From the previous studies conducted on green marketing, there are no adequate studies carried on effects of green marketing the non-financial performance of Airline industry in Kenya. This therefore presents a research gap which this study seeks to address so as to give a ground for future studies in green marketing. The managers will be able to know their current position of green marketing practices and how it affects the non-financial performance of their Airlines. This will give them direction to what to do to increase the green marketing activities in their Airlines which will lead to cost savings and customer satisfaction. It will also help them to come up with policies that will ensure environmental sustainable initiatives are practiced by their Airlines.

## 2.8 Summary of literature review

Organizations should focus on activities that will make them stand out such as environment conscious and social responsibility. Environmentally responsible actions such as products that do not harm the environment will make customers have faith in the organization thus increasing organizations rating and market share. Green practices will lead to cost savings for organization and hence improve their performance. Organization should strive to reduce pollution to the environment in order to have a sustainable future. Green marketing should be part and parcel of the daily operations of the organizations in order to achieve environmental sustainability. From the empirical review of literature conducted there is no sufficient study carried out in Airline industry on this topic and yet the Airline industry is associated with environmental degradation. And that is why this study is important in order to shade light on effects of green marketing on non-financial performance of all Airlines in Kenya and give recommendations on the way forward.

## CHAPTER THREE: RESEARCH METHODOLOGY

### 3.1 Introduction.

This chapter covers the methodology used for this study such as research design, data collection, population, and data analysis.

### 3.2 Research Design

The study was a descriptive cross sectional census survey aimed at determining effects of green marketing on the non-financial of the Kenya Airlines. This was found appropriate because the study was done at one point in time. This study involved a onetime interaction with the respondents. The population of this study was all registered Airlines in Kenya. According to world Airline directory 2016 as indicated in appendix II, there are a total of 32 Airlines registered in Kenya. Out of the 32 Airlines 28 responded thus representing 87.5%. The target respondents were top and middle level managers from all the airlines in Kenya.

### 3.3 Data Collection

Primary data was collected using questionnaire that was divided into four parts. The first part targeted collecting information on respondent profiles with a view to ensure that only the targeted respondents who were managers of the Airlines were the ones filling the questionnaires. The second part collected general information so as to ensure that the results will be valid and reliable. The third part aimed at collecting data on green marketing practices that has been adopted by the Kenya Airlines, and fourth aimed at collecting data on effects of green marketing on non financial performance of the organization. The green practices include product, price, place, promotion, physical evidence and corporate practices. While non-financial performance indicators are efficiency, perceived product quality, customer satisfaction and loyalty and market share. Secondary data was obtained from company's brochures, website, journals, periodicals and other relevant sources.

Respondents were top and middle level managers drawn from different airlines since they were in a position to understand the concept of green marketing and are also involved in decision making in their organizations. Questionnaires were hand delivered by the researcher herself and waited as they were filled by managers of different airlines at the airport and their head offices.

### 3.4 Data Analysis

Descriptive statistics were used to analyze quantitative data where tables, percentages, mean scores, and variances were used to present the data. Qualitative data was also analyzed and it included verbal description or measurements with non-standard scales (Ngau & Kumssa, 2004). The raw data was entered, organized, and cleaned for completeness. Analyzed data was presented in a report format. The model used is regression analysis.

A regression model relates $Y$ to a function of **X** and **β**. $Y \approx f(X,\beta)$. In linear regression, the model specification is that the dependent variable, $Y_i$ (Non-financial performance) is a linear combination of the parameters. In this model we have six independent variables; corporate green practices, Product, Price, Place, Promotion and physical evidence.

The regression model represented is $Y=\beta_0+\beta_\iota X_i+\varepsilon$ , for i=1,2…6 .The regression line (known as the *least squares line*) is a plot of the expected value of the dependent variable for all values of the independent variable.

# CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION

## 4.1 Introduction

This chapter presents data analysis, findings and discussion in line with the study objectives. Primary data used was obtained from semi-structured questionnaires that were administered by the researcher herself to different managers from different airlines that are registered in Kenya with their offices at Jomo Kenyatta International Airport, Wilson Airport ,Embakasi base, ABC place Westlands Nairobi. A total of 32 questionnaires were prepared one for each airline and administered to the managers of the 32 registered airlines in Kenya as indicated in appendix II and 28 out of 32 questionnaires were returned dully filled and this presented a response rate of 87.5% which was considered sufficient for the study.

## 4.2 General Information

### 4.2.1 Response rate

Table 4.1

| Response rate | Frequency | Percentage (%) |
|---|---|---|
| Responded | 28 | 87.5 |
| Not responded | 4 | 12.5 |
| Total | 32 | 100% |

**Source: primary data**

From table (4.1) above out of 32 target respondents, 28 filled and returned the questionnaire contributing to 87.5% response rate. Whereas 4 of the respondents did not respond which represent 12.5% . This return rate was deemed good and representative for the study.

### 4.2.2 Respondents position

Respondents were asked to state their positions in the airline. This was to ensure that only the respondents targeted who were managers in their various airlines were involved in this research and this meant information given by the respondents is valid and could be relied on by the researcher because they were the right people and are in a position to understand green marketing concept. As shown in (table 4.2) below 57.2% were operations managers,32.1% marketing managers, 3.6% commercial manager thus all were well versed with green marketing concept in their Airlines.

**Table 4.2 Position of Respondent in the Airline**

| | Frequency | Percent |
|---|---|---|
| Commercial Manager | 1 | 3.6 |
| Marketing Manager | 9 | 32.1 |
| Operations Manager | 16 | 57.2 |
| Quality Assurance Manager | 1 | 3.6 |
| Reservationist | 1 | 3.6 |
| Total | 28 | 100.0 |

**Source: Primary data.**

### 4.2.3 Airline Experience

Respondents were asked to state how long they had worked in their respective airlines by choosing from a range of years given. This was to ensure that the respondent had worked for some years for them to be able to understand how the airlines operate and green marketing practices employed within their organizations. Table 4.3

| No. Of years | Frequency | Percent |
|---|---|---|
| 0-5 | 14 | 50.0 |
| 6-10 | 10 | 35.7 |
| 11-20 | 3 | 10.7 |
| Over 20 | 1 | 3.6 |
| Total | 28 | 100.0 |

**Source: primary data**

According to table 4.3 about 50% of the respondents stated that they had worked in their various Kenyan airlines for a period between 0-5 years this means that most of the respondents are familiar and understood well the operations of their Airlines as far as green marketing is concerned thus ensuring that information given can be trusted and relied on by the researcher. While about 35.7% of the respondents indicated that they have worked for 6-10 years. 10.7% had worked for 11-20years. Experience in the airline industry is very important since it gives an indication of employees' level of understanding of the issue of green marketing practices thus valid information given.

### 4.2.4 Green Marketing

Respondents were asked to state if their airlines had adopted green marketing practices in a " Yes or No " manner and as shown in ( table 4.4) 75% of the respondents said their airlines had adopted green marketing practices thus indicating that a large number of the airlines had adopted green marketing. Whereas 25% of respondents stated that their airlines had not adopted green marketing.

**Table 4.4**

| | Frequency | Percent |
|---|---|---|
| Yes | 21 | 75.0 |
| No | 7 | 25.0 |
| Total | 28 | 100.0 |

**Source: primary data**

### 4.2.5 Market Share.

Respondents were asked to state the percentage of total flights that were domestic so as to determine their market share. As shown in (table 4.5 ) below , 53.6% of the respondents indicated that a big percentage of their flights were domestic. The general indication is that the Kenyan airlines have a big domestic market share as compared to regional and international markets. The increase in the domestic market is attributed to the increase in disposable income among Kenyans and the desire to travel by middle-class in the country both for leisure and business. The increase in domestic market share comes with its challenges as well especially to the environment such as emission of carbon monoxide into the air, noise pollution by the aircrafts operating within the Kenyan skies.

**Table 4.5**

| | Frequency | Percent |
|---|---|---|
| Less than 10% | 2 | 7.1 |
| 11-30 % | 5 | 17.9 |
| 31-50% | 6 | 21.4 |

| | | |
|---|---|---|
| Above 50% | 15 | 53.6 |
| Total | 28 | 100.0 |

**Source: primary data**

Respondents were asked to state who makes the long term decisions in their organization and as indicated in (table 4.6) 96.4% of respondents stated that the top management were responsible for decision making. Thus indicating that the airlines use top down approach, therefore green marketing practices decisions will be made by top management and passed down to middle level and the junior staff for implementation. Therefore this study dealt with the right respondents who are involved with decision making in their organizations thus giving reliable information on green marketing.

**Table 4.6**

| | Frequency | Percent |
|---|---|---|
| Top management | 27 | 96.4 |
| Middle level managers | 1 | 3.6 |
| Total | 28 | 100.0 |

**Source: primary data**

### 4.2.7 Carbon Offset Program

Respondents were asked to indicate if their airlines had any carbon offset program that involved the passengers in a “yes” or “no” manner. In table (4.7) below 92.9% of the respondents indicated that there was no carbon offset program involving the passengers in their Airlines. This means that majority of Airlines in Kenya have not put in place carbon offset programs involving the passengers to conserve the environment. While 3.6% indicate that there were indeed efforts to protect the environment from depletion. The first voluntary carbon offset project in Kenya that involves the passengers is the “REDD” project (Kasigau corridor Reduced Emissions from Deforestation and Degradation) in Voi by (KQ). Environmental conservation is a global issue and has received a lot of attention in the recent past from all industries to reduce the greenhouse gas emissions.

**Table 4.7**

| | Frequency | Percent |
|---|---|---|
| Yes | 1 | 3.6 |
| No | 26 | 92.9 |
| System Missing/No response | 1 | 3.6 |
| Total | 28 | 100.0 |

**Source: primary data**

### 4.3 Green Marketing Practices adopted by the Kenya Airlines

Respondents were required to indicate the extent to which their Airlines have adopted green marketing practices on a Likert scale of 5 to 1, where 5 meant to a very large extent, 4 to a large extent, 3 to a moderate extent, 2 to a small extent, and 1 not at all

#### 4.3.1 Corporate green practices

**Table 4.8**

| | N | Mean | Std. Deviation |
|---|---|---|---|
| Airline has a mission statement that explains commitment to environment | 28 | 3.25 | 1.323 |
| Airline has developed an environmental workplace policy | 28 | 3.54 | 1.290 |
| Airline has developed achievable environmental goals for all stakeholders | 28 | 3.07 | 1.386 |
| Airline conducts environmental audits at regular intervals | 28 | 2.61 | 1.474 |
| Airline gives financial support for environmental project | 28 | 2.82 | 1.541 |
| Airline invests in research and development for cleaner environment | 28 | 2.82 | 1.492 |
| Airline invests in new technologies for handling waste, sewage and air pollution | 28 | 2.93 | 1.438 |
| Airline offers rewards to employees who develop new environmental ideas | 28 | 2.79 | 1.618 |
| Airline has programs aimed at reducing greenhouse gas emissions and carbon footprint | 28 | 2.64 | 1.420 |
| Airline educates key stakeholders | 28 | 3.04 | 1.347 |
| Valid N (list wise) | 28 | **Ave. mean 2.95** | |

From table 4.8 above on green corporate practices, the findings are that most Airlines in Kenya have developed environmental workplace policy with highest mean of 3.54,and standard deviation of (1.29) followed by airlines having mission statements that explains commitment to the environment with mean of 3.25. The practice with lowest mean of 2.61 was that Airlines conducts environmental audits implying that most airlines do not carry out environmental audits. Followed by whether airlines had programs aimed at reducing green house gas emissions and carbon footprint with mean of 2.64. In general corporate practices had average mean score of 2.95.thus ranked 6th hence adopted to a small extent.

### 4.3.2 Product

| | N | Mean | Std. Deviation |
|---|---|---|---|
| Airline undertakes product standardization to ensure environmentally safe products | 28 | 3.43 | 1.230 |
| Airline uses cleaner technology processes to make savings | 28 | 3.43 | 1.425 |
| Products from my airline are certified and meet environmental specifications that are required by law | 28 | 3.71 | 1.084 |
| Airline products are reusable/recyclable | 28 | 3.61 | 1.166 |
| Airline uses efficient lighting, improved computer power management | 28 | 4.25 | .844 |
| Valid N (list wise) | 28 | **Ave. mean 3.69** | |

**Table 4.9**

From table 4.9 above on product, the green practice with the highest mean score of 4.25 and standard deviation of 0.84 was that airlines uses efficient lighting, computer power management, followed by products from airlines being certified and meet environmental specifications required by the law with mean of 3.71. While product standardization and use of cleaner processes to make savings scored the least with mean of 3.43.Green product as green marketing practice had an average mean of 3.69 thus ranked the 2nd.after price, implying it has been adopted by the Airlines to a large extent.

### 4.3.3 Price

**Table 4.10**

| | N | Mean | Std. Deviation |
|---|---|---|---|
| Airline is proactive and focuses on cost | 28 | 4.32 | .945 |
| Airline has improved cost-effectiveness and higher competitive edge | 28 | 4.00 | .943 |
| Airline supports adoption of environmental accounting methods to assess costs associated with the industry | 28 | 2.86 | 1.325 |
| Valid N (list wise) | 28 | **Ave. mean 3.73** | |

From table 4.10 above on price as green practice, the findings is that airlines are proactive and focuses on costs with the highest mean of 4.32 and standard deviation of 0.945 followed by Airlines having improved cost effectiveness and higher competitive edge with mean of 4.00 and standard deviation of 0.943.Price as green practice scored average mean of 3.73 thus ranked 1$^{st}$.meaning its been adopted to a very large extent by the Kenya airlines.

### 4.3.4 Place

**Table 4.11**

| | N | Mean | Std. Deviation |
|---|---|---|---|
| Airline adopts green distribution through redesigning physical facilities | 28 | 3.21 | 1.287 |
| Airline has adopted a more fuel efficient fleet | 28 | 3.75 | 1.110 |
| Airline implements reverse logistics | 28 | 3.25 | 1.175 |
| Valid N (list wise) | 28 | **Ave. mean 3.4** | |

From the above table 4.11 on place as green marketing practice, the findings from respondents are that airlines have adopted a more fuel efficient fleet was ranked the highest with a mean of 3.75 followed by airlines implementing reverse logistics with mean of 3.25. The average mean of place as green marketing practice was 3.4 thus ranked 4th. Hence it's been adopted to a moderate extent.

### 4.3.5 Promotion

**Table 4.12**

| | N | Mean | Std. Deviation |
|---|---|---|---|
| Airline provides customers with information on environmental friendly products | 28 | 3.32 | 1.492 |
| Airline clearly states their environmental efforts and benefits achieved | 28 | 3.00 | 1.466 |
| Airline uses sustainable marketing communication tools and practices to reinforce environmental credibility | 28 | 3.25 | 1.378 |
| Airline never overstates environmental claims | 28 | 3.57 | 1.289 |
| Airline has newsletter communicating environmental actions to all employees | 28 | 2.86 | 1.604 |
| Valid N (list wise) | 28 | **Ave. mean 3.2** | |

From table 4.12 above on promotion as green marketing practice, the practice that was rated the highest with mean of 3.57 was that Airlines do not overstate environmental claims, which was followed by Airlines providing customers information on environmental friendly products with mean of 3.32. The practice which was rated lowest with mean of 2.86 was Airlines having newsletter communicating environmental actions to all employees. Green promotion practice scored a mean of 3.2 hence was ranked 5th.hence adopted to a moderate extent.

### 4.3.5 Physical evidence

**Table 4.13**

| | N | Mean | Std. Deviation |
|---|---|---|---|
| Furniture at the organization is recycled, reusable | 28 | 3.82 | 1.156 |
| Reading materials in the waiting area are digital | 28 | 3.29 | 1.536 |
| Reading materials are printed on recycled papers | 28 | 3.96 | 1.401 |
| Valid N (list wise) | 28 | **Ave. mean 3.69** | |

From table 4.13 above on physical evidence as green marketing practice, the findings are that reading materials are printed on recycled papers which was highest with mean score of 3.96 followed by organizations furniture being recycled and reusable with mean of 3.82. The least practice was reading materials in waiting area being digital with mean of 3.29. Physical evidence as green practice had a mean of 3.69 thus ranked the 2$^{nd}$.hence adopted to a large extent.

### 4.4 Effects of Green Marketing Practices on the non-financial Performance of the Kenya Airlines.

The second objective of this research sought to examine effects of green marketing practices on non-financial performance of Kenya Airlines. Regression analysis was run with Green Marketing practices as the Independent variable and non- financial performance of the Airlines as the dependent variable. Results from regression analysis are summarized in table 4.14 below

### 4.4.1 Regression Diagnostic Tests

**Table 4.14 Multi-collinearity Test**

| | Collinearity Statistics | |
|---|---|---|
| | Tolerance | VIF |
| Corporate green practices | .105 | 9.527 |
| Product | .334 | 2.997 |
| Price | .446 | 2.244 |
| Place | .268 | 3.731 |
| Promotion | .164 | 6.085 |
| Physical evidence | .494 | 2.025 |

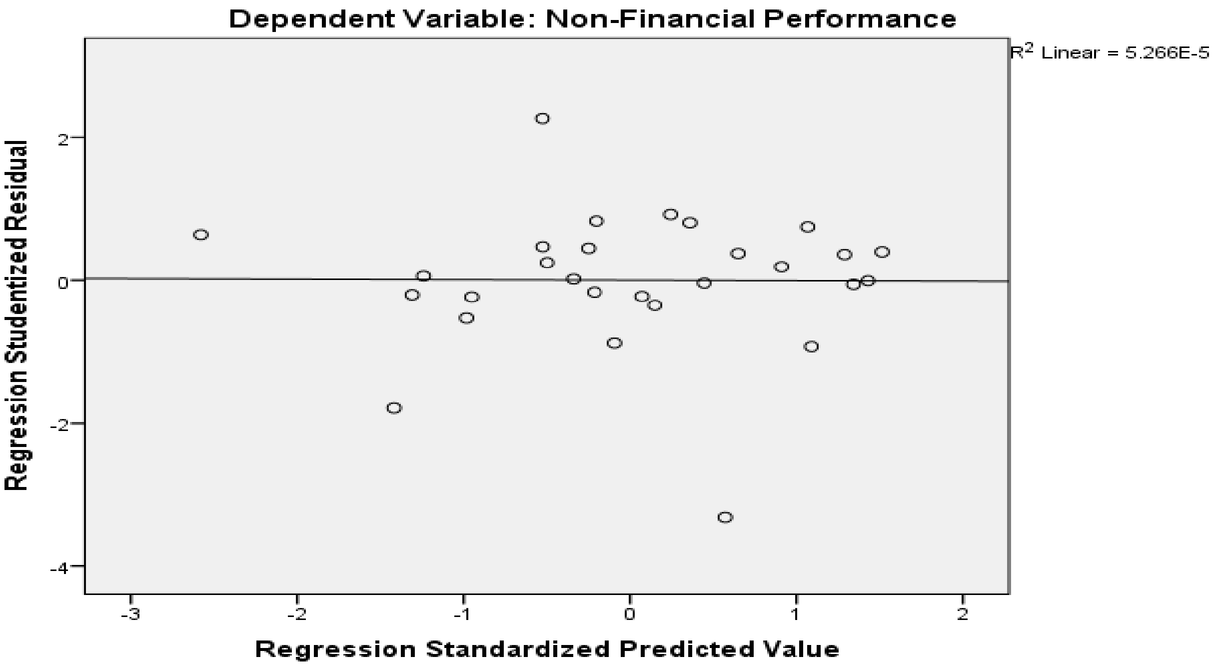
**Source: primary data**

Based on the collinearity statistics, the Variance Inflation Factor (VIF) which measures the impact of collinearity among the variables in a regression model obtained were corporate green practices (9.527), Product (2.997), price (2.244), place (3.731), promotion (6.085) and physical evidence (2.025). These Values of VIF were between 1-10 indicated absences of multi-collinearity on green marketing practices variables.

### 4.4.2 Homoscedasticity Test

Residual scatter plots provide a visual examination of the assumption homoscedasticity between the predicted dependent variable scores and the errors of prediction.

**Figure 4.1 non-financial Performance.**




**Source: Research project.**

The figure above shows a random displacement of scores that take on a rectangular shape with no clustering or systematic pattern. This indicates that the assumption of homoscedasticity is met, thus absence of heteroscedasticity among the variables.

### 4.4.3 Model Summary

***R* and *R*² values**

| Model | R | R Square | Std. Error of the Estimate | Change Statistics | | | | | Durbin-Watson |
|---|---|---|---|---|---|---|---|---|---|
| | | | | R Square Change | F Change | df1 | df2 | Sig. F Change | |
| 1 | .822[a] | .675 | 6.283 | .675 | 7.269 | 6 | 21 | .000 | 1.842 |

Table 4.15

**Source: primary data**

This table 4.15 above provides the *R* and $R^2$ values. The *R* value represents the simple correlation and is 0.822 (the **"R"** Column), which indicates a high degree of correlation. The $R^2$ value (the "**R Square"** column) indicates how much of the total variation in the dependent variables, can be explained by the independent variable. In this case, 67.5% can be explained, which is very large. From the above findings it means green marketing practices affects the non-financial performance of the Airlines in Kenya to a very great extent.

### 4.4.4 ANOVA

| Table 4.16 | | | | | | |
|---|---|---|---|---|---|---|
| Model | | Sum of Squares | Df | Mean Square | F | Sig. |
| 1 | Regression | 1721.662 | 6 | 286.944 | 7.269 | .000[b] |
| | Residual | 829.016 | 21 | 39.477 | | |
| | Total | 2550.679 | 27 | | | |

**Source: primary data**

a. Dependent Variable: Non-Financial Performance (efficiency, customer satisfaction and loyalty, perceived product/service quality, market share.)

b. Predictors: (Constant), Physical evidence, Price, Promotion, Product, Place, Corporate green practices

The table 4.16 above indicates that the regression model shows that the statistical significance of the regression model $p < 0.000$, which is less than 0.05, and indicates that, overall, the regression model statistically significantly predicts the outcome variable. This implies that the green marketing practices (Physical evidence, Price, Promotion, Product, Place, Corporate green practices) has effect on the Non-financial performance (efficiency, customer care and loyalty, market share, perceived product/ service quality ) of Airlines in Kenya to a very great extent.

### 4.5 Discussion.

From the analysis and findings above 28 out of 32 questionnaires were returned dully filled and this presented a response rate of 87.5% which was considered sufficient for the study. The respondents were managers in their various Airlines thus had good understanding of green marketing practices thus information given was valid and reliable.

Most of the respondents have long years in service in their various Airlines therefore understood the operations of their Airlines as far as green marketing is concerned. Most of the Airlines have large domestic market share and thus contribute a lot to the degradation of the environment through green house gas emissions. From the analysis it is clear that Airlines have adopted green marketing practices to a large extent. And this green practices are corporate green, price, products, physical evidence, place and promotion. It is also clear from regression analysis that green marketing practices affected the non-financial performance of the Kenya Airlines to a very large extent with 67.5%. This means Airlines have achieved improved efficiency, large market share, customer satisfaction and loyalty through return customers and improved product/service quality through adoption of green marketing practices. It's also clear from the empirical review of literature that adoption of green marketing practices has a positive relationship on the performance of various organizations. Further still empirical review of literature shows that green organization will achieve costs savings at the long run and also lead to larger market share and awareness about the environment, product with green features, green promotion practices and green price influenced how consumers purchased products/services. This therefore suggests that organizations should adopt different green marketing practices in order to improve their performance and hence achieve organizational objectives.

## CHAPTER FIVE

## SUMMARY, CONCLUSION AND RECOMMENDATIONS

### 5.1 Introduction

This section addresses summary of the findings, conclusion, recommendations for policy and practice. It also attempts to discuss limitations of the study with a view to make final suggestions for further research.

### 5.2 Summary

Study participants were drawn from fairly senior management positions in their Airlines with clear understanding of the operations of their organizations as far as green marketing practices is concerned and they had experience since they had worked for long period in the Airlines thus ensuring that information given is valid and can be relied on. The study further revealed that most of the Airlines have a large domestic market share hence contributing to environmental degradation through air and noise pollution. Further findings from the study state that majority of the Airlines have not adopted carbon offset programs that involves the passengers that could help to conserve the environment.

It is clear from the findings that the Kenya Airlines practice green marketing and the areas that green marketing has been practiced include; green price, green product, physical evidence, green place, green promotion and green corporate practices. The results from the analysis revealed that green price practice has been adopted to a large extent with an average mean of 3.73 thus ranked first against all the other green marketing practices. The findings were Airlines are proactive and focuses on costs with the highest mean of 4.32 and standard deviation of 0.945 followed by Airlines having improved cost effectiveness and higher competitive edge with mean of 4.00 and standard deviation of 0.943.its clear from the findings that most Airlines have not adopted environmental accounting methods to assess costs associated with their industry.

The study further revealed that Green product and physical evidence has been adopted to a large extent with both having an average mean of 3.69 thus ranked the second. On product, the green practice with the highest mean score of 4.25 and standard deviation of 0.84 was that airlines uses efficient lighting, computer power management, followed by products from airlines being certified and meet environmental specifications required by the law with mean of 3.71. While product standardization and use of cleaner processes to make savings scored the least with mean of 3.43.On physical evidence, the findings are that reading materials are printed on recycled papers which was highest with mean score of 3.96 followed by organizations furniture being recycled and reusable with mean of 3.82. The least practice was reading materials in waiting area being digital with mean of 3.29.

The study findings also showed that Green place practice has been adopted to a moderate extent with an average mean of 3.4 and the green practice that is practiced to a large extent was that airlines have adopted a more fuel efficient fleet with a mean of 3.75 followed by airlines implementing reverse logistics with mean of 3.25. The least practiced was Airline adopting green distribution through redesigning physical facilities with mean of 3.21.

The results has also suggested that green promotion has been adopted to a moderate extent with an average mean of 3.2 and the practice that was highly rated with mean of 3.57 was that Airlines do not overstate environmental claims, which was followed by Airlines providing customers information on environmental friendly products with mean of 3.32. The practice which was rated lowest with mean of 2.86 was Airlines having newsletter communicating environmental actions to all employees. This means most Airlines do not have newsletters communicating environmental actions to employees.

From the findings green corporate practices has been rated the least with an average mean of 2.9 thus being practiced to a small extent by the Airlines. The practice that has been rated the highest with mean of 3.54 is that most Airlines in Kenya have developed environmental workplace policy followed by airlines having mission statements that explains commitment to the environment with mean of 3.25. The practice with lowest mean of 2.61 is that Airlines conducts environmental audits implying that most airlines do not carry out environmental audits.

In relation to the relationship between the adoption of green marketing and non-financial performance, from Regression analysis it emerged that green marketing practices adopted by Airlines in Kenya  had a great effect on their non-financial performance and the analysis revealed that there was positive relationship .This means that green marketing practices (product, price, place. promotion, physical evidence and corporate practice) has effects on the non-financial performance of the Airlines (efficiency, customer satisfaction and loyalty, perceived product/service quality and market share) to a very large extent with mean score of 67.5 %.

## 5.3 Conclusion

From the analysis and findings above it can be concluded that Kenya Airlines have adopted various green marketing practices such as green price, green product, physical evidence, green place, green promotion and green corporate. On green price, Airlines in Kenya are proactive and focus on costs; they also have improved cost effectiveness and have higher competitive edge. This is due to the fact that it largely contributes to non-financial performance of these Airlines especially efficiency, market share, perceived product/service quality, customer satisfaction and loyalty. Airlines have also adopted more fuel efficient fleets and new aircrafts that ensure that the carbon emitted into the environment is reduced thus contributing to the performance of perceived product quality. They have also developed and maintained a brand name and their services are tailored towards the customer and this has to a large extent led to customer satisfaction and loyalty performance of the Airlines.

The study further revealed that Majority of Airlines to a very large extent had highly qualified and experienced staff and thus leading to efficiency and thus non financial performance. Further results showed that green promotion has been adopted to a small extent by Airlines in Kenya with most of them indicating that they do not have newsletters communicating environmental actions to all employees. Corporate practices likewise have been adopted to a small extent by the Kenya Airlines with most of them indicating that their airlines to a small extent carry out environmental audits at regular intervals, very few Airlines invest in research and development for cleaner environment.

## 5.4 Recommendations for Policy and Practice

The study recommends that the Government through authorities like IATA which is the body responsible for making policies that guides all the Airlines in the world should ensure that all Airlines have environmental workplace policy and have achievable environmental goals for all stakeholders. Organizations such as NEMA which is charged with the management of the natural environment in Kenya should also strive to create more awareness on the need for organizations to implement green marketing practices especially in the Airline industry which contributes to environmental degradation.

To the extent to which the study revealed the fact that airlines to a very small extent conduct environmental audits it becomes imperative that airlines gives it priority so that they will be in a position to know which green marketing practices are already in place and which ones need to be put in place. This will increase their compliance to environmental management practices and thus lead to efficiency and hence performance of their organizations.

The study also recommends that Kenya Airlines should initiate carbon offset programs where passengers voluntary contribute to carbon offset and the money collected goes directly to fund projects that are aimed at reducing carbon footprint and conserving the environment. The Airlines should also give financial support for environmental projects .This will contribute to environmental sustainability.

The study further recommends that the Kenya Airlines management should invest in research and development for cleaner environment and should also reward employees who come up with new environmental ideas in order to encourage and motivate other employees to become innovative in matters to do with the environment thus achieving environmental sustainability.

**5.5 Limitations of the study**

This study was limited to the perspective of Airlines in Kenya especially those that are domestic and have offices/headquarters in Kenya and not all the airlines that fly to Kenya especially the regional and international Airlines. The results of this study were as well limited by time, restricted access to the Airlines which made it very difficult getting some of the respondents and financial constraints.

**5.6 Suggestions for further Research**

The study focused on the effects of green marketing practices on non-financial performance of the Airlines in Kenya. A study could also be carried out which would focus on green marketing practices and effects on both financial and non-financial performance of the Airlines in Kenya so as to give a balance performance measurement and to understand the organization performance on a broader spectrum.

A very important study could also be carried out on the challenges faced by Airlines in Kenya in adopting the green marketing practices. So that the Airlines will be able to know how to counter the challenges and be able to fully adopt the green marketing practices so that they can achieve environmental sustainability.

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# APPENDICES

## Appendix I: Introductory Letter

Dear Sir/Madam,

**RE: REQUEST FOR RESEARCH INFORMATION.**

I am a student at the University of Nairobi pursuing a Master degree in Business Administration (MBA). I am undertaking a research project on green marketing Practices and its effects on non financial performance of Kenya Airlines as part of the academic requirements for the award of the stated degree.

I would be grateful if you could spare a moment of your time and fill the attached questionnaire, to help me gather the necessary information. The information you give shall be treated with utmost confidentiality and shall be used solely for this research problem. A copy of the same shall be availed to you on request.

Any additional information you might consider necessary for this study will be highly appreciated.

In case of any queries pertaining to this research project, do not hesitate to call me on Tel: 0720617922

Thank you in advance.

Yours sincerely

Aidah mnyolmo

## Appendix II: Questionnaire

Please take a few minutes to complete this questionnaire. This questionnaire aims at gathering information on green marketing practices and its effects on the performance of Kenya airlines

The information is needed for academic purposes only and no information/data will be disclosed to a third party.

**PART ONE. RESPONDENTS BACKGROUND INFORMATION**

Where applicable, please tick (_) the bracket that most applies to you

1. Name of your airline.…………………………………………………..

2. Position of the respondent in the airline………………………….………

3. Number of years worked in the airline

   0-5 Yrs (   )

   6-10 Yrs (   )

   11-20 Yrs (   )

   Over 21 Yrs (   )

**PART TWO: GENERAL INFORMATION**

1. In your own opinion, do you think green marketing has been adopted by your organization?

   Yes (   )

   No (   )

2. What percentage of your total flight is domestic?

   Less than 10% (   )

   11-30 % (   )

   31-49 (   )

   Above 50 % (   )

3. Who makes the long-term decisions in your organization?

Top management ( )

Middle level managers ( )

4. Is your airline involved in any carbon offset program which involves the

Passengers

Yes ( )

No ( )

(If yes) Which one……………………………………………………………

**PART THREE: GREEN MARKETING PRACTICES**

Please indicate the extent to which your Airline has incorporated green marketing practices. By indicating your rating of each of the marketing practices using a scale where:

***5 to very large extent, 4 to a large extent, 3 to a moderate extent, 2 to a small extent 1, not at all***

| No | **Corporate green practices** | **5** | **4** | **3** | **2** | **1** |
|---|---|---|---|---|---|---|
| 1 | My airline has a mission statement that explains commitment to environment. | | | | | |
| 2 | My airline has developed an environmental workplace policy. | | | | | |
| 3 | My airline has developed achievable environmental goals for all stakeholders. | | | | | |
| 4 | My airline conducts environmental audits at regular intervals. | | | | | |
| 5 | My airline gives financial support for environmental | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| | project. | | | | | |
| 6 | My airline invests in research and development for cleaner environment. i.e renewable energy and land reclamation | | | | | |
| 7 | My airline invests in new technologies for handling waste, sewage and air pollution. | | | | | |
| 8 | My airline offers rewards to employees who develop new environmental ideas. | | | | | |
| 9 | My airline has programs aimed at reducing greenhouse gas emissions and carbon footprint. | | | | | |
| 10 | My airline educates key stakeholders i.e customers and supply chain to support environmental practices. | | | | | |

| **No** | **Product** | **5** | **4** | **3** | **2** | **1** |
|---|---|---|---|---|---|---|
| 1 | My airline undertakes product standardization to ensure environmentally safe products | | | | | |
| 2 | My airline uses cleaner technology processes to make savings. | | | | | |
| 3 | Products from my airline are certified and meet environmental specifications that are required by the law. | | | | | |
| 4 | My airline products are reusable / recyclable. | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| 5 | My airline uses efficient lighting, improved computer power management. | | | | | |

| No | Price | 5 | 4 | 3 | 2 | 1 |
|---|---|---|---|---|---|---|
| 1 | My airline is proactive and focuses on costs | | | | | |
| 2 | My airline has improved cost-effectiveness and a higher competitive edge. | | | | | |
| 3. | My airline supports adoption of environmental accounting methods to assess costs associated with the industry. | | | | | |

| No | Place | 5 | 4 | 3 | 2 | 1 |
|---|---|---|---|---|---|---|
| 1. | My airline adopts green distribution through redesigning physical facilities. | | | | | |
| 2 | My airline has adopted a more fuel efficient fleet. | | | | | |
| 3 | My airline implements reverse logistics | | | | | |

| No | Promotion | 5 | 4 | 3 | 2 | 1 |
|---|---|---|---|---|---|---|
| 1 | My airline provides customers with information on environmental friendly products. | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| 2 | My airline clearly states their environmental efforts and benefits achieved. | | | | | |
| 3 | My airline uses sustainable marketing communication tools and practices to reinforce environmental credibility. | | | | | |
| 4 | My airline never overstates environmental claims. | | | | | |
| 5 | My airline has newsletter communicating environmental actions to all employees. | | | | | |

| No. | Physical evidence | 5 | 4 | 3 | 2 | 1 |
|---|---|---|---|---|---|---|
| 1 | Furniture at the organization is recycled, reusable. | | | | | |
| 2 | Reading materials in the waiting area are digital. | | | | | |
| 3 | Reading materials are printed on recycled papers. | | | | | |

**PART FOUR: EFFECT OF GREEN MARKETING PRACTICESON NON FINANCIAL ORGANIZATIONAL PERFORMANCE.**

Please indicate the extent to which green marketing practices affect thenon financial performance of your Airline by inserting a number that reflects your rating of each using a rating scale where;

***5 to very large extent, 4 to a large extent, 3 to a moderate extent, 2 to a small extent 1, not at all***

**Non financial performance indicators**

| No | Efficiency | 5 | 4 | 3 | 2 | 1 |
|---|---|---|---|---|---|---|
| 1 | My airline employees are highly qualified and | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| | experienced. | | | | | |
| 2 | My airline carries out job satisfaction and competence surveys. | | | | | |
| 3 | My airline uses natural light during the day to save on electricity | | | | | |
| 4 | My airline encourages staff to switch off lights not in use by posting reminders at the power switches. | | | | | |
| 5 | My airline furniture is made from recycled materials. | | | | | |
| 6 | My airline prints internal correspondence on back to back format. | | | | | |
| 7 | My airline prints tickets on materials that have less detrimental effects to the environment. | | | | | |

| **No** | **Perceived product/service quality** | **5** | **4** | **3** | **2** | **1** |
|---|---|---|---|---|---|---|
| 1 | My airline customer care service is friendly to customers. | | | | | |
| 2 | My airline fares are lower than the competitors. | | | | | |
| 3 | My airline provides the best in flight services for passengers. | | | | | |
| 4 | My airline uses fuel efficient fleets and new model of aircraft that producesless emission to the environment. | | | | | |
| 5 | My airline has developed and maintained a brand name | | | | | |

| No | Customer satisfaction and loyalty | 5 | 4 | 3 | 2 | 1 |
|---|---|---|---|---|---|---|
| 1 | My airline provides customers with information on environmental friendly products. | | | | | |
| 2 | My airline services are tailored towards the customer needs and expectations. | | | | | |
| 3 | My airline has a large number of repeat customers. | | | | | |
| 4 | My airline has a good brand name. | | | | | |

| No | Market share | 5 | 4 | 3 | 2 | 1 |
|---|---|---|---|---|---|---|
| 1 | My airline has had  increased number of passengers | | | | | |
| 2 | My airline flies to different regions. | | | | | |
| 3 | My airline is involved in innovative programs i.e technology that helps to sustain the environment. | | | | | |

Thank you for taking your time to fill the questionnaire.

**Appendix III:List of Airlines in Kenya.**

1. Kenya Airways
2. Jambo Jet
3. Fly 540.
4. 748 Air Services
5. African Express Airways,
6. Air Kenya Express,
7. Aircraft leasing Services (ALS),
8. Astral Aviation,
9. Blue Bird Aviation (Kenya),
10. CMC Aviation,
11. Delta Connection (Kenya),
12. East Africa Safari Air,
13. Safari link Aviation
14. Blue Sky Aviation
15. Fly –SAX
16. Mombasa Air Safari
17. Aberdair Aviation
18. AerospaceConsortium
19. Airlink Kenya
20. Air Traffic Kenya
21. Jubba Airways
22. Global Airlift
23. Freedom Airline Express.
24. .Rudufu
25. Skytrail Air Safaris
26. Skyward Express
27. Safe Air company
28. Fast Jet
29. DAC East Africa
30. Great Airways.
31. Capital Airways.
32. Aeronav Air Services

**Source: World Airline Directory,2016**