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ScienceDirect

Procedia - Social and Behavioral Sciences 164 (2014) 141 – 149

Procedia
Social and Behavioral Sciences

International Conference on Accounting Studies 2014, ICAS 2014, 18-19 August 2014, Kuala Lumpur, Malaysia

Corporate social responsibility as a marketing strategy for enhanced performance in the Nigerian banking industry: A granger causality approach

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Abstract

This research study takes a look at corporate social responsibility as a marketing strategy for organizational performance. The study makes use of both primary and secondary data and granger causality test was adopted as the estimation techniques. However, the objective of the study is to examine the impact of corporate social responsibility on marketing strategy in an organization. The primary data make use of questionnaire that was distributed to 120 staff of Zenith bank of Nigeria plc and the raw data from the questionnaire were coded to become a grouped data. With the secondary data the study makes use of a simple regression model formulated to take care of the topic of the research study and granger causality test was used to analyse the issue and the result revealed that there is causality that run from corporate social responsibility and marketing strategy. The study concludes and recommends that there exist some inherent pitfalls in CSR regarding marketing operations of corporate organizations, which tend to negate the interest of consumers. It is concluded that firms should endeavour to apply best practices of CSR in their marketing activities to protect the interest of consumers and the society.

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Peer-review under responsibility of the School of Accountancy, College of Business, Universiti Utara Malaysia.

Keywords: Corporate social responsibility; marketing strategy; granger causality test; consumers; organizations

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1. Introduction

Marketing is vital to the success of a business organisation. Corporate organisations, be it service-oriented or product-oriented, must design appropriate strategies to market their products and services. Successful marketing results in stronger products, happier and loyal customers and bigger profit. There are certain skills demanded of marketing professionals in a dynamic marketing environment. Such skills are in areas such as selling and sales management, collection of payments, advertising (creative ways with less expenditure), sales promotion (good communication skill), publicity, public relations, exhibitions and other event management, packaging and branding, corporate identity and image, marketing research and encouragement.

Incorporating best practices of CSR in marketing strategies is vital to the success of a business organization and its existence in an environment. The relationship between marketing and the corporate social responsibility has been studied for decades with outcomes being influenced by the prevailing economic paradigm at a specific point in time (Moir 2001). The influence of marketing activities in our business environment and its duties towards society as it relates to CSR is widely acknowledged.

The concept of CSR is critical of excessive consumerism and environmental damages caused by corporations. It is based on the idea that market offerings must not be only profit-driven, but they must also reinforce social and ethical values for the benefit of citizens. CSR is promoted as a business model to help companies self-regulate, recognizing that their activities impact on assortment of stakeholders, including the general public (Armstrong & Kotler, 2008). CSR is sometimes described in terms of a pyramid, starting with economic as its base, then legal, ethical and philanthropic actions at the top. It is in the last two layers of the CSR pyramid-ethical and philanthropic- that socially responsible marketing opportunities appear the greatest. Meeting the first two layers, economic and legal, are necessary for a business to thrive in order to engage in the later two layers (Ferrell & Hartline, 2011).

However, most corporate organizations are still found wanting in meeting the best practices of CSR in their marketing operations. The thrust of this paper therefore, revolves around exposition on the requirements of CSR as well as shortcomings in respect of marketing operations of corporate entities. The research study is not new in literature but the methodological approach is different and no other study has used granger causality to test whether corporate social responsibility causes marketing strategy that will bring about better performance in the organization or it is marketing strategy that causes corporate social responsibility, which means through good marketing strategy, organisations tend to perform better by giving back to the society. More so, the objective of the study is to examine the impact of corporate social responsibility on marketing strategy in an organization.

2. Literature review

2.1. Conceptual clarification

There are related terms to marketing which are identified and explained in this section as a prelude to exposition on the concept of marketing. Market economy presupposes principles of free enterprise applied to market less interventions from authorities and marketable in such situations refers to commodities fit to be offered for sale (Joshi, 2005).

In the opinion of Kotler & Kevin (2006), marketing refers to the business of selling and buying commodities (products and services). It is not confined to space, locality and time. The internet enables market to be carried out in cyberspace, twenty four hours daily (interactive online marketing). In related terms, Joshi (2005) posits that marketer is the person who promotes sales. In the opinion of Madsen & Tan (2005), marketing is the creation, development and delivery of products and services that satisfy the needs and wants of the customers, but necessarily at a profit.

The Chartered Institute of Marketing (2010) holds that “marketing is the management process responsible for identifying, anticipating and satisfying customer requirements profitably”. In related terms, according to the Institute, marketing involves pre-occupations such as the following:

- Management process of forecasting, planning, coordinating, directing, controlling, motivating,

community and motivating.

- Identifying – recognising, specifying, selecting and prioritizing customer needs.
- Anticipation – visualising and projecting customer want and desires.
- Satisfying – meeting customer needs – value for money.
- Customer – a person who agrees to offer to buy a commodity.
- Profitably – good returns to investments.

Hence the working definition of marketing in this paper is that marketing involves producing right products or services, getting them to the right place at the right price and right time to the right customers at a profit.

2.2 Theories of marketing

There are various types of marketing theories out of which three are identified and discussed in this paper. Such theories include the following.

2.2.1 Marketing myopia theory

The theory as propounded by Theodore Levitt holds that marketers should look towards the market and modify the company and products accordingly rather than looking towards the company, its potential and then catering for the market. The needs of the market should receive first priority. This implies that firms should research into market needs and the preferences of the consumers in determining the products to produce in order to satisfy the consumers.

This theory recognizes the buyers' market concept or the product concept, which believes that consumers will patronize those products that offer the most quality for the price, and therefore, the organization should devote its energy to improving product quality. The product concept indicates that consumers are primarily interested in product quality, and know the quality and features differences among the competing products.

The product concept states that consumers chose products on the basis of their quality as the key that attracts them and earn their loyalty. Organizations should therefore, keep improving product quality to meet the needs of the consumers. This will also help organizations to progress by taking positive steps to design, package and price their products attractively, place it into convenient distribution channels, and bring them to the attention of the consumers concerned.

According to marketing myopia theory, to cater for a market, a company not only needs to be technically sound and product oriented but it also needs to be customer oriented. Furthermore, it needs to understand what are the needs of the customer and what improved innovations can the company introduce to maintain customer interest or how it can adapt to the changing market conditions.

Implications of marketing myopia theory include the fact that it: can be used by marketers as well advertisers to determine whether or not they are catering for the right market and customers; shows how they should adapt their products to cater for a large market; indicates how they can bring about synchronization between the production capabilities of companies and the demand in the market; and indicate the kind of advertising strategies that should be used by companies in promoting their products.

In synopsis, marketing myopia theory implies that companies should be more customer focused, be innovative, be in control of the marketing strategies and their markets, try to understand their customer desires and incorporate them in their product designs, develop marketing strategies should be developed in line with feedback being generated from customers. Above all, companies should be embarking on periodic market research programs to keep abreast of changing customer needs, desires and preferences (Bhasin, 2011).

2.2.2 Social marketing theory

Social marketing as a key part of social enterprise is a marketing through causes and social issues. The goal of social marketing is not necessarily to raise sales figures. It is often to promote a specific cause in the community and better society in some way by raising awareness of a problem and offering solutions to that problem, usually at the same time. Social marketing is often based on a partnership between a business and a nonprofit or government agency.

Many kinds of social marketing theories exist, making it difficult to describe precisely which theory is the primary one. Some theories of social marketing are based on the exchange principle, maintaining that the company exchanges value between its partners and consumers and benefits from social marketing in equal amounts. Other theories approach social marketing as a philanthropic endeavor where benefits may not be seen and will not be direct benefits even if they do manifest.

Therefore, social marketing holds that firms should disclose relevant information on their products in order to protect the wellbeing of the citizens and the general environment in terms of minimizing the externalities of their products to the environment. It also holds that marketing programs should be designed in such a way as to incorporate responsibilities to the citizens and the environment.

Due to the flexibility in social marketing theory, companies often take a middle ground approach that allows them to use social marketing for their own benefit. While raising awareness for an issue or being part of a project that makes society safer and more pleasant, the business is generating goodwill as consumers see its participation. This can result in indirect sales and makes a good hybrid goal for the business to have (Lacoma, 2013).

2.2.3 Business marketing theory

According to Lacoma (2013), traditional business marketing theory emphasizes business operations that will result in tremendous volume of sales or turnover, reasonable level of market share for the firm, and capturing more markets for the firm. This implies that business marketing theory supports the ideal of production concept which presuppose that the main aim of a firm is to produce as much quantity of goods as possible and push such to the market and impose them on the consumers since they are bound to patronize the goods on the strength of the availability.

The key difference between social marketing theory and traditional business marketing theory is the goal. In social marketing the goal will always be to better society, at least in part. In traditional marketing, the goal is to always increase sales figures and business market share, increasing either purchases or the number of consumers purchasing. The two may often be at odds with each other when set side by side, but some combination is possible.

2.3 Corporate social responsibility in marketing.

There is a growing confusion over the definition of CSR. CSR has been described as charitable giving, strategic philanthropy, community involvement, or cause-related marketing. However, none of these descriptions really does the concept justice. A management consultancy, specialising in brand and business strategy, define CSR as doing business in a responsible fashion that delivers value not only to the organisation, but also to its stakeholders and the community within which it operates. CSR covers five main areas: environment, community, employee welfare, financial performance and corporate governance.

In the course of marketing of products, it must be committed to natural environment. The enthusiasm for corporate social responsibility (CSR) has been echoed in the marketing literature. Within the marketing literature, a lot of fragmentation can be observed in terms of the unit of analysis considered and the dimensions of corporate social responsibility investigated. When scholars of marketing started expressing their concern for corporate social responsibilities in the 1960s and 1970s, they focused on the social duties attached to the marketing function and not on the overall social role of the firm. This resulted into the emergence of the field of social marketing, which specialises in the contribution of marketing activities to socially desirable behaviors and goals. Similarly, the

marketing literature has developed much knowledge on the ethical perceptions, reasoning, and decision – making process of marketing managers (Blodgett, Lu, Rose, and Vitell 2001).

Marketing scholars have examined consumers' response to CSR (Brown & Dacin 1997; Handelman & Arnold 1999; Sen & Bhattacharya 2001); they have relied on simplified indicators of CSR and have considered only limited dimensions of this construct. This view is linked to the scarcity of comprehensive conceptual clarification originating from the marketing discipline.

2.4 Questionable marketing practices against CSR.

Socially responsible marketing emerged as a response to questionable marketing practices that have adverse effects on the citizenry in particular and the society at large. The major economic and health criticisms (Armstrong and Kotler 2008) are identified as follows:

2.4.1. High prices of products and services.

Mainstream marketing strategies generally lead to high prices. Due to the size of the chain of intermediaries in marketing, the distribution of commodities to consumers costs a lot. As a result, individuals pay higher premiums for the goods and services that they receive.

2.4.2. Deceptive advertising and promotion.

Contemporary marketing relies heavily on aggressive advertising and promotion. In order to offset the costs, companies charge higher prices through excessive markups.

2.4.3. Questionable quality in differentiated product.

Product differentiation is one of the most commonly used marketing tools. But this does not only creates an artificial psychological value attached to higher-priced brands but also raises environmental concerns about packaging. As such, socially responsible marketing rejects all deceptive marketing practices in pricing, promotion and packaging, even if they may seem technically legal.

2.4.4. Creation of false wants.

In addition to the economic implications, marketing exerts a significant impact on the values of the society. The advocates of socially responsible marketing argue that the current system creates false wants, i.e. encourage people to buy more than they actually need, injects constant desire for material possession, and leads to excessive spending.

2.4.5. Obsession with materialism.

Too much obsession with material goods in the long run may cause damage to the society as a whole. Corporate profit should not eclipse the collective benefit of the society. Thus, socially responsible marketing draws attention to the “social costs” (Armstrong & Kotler, 2008) that are embedded in the marketing, selling and consumption of private commodities. It calls for a marketing system that contributes to social and environmental sustainability, while producing profits for businesses.

2.4.6. *Manipulation of people’s values and principles*

Contemporary marketing helps sustain capitalist social relation via manipulation of people’s values and principles. Through CSR, the corporate manipulates people's values and principles by promoting the parlance of corporate citizenship. In fact, the corporate always undermines efforts to empower people, by co-opting activists and NGOs, getting them into the boardroom instead of out on the streets, by isolating the radicals, cultivating the idealists into realists.

2.4.7. *Exploitation of consumers through hidden charges*

Most marketing promotions carry hidden elements of hidden charges which are clearly designed to cheat the consumers or users of certain products or services. Such hidden charges are no normally specified by the firms instead, they would just use bogus nomenclature such as ‘terms and conditions apply.’ The gullible consumers or users accept such products and services on the altar of attractive incentives.

3. Methodology

The data used in this research study are from both primary and secondary sources. The primary data are from questionnaire analysis that were distributed to the staff of Zenith bank Nigeria Plc. Granger causality test was adopted in this research study to know whether Corporate social responsibility is the one that causes Marketing Strategy or whether Marketing Strategy is the one that causes Corporate social responsibility. However, the model specification is as follows:

$$CSR = f(MS) \tag{1}$$

$$CSR = a_0 + a_1MS \tag{2}$$

Where CSR is corporate social responsibility and MS is Marketing Strategy.

3.1 *Data presentation and analysis of questionnaire.*

Table 3.1. Marital Status of respondents

Respondents	Frequency	Cumulative Frequency	Percentage
Single	28	28.0	23.33
Married	92	120.	76.67
TOTAL	120		100.0

Source: Author’s research survey, 2014

From the result above, 28 out of 120 respondents are single and this gives 28% of the whole respondents and 92 out of 120 respondents are married and this represents 92% of the total respondents. By inference from the analysis above there are more married respondents in the research study.

Table 3.2 Age distribution of respondents

Respondents	Frequency	Cumulative Frequency	Percentage
Below 16-25 years	38	38.0	31.67
Between 26-35 years	44	82.0	36.67
Between 36-45 years	18	100.0	15.00
Between 46-55	12	112.0	10.00
56 Years and above	8	120.0	6.66
TOTAL	120		100.00

Source: Author’s research survey, 2014

The Table 3.2 above revealed that 38 respondents are between 16-25 years of age and this represents 38% of the total respondents while 44 respondents are between 26-35 years of age and this gives 36.67% of the total respondents. However, 18 respondents are between 36-45 years of age and this gives 15% of the whole respondents while 12 respondents are between the age of 46-55 years of age and this constitutes 10% of the total respondents. More so, 8 respondents are between 56 years and above and this gives 6.66% of the whole

respondents. Therefore, from the above analysis, there is likelihood to deduce that respondents between 26-35 years of age are more in the research study.

Table 3.3. Employment status of the respondents

Respondents	Frequency	Cumulative Frequency	Percentage
Senior Staff	88	28.0	73.33
Junior Staff	32	120.0	26.67
TOTAL	120		100.0

Source: Author's research survey, 2014

The Table 3.3 above shows that 88 respondents are senior staff and this represent 73.33% of the total respondents while 32 respondents are junior staff and this gives 26.67% of the whole respondents. Therefore, the research concludes that there are more employed staff in the study.

Table 3.4. Result of general questions distributed to respondents

Questions	Response Column	Frequency	Cumulative Frequency	Percentage (%)
4. Taking a look at your organization, the concept of business ethics and moral principles is not significant in your operations	SA	90.00	90.00	75.00
	SD	10.00	100.00	8.33
	A	5.00	105.00	4.17
	D	15.00	120.00	12.50
5. Look at your organization, philosophy: the concept of social responsibility is a mere wasting of resources.	SA	80.00	80.00	66.67
	SD	20.00	100.00	16.67
	A	10.00	110.00	8.33
	D	10.00	120.00	8.33
6. Various social responsibilities in form of marketing to the different customers have increased customer's patronage.	SA	22.00	22.00	18.33
	SD	65.00	87.00	54.17
	A	28.00	115.00	23.33
	D	5.00	120.00	4.17
7. Your organization assists in reducing environmental pollution of the community it operates.	SA	107.00	107.00	89.17
	SD	13.00	120.00	10.83
	A	-	-	-
	D	-	-	-
8. The social consequences of my organization's manufacturing process have adverse effects on the organizational success.	SA	78.00	78.00	65.0
	SD	18.00	96.00	15.0
	A	24.00	120.00	20.0
	D	-	-	-
9. Social responsibility has a significant effect on profit maximization of the organization.	SA	66.00	66.00	55.00
	SD	52.00	118.00	43.33
	A	-	-	-
	D	2.00	120.00	1.67
10. Social responsibility has an impact on the corporate image of an organization.	SA	103.00	103.00	85.83
	SD	-	-	-
	A	17.00	120	14.17
	D	-	-	-
11. Social responsibility has an impact on customer's patronage	SA	118.00	118.00	98.33
	SD	-	-	-
	A	2.00	120	1.67
	D	-	-	-
Total		120		100.0

Source: Author's research survey, 2014

Where SA- Strongly Agree, SD- Strongly Disagree, A- Agree, D- Disagree.

4. Result of granger causality test

Table 4.1 Stationarity test

Sample	Variable	H ₀ : I(0)	H ₀ : I(1)
120	CSR	-1.2127	4.8977
	MS	-2.6776	-5.3221

Critical value at 5% = 2.93

The result of the test displayed in the table above is examined, it can be seen that the series belonging to Corporate Social Responsibility (CSR) and Marketing Strategy (MS) is not stationary at level value and it becomes stationary only when first differences are taken. So we can then proceed to carry out the granger causality test.

Table 4.2 Pairwise granger causality tests (Sample: 120; Lags: 2)

Null Hypothesis:	Obs	F-Statistic	Probability
CSR does not Granger Cause MS	120	5.89661*	0.06511
MS does not Granger Cause CSR		1.67658	0.22232

Critical value at 5% = 2.9

In the model, according to Granger causality test done by using 120 Samples, Corporate Social Responsibility (CSR) is the cause of Marketing Strategy (MS), which implies that there is causality relationship from Corporate Social Responsibility (CSR) to Marketing Strategy (MS) and vice versa. So inclusion, we can say that there is a lot of relationship that exist between corporate social responsibility and marketing strategy in Zenith bank of Nigeria Plc.

5. Conclusions

Based on the findings above, it can be deduced that social responsibility boosts an organization performance in Zenith bank Plc. Socially responsible organizations will perform successfully. It must however be noted that it is mostly large organizations that are effectively responding to social causes and the elimination of social costs because they have at their disposal necessary and sufficient resources to meet challenges. Also, they are being closely monitored by the government policy and regulation.

Some organization has the view that social responsibility is a mere wasting of time and resources. The objective of profit maximization of such organization’s tends to prevail overall other business objectives and decisions that could be of benefit to the society at large. Organization that involves in social programs tends to improve its goodwill and corporate image. The reverse would be the case if any organization is less involved in social programs.

Social responsibility has a great impact in the performance of an organization. The concept of organizational performance has been based on factors which include employee’s turnover, net profit, success in expanding the market, morale and job satisfaction or organizational member’s etc. but, all these factors basically depend on the profit maximization of the organization in order to fulfil all other responsibilities. That is the reason why all other hypotheses are based on profit maximization which automatically leads to a good organizational performance. Therefore it means that a socially responsible organization will definitely at long run have its profit increasing and operating surplus.

6. Recommendations

To some extent the Zenith bank has been socially responsible to its employees but they should try more in order to meet the taste of their employees compares to other companies in the same industry. This will boost the effort of the employees. The company should always adapt to the pressures of their outside environment. Instead of ignoring call for greater social responsibility, management should deal with them in the same manner and resourceful ways that would apply to more technical and economic aspects of their organization. This would in a bigger chance enhance the goodwill and the image of the company. Social responsibilities of the organization must not be directed at some specific people in the population. Wherever each office is located, the employees,

competitors' customers and the communities must be adequately attended to.

Existing law, public policies and regulations governing their operations should be re-shaped to enable the organization to rise above selfish need and "patriotically". The bank should try to deal more kindly with their competitors in the same industry because they are socially responsible to them all and they are all operating in the same society for their betterment. It is also recommended that the management team in Zenith bank should always consider the contribution that the company makes to the well-being of the society as one of their necessary functions. Nevertheless, greater emphasis should be placed on social responsibilities that largely account for efficient performance. Finally, it is recommended that a public limited liability companies, firms, organization and private businesses should try to improve and do well in their various social responsibilities in order to continue to do well.

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