

**CORPORATE SOCIAL RESPONSIBILITY AND MARKETING PERFORMANCE IN A
NIGERIAN BUS COMPANY: AN INSIGHT FROM ABC PLC**

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ABSTRACT

This study examined the impact of corporate social responsibility (CSR) on marketing performance (MP) of a road transportation company-Associated Bus Company (ABC Transport) PLC Nigeria. Data were generated from the company's internal and annual reports from 2009 to 2015. Using SPSS version 21, stated hypotheses were tested with multiple regression analysis. The findings revealed that there is a significant and positive relationship between CSR and marketing performance. Further analysis shows that CSR does not significantly predict profitability and sales growth of the company, but predicts market share significantly. Based on these, the study recommends among others, that Companies should be consistent in the implementation of their CSR projects given the positive impact such projects have on marketing performance, and that CSR should be measured based on its long run effect and not just the short run result on marketing performance.

INTRODUCTION

There has been an ongoing argument on whether firms should embark on Corporate social responsibility (CSR) or not and whether corporate social responsibility has impact on marketing performance (MP) or not. According to Friedman (1962) in Onoh (2006), businesses should concern themselves with making as much money as possible for their stockholders. To Friedman, any managerial action that benefits any group apart from the stockholders is a violation of management trust, (Onoh, 2006). In the view of Mordi, Opeyemi, Tonbara and Ojo (2012), corporate social responsibility is seen as a distraction from the fundamental economic role of business. Therefore, firms should concentrate on making as much profit as possible which is the fundamental economic role of their existence. Friedman (1970) in Piedade and Thomas (2006), also argues that organizations, as artificial persons, cannot have social responsibilities. This means that organizations cannot and should not embark on CSR because they are legal entities.

But, to some other researchers, corporate social responsibility is and should be a vital and integral part of business practice. Servaes and Tamayo (2012) noted that many corporations dedicate a section of their annual reports and corporate websites to CSR activities, illustrating the importance they attach to such activities. To Adeneye and Ahmed (2015), CSR defines the voluntary services given by a company to the society. According to Inyanga (1998), if a firm organizes and executes its business activities in a place and reaps its fruits positively at the expense of the host community, consumers, the distributors and the government, attacks and counterattacks will follow and the consequences will be an environment of chaos, anarchy and destruction. Tsorrouta (2004) in Al-Dmour and Askar (2011), while trying to balance this argument, suggests that since being socially responsible involves costs, CSR should generate benefits as well in order to be a sustainable business practice.

This study joins Wali, Amadi and Wali (2015), to draw from the UNIDO (2002) CSR model which includes: responsibility to customers; responsibility to employees and responsibility to the society. CSR expenses of ABC in these areas would be extracted. Looking at the relationship between corporate social responsibility activities and marketing performance (MP), one will say that it still remains unclear because of the different arguments on it. Extending empirical studies in this area will help to further explain the true nature of the relationship, especially in the road transport industry in Nigeria.

Statement of the Problem

With the extent of conflicting arguments on corporate social responsibility and its impact on marketing performance, one begins to wonder if firms should really be involved in CSR activities or not. Some researchers have found that CSR has a negative effect on financial performance of firms but these researchers seem not to have considered the long run effect on marketing performance. Therefore, the nature of relationship between CSR and marketing performance has become an issue that requires clarification. There is also a need to extend studies on CSR practices and marketing performance to the road transportation industry in Nigeria since extant researches on CSR were not in this area. Given the lucrative nature and massive patronage of bus companies in Nigeria, understanding their extent of CSR involvement and the effect on marketing performance becomes imperative.

Objectives of the Study

The main objective of this study is to determine the impact of corporate social responsibility on marketing performance of Associated Bus Company (ABC Transport) PLC, Nigeria. The specific objectives are:

1. To know whether CSR has positive effect on the market share of ABC Transport PLC.
2. To determine whether CSR has positive impact on the financial performance (profitability) of ABC Transport PLC.
3. To know whether CSR has a positive impact on the sales growth of ABC transport PLC.

REVIEW OF RELATED LITERATURE

Theoretical Framework

This work rests on the Stakeholders Theory which holds that firms should recognize different groups and sub-groups that have one interest or the other in the activities of the firms and pay attention to their yearnings. To Foote, Gaffney and Evans (2010), since society at large and subgroups of society (employees, customers) are considered to be stakeholders of the firm, CSR is justified. According to Freeman & Reed (1983), in Foote et al (2010), there are other groups to whom the corporation is responsible in addition to stockholders: those groups who have a stake in the actions of the corporation. To this end therefore, this present study will rest on the stakeholder theory in comparing the impact of CSR on marketing performance. This is because the present study has identified CSR as comprising: responsibility to customers, responsibility to employees and responsibility to the society which touches both internal and external stakeholders.

Empirical Framework

Some researchers have investigated the impact of CSR on marketing performance of firms. Some of which results have shown positive effect (e.g, Wali et al, 2015). But, other studies have provided conflicting results, arguing that organizations might incur costs from socially responsible actions that put them at an economic disadvantage compared to other, less responsible firms (e.g., Moore, 2001 in *Al-Dmour and Askar, 2011*). With these therefore, the argument on CSR and its impact on marketing performance has continued. Adeneye and Ahmed (2015), while researching on corporate social responsibility and company performance, made use of descriptive statistics, regression and correlation analysis. Their Findings showed significant positive relationship between corporate social responsibility, market to book value and return on capital employed. The study further recommended that for an increased financial performance, UK firms after an industry examination should intensify more efforts in carrying out their corporate social responsibilities which can serve as a source of competitive advantage.

With the aim of examining the impact of corporate social responsibility on the profitability of firms in Nigeria, Babalola (2012), in his study : The Impact of Corporate Social Responsibility on Firms' Profitability in Nigeria, made use of ordinary least square for the analysis of collected data and found out that, the sample firms invested less than ten percent of their annual profit to social responsibility. The co-efficient of determination of the result obtained shows that the explanatory variable account for changes or variations in selected firms performance are caused by changes in corporate social responsibility (CSR) in Nigeria. And recommended that laws and regulations to obligate firms to be recognized, adequate attention should be given to social accounting in terms of social costs and to comply with social responsibility should be enacted. Folajin, Ibitoye and Dunsin (2014), in their own research on Corporate Social Responsibility and Organizational Profitability which was an empirical investigation of United Bank for Africa (UBA) Plc. The aim of the study was to investigate the impact of CRS on bank profitability with particular reference to United Bank for Africa (UBA) Plc. Ordinary least square (OLS) model of regression was used in analyzing the data, with SPSS. Result showed that Corporate Social Responsibility spending has short term inverse effect on Net Profit but in the long run it will provide better returns. The paper recommended that government should put Policy framework in place that will be design for corporate social responsibility in Nigeria to ensure compliance by setting mechanisms and institutions for the implementation of Corporate Social Responsibility.

In the view of Fadun (2014), CSR is concerned with treating stakeholders ethically; and business should protect wide range of stakeholders' interest. According to Fadun, four dimensions of CSR (economic, legal, ethical and philanthropic) are not ascribed equal importance in Nigeria. Nigeria's Stakeholders place more emphasis on economic, legal and ethical responsibilities than on philanthropic components. These findings were made by Fadun (2014) in his study, Corporate Social Responsibility (CSR) Practices and Stakeholders Expectations: The Nigerian Perspectives. The researcher recommended the understanding and effective management of stakeholders as well as their expectations which can enhance corporate image and competitive advantage. Adding that, the implication for practice is that business needs to identify relevant stakeholders and integrate primary stakeholders' interests into organisational strategic planning. This means that identification of stakeholders' groups will be beneficial to business managers and decision-makers.

Moreover, Osioma, Nzewi and Paul (2015), Studied The Relationship Between Corporate Social Responsibility And Performance Of Selected Firms In Nigeria. The objective was to determine if there was any significant relationship between social responsibility cost and corporate profitability in the selected firms. Product moment correlation was used to test the hypothesis. Their findings revealed a significant relationship between social responsibility cost and corporate profitability. The researchers recommended that firms in Nigeria should endeavour to increase their commitment to social responsibility by setting aside substantial amount of their income to social responsibility programmes. Hirigoyen and Poulain-Rehm (2015), found that greater social responsibility does not result in better financial performance. To them, corporate social responsibility has a negative influence on financial performance. The researchers used Linear regression analysis and the Granger causality test to examine the causal relationships between social responsibility and financial performance.

Based on this, we established the following hypotheses:

- H01: There is no significant relationship between CSR and the market share of ABC Transport PLC.***
H02: There is no significant relationship between CSR and the financial performance (profitability) of ABC Transport PLC.

H03: There is no significant relationship between CSR and the sales growth of ABC transport PLC.

METHODOLOGY

This study made use of secondary data collected from the annual and internal reports of the company (ABC Transport PLC) from 2009 to 2015. The independent variable is CSR, which was measured with the CSR expenditure. On the other hand, the dependent variable is marketing performance which was measured with market share, financial Performance and sales growth. These are the proxies of marketing performance that the study measured with the independent variables. Thus: market share was measured by the size or number of customers the company has, while financial performance was measured by the profit of the company after tax and finally, sales growth was measured by the total revenue or turnover of the company. So, marketing performance is an indicator that shows the advantageous nature of CSR.

Simple linear regression analysis was used to determine the nature of relationship between corporate social responsibility and marketing performance of the firm. Thus, the model specification of the study is:

$$MP = f(\text{CSR})$$

Where MP = marketing performance (measured by market share, profit and sales growth rate).

CSR = corporate social responsibility.

DATA PRESENTATION AND FINDINGS

Table 4.1 shows the summary of the data.

YEAR	ABCMS	ABCPRO	ABC SG	ABCCSR
2015	13024	72287	6083528	6250
2014	12532	253351	6846024	5731
2013	10778	355086	6636859	3960
2012	11655	362872	6505021	4688
2011	11216	70647	5851025	2803
2010	11436	75505	4612485	3209
2009	11326	85667	4051502	4030

Source: compiled from the Annual and Internal reports of the ABC transport PLC from 2009 to 2015. (N, 000).

Where:

ABCMS represents ABC Market Share.

ABCPRO represents ABC Profitability.

ABC SG represents ABC sales growth.

ABCCSR represents ABC corporate social responsibility.

RESULTS:

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.957 ^a	.915	.831	519.34399	2.422

a. Predictors: (Constant), ABC sales growth., ABC Market Share., ABC Profitability.

b. Dependent Variable: ABC corporate social responsibility

ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	8764863.182	3	2921621.061	10.832	.041 ^b

Residual	809154.532	3	269718.177	
Total	9574017.714	6		

- a. Dependent Variable: ABC corporate social responsibility
- b. Predictors: (Constant), ABC sales growth., ABC Market Share., ABC Profitability.

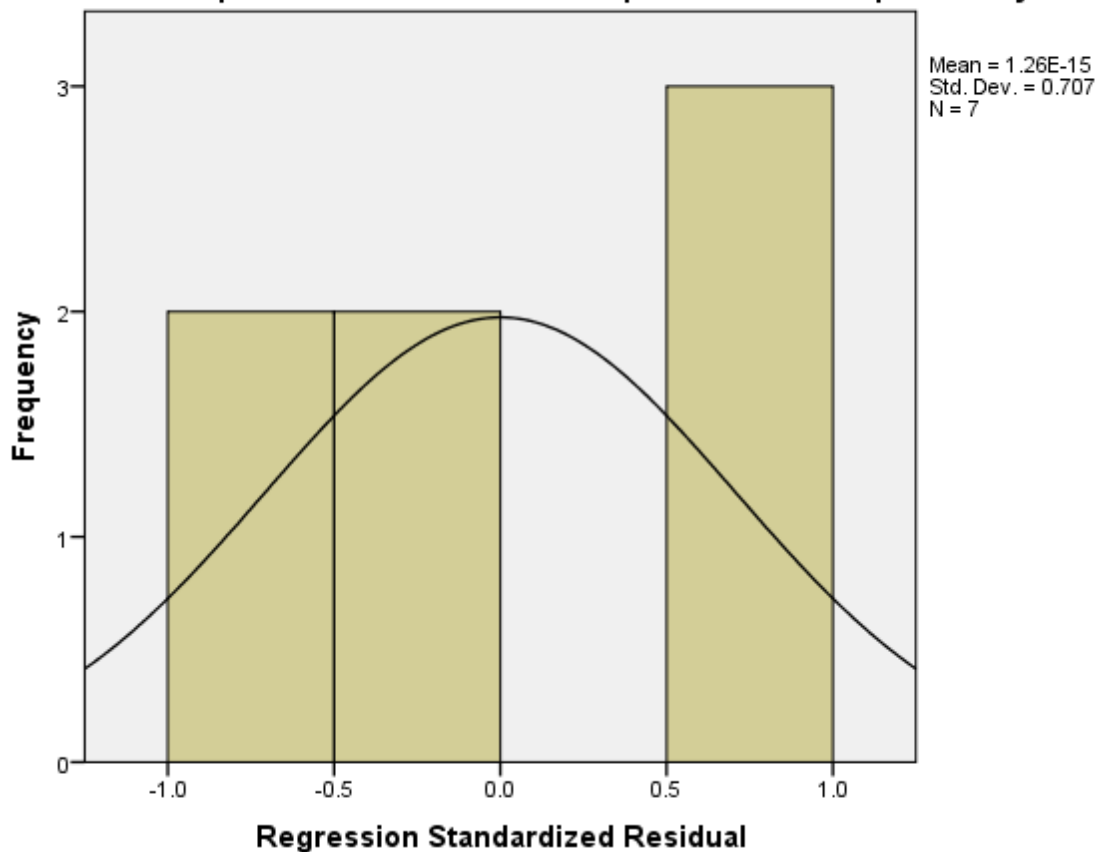
Coefficients^a

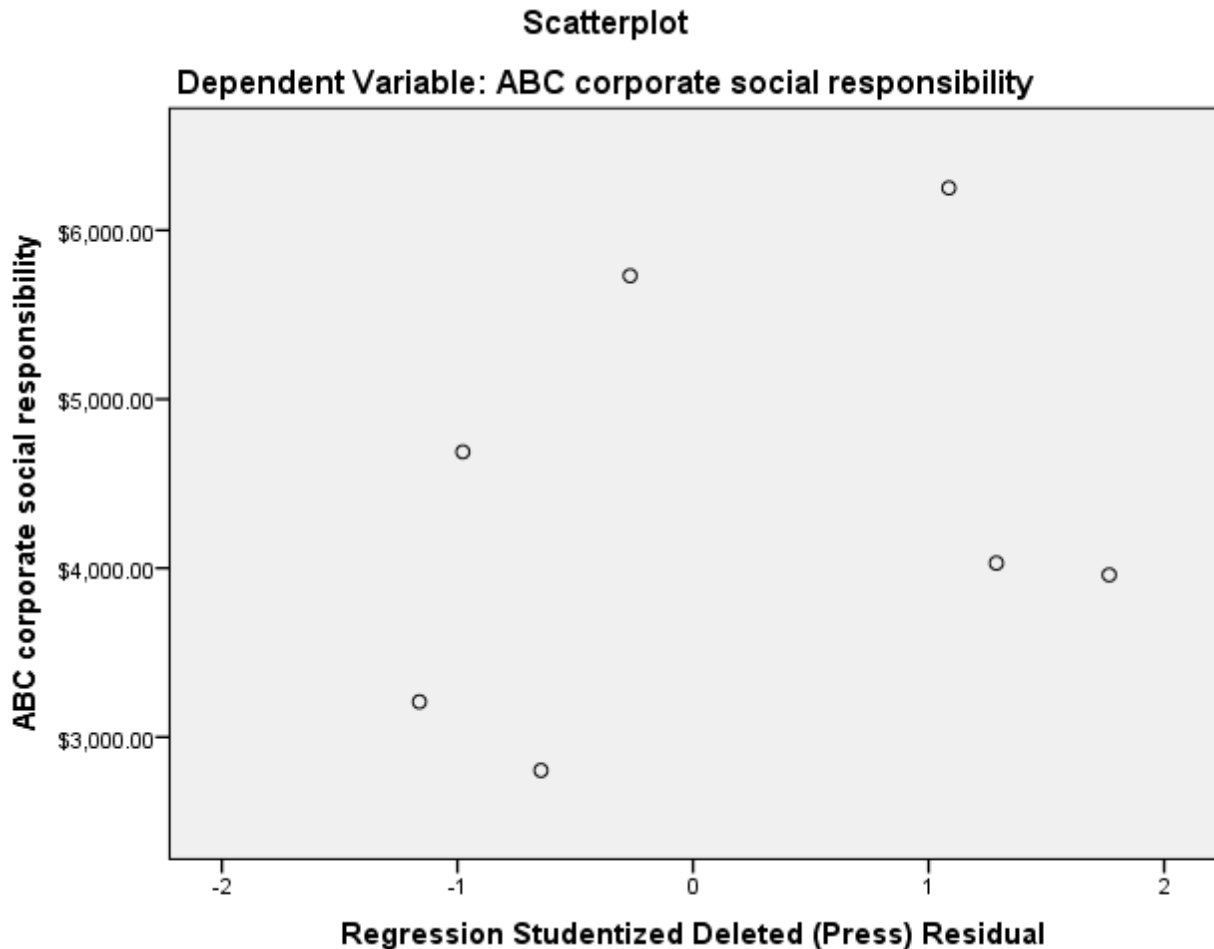
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.		
	B	Std. Error	Beta				
1	(Constant)	-14608.102	3378.298		-4.324	.023	
	ABC Market Share.	1.665	.340		1.041	4.902	.016
	ABC Profitability.	.005	.003		.564	2.002	.139
	ABC sales growth.	.000	.000		-.212	-.742	.512

- a. Dependent Variable: ABC corporate social responsibility

Histogram

Dependent Variable: ABC corporate social responsibility





Interpretation

The R value in the model summary table shows a simple correlation of 0.957 which shows a strong and positive correlation. The R² value shows how much of the total variation in marketing performance (MP) that can be explained by corporate social responsibility (CSR). The table shows that 91.5% variation in MP can be explained by CSR. This is very high. With a sig (p-value) of (0.041) which is less than Alpha (0.05), this implies that the overall regression model statistically predicts the outcome variable (That is, it is a good fit). This implies that CSR of the firm is a significant predictor of marketing performance. Also, the DW test shows that there is no first order autocorrelation since the value of DW produced by the SPSS lies between the lower and upper values from the critical table.

Decision:

Since the P- value (0.041) is less than Alpha (0.05), F cal. (10.83) greater than F tab (3.84), we therefore conclude that there is a significant and positive relationship between corporate social responsibility and marketing performance of ABC PLC. However, a look at the co-efficients reveals that profitable (p=0.139; t=2.002) and sales growth (p=0.512; t= -0.742) do not significantly correlate with CSR. Thus, CRS does not impact significantly on them.

DISCUSSION OF FINDINGS

The results of this study negate the findings of Wali et al (2015) who found that CSR has significant impact on sales growth and consumer patronage. Also, the findings of Al-Dmour and Askar (2011), which shows a significant positive impact of CSR only on marketing performance is in affirmation with this present study. Furthermore our findings support Hirigoyen and Poulain-Rehm (2015), that corporate social responsibility has a negative influence on financial performance. The result of this study has contradicted the opinion of Murillo and Martinek (2016).

CONCLUSION

From our personal interactions with some key officers of the company, we discovered that, there is no law compelling the firm to engage in CSR, and this has made companies to respond to CSR as it pleases them. The consistency in the practice of CSR by ABC Transport PLC is based on the company's leadership orientation. It is important to note that if an organisation is consistent with their CSR practice, it will yield a positive impact on the marketing performance of that organisation notwithstanding the negative impact CSR has on financial performance. This is because, if sales and market share continue to rise, at the long run, the effect will affect the profitability of the company.

RECOMMENDATION

Based on the findings of this study, the followings are recommended:

1. Companies should be consistent in the implementation of their CSR projects because of its positive impact on MP.
2. Bus companies and other firms are encouraged to see CSR as a management orientation given its impact on performance.
3. Firms should know that CSR is not only for organizations that exert physical damage on the environment.
4. CSR should be considered as a long run interest not a short run interest to the organisation

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