

## Master Thesis

# **CSR as a marketing strategy among manufacturing companies in Nigeria.**



Author: Rasheed Adigun

Tutor: Miralem Helmeffalk

Examiner: Anders Pehrsson

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### **List of Abbreviations**

CSR = Corporate Social Responsibility  
NBA = National Basketball Association  
R&D = Research and Development

IARD = International Alliance for Responsible Drinking

GRI = Global Reporting Initiative

CEREP = Centre for Educational Research Evaluation and Policy.

UNEP = United Nations Environment Program

# **1. Introduction**

## **1.1 Background**

The purpose of this thesis is to examine corporate social responsibility (CSR) as a marketing strategy among manufacturing companies in Nigeria. Marketing is a critical business discipline that is perhaps most concerned with the relationship between businesses and the environments in which they work (Vaaland, Heide and Gronhaug, 2018). Marketing is all about relationship, the process of acting middlemen by getting information about products or services from source or owners and delivering it to users who need the product or services. Sanclemente-Téllez (2017) asserts that from 1935 to 2007, the concept of marketing has shifted and that initially, the discipline centered on delivery, then on managers' duties related to the design and supply of a marketing mix, and finally on organizations' complete participation (through their relationships with various stakeholders) in the communities in which they do business. This evolution of the discipline's conceptualization has focused on the "marketing approaches" that businesses can take, and it is thus important to consider the true nature of those approaches, which now include a far wider set of stakeholders than just customers (Sanclemente-Téllez, 2017). Similarly, in the field of marketing, some schools of thought, such as management micromarketing (Shaw and Jones, 2015; Sheth, Gardner, and Garrett, 2018) and activist (Sheth et al., 2018), have oriented themselves toward the discovery and study of all discipline-related activities in order to deliver a substantial body of knowledge and have focused on key issues relating to the relationship.

Sanclemente-Téllez (2017) asserts that CSR has been discussed and handled in a variety of ways by all forms of businesses and organizations in recent years. It has also prompted both business owners and academics to express varying levels of interest in incorporating this idea into their work. Some studies have focused on the evolution of various notions of CSR as a concept (primarily from the field of management), showing that the concept has a long and varied history in the literature, with references dating back to the 1950s (Carroll, 2015). It is important to explore this term because it discusses and recognizes the most pressing questions of numerous public audiences about business-society relationships (Carroll, 2015).

Maignan and Ferrell (2014) posits that given the current atmosphere of skepticism against businesses as a result of recent controversies involving prominent accounting firms, businesses have proclaimed themselves to be "socially responsible i.e. green washing" and have implemented

strategic measures in this regard (Maignan and Ferrell, 2014). CSR is being embraced by an increasing number of organizations around the world, and there is a need to better understand its purpose and reach, as well as its connection to marketing. Companies are introducing several measures in this regard, all of which aim to make sense of the phenomenon and its true magnitude (Vaaland et al., 2018). CSR activities are increasingly becoming high priority corporate concerns, and companies are implementing several initiatives in this regard, all of which seek to make sense of the concept and its true magnitude. The growing interest in this subject is partly due to its impact on consumer behavior, such as when customers demand more from businesses than high-quality yet low-cost goods (Sen and Bhattacharya, 2016).

Since the convergence of the two definitions is so significant, some scholars have suggested that marketing should play a leading role in CSR analysis (Sen and Bhattacharya, 2016), and some have even attempted to define certain types of obligation in the marketing field (Vaaland et al., 2018). Based on this review, this prompted this research work which is to examine the CSR as a marketing strategy among manufacturing companies in Nigeria.

## **1.2 Problem discussion**

### **1.2.1 Does CSR activities affect marketing Strategies?**

Scholars, stakeholders, and business leaders continue to disagree about the position of marketing strategy and the viability of CSR (Glavas, 2016). The debate has attracted the attention of a wide range of stakeholders and placed pressure on companies, as literature highlights CSR efforts by corporate leaders to ensure the health and well-being of their stakeholders (Carroll, 2015). Under the United Nations Compact, over 8,000 businesses from 150 countries have pledged to solve societal, employee, and environmental problems, in line with the intent of CSR (Wang, Tong, Takeuchi and George, 2016). According to Jaramilo and Muller (2016), these businesses have made this commitment in response to social concerns such as corporate air pollution, which cost the US \$131 billion in 2011.

The general issue is that CSR can be more symbolic than a strategic framework for corporate leaders to grow society and improve marketing strategy (Wang et al., 2016). Instead of developing society, corporations can embellish CSR initiatives to deceive consumers and create prestige and confidence in order to increase demand for the company's product or services through intensive advertisement and marketing (Lyon and Montgomery, 2015).



According to Glavas (2016), there is a disconnect between the abstract and real-world implementation of CSR, which contributes to the implementation gap among corporate leaders. The specific issue is a lack of understanding of how CSR is applied (Wickert and de Bakker, 2015).

Companies' responsible behavior creates a favorable reputation for them (Mohr, Webb, and Harris, 2001), this has resulted in improvements in consumer buying behavior, which was as a result of marketing strategy. In a study conducted by Kohun, Bhattacharya, and Sen (2009), evidence shows that marketing strategy react positively to the activities of a socially responsible company under the right circumstances, revealing the indirect effects of CSR on the customer through employee actions. The key takeaway from this study is that CSR could lower costs, attract and retain talented marketing workers, and motivate marketing employees to increase customer satisfaction. From the review of Kohun, Bhattacharya, and Sen (2009), it is obvious that marketers are one of the most important components of CSR because they deliver and communicate the company's principles to customers. Lacey and Kennett-Hensel (2010) conducted another study that looked at marketing strategy. They looked at the links between customer perceptions of an NBA team's CSR success and the strength of their relationship with that organization. The findings demonstrate how an organization engaged in CSR initiatives can create confidence and commitment with consumers influencing by desired marketing strategy. Based on these opinions, there is need to carry out a research to either support or refute if CSR activities will impact on marketing strategy using manufacturing companies in Nigeria.

### **1.2.2 What influence does CSR have on marketing performance?**

CSR and its effect on Marketing Performance has become a subject of debate and discuss over the years. Rahman, Rodríguez-Serrano and Lambkin (2017) reviewed CSR and marketing performance and found that the marketing performance positively affects CSR. Their findings support the work of previous researcher Wang, Chen, Yu, and Hsiao (2015) that reported a positive effect of CSR on company performance as well as Chahal and Sharma (2006) that hypothesized that engaging in CSR activities might lead to improved marketing performance, as measured by market share, sales value, and customers' and channel partners' satisfaction and retention. Lai, Chiu, Yang and Pai (2010) also posited that CSR initiatives indeed can create marketing advantages for companies, which can lead to improved financial performance. These researchers

and their findings have made it possible to view CSR from the perspective of marketing tool (Chahal and Sharma, 2006).

However, Nwachukwu (2018) in his study found that CSR have negative influence on marketing performance. The position of Nwachukwu (2018) strengthened Nwachukwu and Agu (2018) where they also found that CSR has negative influence on marketing performance. This validate the opinion of Friedman in Onoh (2006) that argued that any managerial action that benefits any group apart from the stockholders is a violation of management trust because some managers see CSR as a costly project. In sync with Walil, Christian and Adanne (2015), they opined that CSR is seen as a distraction from the fundamental economic role of business. CSR and its effect on marketing performance remain unclear because this study has showed that researchers have differed opinion as regard the subject matter. The essence of this thesis is to carry out a research in order to take a position for or against the influence of CSR on marketing performance.

### **1.2.3 What influence does CSR have on intensive advertising?**

Rahman, Rodríguez-Serrano and Lambkin (2017) reviewed the moderating role of intensive advertising on CSR and found that the level of intensive advertising positively affects moderates CSR. This validated the opinion of Taylor (2015); Yoon, Kim, and Baek, (2016) and Yoon and Oh (2016) where all authors stated that companies spend large sums of money on providing information about their products and services as well as other company-related information, such as CSR initiatives. Yun and Oh (2016) opined that many companies have augmented the advertising of their products with focus on social and environmental responsibilities thereby encouraging their customers to consume in an eco-friendly manner while other companies embed social and environmental messages in their product labels. To buttress further, Gruber, Kaliauer, and Schlegelmilch, (2015) found that provision of such information on company's product affect positively the credibility of the CSR initiatives themselves as well as that of the sponsoring company.

However, Farache (2012) stated that corporations need to be more careful and transparent when making use of intensity advertisement about CSR. The finding of Farache's study showed that advertisement intensity has no influence on CSR which refuted the opinion of existing literature of Polonsky and Jevons (2009) as well as Schlegelmilch and Pollach (2005) where researchers recommends the use of high volumes of substantial information when publicizing CSR actions.

This is because according to empirical evidence, advertisements published by corporations do not seem to address the concerns raised by some authors (for example, Morsing, Schultz and Nielsen, 2008; Pomeroy and Johnson 2009). Therefore, more research is needed to determine to what influence Nigerian manufacturing companies has on intensive advertising.

#### **1.2.4 What influence does CSR have on research and development of products?**

Yu-Chun (2017) examines whether CSR engagement strengthens the influence of a firm's R&D investment and posited that firms' R&D investment based on CSR engagement should meet firm strategy and market expectation while prior research finds that there is insignificant relationship between CSR and R&D investment (e.g., Choi et al., 2010; Mishra and Suar, 2010), the previous study's mixed findings are due to the various research times, conclusions, and a variety of firm performance indicators.

Selling high-quality goods, according to Miller (1986), is one of the steps companies can take to improve their image. Customer trust in the firm's innovation will grow as a result of CSR participation, as will customer satisfaction with new innovative products, leading to improved results. Although CSR engagement improves stakeholder communication and trust, R&D investment could get more supports, which might lead to better performance (Yu-Chun, 2017). Yu-Chun (2017) suggest that CSR has a moderating effect on the association between R&D investment and firm performance. This thesis aim therefore is to examine the influence CSR has on R&D investment from which previous literature are yet to fully investigate.

#### **1.2.5 Research questions**

The following research question drafted after review of problems identified above will guide this study:

RQ1: What influence does CSR activities have on marketing performance among manufacturing companies?

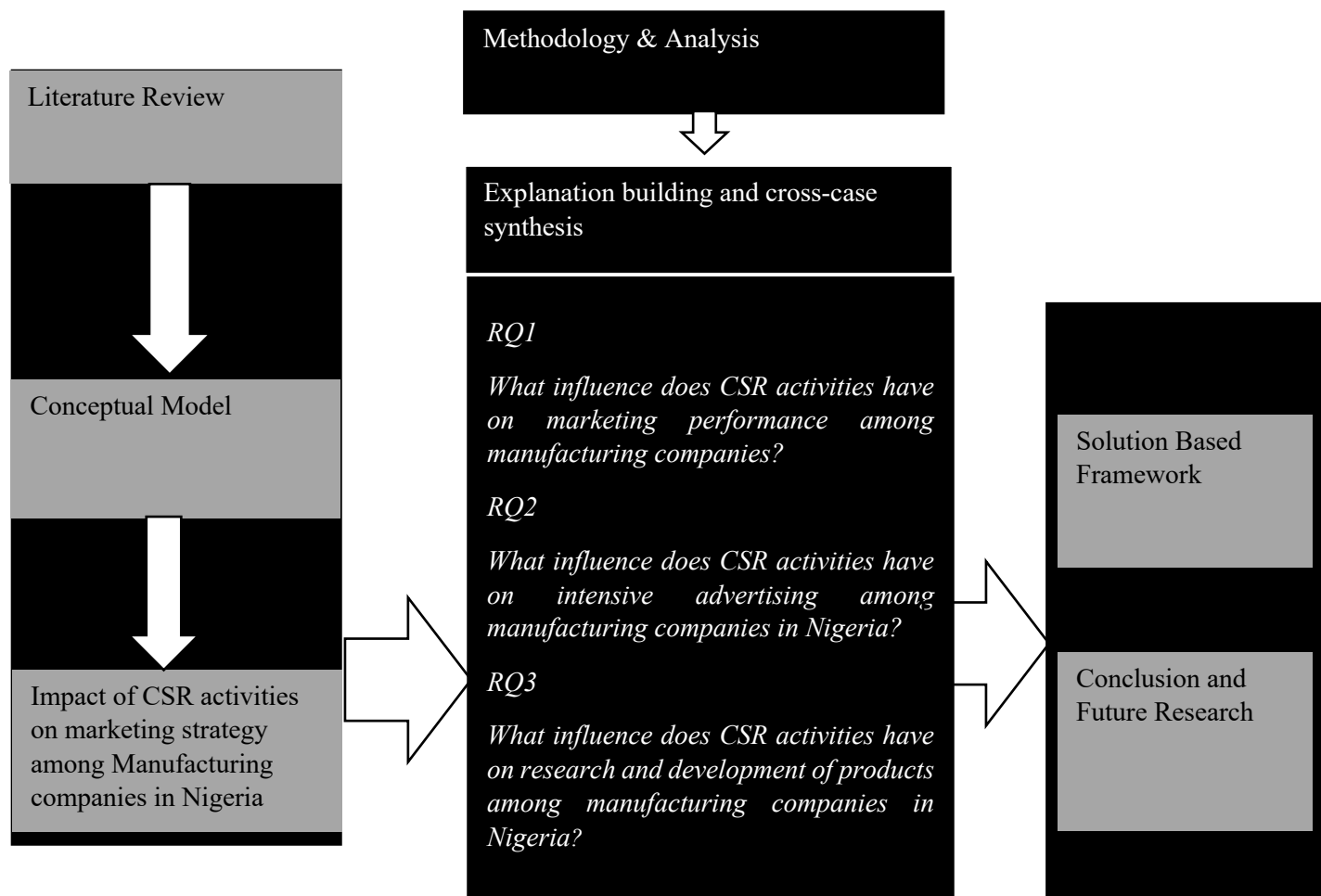
RQ2: What influence does CSR activities have on intensive advertising among manufacturing companies in Nigeria?

RQ3: What influence does CSR activities have on research and development of products among manufacturing companies in Nigeria?

### 1.3 Purpose and delimitations

The general purpose and scope of this study is to see how CSR activities affect marketing strategy in Nigerian manufacturing companies. This research will fill the identified gaps in knowledge, the business environment, government policies, and academic literatures, but it will not go beyond this scope and purpose. This study seeks to achieve this general purpose by specifically limiting the scope to the influence CSR activities have on marketing performance, intensive advertising, and research and development of products. Marketing strategy is proxied with the three identified variables (marketing performance, intensive advertising, and research and development of products) while CSR is proxied with CSR activities.

### 1.4 Report structure



CSR as a marketing strategy among manufacturing companies in Nigeria

Figure 1. Researchers Own Illustration of Outline of the study (2021).

## **2. Methodology**

*This chapter examines research theory, research strategies, research approach, research design and operation, population and sampling, data collection methods, data analysis methods, research quality, and ethics in order to provide a comprehensive overview.*

### **2.1 Research Philosophy**

According to Saunders, Lewis, and Thornhill (2016), research philosophy is the philosophical approach taken by a researcher in order to expose the researcher's perspective on world perception, which is then revealed in the research report. According to Bryman and Bell (2017), research philosophy can be categorized as epistemology, ontology, or axiology. In a field of research, epistemology refers to what is permissible as intelligence and well known. The researcher's understanding of epistemological theory helps in determining what is true and what is not in a sample. The term "ontology" refers to the study of existence or nature. Via constructionism or objectivism, this represents the researcher's perspective on the universe.

When applying this to a study, it's important to remember the researcher's perspective on the study's definition, whether objective or subjective. When deciding the result of a study, axiology considers morality, ethics, judgment, and aesthetics. To assess the outcome of the object of analysis, the researcher's axiological ability is considered. A researcher is required to choose a research philosophy that is appropriate for the study at hand. As a result, Saunders et al. (2016) identified the five ideologies that are used in conducting market research. Positivism, realism, and interpretivism are three types of epistemology, while postmodernism and pragmatism are the other two.

The aim of this research is to look at CSR as a marketing strategy in Nigeria. In order to create a model that is focused on theories and contributes to understanding, pragmatism was chosen as the research philosophy. In line with pragmatism logic, Saunders et al. (2016) argue that the universe can be seen in a variety of ways, and that this study is no exception. There is no way to get a complete picture from a single image, and there could be several real factors at play. After considering ontology and epistemology, pragmatism is the theory that best fits this research.

### **2.2 Research Strategies**

According to Bryman and Bell (2017), a research strategy is a plan that helps a researcher provide systematic answers to research questions posed in a report. As a result, the research approach aids

the researcher in selecting a data collection tool and leads to knowledge gaps found. It is therefore critical to carefully examine the various types of research strategies available in order to choose one that is appropriate for this analysis.

Explanatory research, descriptive research, exploratory research, and evaluative research are the four types of research strategies. Explanatory research is used to address a problem that was not well studied in a previous study; it establishes goals, operationalizes terminology, and creates a better model to solve the previous problems. It responds to the questions of "how" and "what" the research will discuss.

Descriptive analysis uses a scientific approach to observe and describe the actions of the object under study without interfering with it. It provides answers to the research's "how," "what," "where," "who," and "when" questions. Exploratory research is used to explain or identify an issue, as well as provide answers to the questions "how" and "what" the research will resolve. Evaluative research is a form of study that employs standard research methods to assess a subject of study and provides answers to questions such as "when," "where," "which," and "who" (Powell, 2006). The aim of this research is to fill in some of the information gaps found in the research problems and answered in the three research questions. As a result, this report finds the explanatory research approach to be enough for the study's objectives.

According to Grover (2015), there must also be a choice between qualitative, quantitative, or a combination of both. Quantitative research focuses on collecting numerical data to clarify the subject of study and offers quantitative analysis responses to research questions. In order to achieve the researcher's goal, qualitative analysis focuses on the respondents. Qualitative analysis brings the researcher and the respondents closer together. Quantitative research checks hypotheses, while qualitative research produces them. This thesis focuses on qualitative analysis since the researcher would need to involve respondents in order to obtain their interpretation and understanding of the variables under investigation.

## **2.3 Research Approach**

According to Bryman and Bell (2017), research approaches can be classified into two categories: inductive and deductive. The key difference between the inductive and deductive approaches is the empirical relevance of an analysis. The inductive approach generates new hypotheses and generalizations, while the deductive approach verifies the validity of theories and assumptions,

while abductive analysis begins with puzzles or unexplained facts and devotes the research process to explaining them. Inductive generalizes from a particular to generalization. The deductive approach generalizes from general to specifics. This study adopts a deductive research approach since this research builds up objectives from which ideas were operationalized and these concepts were used in the collection of empirical evidence. This thesis will be based on deduction research approach. Since this study includes theories, the findings will come from theoretical findings based on collected data. With the aid of exploratory surveys, this research will build on secondary research via existing literature and through data via discussion with distributors and marketing professionals. Since data collection can be done in one step with this method, deduction is a good choice for this project (Saunders et al., 2019).

## **2.4 Research Design and Method**

There are various definitions of research design according to Bryman and Bell (2017). It can be described as the process of choosing between qualitative and quantitative research or the method of collecting and analyzing data. Experimental, correlational, semi-experimental, evaluation, experimental design, research issue, and descriptive case study are examples of research designs. Experimental designs rely on statistical analysis and are thus more quantitative whereas case studies are better suited to qualitative research. A case study approach allows a researcher to address a complicated subject in a way that is easy to comprehend. The case study method is extremely useful for explaining a deeper understanding of a topical occurrence in a real-life setting. Since the aim of this research is to explore CSR as a marketing strategy among manufacturing companies in Nigeria, it will use a case study approach. According to Yin (2014), case study analysis aids in explaining, analyzing, and investigating events in the context of their daily occurrence. A case must be thoroughly understood as it unfolds, and there are four stages to it (as seen in the diagram below):

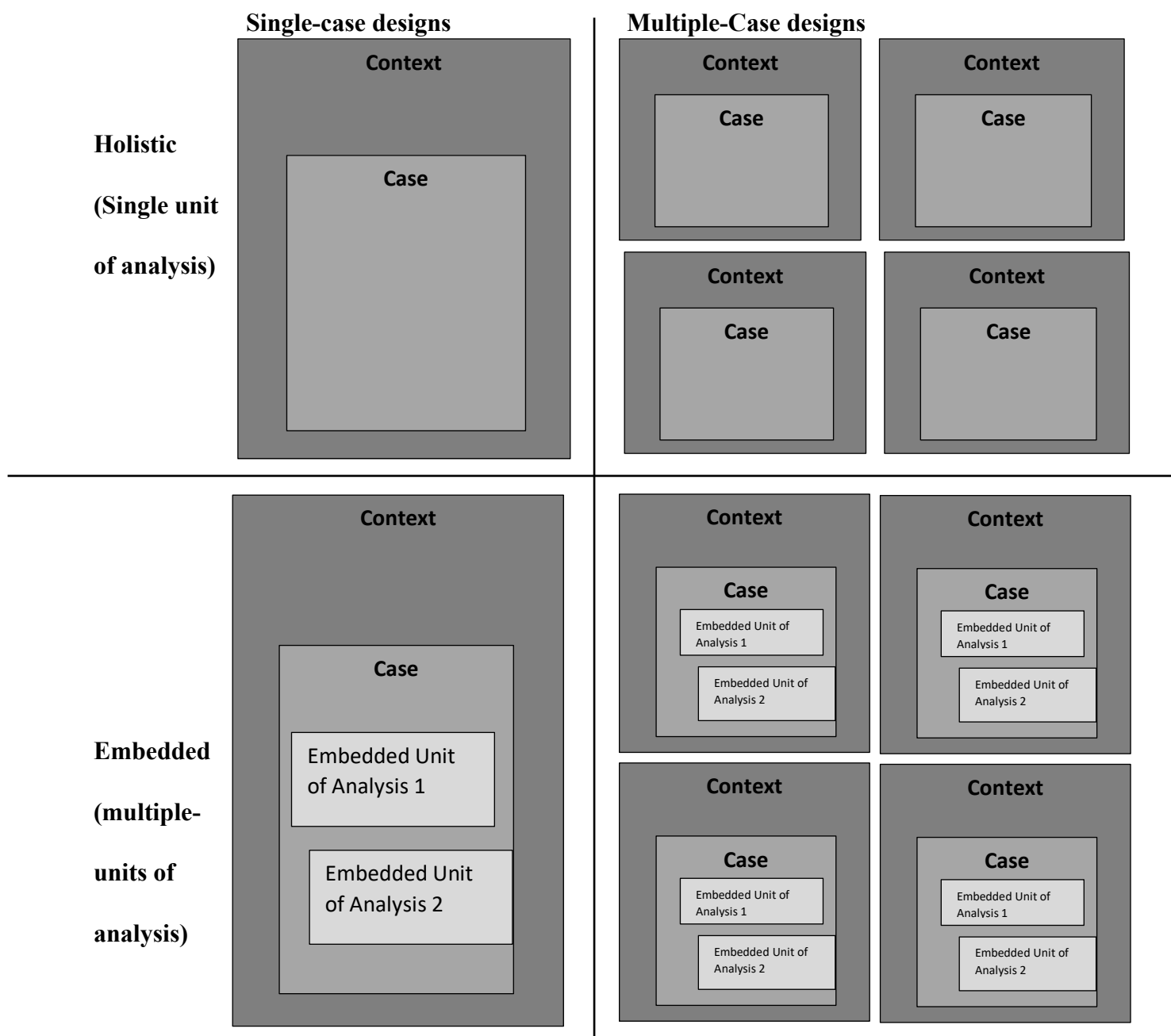


Figure 2: The types of Case Study Design. Adopted from Yin (2014, page 50).

According to Yin (2014), a single case study is appropriate for scarce studies, in which the research object is uncommon or can only be used for this purpose. Since CSR as a marketing strategy is not tailored to a single field, industry, or organization, a multiple case study approach is ideal for conducting this study.

According to Yin (2014), the holistic approach is appropriate if the case study can be interpreted from only one point of view; otherwise, the embedded case study is preferable when the object



can be separated into sub-parts. Even though it will look at four different situations, this study will take a systematic approach with this interpretation. In each of the four examples, managing executives, marketing managers, and major distributors shared their perspectives. Data will be collected from these various units, but it will be presented holistically in order to meet the study's goal.

## 2.5 Population and Sampling

A research population is a wide number of all units in the geographical area where the study is being conducted. According to Bryman and Bell (2017), for a study to be researchable, the study's population must be carefully considered and well stated. Since population includes all units within the geographical area of study, focusing on all units within the geographical area is often a difficult job. As a result, there is often the need to select a target group from the general population in order to conduct a more efficient analysis as opposed to studying all units of the population.

The population of this study is manufacturing companies listed on the Nigerian Stock Exchange, and the aim is for product distributors, marketing managers, and marketing directors to explain CSR as a marketing strategy. The number of quoted manufacturing companies in Nigeria is 53, and due to time constraints, gathering and analyzing data from all of them would be difficult. As a result, this study uses a sample to minimize the study's population so that data collection and analysis can be completed on time to meet the research's objectives.

It is also important to note that the conclusions drawn after collecting and analyzing data from the selected samples may not be applied to the entire population because the results may be skewed or inaccurate when a certain subset of the population is considered (Saunders et al, 2016). The relationship between individual cases, sample target population, and general population is depicted in Figure 4 below:

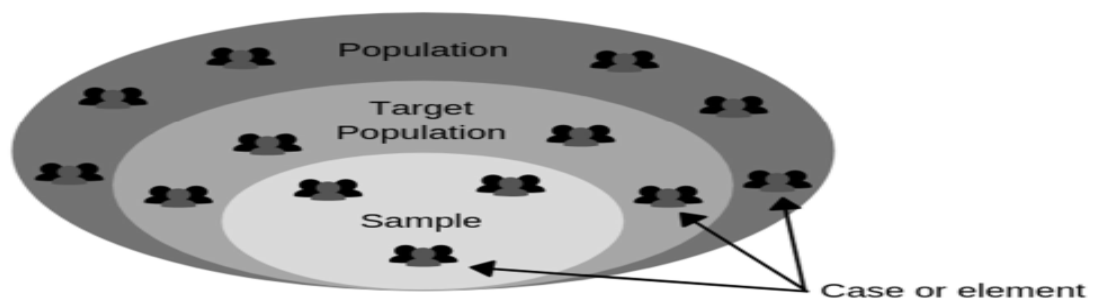


Figure 3. Population, target population, sample and individual cases. Adopted from Saunders et al. (2016, p. 275).

Sampling techniques are methods for selecting samples from a research population. Probability sampling techniques and non-probability sampling techniques are the two types of sampling techniques. Probability sampling ensures that all sample units have a fair probability of being considered and chosen. Non-probability considers the researcher's vested interest in the study's sample selection. This thesis researchers plan to use non-probability sampling because an interview analysis is being conducted. This is due to its relevance to the study's objectives. The target demographic is marketing staff, which includes marketing executives, marketing managers, and major distributors, and the study sampling includes manufacturing industry employees in 53 large-scale manufacturing enterprises. This is because they are likely to have the most in-depth understanding of what is going on at any decision and preparation stage.

### 2.5.1 Samples

The number of respondents who are considered suitable for this study is discussed in this section. The focus of this study is on manufacturing firms, with a focus on CSR as a marketing strategy in Nigeria. This study assumes that these businesses engage in CSR activities. There are 43 quoted manufacturing companies listed with the Nigerian Stock Exchange (NSE) in Nigeria as of April 2021, according to the enquiries made from the Nigerian Stock Exchange.

The four cases with 12 respondents presented in table 1 below will be used to collect data for this study.

| Case   | Respondents        | Reference | Questionnaire method |
|--------|--------------------|-----------|----------------------|
| Case A | Marketing Director | A-MD      | Site Interview       |
| Case A | Marketing Manager  | A-MM      | Site Interview       |
| Case A | Major distributor  | A-D       | Site Interview       |
| Case B | Marketing Director | B-MD      | Site Interview       |
| Case B | Marketing Manager  | B-MM      | Site Interview       |
| Case B | Major distributor  | B-D       | Site Interview       |
| Case C | Marketing Director | C-MD      | Site Interview       |
| Case C | Marketing Manager  | C-MM      | Site Interview       |

|        |                    |      |                |
|--------|--------------------|------|----------------|
| Case C | Major distributor  | C-D  | Site Interview |
| Case D | Marketing Director | D-MD | Site Interview |
| Case D | Marketing Manager  | D-MM | Site Interview |
| Case D | Major distributor  | D-D  | Site Interview |

Table 1. Researchers Illustration of Respondents (2021)

The findings of this study will be focused on these case studies, which were chosen from four (4) companies in Nigeria's food processing industry. This form of case study, according to Yin (2014), is very difficult to generalize to a broad population of study participants.

## 2.6 Data Collection Methods

This study used a case study approach, and respondents will be questioned in a standardized interview about their perceptions of CSR as a marketing strategy among manufacturing companies in Nigeria. Questionnaire as a tool that can be used in a case study. As a result, creating a good questionnaire for a qualitative study, as well as the arrangement of the questions, should be carefully considered, as literature suggests (Bryman and Bell, 2017; Sarankatos, 2012).

The collection of primary data can be done in a variety of ways (Saunders et al. 2019). Saunders et al. (2019) mention techniques such as interviews and surveys as predominant ways to create a rich and thick data collection in relation to the existing qualitative scale of the study. According to Saunders et al. (2019, p. 435), an interviewer can discuss points of concern and explain and validate definitions by listening carefully to an interviewee. In order to respond to research goals and questions, using interviews may help create accurate and relevant data (Saunders et al. 2019). The interview helps the researchers to gather accurate and detailed information in order to gain a better understanding of the phenomena being studied (Saunders et. al., 2019). According to Saunders et al. (2019), there are several different forms of interviews, including in-depth interviews, semi-structured interviews, and structured interviews. The researchers considered the semi-structured interview format to be useful because it allows for open-ended and inquiry questions, allowing for the disclosure of rich knowledge (Saunders et. al., 2019). Non-standardized semi-structured interviews are referred to as qualitative study interviews.

When conducting an explanatory analysis, semi-structured or in-depth interviews would most likely be used. It enables interviewees to expand or justify their responses. It also allows for the

addition of interpretations to the data collected. The discussion could lead to areas that the researcher had not considered before. The study should gather a large and comprehensive collection of information. A semi-structured interview is the best option if the questions are open-ended or complex (Saunders et al., 2019). With the participant's permission, data from the semi-structured will be audio-recorded or transcribed from email conversations, or recorded by taking notes (Saunders et al., 2019).

## **2.7 Data Analysis Methods**

Yin (2014) lists five (5) data processing methods that can be used in qualitative research analysis. The five techniques that can be used are pattern matching, explanation construction, time-series analysis, logic models and cross-case synthesis. Pattern matching compares and analyzes data obtained with expected pattern. Explanation construction employs matching skills. The process entails designing mechanisms to clarify the cause of "how" and "why" things happen in relation to the case study. Time-series analysis looked at the "how" and "why" things happen over time. Logic models is for studying changes to complex events that occur over time. Cross-case synthesis is the only model that works in multiple cases. This study considers explanation construction important for this research as formal interviews are addressed to the research question on CSR as a marketing strategy among manufacturing firms in Nigeria since this research is qualitative in nature and included a case approach.

## **2.8 Research Quality**

The systematic ordering, compilation, analysis, and explanation of textual data derived from observations, talking, or recording is frequently the focus of qualitative research (Kitto, Chesters and Grbich, 2008). Interviewing, observation, and documentation analysis are all tools used in qualitative research, as previously mentioned. The ability to make conceptual generalizations from the given context to all other environments is the desired outcome of a qualitative analysis. To measure a study's accuracy or "trustworthiness," terms like rigour (the thoroughness and appropriateness with which analysis methods are used), credibility (meaningful, possibly the best findings), and significance (the importance of findings) are used (Kitto et al., 2008). In order to be able to analyze the findings and explain them, all types of research need clear research questions that represent the study's intention. The ability to demonstrate theoretical rigor (i.e., the fit of the research question, aims, and methodology to the research problem) is critical, according to Kitto

et al. (2008). Kitto et al. (2008) have developed five standards for evaluating qualitative research reliability: procedural rigor, representativeness, interpretive rigor, reflexivity and evaluative rigor as well as transferability.

**Procedural rigor:** also known as methodological rigor, refers to the transparency or "explicitness" of the description of how the research was carried out. It covers topics like gaining subject access, developing rapport and trust, data collection, tracking, coding, and analysis, as well as accounts of how errors and subject refusals are treated (Kitto et al., 2008).

**Representativeness:** According to Kitto et al. (2008), representativeness is determined by the various sampling methods used (see 2.8). Furthermore, merely mentioning the sampling technique in the methodology section of a qualitative research paper is inadequate (Kitto et al., 2008). The study's key findings must be evaluated considering the research subjects' different characteristics. Continuously comparing the experiences and responses of the participants to one another will reveal subtle yet significant differences, resulting in profound insights into the phenomenon under investigation.

**Interpretive rigor:** Interpretive rigor refers to presenting the data in the most effective way possible. According to Kitto et al. (2008), a clear description of the types of research used, the procedure, and the main outcomes of the analytical process in terms of results is needed in order to ensure quality for the author and to enable the reader to assess the analytical quality of the report.

**Reflexivity and evaluative rigor:** Reflexivity arises when researchers openly acknowledge and address the effect that the relationship between the research topic, subjects and researchers may have on the findings. The term "evaluative rigor" refers to the process of ensuring that the ethical and political ramifications of research are considered (Kitto et al., 2008).

**Transferability:** It is important to be aware of one's own expectations for the research during the study to ensure that these do not take precedence over the views of the other participants. The likelihood of transferability is increased by including comprehensive descriptions of the research process. This aids the reader of the analysis in determining if the findings can be repeated in a different setting (Kitto et al., 2008).

Because of the difficulty of reliability and validity, a well-structured questionnaire was used in this study, with measures in place to mitigate the threats to validity and reliability.

## **2.9 Ethics**

Ethics and access, according to Saunders et al. (2019), are critical aspects for the success of research. These factors are equally important if the researchers are collecting primary data through face-to-face interviews, internet-mediated interviews, surveys and questionnaires, or secondary data (Saunders et al., 2019). In recent years, there has been a strong increase in concerns about the ethics of research practice. As a result, researchers must carefully consider how they can gain access to their data and any ethical problems that might occur during the testing phase. What appears to be a good research idea could falter and prove impractical or problematic until carried out if none of these factors are carefully considered (Saunders et al., 2019).

In order to accomplish objective study rather than subjective research, ethics in research is important. Honesty, objectivity, morality, prudence, openness, intellectual property rights, confidentiality, responsible publication, responsible management, respect for colleagues, social responsibility, anti-discrimination, fairness, reputation, and protection of the" are some of the ethical values of scientific researchers (Pranas, Jolita and Regina, 2018). The researcher has carefully considered all ethical problems when conducting this study. Respondents' opinions are valued without intervention, materials consulted during this research are well cited both in text and reference lists, and the researcher is unaware of any other concerns that may have been deemed unethical during this research.

## **3. Literature Review**

*The theoretical context applicable to this study is justified in this chapter. Second, the previous literature on CSR is examined. Then, considering previous research, the difficulties and knowledge that exist, and a summary of the CSR operationalized with marketing strategy is given.*

### **3.1 Introduction to CSR**

Companies are currently faced with the task of establishing a more sustainable model of capitalism, as a result of paradigmatic changes in the environment and culture necessitating responsible and sustainable behavior (Elkington, 1999; Jonker and Eskildsen, 2009). Sustainability aspects should be incorporated in business strategy (Meffert, Burmann, Kirchgeorg, 2012) to meet these societal demands, and competition pressure and strategic restructuring concerns are intensifying these demands (O'Riordan and Fairbrass, 2008). Profit maximization and company growth are no longer considered the sole goal and legitimacy of a business by society. Consumers are constantly

demanding that businesses act ethically, as well as socially and environmentally responsible (Jonker, Stark and Tewes, 2011; Baumgartner, 2014; Kotler, Armstrong, Wong and Saunders, 2011). Ketschau (2017) asserts that in recent years, a plethora of terms have emerged in research and literature to discuss problems of sustainability and social responsibility from the viewpoint of businesses or business operation (e.g. corporate accountability, corporate citizenship, and corporate governance). In addition, the concepts of social sustainability and sustainable growth are like the principle of CSR, but with an emphasis on society and both concepts either provide a theoretical foundation for CSR or are modifications or reformulations of the CSR definition (Ketschau, 2017).

The concept of CSR was first suggested in the 1950s (Carroll, 1999). It has undergone significant changes since then, resulting in a multitude of definitions, models, and procedures (Carroll, 1999; Welford, 2004; Welford, 2005). Different perspectives on CSR emerge, such as corporate philanthropy (Porter and Kramer, 2002), stakeholder integration (O'Riordan and Fairbrass, 2008), or broadly defined CSR that involves environmental aspects, with CSR mainly understood as corporate sustainability (Porter and Kramer, 2002; European Commission, 2011). CSR is implemented for a variety of purposes, ranging from ethical and almost altruistic reasons to the idea of being useful for business operations in good times (Müller and Schaltegger, 2008). According to Baumgartner (2014), there is still no agreement on the expression CSR. As a result, the term can refer to both environmental and social aspects of sustainability at times, while at other times it only refers to social and societal aspects of sustainability. CSR only concerns the social bottom line of sustainability in a narrow sense, but it is a term that supports the sustainable development of society through business practices in a broader sense (Müller and Schaltegger, 2008).

Ketschau (2017) describe CSR as the voluntary integration of social and environmental interests in the business activities of the company, with a focus on the corporation's stakeholder relations. Self-commitment and investment can underpin the integration process. CSR encompasses the entire value chain (Jonker, Stark and Tewes, 2011). In the context of CSR, the term "responsibility" refers to the need to minimize negative business effects (Carpenter, 2004). Because this is a defensive approach, it overlooks opportunities for companies to actively contribute to sustainable development goals, and only by constructive engagement can true value for the business and

community be generated (McWilliams and Siegel, 2011). A company's reputation can be improved, familiarity increased, and thus competitiveness strengthened by participating in CSR activities (Kotler and Lee, 2005 and Meffert, Burmann, Kirchgeorg, 2012).

Internal and external behavior dimensions are considered in CSR. The internal dimension encompasses dealings with workers, such as considering workplace safety and occupational health care, as well as socially appropriate restructuring and socially responsible behavior on the part of employees and management. External issues concern responsibilities for governments as well as external stakeholders including corporate partners, consumers, vendors, and clients. This includes, among other things, environmental protection, human rights support, and social community support (Jonker, Stark and Tewes, 2011).

CSR integration of businesses is a strategic concern. Environmental and social engagement can be combined with strategic advantages in innovative marketing campaigns (Porter and Kramer, 2011). Both stakeholder expectations and the feasibility of business processes must be considered by corporate management (Baumgartner, 2014). In various organizational contexts, different interdependent responsibilities, duties, and positions of social responsibility and sustainable development should be discussed, such as how does the organization have positive and negative effects on the social and cultural development of their places, or how should environmental and other concerns be handled (Jonker, Stark and Tewes, 2011). Traditional market methods emphasize the development of economic value. Sustainability and CSR are not combined in this situation, and social and environmental demands are only considered in accordance with legal requirements. Sustainability and CSR are often applied as a kind of sub-strategy to consider the demands of specific stakeholder groups, which is dictated by the availability of specific resources and is a reaction to those stakeholders' external influences. A corporation's corporate plan should, in theory, be tailored to all stakeholders (Ketschau, 2017).

Social media or other forms of knowledge, market analysis, or stakeholder dialogue may all be used to assess the needs and demands of corresponding groups (Porter and Kramer, 2002; Carroll and Buchholtz, 2008). Different stakeholder groups have different expectations of corporations' socially responsible conduct, and gaps can also be found within the same interest group (Fairbrass, O'Riordan and Mirza, 2006). As a result, the process must consider both its incorporation into business strategy and culture as well as the diversity of its target audiences.



## **3.2 CSR Theories**

### **3.2.1 The Ecological Systems Theory**

According to Bronfenbrenner (1979), the ecological systems theory, there is an inherent relationship between humans and their environment. Corporations, which are made up of people, are inextricably linked to their surroundings, which include consumers, suppliers, and natural resources. To maximize profit, corporations depend on marketing strategy adopted to sell their goods. Corporations may be unable to function due to a lack of consumers, resources, and suppliers in an absent society.

A circumstance in which companies fail to market goods and services to help community members and provide jobs may be a danger to humanity's survival. Production's negative effects, as well as corporate leaders' inattention to the external environment, could result in a lack of consumers, suppliers, investors, and resources that companies rely on. Through the mutual dependence of businesses and societies, CSR, a mechanism to develop societies and improve stakeholder well-being (Wang, Tong, Takeuchi and George, 2016), can lead to corporate development (Hollensbe, Wookey, Kickey George and Nichols, 2014).

### **3.2.2 The Maslow Hierarchy of Needs Model**

Marketers achieve a degree of innovation and imagination, according to the hierarchy of needs theory, when they can meet all their essential needs, protection needs, self-esteem needs, and love needs in a progressive order (Maslow, 2014). CSR was conceived and based on employee rights and protection, according to Carroll (2015). Marketers' innovative impulses can be improved by providing basic needs such as food and housing, as well as protection needs such as developed living communities and retirement incentives. Marketers imagination and innovation can be boosted by having confidence needs such as a sports car and working in a shared love setting (Maslow, 2014). Employee well-being and growth are critical to CSR's goals (Carroll, 2015).

## **3.3 CSR Evolution**

CSR, which is viewed as a common paradigm for refocusing corporate attention on societal progress (Bakan, 2005), has spawned a scholarly literature emphasizing its role in bringing about meaningful social change (Kashyap, Mir and Mir, 2011). According to Carroll (2015), the idea of CSR gained traction in the 1950s when organizational reforms were recommended to increase

employee safety and well-being. CSR started in 1953 as a philanthropic program aimed at social change (Cochran, 2007).

CSR was first used by business administrators in the 1960s as a philanthropic framework to promote stakeholder well-being and social change, according to Carroll (2015). According to Cochran (2007), in the 1970s, CSR literature shifted from a focus on ethics to a focus on corporate responses to social welfare pressures. Alternative themes of CSR emerged in the 1980s, including Freeman, Harrison, Wicks, Parmar and De Colle (2010) stakeholder theory, corporate social success, corporate citizenship, corporate sustainability, and the advancement of business ethics (Carroll, 2015).

Between 1990 and 2001, academics tried to figure out why companies should participate in CSR and started to make parallels between corporate social and financial results (Pour, Nazari, and Emami, 2014). From 2000 to 2010, literature and observational studies on the business case and financial benefits of CSR flooded the market (Carroll, 2015). Scholars have been focusing on the strategic orientation of participating in CSR since 2010, as they try to structure an implementation paradigm (Wang et al., 2016). CSR's popularity and continuity in the literature suggests that it could contribute to significant social change.

### **3.4 Meaning of CSR**

Carroll's (2016) concept of CSR as a legal, economic, ethical, and discretionary business initiative may be recognized by several scholars, but it may not lead to agreement. It's worth noting the numerous meanings that have been created in the literature.

**Legal definitions of CSR:** - CSR, according to Sheehy (2015), is a legal structure. CSR is a market control apparatus with global ramifications. CSR is a set of laws and operating standards agreed upon by companies on a local and international basis to prevent detrimental effects of development on society (ISO 26000, 2010). Local standards may include industrial legislation and corporate policies, while international standards may include an international agency's requirement to follow the United Nations charter or other laws.

Carroll (2016) also noted the legal concept of CSR, noting that corporate executives are required to follow the country's laws in order to avoid causing harm to society by their business operations. Staff, culture, and the environment are all protected by these rules (ISO 26000, 2010). Others see

CSR's legal aspect as a kind of corporate citizenship initiative aimed at improving society's well-being (Matten and Crane, 2005). According to Lambooy (2014), CSR is a part of a variety of legal fields, including criminal, labor, environmental, business, and international law.

**Business definitions of CSR:** - As societies have become more pluralistic and open as a result of technological advancements, CSR is regarded as a corporate management framework to foster social growth (Carroll, 2015). According to Szegedi, Fulop and Bereczk (2016), CSR has evolved into a business model of voluntary managerial effort to encourage ethical conducts to prevent societal damages, ensure workers' rights, and preserve a good economic threshold. According to Nasrullah and Rahim (2014), CSR has an underlying commercial intent that strengthens the long-term partnership that exists between companies and their stakeholders. In their study, Goel and Ramanathan (2014) concluded that CSR is a model of business ethics. CSR is described by Isaksson, Kiessling, and Harvey (2014) as a managerial apparatus aimed at improving a company's image in order to increase demand for products and services.

**Political definitions of CSR:** - CSR is a democratic system governed by the government and public advocacy organizations (Hamidu, Haron and Amrom, 2015). Governments create laws to protect businesses and societies, and as a result, they oversee any legal mechanisms, such as CSR, that bring the conduct of corporations in society into focus. CSR, according to Sheehy (2015), is a political system or a corporate citizenship ideology aimed at instilling the values of good conduct in society and the world. In their study, Frynas and Stephens (2015) concluded that CSR is a political practice undertaken by companies in order to gain legitimacy from stakeholders, including the government. CSR may be used to gain political support with the government as well as to counter political agitation by stakeholders (Kalla & Broockman, 2015).

**Economics definitions of CSR:** - Economic collapse resulted from corporate irresponsibility, resulting in the Great Depression of 1929-1939 (Eberstadt, 1973). Corporate irresponsibility may also be blamed for the global financial meltdown of 2008. (Prawit, Sharp and Wood, 2012). Many economists oppose CSR because environmental and societal problems are seen as non-profitable (Kitzemueller and Shimshack, 2012). CSR is described by Reindhardt, Stavis, and Victor (2008) as nothing more than a corporate resource sacrifice to serve the interests of society. The only goal of companies, according to Milton Friedman, is to increase profits, not to represent the interests of society (Ferrero, Hoffman and McNutty, 2014).

### 3.5 Reasons to Engage in CSR

There are the obvious altruistic, moral, and economic explanations proposed by Carroll (2015). Corporations engage in CSR as a means of enhancing marketing strategy and gaining a competitive edge by establishing a positive image among customers (Crifo & Forget, 2014). CSR's adaptation can also be due to twenty-first-century developments in technology dissemination and productivity, as well as other modern business practices. The reasons to engage in CSR are not limited to the following:

- i. **Transparency in business:** - The emergence of technology has brought to light corporate irresponsible practices such as deforestation and poor food quality that would have gone unnoticed otherwise (Borghesi, Houston and Naranjo, 2014). Any such acts of irresponsibility can easily be captured on cell phone videos and broadcast to the public, allowing officials to take legal action. Shnayder, Van Rijnsoever and Hekkert (2016) found that social pressures effectively engender CSR initiatives in their study. Corporations must be socially conscious in order to preserve their public image and confidence (Valenti, Carden and Boyd, 2014). To eliminate any doubts or inconsistencies about CSR activities that knowledgeable investors should notice, corporate leaders should avoid greenwashing and put CSR into practice (Chen and Garious, 2015).
- ii. **Era of health consciousness:** - Advances in technology have raised societal consciousness of the negative consequences of emissions and other negative externalities caused by companies in the twenty-first century, resulting in a demand for renewable energy sources and environmentally sustainable manufacturing (Doran and Ryan, 2014; Valenti et al., 2014). Some businesses have used CSR to strategically respond to societal demands in order to gain a competitive edge in the market (Crifo and Forget, 2014). Accordingly, Jacobson, Delucchi, Bazouin Bauer, Heavey, Fisher, Morris, Piekutowski, Vencill and Yeskoo(2015) found in their research that renewable energy sources such as wind, solar, and water are growing in popularity as a way to relieve the burden on coal and crude oil energy sources, which pollute the atmosphere and kill 78,000 Americans per year.
- iii. **Broader customer base:** - Bonsu (2018) opined that globalization, or the social and economic convergence of people from all walks of life, has caused the world to

‘shrink’. Many companies have affiliates and clients in other countries, and international rivalry has intensified, necessitating the need to increase product quality in order to maximize profits (Bonsu, 2018). Customers’ preferences vary as a result of a larger consumer base, placing pressure on businesses to innovate.

- iv. **Government inefficiency:** - Government inefficiency in social growth can be caused by political rhetoric, an unfavorable economic environment, and an inadequate tax system. Government inefficiency in the United States, according to De Bettignies and Robinson (2015), has resulted in a pause in societal growth. In their study, Higgins and Izushi (2014) described infrastructural problems that need to be solved by companies due to government inefficiencies for the country to retain its competitive edge. Corporate executives have a lot of clout in American politics because they give money to lawmakers to get laws changed in their favor (Kalla and Broockman, 2015). CSR may be required to address negative externalities and corporate disregard for society, as well as to promote societal development (Crifo and Forget, 2015).

### **3.6 CSR in marketing literature**

CSR encompasses five main fields: climate, culture, employee welfare, financial efficiency, and corporate governance (Adegbola, 2014). It is important to be environmentally conscious when selling goods. The marketing literature has reiterated the passion for CSR. In terms of the unit of research considered and the aspects of CSR investigated, there is a lot of fragmentation in the marketing literature. When marketing theorists began to express concern about CSR in the 1960s and 1970s, they concentrated on the social responsibilities associated with the marketing feature rather than the firm's overall social position. As a result, the field of social marketing emerged, which focuses on how marketing activities can contribute to socially beneficial habits and objectives. Similarly, the marketing literature has accumulated a wealth of information about marketing managers' ethical expectations, thinking, and decision-making processes (Blodgett, Lu, Rose, and Vitell 2001).

Consumers’ reactions to CSR have been studied by marketing scholars (Adegbola, 2014; Sen and Bhattacharya, 2016); however, they have focused on simplistic measures of CSR and found only a few dimensions of this build. This viewpoint is based on the lack of comprehensive conceptual clarity in the marketing discipline.

### **3.7 CSR and Marketing Performance**

Several studies have confirmed a positive impact of CSR on company results despite mixed research findings (Cheng, Ioannou, and Serafeim, 2014; Wang, Chen, Yu and Hsiao, 2015). A large portion of the benefits found may be classified as marketing-related (Bhattacharya and Sen, 2010; Maignan, Ferrell, and Ferrell, 2005). Customers regard such companies' goods and services as more reliable and of higher quality, according to researchers. Participating in CSR operations, for example, establishes a reputation for the company as trustworthy and reliable, and customers regard such companies' products and services as more reliable and of higher quality (McWilliams and Siegel, 2001).

Participating in CSR activities also increases the likelihood of future customers making a purchase (Fagerstrøm, Stratton and Foxall, 2015). In other words, CSR is like a marketing tool (Chahal and Sharma, 2006; Fagerstrøm et al., 2015), and effective use of this tool can help companies gain a competitive advantage, resulting in improved marketing efficiency (Vorhies and Morgan, 2005). Researchers believe that participating in CSR activities can increase marketing success in terms of market share, sales value, and customer and channel partner satisfaction and retention (Chahal and Sharma, 2006).

According to this interpretation, studies have shown that CSR programs can provide businesses with marketing benefits, which can result in improved financial efficiency (Lai et al., 2010). CSR practices have been shown in studies to have a positive impact on brand equity as well as sales efficiency (Lai, Chiu, Yang and Pai, 2010). Torres, Bijmolt, Tribó, and Verhoef (2012) found that CSR activities improve brand loyalty among all stakeholders, not just consumers. Other recent studies have shown that brand equity has a substantial positive effect on financial results, both in the short and long term (Mizik, 2014).

Customers have a higher view of businesses that participate in CSR operations, according to marketplace surveys. According to one survey, “84 percent of Americans claim they would move products to one associated with a good cause if price and quality were comparable” (Bhattacharya and Sen, 2004). When deciding whether to buy a company's product, 79 percent of Americans consider corporate citizenship, and 36 percent consider it to be very critical when deciding, according to the survey (Bhattacharya and Sen, 2004). Customers might also be able to pay a

higher price for goods and services from businesses that participate in more CSR activities (Servaes and Tamayo, 2013).

### 3.7.1 Influence CSR have on Marketing Performance

The table below showed theoretical perceived influence CSR have on marketing performance based on reviewed literature. These are the benefits derivable or opportunities CSR activities have on marketing performance. These concepts are very important and will be utilised for this thesis during the interview stage.

| <b>Influence</b>                       | <b>References</b>   | <b>Operationalization</b>  |
|--|---|--|
| Reputation                             | McWilliams and Siegel, (2001); Rahman and Rodríguez-Serrano (2017)  | CSR activities helps create a reputation for the company as honest and reliable to enhance marketing performance   |
| Reliable products                      | McWilliams and Siegel, (2001); Rahman and Rodríguez-Serrano (2017)  | Customers consider the products and services of CSR companies as more reliable and of better quality to enhance marketing performance                                  |
| Enhanced customers purchased intention | Fagerstrøm et al. (2015)  | CSR activities enhances the purchase intention of potential customers to enhance marketing performance   |
| Competitive advantage                  | Vorhies and Morgan (2005)   | CSR activities help companies to build a competitive advantage, leading to the enhancement of their marketing performance  |
| Improved marketing performance         | Chahal and Sharma (2006); Servaes and Tamayo (2013)   | CSR activities might lead to improved marketing performance, as measured by market share, sales value, and customers' and channel partners' satisfaction and retention |
| Brand equity                           | Torres, Bijmolt, Tribó, and Verhoef (2012); Mizik, (2014); Lai et al. (2010); Bhattacharya and Sen (2004) | CSR activities positively affect brand equity among all stakeholders   |

Table 2 Influence CSR have on Marketing Performance

### **3.8 CSR and Intensive Advertising**

Companies spend a lot of money on advertising campaigns to promote their goods and services, as well as other company-related details like CSR initiatives (Taylor, 2015; Yoon, Kim, and Baek, 2016; Yoon and Oh, 2016). Many corporations have added corporate advertisements focused on their social and environmental obligations and policies to their product ads in recent decades (Yoon and Oh, 2016).

Environmental advertisement is being used by some businesses to inspire consumers to eat in an environmentally sustainable manner (Yoon et al., 2016). Other businesses are incorporating pro-social and pro-environmental messages into their product ads (Bhatnagar and McKay-Nesbitt, 2016; Chahal and Sharma, 2006; Yoon and Oh, 2016) in the hopes of raising environmental awareness, which would contribute to the purchase and consumption of environmentally friendly goods (Bhatnagar and McKay-Nesbitt, 2016; Taylor, 2015).

It is important to communicate knowledge about CSR activities. The provision of such information has been found to improve the reputation of both the CSR programs themselves and the funding organization (Gruber, Kaliauer, and Schlegelmilch, 2015). As a result, purchasing intent against the company's products can increase (Fagerstrøm et al., 2015). The importance of media networks such as television and newspaper coverage has also been discovered (Gruber et al., 2015). In a related way, one prominent study hypothesized a positive correlation between advertisement strength and CSR expenditure (McWilliams and Siegel, 2001).

The amount of advertisement spending in relation to a company's total resource base is referred to as "intensive advertising" (Huang and Wei, 2012). The more money an organization spends on advertisements, the more detail about its different profit- and nonprofit-oriented programs, such as CSR initiatives, is shared with its consumers (Nelson, 1974; Servaes and Tamayo, 2013). As intensive advertising equals information intensity, the information distance between the business and its consumers is narrowed (Nelson, 1974; Servaes and Tamayo, 2013).

One of the significant elements in the CSR–value relationship, according to researchers, is knowledge strength (Schuler and Cording, 2006). In other words, the amount of knowledge about CSR activities passed on to customers determines the level of value generation. Customers are more likely to purchase goods from companies that participate in CSR activities than from those that do not, according to reports. However, this result is dependent on the extent of knowledge of



CSR activities (Bhattacharya and Sen, 2010). This explains why, in addition to product ads, many businesses run corporate advertising campaigns promoting their CSR initiatives.

### 3.8.1 Influence CSR have on Intensive Advertising

The influence CSR have on advertising intensity based on reviewed literature are listed in the table below. These concepts are very important and will be utilised for this thesis during the interview stage.

| <b>Influence</b>                | <b>References</b>  | <b>Operationalization</b>  |
|---------------------------------|--|--|
| Eco-friendly products           | Yoon et al. (2016); Bhatnagar and McKay-Nesbitt (2016); Chahal and Sharma (2006); Yoon and Oh (2016) | Environmental advertising encourages customers to consume eco-friendly products in an eco-friendly manner  |
| Environmental concerns          | Bhatnagar and McKay-Nesbitt (2016); Taylor (2015)  | Environmental advertising heightens environmental concern which might lead to the purchase and consumption of environmentally friendly products              |
| Sponsoring company              | Gruber, Kaliauer, and Schlegelmilch (2015); Fagerstrøm et al (2015)                                  | Provision of CSR information affect the credibility of the CSR initiatives by sponsoring company which lead to increased purchased intention towards company |
| Customers instinctive prejudice | Bhattacharya and Sen (2010)  | Customers more likely will buy products from companies that engage in CSR activities rather than those that do not   |

Table 3 Influence CSR have on Intensive Advertising

### 3.9 CSR and Research and Development

Research and development (R&D) are another way for a company to gain a competitive edge (Hull and Rothenberg, 2008), with a long-standing theoretical literature connecting R&D investment to long-term firm changes (McWilliams and Siegel, 2000). The introduction of new and improved processes and products has been found to be positively related to R&D intensity (Hitt, Hoskisson, Johnson, and Moesel, 1996).

Firms' innovative strategies have a significant impact on processes; in order to develop new goods and services with a competitive advantage, they must meet the four requirements defined by the RBV theory, namely, they must be valuable, uncommon, and inimitable, and the company must be coordinated to efficiently deploy these tools (Barney, 1991). Using these parameters, socially complex tools such as credibility, corporate culture, long-term relationships with suppliers and consumers, and asset awareness can provide a competitive advantage (Hillman and Keim, 2001)

Companies will profit from R&D because R&D-intensive industries also have 'entry barriers,' allowing companies to benefit from economies of scale and product differentiation (Porter, 1979). These results assist businesses in gaining a strategic edge over their competitors. Several researchers are interested in learning more about how R&D investment affects firm productivity. There's Griliches' (1981) pioneering work with his hedonic model based on US firm-level data, which used market value as a measure of the firm's productivity from R&D investments. Several other researchers have used the same model to demonstrate a positive relationship between R&D investments and firm market value (Hall, 1993; Jaffe, 1986).

R&D is a form of 'technical' capital investment that leads to knowledge enhancement and product and process innovation. Firms can increase their efficiency by engaging in this creative practice (McWilliams and Siegel, 2000). Similar findings are reported in studies by Hall (1999) and Lichtenberg and Siegel (1991), which confirm a positive correlation between R&D investment and firm growth. Some customers are interested in R&D involving innovation related to CSR processes and goods, such as recycled products or organic pest control. According to McWilliams and Siegel (2001), a differentiating strategy for gaining a competitive advantage through CSR resources can involve investment in research and development (R&D). CSR is positively correlated with R&D strength, according to McWilliams and Siegel (2000), "since both are associated with product and process innovation".

### **3.9.1 Influence CSR have on Research and Development**

The influence CSR have on research and development based on reviewed literature are listed in the table below. These concepts are very important and will be utilised for this thesis during the interview stage.

| Variable | References | Operationalization |
|----------|------------|--------------------|
|----------|------------|--------------------|

|                            |  |   |
|----------------------------|--|---|
| New products               | Hitt, Hoskisson, Johnson, and Moesel (1996)                                | Introduction of new and improved processes and products through CSR initiatives is positively related with R&D intensity                            |
| Innovative strategies      | Barney (1991); Hillman and Keim (2001)                                     | Innovative CSR strategies employed by firms create new products and services that have a competitive advantage                                      |
| Investment in market value | Cockburn and Griliches, (1988); Hall (1993); Hirschey (1982); Jaffe (1986) | There is a positive relationship between R&D investments and the market value of the firm through CSR   |
| Technical capital          | McWilliams and Siegel, (2000); Hall (1999); Lichtenberg and Siegel (1991)  | R&D is a form of investment in ‘technical’ capital that results in knowledge enhancement through CSR, which leads to product and process innovation |

Table 4 Influence CSR have on Research and Development

### 3.10 Conceptual Framework for the concepts

The concept of this study is visualized in the figure below as showed in Chapter 1.2

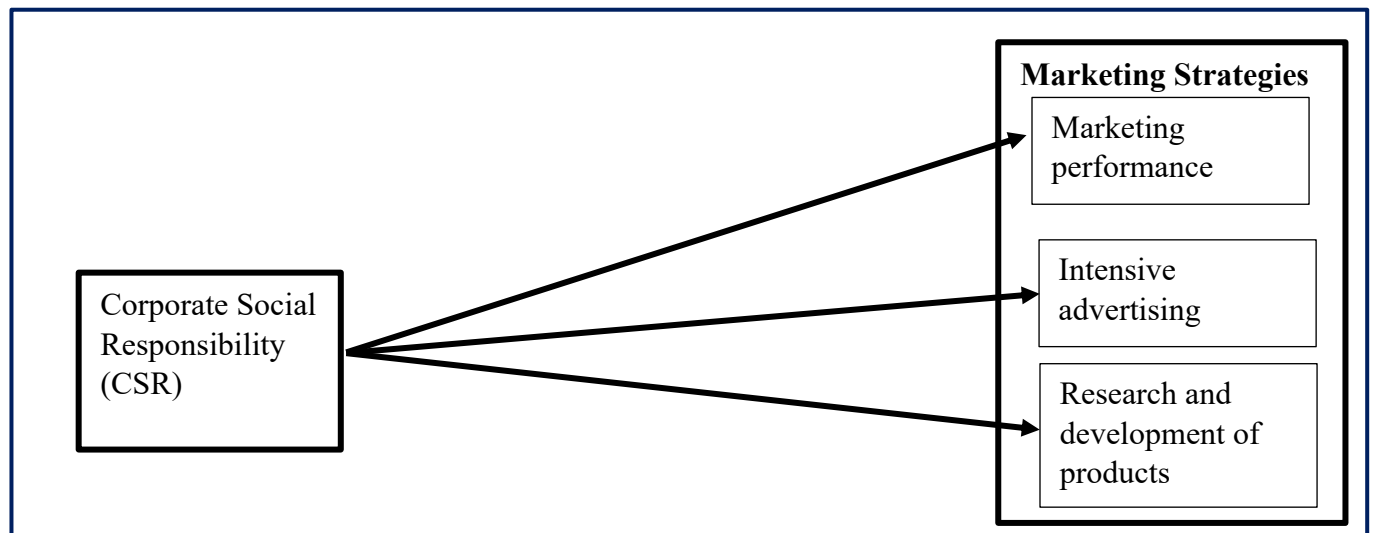


Figure 4. Researchers Model Conceptualization (2021).

The review of literature showed that CSR have influence on marketing strategies (marketing performance, intensive advertising and research and developments of product). Based on these reviews the following research questions will be answered after the analysis of the study:

RQ1: What influence does CSR activities have on marketing performance among manufacturing companies?

RQ2: What influence does CSR activities have on intensive advertising among manufacturing companies in Nigeria?

RQ3: What influence does CSR activities have on research and development of products among manufacturing companies in Nigeria?

#### **4. Empirical Description**

*The case companies are introduced briefly followed with a summary explanation context and classification of respondents.*

##### **4.1 Case A History & Operation**

Case A is a public limited liability company that has been selling drinks since 1950 and is listed on the Nigerian Stock Exchange. Since then, the company has evolved into a manufacturing business, with brewing, packaging, marketing, and sale of beverages remain its primary activities. Case A is a well-known African business with a reputation for high-quality brands both on the continent and abroad. Case A is also committed to investing in and actively participating in the communities where it works. Case A has a long history, as well as a clear track record of growth and success. Case A is an organization that believes in investing in and actively participating in the progressive transformation of society in order to enrich the societies in which it works.

The respondents interviewed in Case A were the marketing director, the marketing manager and the largest distributor. Case A has 822 employees and generates USD272.2 million in sales in 2020 (Guinness Nigeria Annual Report, 2020). In Case A, three interviews were performed, as shown in Table 5. The respondents are in positions with a lot of knowledge about CSR as a marketing strategy in the organization.

| <b>Respondent</b> | <b>Position</b>    | <b>Reference</b> |
|-------------------|--------------------|------------------|
| Respondent 1      | Marketing Director | A-MD             |

|              |                   |      |
|--------------|-------------------|------|
| Respondent 2 | Marketing Manager | A-MM |
| Respondent 3 | Major distributor | A-D  |

Table 5 Researchers Illustration of Respondents at Case A (2021).

Case A sustainability plan is completely aligned with global strategy and is built on three key pillars: leadership in society, thriving societies, and reducing environmental impact in the communities where they live and work. The Community Clean Up, Undergraduate Scholarship programs, and the flagship Water of Life project are areas of social and environmental effects. The aim is to keep promises made about sustainable development.

#### 4.2 Case B History and Operation

Case B's entrance into the sugar industry dates to the 1970s, when the parent company began importing and selling sugar. Case B is a well-known brand that had a major impact on the Nigerian sugar industry. Case B has 2,855 employees and generates USD538.164 million in sales in 2020 (Dangote Sugar Refinery Annual Report, 2020). With a capacity of 1.44 million tons per year, the Case B sugar refinery is the largest in Sub-Saharan Africa.

The respondents interviewed in Case B were the marketing director, the marketing manager and the largest distributor. The three interviews were performed, as shown in Table 6. The respondents are in positions with knowledges about CSR as a marketing strategy.

| Respondent   | Position           | Reference |
|--------------|--------------------|-----------|
| Respondent 1 | Marketing Director | B-MD      |
| Respondent 2 | Marketing Manager  | B-MM      |
| Respondent 3 | Major distributor  | B-D       |

Table 6 Researchers Illustration of Respondents at Case B (2021).

Case B's CSR strategy is focused on financial statements and motivated by a willingness to contribute to and positively influence the growth of the societies in which the organization operates as well as society at large. Case B remained focused on sustainability standards and legislation, which require companies to evaluate their success from the perspective of the Triple Bottom Line: People, Planet, and Profit. Case B's corporate responsibility platform follows through on promises to manage social impact, environmental conservation, health and safety promotion, education, and risk mitigation within the company's operations. Case B recognizes that long-term corporate

success is inextricably linked to the well-being and development of the societies in which it operates.

During 2020, Case B continued to add value to these communities by creating jobs, empowering residents across supply chain, providing scholarships, providing portable water, and providing free health care, among other things. In addition, staff donated their time and services, as well as participated in events in all the host communities. In December 2020, Case B was honored with the Sustainability, Entrepreneurship and Responsibility Awards (SERAs) for the Best Company in Poverty Eradication in recognition of our contributions to the development of the immediate communities.

#### **4.3 Case C History and Operation**

Case C was founded on September 29, 1960, as a limited liability company and Nigeria's first wheat miller. Case C has grown the company into one of Africa's most recognizable brands in the food and agro-allied industries. Case C brand has grown tremendously over the years, from a single flour miller to a large business conglomerate with strategic investments in key sectors of the Nigerian economy.

The respondents interviewed in Case C were the marketing director, the marketing manager and the largest distributor. Case C has 3680 employees and generates USD1.029 billion in sales in 2020 (Flour Mills of Nigeria Annual Report, 2020). In Case C, three interviews were performed, as shown in Table 7. The respondents are in positions with a lot of knowledge about CSR as a marketing strategy in the organization.

| <b>Respondent</b> | <b>Position</b>    | <b>Reference</b> |
|-------------------|--------------------|------------------|
| Respondent 1      | Marketing Director | C-MD             |
| Respondent 2      | Marketing Manager  | C-MM             |
| Respondent 3      | Major distributor  | C-D              |

Table 7. Researchers Illustration of Respondents at Case C (2021)

With over twelve thousand full-time and part-time staff, Case C is leading the green revolution in Nigeria by developing and producing unique consumer goods for local markets using locally produced materials. Case C has a CSR contribution to biodiversity, water conservation, waste reduction, and greenhouse gas reduction. In terms of health and safety, the corporation is

concerned with the local communities' and employees' well-being. The organization strives to develop the natural, social, and economic aspects of its activities on a continuous basis. Case C's vision is realized through the implementation of policies and practices that maximize the use of natural resources, the creation of energy-efficient goods and technology, and the encouragement of innovative and creative solutions that benefit customers, communities, and the community.

#### **4.4 Case D History and Operation**

Case D was incorporated on the July 31, 1974. Case D aim to meet and retain stringent product quality standards via the use of cutting-edge technologies and the application of human resources. Since the inception of Case D brands in 1976.

The respondents interviewed in Case D were the marketing director, the marketing manager and the largest distributor. Case D has 142 employees and generates USD18.39 million in sales in 2020 (Champion Breweries Annual Report, 2020). In Case D, three interviews were performed, as shown in Table 8. The respondents are in positions with a lot of knowledge about CSR as a marketing strategy in the organization.

| <b>Respondent</b> | <b>Position</b>    | <b>Reference</b> |
|-------------------|--------------------|------------------|
| Respondent 1      | Marketing Director | D-MD             |
| Respondent 2      | Marketing Manager  | D-MM             |
| Respondent 3      | Major distributor  | D-D              |

Table 8 Researchers Illustration of Respondents at Case D (2021).

Case D adopted sterling values of protection, efficiency, discipline, people growth, and team spirit to provide high quality brands for responsible enjoyment of customers. Case D is under the technical oversight of its controlling shareholders, Heineken NV, a multinational beer giant, and this has placed Case D in a position to even exceed previous revenues, customer loyalty and CSR achievements.

### **5 Result and Analysis**

#### **5.1 The result of the influence CSR has on marketing performance**

##### **5.1.1 Reputation**

According to Rahman and Rodríguez-Serrano (2017), CSR activities helps create a reputation for the company as honest to enhance marketing performance. The respondents in all cases responded

that CSR has helped created a reputation for their companies. Case A major distributor stated with the company CSR as stated in the annual report during the year, the reputation of the company product improved as more customers were involved in the CSR initiative carried out during the Covid-19 pandemic period. Case B major distributor stated that the sustainability approach of the company is motivated by a desire to contribute to and have a positive impact on the development of the communities and markets in which they operate.

Case C major distributor stated that over the years, they continued to implement initiatives and procedures that maximize the use of natural resources in manufacturing process by engaging with farmers in rural communities, they source an increasing portion of our vital raw ingredients local for the year. Case D major distributor stated that the company through its reputation has over the previous seven decades made important contributions to Nigeria's social, economic, and environmental growth.

From the response of these analysis, this study therefore take position that a CSR company will be viewed as a reputable company and this is in line with McWilliams and Siegel, (2001) and Rahman and Rodríguez-Serrano (2017) position that CSR activities helps create a reputation for the company as honest to enhance marketing performance.

### **5.1.2 Reliable products**

Rahman and Rodríguez-Serrano (2017) posits that customers consider the products and services of CSR companies as more reliable and of better quality to enhance marketing performance. The respondents in all cases responded that CSR has position their products as reliable in the market. Case A marketing manager stated that through engagement with customers, mostly distributors comment about the fast-moving nature of the company's products as well as awareness about what the company is doing in terms of CSR. In addition, customers are always commenting on the quality of the product as most of them consume the company's products in order to enjoy some CSR initiative put in place by the company.

Case B marketing director explain how they played a significant influence in the development of the Nigerian sugar industry over the last decade. Their refinery size, production volume, market share, strong cash generation, and profitability, showed obviously that the company is market leader in the industry which was achievable through serving and satisfying markets by collaborating with partners to provide the best products and services to valued customers and



stakeholders through ongoing product development, new business development, and the use of cutting-edge technologies and systems to continually improve cost efficiencies.

Case C marketing manager explained that food packaging serves a few purposes, including informing customers about products, ensuring food safety, and reducing food waste. Customers become entangled in the company web as a result of this and all our products are supplemented with vitamins and minerals that have been scientifically proven to be beneficial to customers.

Case D marketing director explained that with increased insurgency, unemployment, population increase, and a decrease in the price of crude oil, the Nigerian economy's mainstay, the previous years was an active but hard year for business and the nation, resulting in a low level of consumer disposable income. However, they weathered the storm and continued to meet key performance objectives through customers demand of the company's products. They also explained that by core principles of quality, respect for people and the environment, providing joy to people, and a high-performance culture which describe the foundation for business values and govern strategy.

From the response of these analysis, this study therefore take position that a CSR company will be viewed as a reliable company which is also in line with McWilliams and Siegel, (2001) and Rahman and Rodríguez-Serrano (2017) position that Customers consider the products and services of CSR companies as more reliable and of better quality to enhance marketing performance.

### **5.1.3 Enhanced customers purchased intention**

Fagerstrøm et al. (2015) posits that CSR activities enhances the purchase intention of potential customers to enhance marketing performance. The respondents' analysis showed that Case A major distributor explained that the CSR initiative of the company creates more awareness about the company in places where the initiatives are carried out and more new customers were gained via this means. In addition, existing customers kept demanding for the company's products because of CSR initiative and the company sustained activities during the pandemic as a result of the CSR initiatives put in place.

Case B marketing director explained that they have long-term achievement by following a business model that generates high returns for shareholders while also adding value to the economies in where they operate by selling high-quality products at reasonable costs and providing exceptional

customer service. In addition, existing customers continue to seek the company's products because of the CSR effort.

Case C marketing manager explained that consumers, regulators, investors, and other stakeholders are interested in learning more about company's goods and processes. Gold standard was implemented for production of most of wheat-based products, including bread flour. In addition, consumers were interested in knowing what is in their food, where it comes from, and how it is cooked. They also want proof that food was farmed and harvested responsibly and sustainably, with people, animals, and the environment in mind.

Case D marketing director explained that in 2020, 'Enjoy Responsibly Day' was utilized to announce the renewal of our responsible marketing code. This Code replaced the existing rules on responsible commercial communication and rules on digital commercial communication, which are fully compliant with the IARD commitments. In addition, customers also wanted to know what's in their food, where it comes from, and how it's prepared.

From the response of these analysis, this study therefore take position that a CSR compliant company will be enhanced customers purchased intention which is in line with opinion of Fagerstrøm et al. (2015) position that CSR activities enhances the purchase intention of potential customers to enhance marketing performance.

#### **5.1.4 Competitive advantage**

CSR activities help companies to build a competitive advantage, leading to the enhancement of their marketing performance (Vorhies and Morgan, 2005). The respondents' analysis showed that Case A major distributor in this case explained encountering a corporate customer ordering for company's product stating that other competitors' products were declined because the company's CSR initiative was displayed on the company's social media handles. Case B major distributor also explained that other rivals' items were denied because the company's CSR endeavor was posted on the company's social media handles, according to a corporate client who ordered our company's goods. Case C major distributor explained that according to a corporate client who ordered our company's goods, other competitors' things were banned from being purchased by their procurement since they were not CSR compliant. Case D major distributor explained that without a doubt, other rivals' goods were forbidden from being acquired by their procurement

because they were not CSR compliant, according to a corporate client who ordered our company's goods. From the response of these analysis, this study therefore take position that a CSR compliant company will have competitive advantage over industrial mates which is in line with opinion of Vorhies and Morgan (2005) position that CSR activities help companies to build a competitive advantage, leading to the enhancement of their marketing performance.

### **5.1.5 Improved marketing performance**

CSR activities might lead to improved marketing performance, as measured by market share, sales value, and customers' and channel partners' satisfaction and retention (Chahal and Sharma, 2006; Servaes and Tamayo, 2013). The respondents' analysis showed that Case A marketing director explained that the company own the largest share of the market with competitors also competing in terms of CSR and so could not trace market domination to CSR initiative. The company have held its position as market leaders and there was platform built for customer complaint and feedback platform to meet customers expectation. The company improve on products based on customers expectation as well as CSR initiatives.

Case B marketing director explained that the company played a significant influence in the development of the Nigerian sugar industry by refinery size, sugar production volume, market share, strong cash generation, and profitability and is obvious market leader in the industry. The company constructed complaint and feedback platform to match consumer expectations and improved goods in response to customer feedback and CSR efforts.

Case C marketing director explained that the company had a considerable impact on the growth of the market where they trade. They are the clear market leader in the business in terms of capacity, production volume, market share, significant cash creation, and profitability as well as in meeting customer expectations, the organization had a complaint and feedback portal. In response to customer feedback and CSR activities from the portal, they always upgrade products. The food packaging performs a variety of functions, including informing consumers about products, keeping food safe, and preventing food waste.

Case D marketing director explained that in 2020, different meetings with distributors and important retailers through Sales Division was held which controls hundreds of salespeople, on their need to comprehend position on promoting responsible consumption as well as play their

duties. Also, in 2020, a poll of 101 people from six different stakeholder groups, including customers, governments, the media, non-governmental organizations, suppliers, and trade associations was made, and the overall number of responses was up to 63 percent. Beverage excellence and inspirational brands, leadership and culture, business success, as well as sustainability and responsibility, were all included in the poll. The CSR goals include significantly improving the social and economic well-being of our key stakeholders, such as local communities where we conduct business, farmers, customers, governments and considering population expansion and increasing economic problems, it is critical that, as a market leader, the company collaborate with customers and other stakeholders to promote long-term development.

From the response of these analysis, this study therefore take position that CSR activities might lead to improved marketing performance, as measured by market share, sales value, and customers' and channel partners' satisfaction and retention which is in line with opinion of Chahal and Sharma (2006); Servaes and Tamayo (2013).

#### **5.1.6 Brand equity**

CSR activities positively affect brand equity among all stakeholders (Torres, Bijmolt, Tribó, and Verhoef, 2012; Mizik, 2014; Lai et al., 2010; Bhattacharya and Sen, 2004). The respondents' analysis showed that Case A major distributor explained that taste drive customers and have mastered the art of refining the products shape of the company to lock in customers from time to time. The company was also able to achieve through CSR initiatives. Case B major distributor also explained that as a result of taste the company's shape products to keep customers coming back from time to time. Case C major distributor explained that because the highest-quality ingredients are used as part of quality policy to benefit customers' health and well-being, the company had not been accused of breaking any rules, and regulatory agencies had not given us any comment on non-compliance with product and service information and labeling. Case D major distributor explained that they arrange series of meetings with distributors and major retailers through Sales Division, which oversees hundreds of salespeople, and gather responses on the importance of understanding and carrying out our perspective on the way customers perceive our brands. From the response of these analysis, this study therefore takes position of Torres, Bijmolt, Tribó, and Verhoef (2012); Mizik, (2014); Lai et al. (2010); Bhattacharya and Sen (2004) position that CSR activities positively affect brand equity among all stakeholders.

## **5.2 The result of the influence CSR has on Intensive Advertising**

### **5.2.1 Eco-friendly products**

Environmental advertising encourages customers to consume eco-friendly products in an eco-friendly manner (Yoon et al. 2016; Bhatnagar and McKay-Nesbitt, 2016; Chahal and Sharma, 2006; Yoon and Oh, 2016). The respondents' analysis showed that Case A marketing manager explained that they carried out survey and to amazement, consumers are concerned about the effect of chemicals and plastics on the environment. Case B marketing manager also explained that in their survey, consumers consider the environmental effect of goods in addition to price and quality. Case C marketing manager explained that in their survey, the atmosphere, health benefits, and ethical aspects of the manufacturing process are the key reasons for consumers to buy eco-friendly items. Case D marketing manager explained that from survey, customers are willing to pay a higher price for environmentally friendly goods. Some customers are also willing to pay up to 30% or more. From the response of these analysis, this study therefore take position with opinion of Yoon et al. (2016); Bhatnagar and McKay-Nesbitt (2016); Chahal and Sharma (2006); Yoon and Oh (2016) position that Environmental advertising encourages customers to consume eco-friendly products in an eco-friendly manner.

### **5.2.2 Environmental concerns**

Environmental advertising heightens environmental concern which might lead to the purchase and consumption of environmentally friendly products (Bhatnagar and McKay-Nesbitt, 2016; Taylor, 2015). The respondents' analysis showed that Case A marketing director explained that the company contribute to CSR by making contributions and taking acts that help local community. Customers responded by providing environmentally friendly sales rewards, because they see the responsibility of the company in contributing a part of a sale to the environment. Case B marketing director also explained that the company use local retailers and backward integration of suppliers to reduces the environmental effect of carbon emissions by getting goods and supplies delivered locally. Customers understand that by using local vendors, the company only support the local economy and reduce gas consumption and carbon emissions and this is well positioned for the company's advert. Case C marketing director explained that the company use local retailers and backward integration of suppliers to reduces the environmental effect of carbon emissions by getting goods and supplies delivered locally. Customers understand that by using local vendors,

the company support the local economy and reduce gas consumption and carbon emissions and this is well positioned for the company's advert. Case D marketing director explained that the company use website, social media, and other marketing materials to communicate company's sustainability goals, initiatives, and this help build consumer trust. From the response of these analysis, this study therefore take position with opinion of Bhatnagar and McKay-Nesbitt (2016); Taylor (2015) position that Environmental advertising heightens environmental concern which might lead to the purchase and consumption of environmentally friendly products.

### **5.2.3 Sponsoring company**

Provision of CSR information affect the credibility of the CSR initiatives by sponsoring company which lead to increased purchased intention towards company (Kaliauer, and Schlegelmilch, 2015; Fagerstrøm et al, 2015). The respondents' analysis showed that Case A marketing manager explained that the company's marketing department created a campaign encouraging customers to buy stacks of products rather than just one. For each stack sold, the corporation send a bundle of product to front line health staff during the pandemic. The company continually emphasize our long-term sustainability strategy to customers, shareholders, employees, influencers, the media, non-governmental organizations, and all other critical partners on a global and local level. Case B marketing manager also explained that in 2020, the company launched one-for-one initiative, in which the company provided an additional product to a child in need for every product purchased. As part of a pivot to address deeper fundamental issues of poverty, the company has committed to produce products in places where it donates. The earnings of the company's sales are used to establish clean-water infrastructure in the villages where the items are cultivated. Case C marketing manager explained that in 2020, the company launched biodiversity, water conservation, waste reduction, and greenhouse gas reduction. The company's sales proceeds are utilized to build clean-water infrastructure in these areas. Case D manager explained that company is focused on sustainability and is performed exclusively by its employees through a sustainability framework plan. The company also supports environmental organizations through which more customers are reached. From the response of these analysis, this study therefore take position with opinion of Gruber, Kaliauer, and Schlegelmilch (2015); Fagerstrøm et al (2015) position that Provision of CSR information affect the credibility of the CSR initiatives by sponsoring company which lead to increased purchased intention towards company.

#### **5.2.4 Customers instinctive prejudice**

Customers more likely will buy products from companies that engage in CSR activities rather than those that do not (Bhattacharya and Sen, 2010). The respondents' analysis showed that Case A marketing director explained that he encountered a corporate customer ordering for our company's product stating that other competitors' products were declined because the company's CSR initiative was displayed on the company's social media handles. Case B marketing director explained that he experienced a situation where a customer was contemplating on selecting one out of two products and upon selection, he asked the customer the basis and he responded that he saw an advice on the product to dispose appropriately to avoid ecological harm. Case C marketing director explained that he encountered a customer who stated that eco-friendly products displayed always attract his interest of choosing the product above other products based on experience. Case D marketing director explained that to the extent he knew, he knows that customers have always demanded more for the company's product since they know the company always return CSR back to the society. From the response of these analysis, this study therefore take position with opinion of Bhattacharya and Sen (2010) position that Customers more likely will buy products from companies that engage in CSR activities rather than those that do not.

### **5.3 The result of the influence CSR has on Research and Development**

#### **5.3.1 New products**

Introduction of new and improved processes and products through CSR initiatives is positively related with R&D intensity (Hitt, Hoskisson, Johnson, and Moesel, 1996). The respondents' analysis showed that Case A marketing director explained that the company's latest brands in the company's portfolio have been successfully introduced to the Nigerian market, and these new launches will position the company for further profitable economic growth. Case B marketing director explained that on social responsibility projects, community challenges, and investment programs, the company consult a wide spectrum of stakeholders. In CSR strategy, the company consider the requirements of the local communities that we receive. Infrastructure development, job creation, healthcare, rehabilitation, educational support, drinkable water availability, road maintenance and repair, and other issues are all central to impact operations. Case C marketing director explained that the company successfully released new goods to cater to the demands of certain demographics as they relate to ethnic taste and preference, using local raw ingredients, as

part of our local content strategy. Case D marketing director explained that a variety of company's brands were available in tens of thousands of stores, bars and restaurants. Beverage is served cold in our market. Refrigerators are used to cool products at the point of consumption. The company continue to work toward meeting the 2020 goals on green cooling by purchasing new refrigerators that fulfill green standards. From the response of these analysis, this study therefore take position with opinion of Hitt, Hoskisson, Johnson, and Moesel (1996) position that Introduction of new and improved processes and products through CSR initiatives is positively related with R&D intensity.

### **5.3.2 Innovative strategies**

Innovative CSR strategies employed by firms create new products and services that have a competitive advantage (Barney, 1991; Hillman and Keim, 2001). The respondents' analysis showed that Case A marketing director explained that delivering consistent, profitable growth is a top focus for the company. By producing beers, spirits, and non-alcoholic beverages that continuously unify people across generations and communities, the company hope to create an enduring brand and a company that will last. Portfolio now includes over 35 products, with several beverages retaining their status as key valuable brands and household names across the country. Case B marketing director explained that the company believe in community empowerment as a means of promoting long-term growth in the markets where business takes place. As a result, the company encourage employees to contribute their time and resources to community development projects.

Case C marketing director explained that over time, embracing sustainability in its entirety has prompted to further combine business strategy with objective of 'Feeding the Nation, Every day.' As a result, businesses have been divided into four pillars: Foods Division, Sugar and Sweetener Division, Agro-Allied Division, and Support Services Division. The need to ensure that the company is suitably focused for sustainable growth and profitability while providing the necessary support system for our five core food value chains of grains, oils & fats, sweeteners, proteins, and starch prompted the development of this plan. Case D marketing director explained that company encourage farmers to grow raw materials such as sorghum, which is used to brew some of our beverages, in a sustainable manner. Barley, sorghum, and hops are primary raw materials. Sorghum is grown locally, while barley and hops are imported. With a focus on sorghum and cassava, company have continued to improve the development of local raw material sources. Local



crop procurement creates shared value for local communities, the country, and the company. From the response of these analysis, this study therefore take position with opinion of Barney (1991); Hillman and Keim (2001) position that Innovative CSR strategies employed by firms create new products and services that have a competitive advantage.

### **5.3.3 Investment in market value**

There is a positive relationship between R&D investments and the market value of the firm through CSR (Cockburn and Griliches, 1988; Hall, 1993; Hirschey, 1982; Jaffe (1986). The respondents' analysis showed that Case A marketing director explained that the company is committed to sustaining economic development by ensuring nurture and use of natural and social capital for socioeconomic success. The company not only consistently maintained market share, but significantly contributed to sustainable economic growth by creating employment, boosting workforce productivity, private investments, enhancing decency, and modernizing organizations as it continues to satisfy consumer expectations and respond to market need. Case B marketing director explained that profits from dealings with stakeholders generate wealth for stakeholders. The company also contribute to the economic well-being of local communities by making long-term investments, constructing infrastructure, and implementing social projects.

Case C marketing director explained that the company investigated improved retail channels as part of objective to improve route to market capabilities, broadening our emphasis and engagement with customers. 35 large bakeries in Lagos benefited from newly created corporate baker's loyalty plan in order to support and aid in company progress for Master Bakers. Case D marketing director explained that in Nigeria, the company own and operate 11 beverages and two malting plants. Water, energy, and raw materials are all used in the process. The company work to improve energy and water efficiency and, where possible, switch to more environmentally friendly energy sources. From the response of these analysis, this study therefore take position with opinion of Cockburn and Griliches, (1988); Hall (1993); Hirschey (1982); Jaffe (1986) position that There is a positive relationship between R&D investments and the market value of the firm through CSR.

### **5.3.4 Technical capital**

R&D is a form of investment in 'technical' capital that results in knowledge enhancement through CSR, which leads to product and process innovation (McWilliams and Siegel, 2000; Hall, 1999; Lichtenberg and Siegel, 1991). The respondents' analysis showed that Case A marketing manager

explained that the entity maintains leading edge as a manufacturer of the country's premier alcoholic and non-alcoholic brands by staying current with market dynamics and understanding local demands and tastes. The company achieve this by meeting with business partners and distributors at various locations on a regular basis. The company also perform market research on a regular basis. The results of these studies are incorporated into business plans and operations. Case B marketing manager explained that the company is dedicated to development in manufacturing processes, including increased yields, the use of alternative yet environmentally friendly materials, and by-product recycling.

Case C marketing manager explained that the company invested substantially in the building of a unique self-sustaining ecosystem that ensures the firm is well-positioned to manage current and emerging macroeconomic conditions while ensuring long-term success. The company is also devoted to producing shared value across operations, from suppliers, which include many small-scale farmers who grow raw ingredients, through distributors and retailers who sell finished products, and on to the millions of customers who enjoy them daily. Case D marketing manager explained that the reduction of energy and water consumption is accomplished by optimizing the manufacturing processes. The company concentrate efforts and resources to ensure that each meets its set of energy and water usage goals. The company made good progress toward these goals throughout the year. From the response of these analysis, this study therefore take position with opinion of McWilliams and Siegel, (2000); Hall (1999); Lichtenberg and Siegel (1991) position that R&D is a form of investment in 'technical' capital that results in knowledge enhancement through CSR, which leads to product and process innovation.

#### **5.4 Cases position with world Global Reporting Initiative (GRI) Benchmark**

The Global Reporting Initiative (GRI) is a non-profit multinational organization with a network-based structure. GRI publishes free Sustainability Reporting Guidelines to help all businesses and organizations report on their economic, environmental, social, and governance performance. The current version of the guidelines is the fourth (G4). GRI was created in 1997 by CERES (a non-profit organization in the United States) initially founded in Boston, Massachusetts under the United Nations Environment Program (UNEP). GRI relocated its headquarters to Amsterdam in 2002, where the Secretariat now resides. In addition to Australia, Brazil, China, India, and the

United States, GRI has regional 'Focal Points' in Australia, Brazil, China, India, and the United States. [www.globalreporting.org](http://www.globalreporting.org) is the website for the GRI.

The researcher further explores the Sustainability report of the Case companies upon visit to the company location during the interview. The companies provided the researcher with their current sustainability report where they mapped their sustainability reporting with the Global Reporting Initiative. The table below analyse the case compliance with GRI benchmark.

| <b>GRI Index</b>                              | <b>Disclosure</b>                      | <b>Case<br/>A</b> | <b>Case<br/>B</b> | <b>Case<br/>C</b> | <b>Case<br/>D</b> |
|---|--|-------------------|-------------------|-------------------|-------------------|
| <b>GRI 101 Foundation 2016</b>                |  |                   |                   |                   |                   |
| GRI 102                                       | General disclosure 2016                | x                 | x                 | x                 | x                 |
| GRI 103                                       | Management Approach                    | x                 |                   | x                 |                   |
| <b>GRI 200 Economic Standards Series</b>      |  |                   |                   |                   |                   |
| GRI 201                                       | Economic Performance 2016              | x                 | x                 | x                 |                   |
| GRI 202                                       | Market Presence 2016                   |                   | x                 | x                 |                   |
| GRI 203                                       | Indirect Economic Impacts 2016         | x                 | x                 | x                 |                   |
| GRI 204                                       | Procurement Practices 2016             | x                 | x                 | x                 |                   |
| GRI 205                                       | Anti-corruption 2016                   | x                 | x                 | x                 | x                 |
| GRI 206                                       | Anti-Competitive Behavior 2016         |                   | x                 |                   |                   |
| GRI 207                                       | Tax 2019                               |                   |                   |                   |                   |
| <b>GRI 300 Environmental Standards Series</b> |  |                   |                   |                   |                   |
| GRI 301                                       | Materials 2016                         | x                 | x                 | x                 | x                 |
| GRI 302                                       | Energy 2016                            | x                 | x                 | x                 | x                 |
| GRI 303                                       | Water 2016                             | x                 | x                 | x                 | x                 |
| GRI 304                                       | Biodiversity 2016                      |                   | x                 | x                 | x                 |
| GRI 305                                       | Emissions 2016                         | x                 | x                 |                   | x                 |
| GRI 306                                       | Effluents and Waste 2016               |                   | x                 | x                 | x                 |
| GRI 307                                       | Environmental Compliance 2016          | x                 | x                 | x                 | x                 |
| GRI 308                                       | Supplier Environmental Assessment 2016 | x                 | x                 | x                 | x                 |

| <b>GRI 400 Social Standards Series</b> |   |   |   |   |   |
|--|---|---|---|---|---|
| GRI 401                                | Employment 2016                                       | x | x | x |   |
| GRI 402                                | Labor/Management Relations 2016                       |   | x | x | x |
| GRI 403                                | Occupational Health and Safety 2016                   | x | x | x | x |
| GRI 404                                | Training and Education 2016                           | x | x | x | x |
| GRI 405                                | Diversity and Equal Opportunity 2016                  | x | x | x | x |
| GRI 406                                | Non-discrimination 2016                               |   | x | x | x |
| GRI 407                                | Freedom of Association and Collective Bargaining 2016 |   | x |   |   |
| GRI 408                                | Child Labor 2016                                      | x | x | x |   |
| GRI 409                                | Forced or Compulsory Labor 2016                       | x | x | x |   |
| GRI 410                                | Security Practices 2016                               |   |   | x |   |
| GRI 411                                | Rights of Indigenous Peoples                          |   | x |   |   |
| GRI 412                                | Human Rights Assessment 2016                          |   | x | x | x |
| GRI 413                                | Local Communities 2016                                |   |   | x |   |
| GRI 414                                | Supplier Social Assessment 2016                       |   | x | x | x |
| GRI 415                                | Public Policy 2016                                    |   |   |   | x |
| GRI 416                                | Customer Health and Safety 2016                       | x |   | x | x |
| GRI 417                                | Marketing and Labeling 2016                           | x |   | x | x |
| GRI 418                                | Customer Privacy 2016                                 |   | x | x | x |
| GRI 419                                | Socioeconomic Compliance 2016                         | x | x | x | x |

Table 9 Researchers Illustration of cases position with world Global Reporting Initiative (GRI) Benchmark (2021).

### 5.5 Discussion of findings

This study showed the influence CSR has on marketing strategy which is in affirmation with Carroll (2015); Wang et al. (2016) and Jaramilo and Muller (2016). But it negates the findings of Glavas (2016) who found that there is a disconnect between the abstract and real-world implementation of CSR, which contributes to the implementation gap among corporate leaders. In addition, the study further supports the findings of Kohun, Bhattacharya, and Sen (2009) with evidence showing that marketing strategy react positively to the activities of a socially responsible

company under the right circumstances, revealing the indirect effects of CSR on the customer through employee actions as well as Lacey and Kennett-Hensel (2010) findings demonstrating how an organization engaged in CSR initiatives can create confidence and commitment with consumers influencing by desired marketing strategy.

This study also showed the influence CSR has on marketing performance which is in affirmation with Rahman, Rodríguez-Serrano and Lambkin (2017); Wang et al. (2015) and Chahal and Sharma (2006). But it negates the findings of Nwanchukwu (2018) that found that CSR have negative influence on marketing performance. In addition, the study further supports the findings of Lai, Chiu, Yang and Pai (2010) that posited that CSR initiatives indeed can create marketing advantages for companies, which can lead to improved financial performance.

This study also showed the influence CSR has on advertising intensity which is in affirmation with Rahman, Rodríguez-Serrano and Lambkin (2017); Taylor (2015); Yoon, Kim, and Baek, (2016) and Yoon and Oh (2016). But it negates the findings of Farache (2012) study that showed that advertisement intensity has no influence on CSR. In addition, the study further supports the findings of Yun and Oh (2016) that many companies have augmented the advertising of their products with focus on social and environmental responsibilities thereby encouraging their customers to consume in an eco-friendly manner while other companies embed social and environmental messages in their product labels. To buttress further, Gruber, Kaliauer, and Schlegelmilch, (2015) found that provision of such information on company's product affect positively the credibility of the CSR initiatives themselves as well as that of the sponsoring company.

This study also showed the influence CSR has on research and development of products which is in affirmation that although CSR engagement improves stakeholder communication and trust, R&D investment could get more supports, which might lead to better performance (Yu-Chun, 2017). Yu-Chun (2017) suggest that CSR has a moderating effect on the association between R&D investment and firm performance.

## **6 Conclusion**

According to the literature reviewed and personal interview discussions with the company's key officers, there is still no known regulation in Nigeria requiring businesses to engage in CSR, making the practice uncompetitive. In addition, it was determined that the company's CSR

practices are inconsistent. And the company's leadership orientation is to blame for this inconsistency. From analysis, this study found that companies that are more reliant on the local economy are more likely to pursue local socially responsible actions. The findings also revealed that consumers are willing to pay a premium price for items from companies that behave responsibly because analysis showed that customers are influenced by the adoption of product, distribution, and advertising strategies, as well as the consumer's social conscience. As a result, this study concludes that CSR remains a competitive strategy.

## **7 Recommendations**

The following are suggestions based on the findings of this study:

1. Companies should be consistent in their CSR project implementation in order to fully comprehend the impact on the company's performance, especially in the long run.
2. Companies should establish a separate department with responsibility of CSR initiatives, which should also provide monthly reports on the impact on the company.
3. The government should enact legislation requiring businesses to engage in CSR activities.

## **8 Limitations and Suggestion for further research**

This study's findings can only serve as a starting point for future research in other African countries because it isn't conclusive. The main issue was that the study was limited by the researcher's inability to personally contact all respondents; as a result, the study was unable to track all respondents' lack of enthusiasm for completing the questionnaire. Because one-on-one discussions/interviews with selected organizations were difficult to arrange, the sample was confined to brief meeting with representatives of the companies with which the researcher interacted.

Future research should investigate:

- i. determining if higher levels of social responsibility knowledge are linked to more socially responsible purchasing behavior;
- ii. determining if consumers are more likely to block or avoid products from companies that engage in socially irresponsible behavior; and
- iii. determining whether customers' beliefs about CSR are consistent with their purchasing behavior.

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## **Appendix A: The semi-structured interview used in providing answer to the research question**

### **Interview guide**

Dear Respondent,

The purpose of this thesis is to examine corporate social responsibility (CSR) as a marketing strategy among manufacturing companies in Nigeria. The purpose is to contribute to existing body of knowledge with an explanatory theoretical model that highlights whether CSR activities is a marketing strategy among manufacturing companies or not.

This interview is arranged to collect your responses on three key areas. The first is your responses to the influences CSR have on marketing performance. The second is what influences does CSR activities have on intensive advertising. The third is what influences does CSR activities have on research and development of products.

For the questions regarding influences CSR have on marketing performance, please consider results or outcome CSR activities have on the marketing of the company’s products. When asking about CSR and intensive advertising, I am interested in the strategy that the company has adopted

to market products through advertising of CSR on products. When asking about CSR and research and development, I am interested in the new marketable products as a result of CSR initiatives on researching and developing of new products.

#### **Influence CSR have on marketing performance**

1. What can you say about the general reputation of the company's product you are marketing with regards to CSR?
2. How can you explain the performance of the product you are marketing through CSR from the point of reliability of the product from customers perspective?
3. How can you explain the performance of the CSR product you are marketing as quality product from the perspective of customers you engage with?
4. Can you tell if new customers are demanding for your company's products because of CSR activities?
5. Does existing customers keep demanding for your company's products because of CSR activities?
6. Have you experienced a customer that stated that he/she will make purchase of your company's products alone or stocked to a competitor product as a result of CSR activities? If yes, can you explain the reason?
7. Considering the market share, how can you tell if the CSR product of the company you market for dominate the market?
8. Considering customers feedback, how can you tell if the CSR product of the company you market for meet customers' expectation when they complain?
9. Considering the customers' retention, how can you tell if customers are trapped into the web of the CSR product of the company you are market for?
10. Do you perceive differences among customers with regards to the brand of the CSR product you are marketing?

#### **Influence CSR have on intensive advertising**

1. Do you gather customer information on consumption of eco-friendly products? If yes, how would you describe it?
2. Through the purchase and consumption of eco-friendly products, can you describe how you use advertisement to increase customers demand for the eco-friendly products?
3. Regarding CSR advertising, does the product you sell incorporate the advert in the product label which increases customers' demand? If yes, can you describe how?
4. Have you experience customer preferring to purchase a CSR advertised product when placed with a substitute product? How can you describe the experience?

#### **Influence CSR have on research and development of new products**

1. Have you experienced the introduction of CSR new product from your marketable company? How can you explain this introduction?
2. From your experience in marketing the product of your company, have you witness CSR innovative strategies on existing products? If yes, can you explain the transformation process?
3. In your opinion, keeping in mind the Company's products, what are the investment the company has made that has resulted in marketing value?
4. How can you evaluate the company's investment in technical capital through CSR initiative which lead to product innovation?

### **Appendix B: Operationalization of influence CSR has on Marketing performance**

#### **1. Reputation**

**Theory and explanation:** CSR activities helps create a reputation for the company as honest and reliable to enhance marketing performance. Adapted from McWilliams and Siegel, (2001); Rahman and Rodríguez-Serrano (2017)

**Interview questions:**

- What can you say about the general reputation of the company's product you are marketing with regards to CSR?

**2. Reliable products**

**Theory and explanation:** Customers consider the products and services of CSR companies as more reliable and of better quality to enhance marketing performance. Adapted from McWilliams and Siegel, (2001); Rahman and Rodríguez-Serrano (2017)

**Interview questions:**

- How can you explain the performance of the product you are marketing through CSR from the point of reliability of the product from customers perspective?
- How can you explain the performance of the CSR product you are marketing as quality product from the perspective of customers you engage with?

**3. Enhanced customers purchased intention**

**Theory and explanation:** CSR activities enhances the purchase intention of potential customers to enhance marketing performance. Adapted from Fagerstrøm et al. (2015)

**Interview questions:**

- Can you tell if new customers are demanding for your company's products because of CSR activities?
- Does existing customers keep demanding for your company's products because of CSR activities?

**4. Competitive advantage**

**Theory and explanation:** CSR activities help companies to build a competitive advantage, leading to the enhancement of their marketing performance. Adapted from Vorhies and Morgan (2005)

**Interview questions:**

- Have you experienced a customer that stated that he/she will make purchase of your company's products alone or stuck to a competitive product as a result of CSR activities? If yes, in what purpose?

**5. Improved marketing performance**

**Theory and explanation:** CSR activities might lead to improved marketing performance, as measured by market share, sales value, and customers' and channel partners' satisfaction and retention. Adapted from Chahal and Sharma (2006); Servaes and Tamayo (2013)

**Interview questions:**

- Considering the market share, how can you tell if the CSR product of the company you market for dominate the market?
- Considering your sales value, how can you tell if the CSR product of the company you market for generate more sales value than other products?
- Considering customers feedback, how can you tell if the CSR product of the company you market for meet customers' expectation when they complain?
- Considering the customers' retention, how can you tell if customers are trapped into the web of the CSR product of the company you are market for?

**6. Brand equity**

**Theory and explanation:** CSR activities positively affect brand equity among all stakeholders. Adapted from Torres, Bijmolt, Tribó, and Verhoef (2012); Mizik, (2014); Lai et al. (2010); Bhattacharya and Sen (2004)

**Interview questions:**

- Do you perceive differences among customers with regards to the brand of the CSR product you are marketing?

**Appendix C: Operationalization of influence CSR have on Intensive Advertising**

**1. Eco-friendly products**

**Theory and explanation:** Environmental advertising encourages customers to consume eco-friendly products in an eco-friendly manner. Adapted from Yoon et al. (2016); Bhatnagar and McKay-Nesbitt (2016); Chahal and Sharma (2006); Yoon and Oh (2016)

**Interview questions:**

- Do you gather customer information on consumption of eco-friendly products? If yes, how would you describe it?

**2. Environmental concerns**

**Theory and explanation:** Environmental advertising heightens environmental concern which might lead to the purchase and consumption of environmentally friendly products. Adapted from Bhatnagar and McKay-Nesbitt (2016); Taylor (2015)

**Interview questions:**

- Through the purchase and consumption of eco-friendly products, can you describe how you use advertisement to increase customers demand for the eco-friendly products?

**3. Sponsoring company:**

**Theory and explanation:** Provision of CSR information affect the credibility of the CSR initiatives by sponsoring company which lead to increased purchased intention towards company. Adapted from Gruber, Kaliauer, and Schlegelmilch (2015); Fagerstrøm et al (2015)

**Interview questions:**

- Regarding CSR advertising, does the product you sell incorporate the advert in the product label which increases customers' demand? If yes, can you describe how?

**4. Customers instinctive prejudice**

**Theory and explanation:** Customers more likely will buy products from companies that engage in CSR activities rather than those that do not. Adapted from Bhattacharya and Sen (2010)

**Interview questions:**

- Have you experience customer preferring to purchase a CSR advertised product when placed with a substitute product? How can you describe the experience?

**Appendix D: Operationalization of influence CSR have on Research and Development**

**1. New products**

**Theory and explanation:** Introduction of new and improved processes and products through CSR initiatives is positively related with R&D intensity. Adapted from Hitt, Hoskisson, Johnson, and Moesel (1996)

**Interview questions:**

- Have you experienced the introduction of CSR new product from your marketable company? How can you explain this introduction?

**2. Innovative strategies**

**Theory and explanation:** Innovative CSR strategies employed by firms create new products and services that have a competitive advantage. Adapted from Barney (1991); Hillman and Keim (2001)

**Interview questions:**

- From your experience in marketing the product of your company, have you witness CSR innovative strategies on existing products? If yes, can you explain the transformation process?

**3. Investment in market value**

**Theory and explanation:** There is a positive relationship between R&D investments and the market value of the firm through CSR. Adapted from Cockburn and Griliches, (1988); Hall (1993); Hirschey (1982); Jaffe (1986)

**Interview questions:**

- In your opinion, keeping in mind the Company's products, what are the investment the company has made that has resulted in marketing value?

**4. Technical capital**

**Theory and explanation:** R&D is a form of investment in 'technical' capital that results in knowledge enhancement through CSR, which leads to product and process innovation. Adapted from McWilliams and Siegel, (2000); Hall (1999); Lichtenberg and Siegel (1991)

**Interview questions:**

- How can you evaluate the company's investment in technical capital through CSR initiative which lead to product innovation?