



THE QUESTION OF EFFECTIVE CORPORATE SOCIAL RESPONSIBILITY IN PHARMACEUTICAL MARKETING: EVIDENCE FROM ENGINEERING WORKERS

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ABSTRACT

The study seeks to examine the effectiveness of Corporate Social Responsibility approach in health care marketing. The other specific objectives are to investigate the extent to which obstructive approach to CSR influences the profitability of the firm, to examine the extent to which defensive approach of CSR influences the corporate image of the firm, to evaluate the extent to which accommodative approach to Corporate Social Responsibility influences customer satisfaction, to investigate the extent to which proactive approach to corporate social responsibility influences sales growth performance. Data were retrieved from the one hundred and seventy-two engineers of this firm. The study made use of descriptive research design. The study utilised the stratified sampling technique as its sampling technique. The hypotheses were tested using the multiple regression technique. The findings showed that obstructive Approach to CSR is not a significant predictor of the Profitability of the firm, defensive approach is a significant predictor of Corporate Image of the firm, accommodative approach is a significant predictor of Customer Satisfaction and that proactive approach is a significant predictor of Sales Growth Performance. Overall, CSR approach has significant effect on firm Performance. Using the findings as a stepping stone, recommendations were made that funds should be kept aside for social responsibility activities and the firm should take a proactive approach in carrying out their CSR.

Keywords: Corporate Social Responsibility approach, Customer satisfaction, Engineering, Health care marketing, Performance.

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1. INTRODUCTION

Due to the rate of change across the globe, corporate social responsibility is more recognised around the world, although not every organisation sees corporate social responsibility as what they should practice. According to theories of corporate social responsibility, there are four approaches to CSR which are obstructive approach (that is the company does not want to practise social responsibility), defensive approach (that is the company only does social responsibility within the requirements of the law), accommodative approach (that is the company goes beyond the requirement of the law) and proactive approach (that is the company seeks out the problems of the society and tries to solve the problems before they arise). It is therefore important for organisations especially health marketing organisations to adopt appropriate approach in carrying out their social responsibility practices.

According to Adeyanju (2012) “the Nigerian society is characterised with the smell of polluted air, water and environment. Most organisations are more concerned about making profit and are less concerned about giving back to the society. This makes the community a place that cannot be habited. Thereby making the organisation to have a negative image as individuals in the community saw the organisation as being exploitative and greedy, only seeking for profit despite the deteriorating state of the Nigerian Economy”. Kolstad (2007) also said that “investing in Corporate Social Responsibility reduces the profit of the organisation due to the fact that firms cannot always get back the profits from the activities that are considered as being socially responsible”.

It is therefore beneficial for the firm to practice Corporate Social Responsibility due to the various benefits attached in practicing Corporate Social Responsibility as outlined above by the author. In agreement with the opinions of the authors the study strives to investigate the extent to which Defensive Approach of CSR influences the Corporate Image of the firm and also seeks to know the extent to which Accommodative Approach to CSR influences customer satisfaction. The study as well seeks to analyse the magnitude to which Proactive Approach to CSR influences sales growth performance.

2. LITERATURE REVIEW

2.1. CONCEPTUAL FRAMEWORK

2.1.1. *The Concept of Corporate Social Responsibility*

CSR has been from different angles by different authors. Ronald & Ricky (2005) outlined CSR as “the firm striving to be devoted to the individuals in its internal environment which consist of its staff and members of the board and its external environment which is made up of its competitors, investors, customers and immediate environment while Stephen and Mary (2013) outlined Corporate Social Responsibility as “an organisation’s intention, on the far side of its economic and legal obligations, to pursue future goals that are smart for the society.

2.1.2. The Concept of Firm Performance

According to the Richard, Devinney, and Johnson (2009), organizational performance refers to “the extent to which a firm is able to accomplish its stated objectives which can be in the area of market share, turnover, innovation, productivity, profitability, customers’ satisfaction etc”. Adeleke, Ogundele and Oyenuga (2008) also said that “a business firm is effective when it attains sales or market share goals, but its productivity depends on achieving those goals efficiently”. Both authors agreed that firm performance is the level at which the firm is able to meet its expected goals and objectives.

2.1.3. Pharmaceutical Marketing

The communication between pharmaceutical representatives and health care professionals is often referred to as “marketing and promotion.” For the purpose of effective health care manifested through accurate information available regarding prescription medicines, pharmaceutical marketing is crucial. It can be described as the communication link from the pharmaceutical research centre to the pharmaceutical industry and from the industry to health care professionals. It is the application of marketing mix in reaching out to the stakeholders in the health care industry.

2.2. CSR IN PHARMACEUTICAL INDUSTRY

Scholars are of the opinion that green marketing as well as production of drugs at reduced prices to reach out to those of low incomes can be considered as being socially responsible. CSR can also be described as mitigation of negative issues that arise during business activities without necessarily changing the businesses’ paradigm. Even though the major responsibility of a pharmaceutical firm is to research, develop, and produce drugs that are inventive enough to create a modification in patients’ health. However, several pharmaceutical firms observe a moral obligation to help ease health challenges of the less privileged.

3. METHODOLOGY

The study was situated in May and Bakers Plc. Questionnaires were distributed to the staff who are in the engineering section of May and Bakers Plc. The study seeks to examine the Effect of Corporate Social Responsibility on Firm Performance in Nigeria.

3.1. Population of Study

Oyeniya J.O, Abiodun A.J, Obamiro J.K, Moses L.C, Obamiro J.K & Osibanjo A.O (2016) defined population as “the total elements, units, items or individuals from which samples are extracted for the study. For the purpose of this study the population consists of the 300 engineering staff of May and Bakers Plc.

3.2. Determination of Sample Size

The sample was calculated using the Yamane Formula. Five percent margin error and 95 percent confidence level was utilised in the study. The sample size after calculation is one hundred and seventy-two.

3.3. Sampling Technique

The sampling technique used in the study is stratified sampling technique which divided the population into various departments. Some of the engineers are chemical engineers, mechanical engineers, electrical engineers as well as production engineers.

3.4. Sources of Data Collection

The study made use of primary data. Questionnaires were shared out to the respondents through a senior engineer in the firm across their branches and depot and the data gathered were analysed through the use of Statistical Package for Social Sciences. The questionnaire was divided into Section A (Bio-data) which consist of information pertaining to the Sex, Age, Highest Educational Qualification, Marital Status, Department of the Respondents and also the Year of Existence of the Organisation. Section B and C consist of statements related to the study and used a five-point Likert scale (1-Strongly Agree, 2-Agree, 3-Undecided, 4-Disagree, 5-Strongly Disagree) to determine the level to which respondents are in line with each statement in the questionnaire.

3.5 Validity and Reliability of the Research Instrument

Oyeniya, Abiodun, Moses, Obamiro and Osibanjo (2016) described Validity as “the extent to which a research instrument is measuring correctly what it is designated to measure”. The study employed the use of both content and face validity. In other words, the researcher’s instrument was subjected to other experts for revision and corrections. In addition, content validity was also ascertained. This was done by ensuring that the research items in the questionnaire are properly drafted based on the reviewed literatures.

Reliability test was conducted on the questionnaire and the result showed a Cronbach Alpha of 0.736 which is greater than 0.7 shows that the instrument is reliable.

4. METHOD OF ANALYSIS

The study utilised Multiple Regression Analysis to test the hypotheses in order to examine the effect of CSR on the firm Performance.

4.1. HYPOTHESIS TESTING AND RESULTS

Four hypotheses were proposed and tested in the study. The hypotheses were highlighted below:

- I. Investigate the extent to which Obstructive Approach to Corporate Social Responsibility influences the profitability of the firm.
- II. Examine the extent to which Defensive Approach of Corporate Social Responsibility influences the corporate image of the firm.
- III. Evaluate the extent to which Accommodative Approach to Corporate Social Responsibility influences customer satisfaction.
- IV. Investigate the extent to which Proactive Approach to Corporate Social Responsibility influences sales growth performance

Table 1. Regression analysis of the effects of Corporate Social Responsibility Outcomes and Firm Performance Outcomes

Hypotheses tested	Unstandardized coefficient	standardized coefficient	t	R ²	F	sig	Remark
OB → PRF	0.208	0.123	1.611	0.015	2.596	0.109	Accept Ho
DA → CI	0.472	0.296	4.047	0.088	16.380	0.000	Reject Ho
ACC → CS	0.521	0.325	4.479	0.106	20.064	0.000	Reject Ho
PA → SGP	0.288	0.220	2.934	0.048	8.606	0.004	Reject Ho

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Corporate Social Responsibility Outcomes	Firm Performance Outcomes
OB: Obstructive Approach to CSR	PRF: Profitability of the firm
DA: Defensive Approach to CSR	CI: Corporate Image
ACC: Accommodative Approach to CSR	CS: Customer Satisfaction
PA: Proactive Approach to CSR	SGP: Sales Growth Performance

Table 2 above revealed the relationship that exist between obstructive approach to Corporate social responsibility and the profitability with R-Square being 0.015 which indicates the percentage of variance in the dependent variable explained by the independent variable. The value of 0.015 indicates that there is a variance of 1.5% between obstructive approach to CSR and the profitability of the firm. From the results, the model in this table is not statistically significant at 0.109 which leads to the decision of accepting the null hypothesis. Therefore, obstructive approach to CSR is not a significant predictor of the profitability of the firm with a F-statistics value of 2.596. Defensive Approach to Corporate Social Responsibility's effect on the corporate image of the firm was also examined. The R-square value of 0.088 indicates that there is a variance of 8.8% between defensive approach to CSR and the corporate image of the firm. From the results, the model in the table above is statistically significant at 0.000. Therefore, defensive approach to CSR is a significant predictor of corporate image with a F-statistics value of 16.380. In addition, the accommodative approach to corporate social responsibility and its effects on customer satisfaction. The R-square value of 0.106 indicates that there is a variance of 10.6% between defensive approach to CSR and customer satisfaction. The results in the table revealed that the defensive approach to CSR is a significant predictor of customer satisfaction with an F-statistics of 20.064. The result derived from the testing of hypothesis 4 indicated the effect of proactive approach to corporate social responsibility on the sales growth performance of the firm. The R-square value of 0.048 shows that there is variance of 4.8% between proactive approach and sales growth performance of the firm. The findings from the table shows that proactive approach to CSR is a significant predictor of the sales growth performance at an F-statistics of 8.606.

4.2. DISCUSSION OF RESULT

The study reveals that obstructive approach to CSR is not a significant predictor of the profitability of the firm, defensive approach to CSR is a significant predictor of corporate image, accommodative approach to CSR is a significant predictor of customer satisfaction and proactive approach to corporate social responsibility is a significant predictor of sales growth performance in a firm. Therefore, CSR has a positive effect on the performance of the firm that is an increase in CSR will culminate into an increase in the firm performance.

5. CONCLUSION AND RECOMMENDATION

The aim of the study is to determine the Impact of CSR on Firm Performance in Nigeria using May and Bakers Plc as a case study. Descriptive Analysis and Regression Analysis was utilized in the study. It was found out in the study that CSR has a positive and significant effect on firm performance. This study presumed that CSR is a crucial part of the strategy for enhancing firm performance.

In line with the findings of the study conducted it was recommended that the company should not take an obstructive approach to CSR in order to enhance the profitability of the firm. The company can also take a defensive approach to CSR as it influences the corporate image of the firm, the company can take an accommodative approach to CSR as it influences customer

satisfaction and the company should take a proactive approach to CSR as it influences the sales growth of the firm.

Other recommendations are funds should be set aside by the organisation for CSR practices due to the fact that it improves the firm's performance. CSR should be seen as a Marketing tool in order to improve the profit of the organisation as well as to improve customer satisfaction and government should provide incentives for organisations practising Social Responsibility in Nigeria. CSR should be integrated into the activities of the organisation and for a firm to grow the firm has to be committed to improving the society. Improving the community helps to increase the inflow of investors, sponsors and volunteers into the community due to the improvements in the community. Once the firm is seen as a good corporate citizen the organisation is likely to have government favours, tax exemptions, new capital and customers thereby leading to greater performance of the firm. The study justifies the reason why May and Bakers Plc should continue investing and practicing CSR.

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