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CONTENT

EQUITY THEORY: ANOTHER PRECURSOR OF QUALITY OF LIFE MARKETING

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Abstract

Lee and Sirgy (2004) noted that Quality of Life (QOL) marketing is a concept originating from a set of philosophical foundations in marketing thought. These foundations, according to them, are societal marketing, relationship marketing, and stakeholder theory. But our present study captures "Equity Theory" as another critical foundation of QOL marketing. Confirmatory factor analysis and structural equation modeling are used to substantiate the relationship between Equity! Theory and QOL marketing. The research findings, which are based on a survey of over 300 QOL marketers, suggest that Equity theory explains a significant proportion of the variance of the degree of QOL marketing programme implementation. The paper concludes with the implications of these findings with respect to the explanatory power of the equity theory in the context of QOL marketing strategy.

Keywords: Philosophical Foundations, Quality of Life Marketing, equity theory, precursor.

Introduction

In view of the profound impact of marketer's decisions on the well-being of consumers and other stakeholders, it is important for firms to have specific guidelines to develop and implement marketing strategies in socially responsible ways (Robin and Reidenbach 1987). This paper therefore builds on the research dealing with the concept of QOL marketing. QOL marketing has been defined as marketing practice designed to enhance customer well-being while preserving the well-being of other stakeholders (e.g. stockholders, distributors, suppliers, employees, the local community and the environment) (Sirgy 2001).

The concept of QOL marketing has been described and discussed in a variety of contexts. For example, Sirgy; Samli, and Meadow (1982) proposed a product development model guided by the notion of QOL marketing. It was applied in social marketing (Singy, Morris and Samli; 1985). Sirgy and Lee (1995) discussed how the concept of QOL marketing evolved in marketing thought.

Guided by the concept of QOL marketing, Lee and Sirgy (1995); and Lee, Sirgy and Su (1998) developed the concept of International quality of life orientation (an individual-level construct describing the marketing manager's disposition to make decisions guided by a QOL marketing philosophy) that validated this construct.

The major objective of this article is to build on the research dealing with QOL marketing by proposing the inclusion of 'equity theory' in the philosophical structure of QOL marketing. The ultimate goal is to understand the concept of QOL marketing in a nomological sense. This perspective is expected to guide future empirical studies in QOL marketing. In addition, it should provide marketers with practical guidelines on how to facilitate the development and implementation of marketing programme that enhance customer well-being while preserving the well-being of the firm's other stakeholders.

THEORETICAL FRAMEWORK

QOL marketing is a concept that originated from a set of philosophical foundations in marketing thought. These foundations include societal marketing (e.g. Kotler 1986;2002), relationship marketing e.g. McNeil 1980; Dwyer, Schurr, and Oh, 1987; Sheth and Parvatiyar 1994; Morgan and Hunt, 1994) and stakeholder, theory *(e.g.* Carroll 1989; Evan and Freeman 1988; Freeman 1984), we can now consider the-substance of each of these philosophical foundations in turn.

QOL MARKETING AS A CONCEPT EMBEDDED IN SOCIETAL MARKETING

Kotler 2002 has long argued that marketing thought can be viewed in terms of fundamental marketing strategies. He described the following philosophical concepts: production orientation, product orientation, the selling orientation, the marketing orientation, customer orientation, and societal marketing orientation.

The production orientation holds that "consumers will favour those products that are available and affordable; and therefore the organization should devote its energy to improving production and distribution facilities" The product orientation posits that "consumers will favour those products that offer the most quality, performance, and features.

Therefore the organization should devote its energy to making product improvements. The selling orientation holds that 'consumers will not buy enough of the organization's products unless the organization undertakes a 'substantial selling and promotion effort". The marketing orientation holds that "the key to achieving organizational goals consists in determining the needs and wants of target markets and delivering the desired satisfactions more effectively and efficiently than competitors'. The customer orientation is a management orientation which requires firms to shape separate offers, services and messages to individual customers (Kotler 2002).

Kotler further defined societal marketing as management orientation which holds that firms should act in the long-run best interests of consumers and society.

This definition is in terms of quality of life and requires the organization to determine the needs, wants and interests of target markets and to deliver satisfactions more effectively and efficiently than competitors in a way that preserves or enhances the consumer's and the society's well being.

In the opinion of Lee and Sirgy (2004), the societal marketing orientation posits that marketing success is likely to be mostly based on serving the many stakeholders of the firm and balancing their demands. The societal marketing concept calls upon marketers to consider the ethical ramification of their marketing decisions. Today consumers increasingly look for signs of corporate citizenship and expect that business firms conduct themselves ethically and responsibly in order to preserve or enhance the consumer's and society's well-being (Kotler, 2002).

The focus here is the well-being of consumers and various stakeholders of the firm. This is where QOL marketing fits in (Sirgy and Lee, 1995). QOL marketing is a strategy that focuses on enhancing the well-being of target consumers while preserving the well-being of all other stakeholders of the firm that are affected through the process and/or outcomes of serving target consumers.

Marketers adopting a QOL strategy attempt to maximize the welfare of their customers without adversely affecting the well-being of the stockholders, distributors, suppliers, employees and the local community in significant ways (Sirgy and Lee 1995, 1996). QOL marketing is therefore a marketing strategy founded on the philosophical concept of societal marketing.

QOL MARKETING AS AN ETHICAL EXTENSION OF RELATIONSHIP MARKETING

Relationship marketing is a paradigm in marketing thought that focuses on the development and maintenance of a quality relationship between exchange partners for mutual benefits. Relationship marketing refers to all marketing activities directed toward establishing, developing, and maintaining successful relational exchanges (Morgan and Hunt, 1994). In other words, relationship marketing is an integrated effort to identify, maintain, and build up a network with customers and various stakeholders for mutual benefits over a long time.

The conceptual domain of relationship marketing includes concept such as trust, commitment, benevolence, and satisfaction (Dwyer, Schurr, and Oh, 1987; Ganassan 1994; Sheth and Parvatiyar 1994; Morgan and Hunt 1994).

QOL marketing focuses on establishing and reinforcing long-term relationship with various stakeholders by integrating ethical and socially responsible concerns into marketing programmes. QOL marketing guides the firm to establish long-term relationships with target consumers by enhancing quality of life through the delivery of products. QOL marketing fosters trust, commitment, benevolence, and satisfaction.

Examples of QOL marketing efforts include the development of a code of ethics for the organization, the integration of ethical values and guidelines into the organizational culture, inclusion of ethical behaviour as a performance evaluation criterion, setting marketing objectives guided by ethical concerns, among others (Sirgy and Lee 1996; Sirgy. Samli and Meadow 1982, Worlu, 2006).

It is imperative to note that relationship marketing is largely an economic concept, whereas QOL marketing is a moral concept that incorporates the economic dimension of relationship marketing. Put otherwise, relationship marketing argues that customer satisfaction, trust, and commitment are essential to profitability (e.g Collin, 1993: Kalwani and Narayandals, 1995; Jap, 1999; Naidu et al, 1999). In contrast, QOL marketing argues that the goal of QOL marketing is not focused exclusively on the firm's financial performance but also on the societal effects resulting from such practice. Therefore, QOL marketing is a moral concept that integrates the economic concerns of the firm with society's broader concerns. It does this by combining elements of societal marketing and relationship marketing.

The focus of relationship marketing has been on how to establish long-term relationship with customers to secure repeat business and therefore ensure the survival and growth of the firm. In other words, QOL marketing builds on relationship marketing by bringing in business ethics into the picture. Thus, QOL marketing can be regarded as an ethical extension of relationship marketing.

QOL MARKETING IS A CONCEPT EMBEDDED IN STAKEHOLDER THEORY

The stakeholder view of the firm holds that the firm operates in a network of relationships. This means that the firm engages in various exchange relationships with many exchange partners including suppliers, customers, competitors, other functional departments within the organization, and various stakeholders in the society (e.g. freeman 1984, Carrol 1989, Evan and Freeman, 1988: Good Paster 1991; Morgan and Hunt 1994; Robin and Reidenbach 1987: Wheeler and Sillanpaa 1997). Stakeholder theory is grounded in the literature of business ethics and corporate social responsibility (Carroll 1989; Frederick, Davis, and Post 1988).

A firm's marketing decisions affect the well-being of various stakeholders. To this end, marketing's stakeholders, can be classified as external stakeholder, internal stakeholders, and distal stakeholders (Sirgy 2002). Internal stakeholders are other functional departments and business units within the firm-other than the marketing department. External stakeholders refer to stakeholders outside of the firm, upon which the survival and growth of the firm depend (e.g customers, shareholders, distributors and suppliers). Distal stakeholders refer to stakeholders that influence the survival and growth of the firm indirectly through external stakeholders (e.g legal groups, consumer and advocacy groups, government agencies). For marketing, customers are considered to be the primary external stakeholders. Marketers' primary responsibility is to meet the demand of their customers and enhance their quality of life. But because the firm's marketing decision may adversely affect the well-being of other external stakeholders, it is important that marketing decisions are made in ways to minimize possible adverse effects influencing the well-being of employees, distributors, suppliers, stockholders, and so on.

In other words, the primary stakeholder of QOL marketing is customer group. QOL marketing focuses on the enhancement of customer well-being, and the preservation of the well- being of the firm's other stakeholders.

EXPLAINING EQUITY THEORY

Equity theory holds that the feeling of satisfaction by an employee may arise from the belief that he has been equitably rewarded for his labour and services.

The mechanism for arriving at this feeling is given by Adams (1972) and Jacques (1961) in their equity theories of pay. According to the equity theory, an employee is not so much concerned with the absolute amount of money paid out to him but with perceived relationship of what he gets vis-a-vis what others (i.e his equals or counterparts) receive.

The feeling is that if an employee receives the same salary with his referent who possesses the same job in-puts (e.g. education, skills, and experience) and achieves the same amount of output, he is most likely to feel a sense of equity. In other words, if the ratio of his outputs to inputs is equal to the ratio of output to the inputs of the relevant other, he will feel satisfied if he receives the same amount of pay with the relevant other, i.e. have a sense of equity.

This can be shown thus:

$$\text{Equity} = \frac{O_A}{I_A} = \frac{O_B}{I_B} \qquad \ldots\ldots(i)$$

Where

A = The employee

B = The Relevant Other

On the other hand, if the ratio of outputs to inputs of Mr. A is higher than that of Mr. B, and they are paid the same salary Mr. A will feel dissatisfied i.e.

$$\frac{O_A}{I_A} = \frac{O_B}{I_B} \quad ......(i)$$

(Feeling of dissatisfaction occurs)

Here, Mr. A is dissatisfied because he receives the same pay as Mr. B even though the ratio of his output to input is greater than that of Mr. B. Such perception of inequity in pay can lead to serious tension (Banjoko, 2002).

Though the equity theory is originally intended to improve the relationship between the employer and employee in matters of compensation, it can be extrapolated to enhance the quality of the QOL marketing practice and reduce the incidences of cognitive dissonance among customers after a purchase experience. (Worlu, 2006).

Equity theory, in this context, shows that a buyer is not so much concerned with absolute of amount of money paid out as a price of a product/service but with the perceived relationship of the utility he derives vis-a-vis that of others who bought similar product at the same price or within the same purchase context.

The feeling is that if a consumer derives the same amount of utility with his referent others in the same buying context (e.g. price, seller, product, attributes, time, atmosphere, etc), he is most likely to have a feeling of equity. This means that if the ratio of his derived utility to his buying context is equal to the ratio of derived utility to the buying context of the relevant other, he will feel satisfied (i.e. have a sense of equity) and this means cognitive consonance:

$$\text{Equity} = \frac{DU_A}{BC_A} = \frac{DU_B}{BC_B} \quad ......(iii)$$

Where:

DU_A = Derived utility of consumer A

BC_A = Buying context of consumer A

DU_B = Derived utility of consumer B

BC_B = Buying context of consumer B

Conversely, if the ratio of the derived utility to buying context of Mr. A is higher than that of Mr. B on a product/service, B will feel dissatisfied i.e

$$\frac{DU_A}{BC_A} > \frac{DU_B}{BCe} \quad ....(iv))$$

(Cognitive dissonance occurs).

As Worlu (2006) indicated, this is even worse when Mr. B has paid a higher price. Such perception of inequity in buying outcomes lead to serious tension. The question then is: How can such tension be resolved? The solution lies in his creating an equitable situation for himself. This can assume any of the following dimensions:

a. avoiding a repeat purchase of the product

b. dissuading others from buying the product

c. creating an image problem for the seller

d. canvassing for a mass action against the seller and his product.

Thus QOL marketing focuses on the enhancement of cognitive consonance of the consumer by ensuring that customers are equitably treated in every marketing situation.

THE RELATIONSHIP BETWEEN EQUITY THEORY AND QOL MARKETING STRATEGY

The importance of QOL marketing in the increasingly turbulent market place is evident from the attention devoted to studying this phenomenon in the last two decades (Sirgy, 2001; Sirgy, Samli, and Meadow, 1982; Sirgy, Morris, and Samli, 1985; Sirgy and Lee, 1995; Lee, Sirgy and So; 1998; Sirgy 1996; Lee and Sirgy, 2004; Worlu, 2006). The development of optimal programmes for QOL marketing is considered of vital interest to marketers who view QOL marketing operation as a means of improving competitive position to ensure the firm's survival and long-term viability in a highly dynamic market place. Thus, in order to survive the threats of consumerism in today's highly competitive business environment, the marketer must design QOL Marketing Strategies and overcome market threats (Worlu, 2006).

The contentious issue in the marketing literature concerns the extent to which the elements of the marketing programme (i.e. product, promotion, price, and distribution) which Lèe and Sirgy (2004) identified as the marketing beneficence should be equitably handled to fit the characteristics of the various markets and create satisfaction for thė customers.

The other aspect of the marketing programme concerns the preservation of the well-being of the firms other stakeholders (i.e. employees, stockholders, distributors, suppliers, local community, and the local environment). Lee and Sirgy (2004) called this marketing nonmaleficence.

These two aspects have been reflected in the definition of QOL marketing. For the avoidance of doubt, QOL marketing is the business mechanism that plans, prices, promotes, and distributes consumer goods for the purpose of enhancing customer well-being (i.e marketing beneficence) while preserving the well-being of all other stakeholders (i.e. marketing nonmaleficence).

To reiterate, the philosophy of QOL marketing calls for the development and implementation of marketing programmes designed to enhance customer well-being while preserving the well-being of all the affected stakeholders. Thus, to fully capture the relationship between QOL marketing and equity theory, we will attempt to identify specific dimensions of beneficence and nonmaleficence marketing to show how equity theory interfaces with the four marketing mix decision areas (product, price, distribution, and promotion). Within each cell, we identify specific dimensions of QOL marketing.

EQUITABLE DECISION AREAS IN MARKETING

Dimension	Product Decision	Price Decision	Distribution Decision	Promotion Decision
		Firm makes equitable decision to:		
Market beneficence	Design and develop Products that can significantly enhance quality of life target consumers without jeopardizing their health and safety	price products affordably	Distribute products in channels of distribution to maximize accessibility to consumers.	Engage in providing target get consumers with quality and quantity information about product costs and benefits, and Engage in providing target consumers with quality and quantity information about how to use the product to derive maximum benefits and minimize health risks
marketing Nonmaleficence	Design and develop products that are safe to non-consuming publics, and manufacture products in ways that minimize health and safety risks to employees.	Avoid hurting stock holders, minimize financial loss to distributors due to lower margins, avoid hurting competition unfairly that may be predatory pricing, and avoid hurting competition to the extent that business failure would result in significantly decreasing the quality of life in local communities	Minimize health and safety risks to logistics and transportation employee and minimize damage to local distributors, retailers and community that may occur as a result of establishing the firm's own channel of distribution.	Educate non-consuming public about health and safety risks associated with consumption (assuming there are health and safety risks to nonconcuming public), and communicate in a manner that does not reinforce negative stereotypes and materialism

Source: *Adapted from Lee and Sirgy (2004)*

As shown in Table 1, the QOL marketing philosophy dictates that product decisions should be in a manner that encourages firms to design and develop products that can significantly enhance the quality of life of target consumers (Sirgy, 1996; Sirgy and Lee. 1996; Sirgy, Samli and Meadow, 1982, Worlu, 2006).

There are a number of products in the market that have absolutely redeeming value to the consumers some pharmaceutical products developed and marketed over the years do not work, for example, flour is packaged as capsules by unscrupulous marketers. These products fail to enhance the quality of life of consumers in any way. They are 'product frauds'.

QOL marketing calls for the development and marketing of products that make a difference in people's lives, i.e these products should significantly enhance the quality of life of people. Firms are required to test these products to ensure that they do make significant contribution to the quality of life of target consumers. Again, QOL marketing concept admonishes marketers not to release their products until they are relatively certain about the safety of their products (cf. Menezes 1993).

In relation to making product decisions that preserve the well-being of the firm's non-customer stakeholders, we assert the following: it is important to study health and safety risks associated with product consumption not only in relation to the consuming public but also in relation to the non-consuming public. These include the firm's employees who are exposed to these products (Lee, Sirgy, and Su, 1998; Menezes, 1993). Accordingly, the degree of equity exhibited by marketers in designing and developing products that enhance the well-being of customers as well as preserving the well-being of other stakeholders should be positively related to the amount of utility derivable from the product. Thus, we state the following hypothesis:

H_1: *The more equitable the marketers are in designing and developing products that are safe for both the consuming and non-consuming public, the greater the utility derived by the customer.*

With respect to pricing decisions, enhancing customer well-being means that the firm should make every effort to make the price affordable to target customers (e.g. Mandell, 1975; Maynes 1976; Ortmeyer, 1993; Sirgy - 1996; Sirgy and Lee, 1996; Kotler, 2003). If the price were non-affordable, then the firm would not be able to serve the maximum number of consumers in the target market (Lee and Sirgy, 2004).

However, setting a price affordable to the majority of the target consumers should be balanced with the need to preserve the well-being of the firm's affected stakeholders (e.g. Ortmeyer, 1993; Sirgy, 1996, 2001; Sirgy and Lee, 1996; Worlu, 2006). For example, the shareholders may feel hurt if the firm lowers prices to the extent that significantly reduces returns on investment. Again, the pricing system should not reduce the distributor's chances of fair profit. This means that the degree of equity exhibited in pricing the firm's product should be positively related to the well-being of customers and other stakeholders. This leads us to the following hypothesis:

H_2 *The more equitable the prices of the products are to both customers and other stakeholders, the greater the utility derivable from the product.*

In the case of distribution decisions, the QOL marketing concept encourages marketers to distribute the firm's products as widely as possible. The goal is to maximize target consumer's accessibility to the firm's products (Sirgy, 1996; Sirgy and Lee, 1996). Making the product easily accessible increases the likelihood that the product will be bought and consumed by those consumers who can derive the greater benefits from it (Lee and Sirgy, 2004).

On the other hand, the QOL concept sensitizes marketers to the fact that distribution decisions have to be tempered by considering the effects of those decisions on the health and safety risk of the firm's employees involved with logistics and transportation (Sirgy. 1996, 2001; Lee, Sirgy, and Su. 1998). The more extensive the channel, the more likely accidents would occur in shipping, threatening the health and safety of those logistics employees (Cespedes, 1993). Also, the more extensive the channel, the more likely that local retailers are likely to be displaced affecting the quality of life of the communities in question. The smaller the community, the greater the impact of displacement on the community quality of life (Cespedes, 1993). Consequently, the degree of equity exhibited in making decisions on the distribution of the firm's products should be positively related to the well-being of customers and other stakeholders. This leads to the following hypothesis:

H_3: The more equitable the distribution decisions of the firm's products are to both customers and other stakeholders, the greater the utility derivable from the product.

With respect to promotion decisions, the QOL marketing concept reinforces the notion that customer's well-being can be enhanced if they are provided with both quality and quantity information about the firm's products, costs and benefits (Sirgy, 1996 2001; Sirgy and Lee, 1996). Customer's well-being can be enhanced further if they are provided with quality and quantity information about how to use the product to derive the maximum benefits from the product as well as knowing how to avoid harm and injury.

Doing no harm is part of the spirit of QOL marketing. Consistent with that spirit, marketers are advised to make a concerted effort to educate the nonconsuming publics about any potential adverse effects resulting from product consumption (health and safety risks, environmental pollution, etc) (e.g. Drumwright, 1993; Sirgy, 1996, 2001; Sirgy and Lee, 1996; Smith and Quelch 1993). Finally, marketers are encouraged to communicate the information in ways that would be least damaging to the public (Drumwright, 1993; Laczniac and Murphy, 1993). Accordingly, the degree of equity exhibited in promoting the firm's product should be positively related to the well-being of the customers and other stakeholders. This leads us to the following hypothesis:

H_4. *The more equitable the promotion of the firm's product is to both the customer and other stakeholders, the greater the utility derivable from the product.*

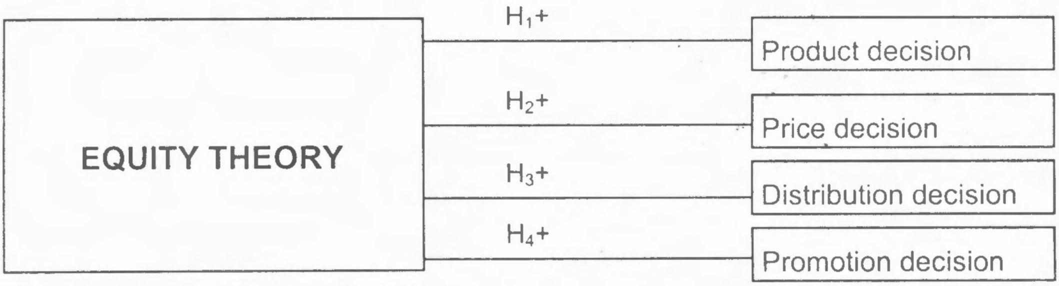

Figure 1: The conceptual Model.

RESEARCH METHODOLOGY

The results reported here are based on a study of Nigerian companies actively engaged in QOL marketing, 50 of these firms were purposively selected to serve as a representative sample from the list of 79 'Gold Award Winners' of the Nigerian industrial and Exporters Directories (2001, 2002).

Nine participating managers' were selected from each of the 50 companies' units and departments. This selection process was designed to reflect uniquely departmental input, identification and evaluation of QOL marketing philosophy, and the interface of equity theory.

Further to the above, a sample of 424 consumers was randomly selected from the 10 major cities in Nigeria (i.e. Kano, Kaduna, Jos, Abuja. Ibadan, Lagos, Benin, Enugu, Calabar, and Port Harcourt).

Development of Measures

To measure equity theory, a seven-item measure adapted from previous studies (Klein and Roth, 1990; Theodosiou and Katsikeas, 2001; Clark and Pugh, 2001; Jain, 1989) was used to capture the perception of differences between the respondent's understanding of equity and QOL marketing.

The measures used to assess the equitability of QOL marketing programme were chosen on the basis of the literature surveyed (Styles, 1998; Lages and Montgomery, 2004; Cavusgil and Zou, 1994; Zou. Andrus and Norvell, 1997; Shoham, 1999). In both cases a five-point scale from (very similar) to 5 (very different) was used. See Table 2 below

Table 2: Confirmatory factor Analysis

Constructs and Items	Regression Weights	Standardized Loadings	t-value
Product (CR* = .92; VE ** = .70			
Products quality	0.870	0.793	15.329
Product design	0.958	0.845	16.538
Product warranties	0.945	0.883	17.777
Product labeling	0.885	0.810	15.534
Products brand name	(set to 1)	0.837	
Price (CR = .83; VE = .55)			
Price discount policy	0.897	0.728	10.917
Margins	0.921	0.773	11.693
Credit concession	0.941	0.755	11.352
Payment security	(set to 1)	0.720	
Promotion (CR - .95; VE - .81)			
Advertising theme/message	1.149	0.935	18.461
Advertising & promotion content	1.171	0.942	18.661
Advertising media strategy	1.173	0.949	18.835
Sales promotion tools	1.028	0.855	16.171
Advertising & promotion budget size	(set to 1)	0.804	
Distribution (CR = 91; VE = .72)			
Channels of distribution	1.156	0.848	15.843
Control over distribution channels	1.163	0.887	16.747
Transportation strategy	1.040	0.824	15.211
Budget for distribution	(set to 1)	0.828	
Equity Theory (CR = .87; VE = .50)			
Economic conditions	0.981	0.649	10.980
Purchasing power of customers	0.681	0.693	11.815
Lifestyles	0.751	0.723	12.354
Consumer preferences	0.807	0.715	12.167
Level of literary & education	0.866	0.744	12.720
Language	1.004	0.646	10.937
Cultural values, beliefs, attitudes and traditions	(set to 1)	0.758	

Model fit Indexes are as follows: chi-square = 616.133; df=265 (p=0.000); CF1=0.981; TL1=0.977; Ifl =0.981; RMSEA=0.066

KEY: * composite reliability (CR) = $\frac{(\Sigma \text{ standardized loading})^2}{(\Sigma \text{ standardized loading} + \Sigma^{\Sigma})}$

** Variance extracted (VE) = $\frac{\Sigma (\text{standardized loading}^2)}{[\Sigma (\text{standardized loading}^2) + \Sigma^{\Sigma};)}$

(Hairetal, 1998)

Table 3: Correlation Between constructs

Construct	**1**	**2**	**3**	**4**	**5**
1. Product	0.836				
2. Price	0.496	0.742			
3. Promotion	0.466	0.561	0.900		
4. Distribution	0.399	0.544	0.534	0.549	
5. Equity Theory	0.399	0.610	0.505	0.345	0.707

Note: Diagonal is the square root of the average variance extracted.

INSTRUMENTATION

In view of the foregoing. 874 copies of questionnaire were distributed to the 50 participating marketing companies to confirm from their experience whether equity theory applies to their marketing operations, and if it is capable of improving significantly the level of customer patronage as well as result in high utility from the firm's products. A total of 315 questionnaires were returned, of which 301 were complete and usable resulting in a net response rate of 34.4%. This result constitutes a fairly high response rate, considering that the average top management survey response rates are in the range of 15% and 20% (Menon, Bharadwaj and Howell, 1996), and that collecting data for such a country-wide study with a large population is difficult due to the numerous obstacles encountered (Douglas and Craig, 1983).

The questions used in this research represent a quantitative adaptation of the four hypotheses proposed in this study in a 5 item likert scale n Nigeria's collectivist cultural context. This method is chosen because it is well suited for obtaining in-depth narrative responses, especially for providing broad insight into a firm's application of equity theory in its dealings with customers (Worlu, 2006).

VALIDITY AND RELIABILITY MEASURES

The possibility of threat to validity in this study was reduced by presenting a description of the QOL marketing construct and explicative equity theory model grounded on the concept of utility as well as other philosophical foundations.

The proposed model illustrated external and internal validity and assumptions guiding overall research reliability and potential for generalizability. Trochim (2001) refers to this as "wanting the measure to reflect the construct, the whole construct, and nothing but the construct" This study assumed that there is an explanatory relationship between equity theory and QOL marketing practice. This relationship was captured in our explicative equity theory model, and in operationalzing the QOL marketing components while focusing on consumers.

By also assuming an explanatory relationship between equity theory and cognitive consonance within the construct of marketing beneficence and nonmaleficence, the conclusion of this study can, in specific instance of high proximal similarity, be used for extending theory based analytic generalization of equity theory in every marketing situation.

Results

The returned questionnaires constitute a high response rate and provides confidence that nonresponse is not an issue (Weiss and Heide, 1993). Responses can be aggregated as follows:

Table 4: Relevance of Equity theory to QOL Marketing

S/No	Responses	Frequency	Percentage
1	Yes	301	100
2	No	—	—
	Total	**301**	**100%**

Source: Survey Data, 2007

Table 4 above shows that all the respondents were of the opinion that QOL marketing should be premised on equity theory.

THE TESTING OF HYPOTHESES

The overall chi-square for the model exhibited in figure 1 is significant (chi-square = 735.790, df = 27, p<0.001), as might be expected given the size of the sample, such that tests involving large samples will generally lead to the rejection of the model even if it is appropriate (Bagozzi and Baumgartmer, 1994; Arbuckle and Wothke 1999) We therefore consider other structural diagnostics for relative global fit suggested by Bollen (1989) and Byrne (2001).

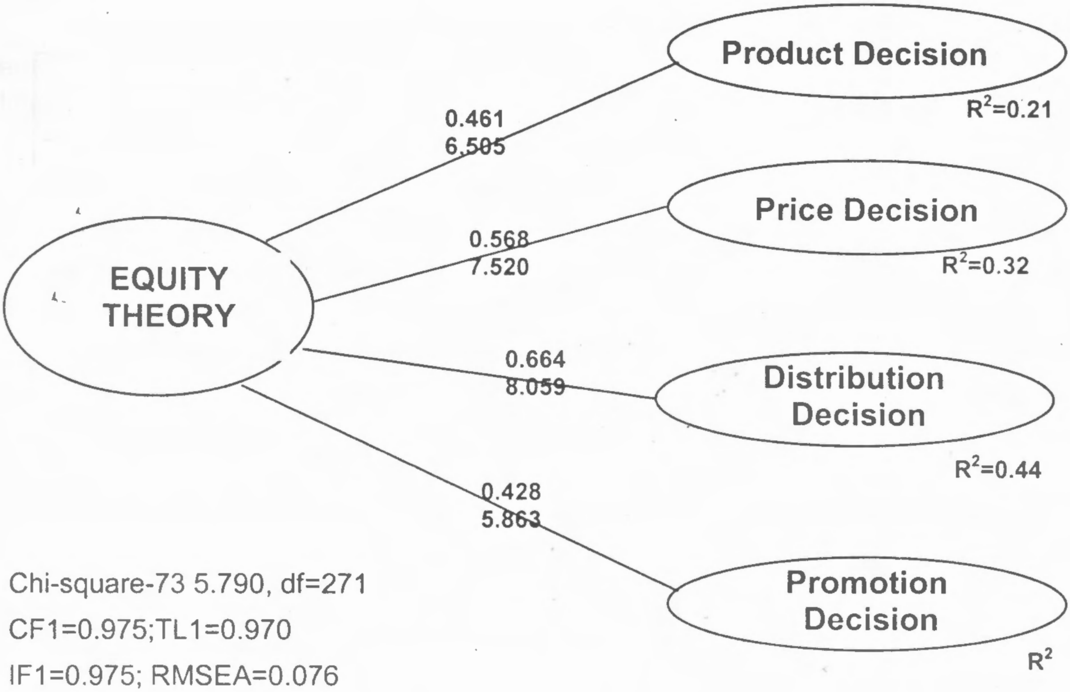

Figure: Final model involving the marketing mix elements

Note: Standardized parameter estimate above the lines and t-values below the lines

Other measures of model fit were comparative fit index (CF1 = 0.975) Tueker-Lewis fit index (TL1=0.970), incremental fit index (IF1=0.975) and root mean square error of approximation (RMSEA = 0.076). Given that all the fit indexes were inside conventional cut-off values, the model was deemed acceptable (Hair et al, 1998). The relationships proposed in the model are examined next (figure 2 and Table 5).

Hypotheses HI to H4 propose a positive relationship between equity theory and the level of utility derivable from each of the marketing mix elements (product, price, distribution, and promotion). The positive relationship between equity theory and the level of utility derivable from product decision (HI) is strongly supported as indicated by a parameter estimated of 0.461 (PO.01). similarly, the statistically significant parameter estimates of 0.568 (PO.01) for equity theory and price decision (H2), 0.664 (PO.01) for equity theory and distribution decision (H3), and 0.428 (PO.01) for equity theory and promotion decision (H4) indicate that all four hypotheses are strongly supported.

Table 5: Model parameter estimates and t-values

Dependent Variables	Independent variables		R^2
	S.P	t-value	
Product	0.461	6.505**	0.21
Price	0.568	7.520**	0.32
Distribution	0.664	8.059**	0.44
Promotion	0.428	5.863**	0.18

Key: S.P - Standardized parameter estimate

**P<0.01

With regard to the proportion of variance of the marketing mix elements that is explained by the equity theory, the results were quite acceptable concerning product decision, an R value of 0.21 was reported, indicating that 21% of the variation in product decision is explained by equity theory. Similarly, the proportion of variance of price decision, distribution decision, and promotion decision that is explained by the equity theory is 44%, 32% and 18% respectively.

DISCUSSION, IMPLICATIONS FOR MANAGEMENT AND CONCLUSION.

Discussion

A systematic investigation into the relationship between equity theory and QOL marketing has not been reported in the literature, yet, the results reported above suggest that QOL marketing decisions are strongly influenced and conditioned by equity theory. Accordingly, this study demonstrates the value of the equity theory construct as an important determinant of QOL marketing strategy.

Hypothesis 1 stated that equity theory is positively related to the degree of consumer patronage due to high utility. The results strongly support this assumption, i.e, product decisions appear to be premised on the desire to be equitable to all classes of customers (or markets), even where differences exist in terms of culture, language, economic condition, customer values and life style. (Diamantopoulos, Schlegelmilch and Du Preez, 1995; Johnson and Arunthanes, 1995; Czinkota and Ronkainen, 1998; Akaah, 1991; Wind, 1986; Terpstra, 1985).

Concerning the link between pricing decisions and equity theory, the results indicate that the basis of the firm's pricing strategies is the equity theory. This is consistent with Hb. This corroborate previous studies which indicate that firms set prices based on what the market can bear (Reid, 1986; Shoham, Rose and Albam, 1995).

Hypothesis 3 indicated that there exists a positive relationship between equity theory and distribution decision. This is confirmed by the present research findings which reveal that the more equitable the firms are in making their products accessible, the higher the utility derivable. Lee and Sirgy (2004) also corroborated this stance.

The role played by managers in the selection of promotion strategy is underscored in QOL marketing. The results strongly support that equity theory is positively related to the promotional strategy of the firm (Solberg, 2000, 2002; Tai and Wong, 1998; Agrawal, 1995).

Managerial Implication

It may be difficult to generalize from a single study. However, the results presented in this study help managers to enhance their understanding of the complex interface between equity theory and QOL marketing phenomenon. Our findings indicate that QOL marketing operations are conditioned by equity theory as well as other philosophical foundations. As a result, managers should allow themselves to be influenced by equity theory when making strategic marketing decisions.

Managers can establish open communication channels both formally and informally as well as accepting cross-cultural training to be aware of the most significant cultural dimensions of the customers. This will increase cultural understanding that could be factored into the marketing decision process to increase the degree of equity.

Conclusion

The overriding objective of this study is to draw scholarly attention to the nexus between equity theory and QOL marketing strategy. Despite the importance of these two constructs in the literature, the relationship between them has received little or no research attention.

In the light of the above, we illustrated the equity theory and proposed a testable research model to test the relationship between equity theory and QOL marketing strategy. A paramount task in the marketing strategy literature is to clarify what determines QOL marketing strategy and these results clearly indicated that equity theory is an important construct that should not be ignored as an important determinant of QOL marketing strategy.

Despite the fact that equity theory demonstrated a relatively high explanatory power regarding the variance of the QOL marketing strategy variables, there are certainly other influential factors that were not considered such as the environmental factors, organizational factors and individual factors. By building on our theoretical framework, further research should explore the relevance of other factors to explain the interface between marketing strategy of the firm and equity theory.

Further work should also test this frame-work in other countries since the present study was based in Nigeria.

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