



Corporate Social Responsibility and its Connotations on Consumer Perception in Benin City, Edo State, Nigeria

G. T. KUBEYINJE

Department of Business Administration, University of Benin, Nigeria
E-mail: tuoyokubeyinje@gmail.com

Abstract

This study focused on the effect of Corporate Social Responsibility (CSR) on consumer perception among consumers in Benin City, Edo State, Nigeria. The study used the survey method by administering 373 copies of structured questionnaire to respondents in Benin City, Edo State, Nigeria. The data for the study were analyzed using descriptive statistics and multiple regression techniques with the help of Statistical Package for Social Sciences (SPSS). The empirical results of the study revealed that community involvement, environmental protection, business practices and working conditions had a significant relationship with consumer perception at 5% level of significance. The study recommended that the management of organisations in Nigeria should always place more concern on community involvement, environmental protection, business practices and working conditions because these CSR initiatives had significant relationship with consumer perception.

Keywords: Business practices, Community involvement, Corporate social responsibility, Environmental protection, Working conditions.

Introduction

Corporate Social Responsibility (CSR) has been a globally recognized activity that helps to build a company's image. CSR has been discussed by many scholars, but irrespective of that, many firms still lack the information that has been communicated about CSR. It is an integral part of retailers global strategies and activities undertaken within its framework and are meant to increase the company's competitive advantage through strengthening their image (Stefańska & Wanat, 2014). While consumers are often identified as a driver of the "business case" for corporate social responsibility, little is known about the precise impact CSR has on consumers. According to Kehinde and Worlu (2018) CSR is one of the morals and ethics which entail maintain principled leadership and conduct that create solution to societal issues.

Corporate creativities that address a company's social and environmental impacts that go beyond legal or regulatory necessities are often premised on a perceived "business case" in which consumer perceptions and demands drive corporate responsibility and sustainability strategies (Barnett, 2007; Smith, 2003). A key interest in CSR is due to its perceived influence in consumer behaviour at a time when consumers are demanding more from companies than just products of low prices (Rodrigues, 2017).

CSR is globally implemented and reported by corporations in order to show their stakeholders they enthusiastically support social and environmental matters and are 'doing good' (Verlouw, 2015). Not considering the fact that CSR is growing fast and globally, few people have actually carried out a research on its impact on the perceptions of the consumers.

Consumers' perceptions of CSR initiatives are crucial for corporations, as consumers may recompense corporations' CSR actions by buying their products or using their services (Verlouw, 2015). However, to date, there is little knowledge regarding consumer response to CSR creativities, Planken, Nickerson and Sahu (2013)

The perception about CSR, however, has evolved considerably in this decade with societal contribution of a company used as a yardstick to measure companies' success (Saunders, 2006). Hence, this study attempts to assess the effect of CRS on consumers' perception in Benin City, Edo state, Nigeria

The specific objectives of the study are to:

- (i) determine how community involvement influences consumer perception;
- (ii) examine the relationship between environmental protection and consumer perception;
- (iii) investigate how responsible business practices affect consumer perception; and
- (iv) discover the effects of improved working conditions on consumer perception.

The Concept of Consumer Perception

Consumer perception refers to the process by which a consumer selects, organises, and interprets information/stimuli inputs to generate a meaningful image of the brand or the product (Yadav & Jain, 2016). Most consumers feel that companies should carry out social responsibilities together with their regular work. They believe that a generous gesture from companies will increase their investment. Some believe that consumers are loyal and eager to spend more on retailers that support charity.

CSR can be perceived in two major structures: the first is the internal aspect, which is associated with the firm's workers, actors, shareholders, operations; the second is the external outlook, which takes into account the consequences of the actions of the firm on its external environment, its business associates and also the communities (Coelho, Filipe & Ferreira, 2011).

Stages of Consumer Perception

- (i) *Exposure:* This deals with the level of information that a consumer (individual) is opened to. It creates an idea on how he or she will perceive a given product.
- (ii) *Attention:* In order for stimuli to be processed consciously, attention is needed. Attention is usually a matter of ranking. When an individual is exposed to a product, there is the probability that he/she is going to pay attention to it when it comes again.
- (iii) *Interpretation:* The individual calculates and subsequently interprets the stimuli (material) that is being exposed to him or her and he/she therefore interprets it according to experiences. This is the final stage of perception formulation.

Community Involvement and Consumer Perception

Skills undertaken by community in partnership with organisations to empower individuals and groups. This in turn has the ability of turning the performance of the organization (Ajide & Aderemi, 2014). According to Eze and Victor (2013) the society in the past, did not attach importance to the issue of CSR, as their expectations were only focused on organization efficient resources allocation as well as its profit maximization.

Environmental Protection and Consumer Perception

One of the activities in environmental protection and sustainability includes elements like ensuring environmental sustainability, ecological balance, protection of vegetation and wildlife, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water (Marak & Singh, 2014). Zaccheaus, Oluwagbemiga and Olugbenga (2014) say that corporate business activities create interactions between the corporation and the environments within which they operate.

Responsible Business Practices and Consumer Perception

Pollak (2010) states that the term "responsible business practices" refers to the practice of

conducting business with deliberation for ethical, environmental and community goals in addition to being a good employer and attempting to make a profit. Planken *et al.* (2013) noted that environmental projects and initiatives that aim to improve employees' working conditions, relate to the legal and ethical platforms work place.

Working Conditions and Consumer Perception
Wuyah, Ranta and Akpan (2016) opined that CSR is an organisation's initiatives to assess and take responsibility for the organization effects on environmental employees working conditions. It is something that organisations must take part in to function in this modern business world. According to Bediko (2017) Organisations should be aware that employment relationships involve rights and obligations related to providing good conditions of work and social protection, such as decent working conditions of work in wages, hours, health and safety, maternity protection and work-life balance.

Corporate social responsibility

The history of CSR dates back to as early as the 1950s, when businesses and academic researchers start exploring the relationship between business and society (Carroll, 1999). According to Ishola and Ishola (2019), the proponents of CSR believe that there is a symbiotic relationship between an organization and its operating environment. The concept of CSR became popular in the early 21st century. Almost every large organisations applies CSR as a whole to meet customer needs (Vahdati, Mousavi & Tajik, 2015).

Carroll & Shabana (2010) defines CSR as a discretionary commitment from the company regarding its activities to give back to the society where the company operates. This means that CSR is seen as an initiative where an organisation gives back to its host communities. It infers maintaining an equitable and workable societal balance among the claims of the various stakeholders of an organisation (Frederick, 2006). Yadav and Jain (2016) also stated that CSR refers to the initiatives an individual corporate entity undertakes as an extra effort for the welfare of the society, environment as a whole.

According to McWilliams and Siegel (2001), CSR is defined as a situation which because of that, the firm goes beyond of its main task and the legitimate expectation goes beyond the main task of firm.

One of the most outstanding definitions was given by Carroll in 1979. He sees CSR as a construct that includes the economic, legal, ethical and philanthropic expectations that society has of organizations in a given time (Carroll, 1979).

Types of corporate social responsibility

Corporate Social Responsibility has been classified into various forms as a result of the elaborate nature of activities it performs in the business environment; such as the ethical and other activities in the work setting. Carroll (1991) perspective of the CSR activities gave a very broad and accurate view of what CSR entails. He established the concept of the CSR pyramid in order for firms to evaluate their relationship and responsibility to customers and the business environment (Bediako, 2017). Thus, as implied by Carroll, the obligations of the business as categorised by the pyramid are:

Economic responsibility

It is the basic level of CSR which must be carried out by corporations with no doubt (Tian, Wang & Yang, 2011). According to Mohtsham and Arshad (2012), it is the guarantee of return on investment for shareholders, job creation, and fair pay for the workers and business development. Therefore the maintenance of a strong competitive position, commitment to profitability, maximising of earnings per share, maintenance of business operation efficiency and maximising profit consistency are the major economic responsibilities a firm has to adhere to (Bediako, 2017). Profits are seen as a reward for work done by the owners and investors, and it is also needed for reinvestment into the business again. Profits motivate a business to be successful. Businesses are also to employ many business concepts that lead to the financial effectiveness of the organisation.

Legal responsibility

It refers to the laws of the land that a business or firm has to adhere to in order to perform well in the business environment. Every society not only sees businesses as economic entities, but also established ground rules under which the business organization is expected to operate and function (Carroll, 2016).

Ethical Responsibility

Kehinde (2016) argued that ethics in the world of organisation's business involve "ordinary decency" which encompasses such as integrity, honesty and fairness.

Behaving in an ethical manner is seen as part of the social responsibility of organisation which itself depends on the philosophy that organisation ought to impact the society in ways that goes beyond the usual profit maximization objective. Ethical responsibilities embrace the

activities, standards and policies that are expected or prohibited by the society, even though they are not confined in the law (Carroll, 2016).

Philanthropic Responsibility

Corporate philanthropy involves all forms of giving from the business to society. It involves the business's voluntary or disciplinary activities. It may not be a responsibility in the literal sense, but it is expected nevertheless. Corporate philanthropy historically, has been one of the most important elements of CSR definitions and this continues today (Carroll 2016).

A summary of social responsibilities is presented in Figure 1.

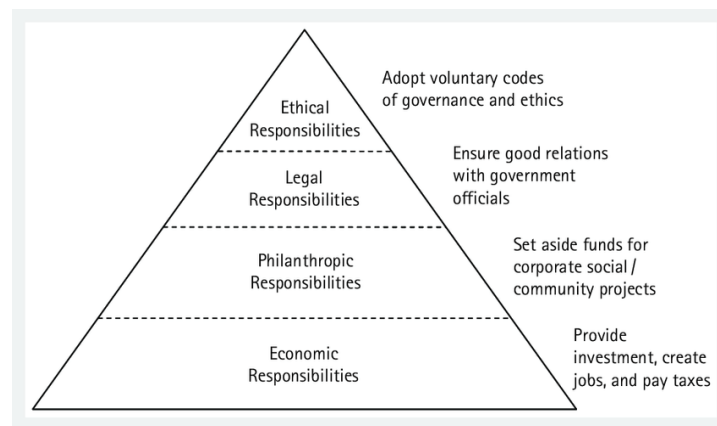


Figure 1: Corporate Social Responsibilities Pyramid
Source: Adapted from Carroll(2016)

The Stakeholder Theory of Corporate Social Responsibility

The discussion and definition of stakeholders began with Freeman (1984). According to Freeman, a stakeholder is an individual or a group which gets affected or can have an effect on the accomplishments of an organisation's objectives (Freeman, 1999). Freeman's stakeholder theory

points out that a company is not only responsible to its stakeholders, but also to all sorts of stakeholders in society. Consumers are given reliable attention, since their reactions have an important relationship with corporation's managerial decision making (Brown & Dacin, 1997).

In other words, stakeholders' interest in the customer is a key factor which is taken into consideration when operating corporations. When studying CSR, it is essential to identify responsibilities and the parties who are going to assume those responsibilities (Clarkson, 1995). In stakeholder theory, CSR is further clarified, but includes enterprise social responsibility assessment, making measurement possible. As consumers are an important business-related stakeholder group, their preferences and behaviour can directly influence the development of an enterprise. As defined earlier, CSR is a corporate behaviour that aims to positively influence consumers as stakeholders. Important stakeholders also impact the corporation's CSR.

According to Ishola and Ishola (2019), the proponents of CSR believe that there is a symbiotic relationship between an organization and its operating environment. Thus, stakeholder theory is logically connected with CSR (Friedman, 1970). The stakeholder theory asserts that organisations are not only obligated to their shareholders but also to their global constituency of governments, local communities, customers, and the general public (Varadarajan & Menon, 1988).

Methodology

The study was largely descriptive in nature and for that purpose, a survey research design was adopted. A descriptive research is a design used to answer the what, how and why (Sekaran &

Bougie, 2013). A quantitative instrument was used to elicit data on variables of the study and was administered to the respondents within Benin City, Edo State.

The population was based on the ease of accessibility and proximity of the researchers to the respondents. Questionnaire was administered on 373 respondents obtained through random sampling. The questionnaire was divided into two sections, namely: Sections A and B. Section A comprised respondents' demographic profile and section B featured questions on the independent variable (corporate social responsibility) and the dependent variable (consumer perception). Five Likert scale options ranging from strongly agree to strongly disagree were adopted (strongly agree=5, agree=4, undecided=3, disagree=2, strong disagree=1). The nature of this study necessitated the use of primary data. Descriptive statistical tools were used to present the demographic characteristics of the respondents, while inferential statistic was used to test the formulated hypotheses which include ANOVA and regression.

Results

This section presents and analyzes the data generated for the study in tables. A total of (373) copies of the questionnaire were administered to respondents but (350) copies were duly returned and usable, and subsequently analyzed. This figure satisfied the attrition rate allowed for the research to be deemed acceptable.

Table 1. Demographic characteristics of Respondents

S/N	Characteristics	Categories	Frequency	Percentage
1	Gender	Male	145	41.4
		Female	205	58.6
2	Age	16 – 25 Years	88	25.1
		26 – 35 Years	125	35.7
		36 - 45 Years	97	27.7
		46 Years and above	40	11.4
3	Marital Status	Single	133	38
		Married	214	61.1
		Divorced	-	-
		Widow/Widower	3	0.9
4	Education Qualification	SSCE	32	9
		ND	76	21.7
		HND	60	17.1
		B.Sc.	175	50
		Post Graduate	7	2

Table 1 shows the distribution of the respondents by sex of whom 145 (41.4%) were males and 205 (58.6%) were females. This implies that majority of the respondents were females. On the basis of age, majority of the respondents were aged 26-35 years. On the issue of marital status, 133 (38.0%) of the respondents were single, 214 (61.1%) of the respondents were married, 3 (0.9%) of the respondents were widow/widower and none of the respondents was divorced. This therefore shows that majority of the respondents were married. Lastly on the issue of educational qualification, 32 (9.1%) of the respondents possessed SSCE, 76 (21.7%) of the respondents possessed ND certificate, 60 (17.1%) of the respondents

possessed HND certificate, 175 (50.0%) of the respondents possessed B.Sc. and 7(2.0%) of the respondents possessed post graduate certificate. This means that majority of the respondents possessed B.Sc. certificate.

Multiple Regression Techniques

Results of regression analysis are as shown in tables 2 to 4. In the analysis, Consumer Perception served as the dependent variable, while others Community Involvement; Environmental Protection; Business Practices; and Working Conditions were the independent variables.

Table 2. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.580 ^a	.337	.329	.294

a. Predictors: (constant), community involvement, environment protection, business practices, working conditions

Table 3. ANOVA^b

Model	Sum of Square	Df	Mean Square	F	Sig.
1 Regression	15.133	4	3.783	43.822	.000 ^a
Residual	29.785	345	.086		
Total	44.918	349			

b. Predictors: (constant), community involvement, environment protection, business practices, working conditions

c. Dependent Variable: Consumer Perception

Table 4. Regression Coefficients^a

	Unstandardized Coefficients		Standardized Coefficient	T	Sig.
	B	Std. Error	Beta		
1. (Constant)	2.089	.187		11.144	.000
Community involvement	.331	.039	.445	8.574	.000
Environmental protection	.104	.033	-.168	- 3.181	.002
Business practices	-.088	-.033	-.121	-.2677	.008
Working conditions	.174	.060	.127	2.874	.004

a. Dependent Variable: Consumer Perception

Source: Author's Computation, 2019

It is clearly observed that the coefficient of determination (adj. R²) value of 0.329 (Table 2). This implies that about 33% of the systematic variations in consumer perception are jointly explained by community involvement, environmental protection, business practices and working conditions. It is also evident from the

ANOVA table (Table 3), that consumer perception, taking into consideration all other dimensions contained in the independent variables, has a perfectly significant relationship with corporate social responsibility. This is confirmed by the F-value of 43.822 which showed that there is a significant linear

relationship between corporate social responsibility and consumer perception (Table 4).

Furthermore, the result further showed that there is a positive and significant relationship between community involvement and consumer perception. This is confirmed by the t-statistics value of 8.574 and a p-value of 0.000 which is lesser than our 0.05 level of significance (Table 4). A significant relationship exists between environmental protection and consumer perception. This is confirmed by the t-statistics value of -3.181 and a p-value of 0.002 which is lesser than our 0.05 level of significance (Table 4).

Table 4 also showed that there is a significant relationship between business practices and consumer perception. This is confirmed by the t-statistics value of -2.677 and a p-value of 0.008 which is lesser than our 0.05 level of significance. Similarly, a positive and significant relationship exists between working conditions and consumer perception (Table 4).

Conclusion and Recommendations

This study was to examine CSR and its connotations on consumer perception among

consumers in Benin City, Edo State. There is no gainsaying the fact that CSR is one of the most sought after strategies for the purpose of influencing consumer perception positively. This research work, aside laying a confirmation to this assertion, went further in introducing a new dimension to the importance of CSR influencing consumer perception by dissecting the anatomy of it and thereby isolating its various elements to determine their individual contribution in determining consumer perception. Finally, the recommendations of the study are as follows:

- (i) Members of community should be considered when carrying out any form of corporate social responsibility.
- (ii) Management of companies should always consider the type of business practices it employs at all levels as this can lead to better perception of consumers.
- (iii) Regular training, workshops and seminars should be organised in an organization with the aim of promoting knowledge sharing in the organisation which can lead to healthier consumer perception about the company.
- (iv) A conducive and a workable environment should be put in place in order to ensure that employees are safe and also productive at work.

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