Corporate social responsibility and consumer buying behavior in the Nigerian oil and gas sector

Samuel N. Akanno¹*, Ferdinand Che², Abubakar A. Radda² and Ifeatu Uzodinma¹

¹Department of Accounting and Finance, School of Business and Entrepreneurship, American University of Nigeria, Yola, Nigeria.
²Department of Entrepreneurship Management, School of Business and Entrepreneurship, American University of Nigeria, Yola, Nigeria.

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ABSTRACT
Recently, corporate social responsibility (CSR) has gained widespread support from businesses as part of their agenda for profit maximization and strategy for improved social image. Retail organizations in the Nigerian oil and gas industry are at varied levels in their adoption of CSR initiatives because of different perceptions and beliefs of the importance of CSR. Though some believe that CSR has little or no impact on consumers’ buying behaviors, others significantly believe that CSR initiatives are very impactful and important for profit-maximization, through increased customer patronage and loyalty. This study was conducted in the hope to find out why Nigeria’s oil and gas retailers make certain CSR decisions, the veracity of CSR assertions by these entities, as well as gain insight into consumers’ CSR consideration. Rapid technological advancement in conjunction with the ease of information flow has led to increased spread of information on organizations’ CSR. Though much work remains if organizations must improve on CSR, some Nigerian oil and gas entities appear to be benefiting from buying behaviors of consumers that greatly depend on these organizations’ CSR activities.

INTRODUCTION
Though much studies have been conducted with significant writings on corporate social responsibility (CSR), business strategy, stakeholder analysis and competitive advantage (Maïgnan et al., 1999; Kulick, 1999; Freeman, 1984; Porter, 1990), the subject area continues to dominate corporate observers’ interests because of its ability to, significantly, affect consumers’ buying behaviors generally and more particularly in the oil and gas sector. Though literature addressing this sector is scarce, a review of available materials is still in order. According to Starbucks Coffee Company (2001) report, “employees are choosing to work for companies with strong values. Shareholders are more inclined to invest in businesses with outstanding corporate reputations. Quite simply, being socially responsible is not only the right thing to do; it can distinguish a company from its industry peers.” This is indicative of the clear relevance of CSR to not only the Starbucks Company but all other companies needing to have an edge over its peers; and the retail outlet of the oil and gas sector is no exception to this rule of thumb.

To date, the concept of CSR is an unconscious practice, not mandated by laws, but that which is done freely by willing firms. In the face of increasing popularity of CSR, it is amazing and perplexing that the concept is still unfamiliar to a lot of companies. Most Nigerian organizations consider CSR as a strategy that may be followed if there is sufficiently, large amount of funds available to spend on the concept. These organizations’ CSR activities are so ordered that they become good

*Corresponding author. E-mail: snakanno@gmail.com.
corporate citizens. Though, possibly an accurate situation, CSR impacts way more than just that as it helps the host communities of the oil and gas companies in many more ways than just getting a bigger market share for the companies and more than just being corporate citizens (Saleh, 2009).

A particular sector of business that gives very strong claims as to ethical business activities and/or CSR – the rights of the people, rights of stakeholders, rights of employees, relations in the community, corruption, product stewardship, environmental protection, transparency, doctrines and codes of practice – is the oil and gas sector (Frynas, 2005). Hence, the undaunted quest to go into investigating the impacts of buying behaviors in the retail outlet of the sector by these researchers. Should this be a fact related to the oil and gas sector, then it will be interesting to know also the enormous challenges faced by the oil and gas industries in trying to deliver CSR to its optimal levels.

Perfect information is very vital to any industry; especially for the oil and gas sector that many consider being more of up-stream than down-stream. The flow of information from the companies to the consumers will get the consumers aware of what the companies is involved in as to CSR activities and will greatly influence the decision making of such consumers. Studies have shown that well informed citizens show more support and give more recognition to socially responsible firms (Schuler and Cording, 2006). This brings us to the common saying that information is a basic tool to making rational choices. Sproles et al. (1978) reported that increasing flow of vital information inevitably leads to an increasingly efficient consumer perception of the companies’ products as well as purchasing preferences, whereas inappropriate flow of relevant information serves as a hindrance in reflecting the true nature of a company and its social activities and will affect the consumers’ economic decisions towards such firms (Valor, 2005). An advice by Kotler et al. (2006, p. 257), where he said, for individuals with complex buying behavior, marketers should “help buyers learn about product-class attributes and their relative importance.” Auger et al. (2003) proposed that individuals with the right information may act differently.

Companies’ advert campaigns and the media in particular have proven to be very useful in disseminating the information about company’s involvement in CSR activities. For companies that do not make themselves readily available to partake in these activities, they are more likely exposed to the dangers associated with businesses and are seen to be left behind with the ever increasing global competition in the oil and gas industry and could be exposed to borderless markets, while those with profound CSR initiatives and activities soar higher by the days (Altman, 2007). Similarly, increase in the levels of education of the populace helps to keep the public aware of the need for more pro-social corporate behaviors by companies operating in their communities.

It is of high importance to (at this point) note that a number of civil society actors view many of the oil and gas companies more as ‘enemies’ than establishments of any benefit (Heap, 1998; Yazji, 2006) or ‘strange bedfellows’, (Prickett, 2003) and see it as really thorny, having to do anything with any oil and gas firm. It is seen to be primarily based on pure ethical foundation. Nevertheless, the last few years have witnessed very different inclination in the dealings with these companies and the communal society actors – the improvement in the joint associations to focus support for civil society activities (Bendell and Lake, 2000; Heap, 2000; Warren, 2005). Thus, the need for the researchers’ quest to review this critically.

LITERATURE REVIEW

With practical examples from the oil and gas sector, this study sought to explore the meaning of CSR in practice and how it impacts consumer buying behaviors in the retail sector of the oil and gas industry. It also goes a long way to contribute to the wealth of knowledge on CSR in the oil and gas sector in its entirety. According to Frynas (2005), in business, one particular sector that seems to make very strong claims as to its business ethics and dealing corporately with people, the society, employees, and the environment is the oil and gas sector. If this be the case, then what are the impacts of this on the buying behaviors of people in the retail outlet of the sector? How has this been helpful in trying to douse down the very many tensions that arise in places where these oil and gas companies operate; are questions this review seeks to find answers to and then contribute meaningfully on the way forward for the oil and gas sector as a whole and its retail in particular.

In most developing countries, contrary to the developed, CSR is needed more. Although many believe that the oil companies operating in whatever region of the developing world actually benefit way more than they give back to the community, the indigenous people still tend to be very selective in patronage; highly dependent on the notion of which company supports them more. According to Tuodolo (2009), for example, the following companies, although not strongly trusted and believed in, in most places of operations are likely to gain more patronage in the retail sector than the others operating there.

- Angola: BP-Amoco and ChevronTexaco because of their contribution to education and the control of AIDS.
- Nigeria: Shell, Exxon Mobil, Chevron, Total Fina Elf for their contribution in the entire nation’s economy through agriculture, transportation, health and infrastructure.
- South Africa: BP-Amoco and Shell contribute here
through technology transfer and the provision of markets for export activities.

- Chad, Sudan, Gabon, Algeria and Libya: Talisman, PETRONAS, Chevron Texaco, Exxon Mobil and ENI making up their main sources of revenue.

From academic discussions on CSR, it was found to be in no way, something new and that the theory in itself as well as some forms of debates about this topical issue on CSR dates back to 1930s. For instance, Dodd (1932, pg. 1149) asserted that shareholders are not the only responsibility of managers but that they are equally responsible to the general public as a corporation is “permitted and encouraged by the law primarily because it is a service to the community rather than because it is a source of profit to its owners”. From time in memorial, the notion of CSR has continued to grow and develop and there are now quite a number of ways added to a better understanding of CSR and its impacts. Justice has been done to this matter in various academic works and perhaps, one of the most significant questions to this context is whether corporate socially responsible activities of companies give them a competitive advantage over their existing rivals (Wu, 2006).

As regards it being both very topical in retail customs and the very many academic works that have touched on CSR back in time, rather surprisingly; no more than a few of these works have critically looked into the role of CSR in retailing in an all-inclusive manner. This review therefore examines the effects and impacts CSR initiatives have on consumers’ purchasing behavior.

Historically, there were periods strongly believed to be the most heightened in terms of debates on CSR. These periods were the late ’60s and early ’70s as Smith (2003) clearly pointed out and elaborated. By that time, organizations like The Conference Board in the United States of America as well as the Confederation of British Industry in the United Kingdom were so concerned about businesses and CSR and made the call that businesses should do well to enhance CSR by giving it their most. The one thing categorically different from what it used to be today is the fact that the calls now are generally much more largely articulated, very specific and are matters of urgency. With these calls come a number of sound and solid recommendations that businesses could look into for actions to further enhance their CSR in order to influence the purchasing mind set of people and gain their loyalty.

According to Kusum and Luan (2011), in this title, “Does Corporate Social Responsibility Build Customer Loyalty?”, the four different scopes of CSR performance - the environment, fairness in treating and dealing with employees, aids to communities and sourcing locally - go a long way in influencing customers’ behaviors toward a retailer. For companies with a great deal of interest in CSR, customer loyalty is certainly going to be built easily as customers tend to, strongly align to those outlets that directly affect their personal experiences and appeal to their senses. Although it is more of a personal thing, proper CSR can easily subconsciously buy the mindset of customers, thereby increasing patronage, customer satisfaction as well as companies’ revenue multiplied.

Further, a great deal of the benefits is direct: “Consumers patronize the company because they see personal benefits from the CSR initiatives and because the initiatives resonate with their own values.” Though there could also be an indirect benefit from the consumers’ sensitivity of the company’s fairness in costs. The customers do not only respond to the amounts they pay for goods and services but also to their insight of how fair the costs seem to them. Nevertheless, considerably high prices could be tolerated if it could be linked to “good” aims like CSR efforts instead of to “bad” ones like profit-taking. Now retail companies are aware that “not only is ‘doing good’ ‘the right thing to do,’ but it also leads to ‘doing better’ through its positive effects on key stakeholder groups” (Sen and Bhattacharya, 2004).

In a similar manner, the numerous studies that talked about the impacts of CSR activities on firms’ performance, for instance focus on market share and market value or its financial buoyancy (Orlitzky et al., 2003; Wu, 2006). Prior researches propose that, by and large, consumers are most likely going to repay CSR activities of companies in terms of positive approaches towards such companies and/or individual purchasing behaviors (Folkes and Kamins, 1999; Brown and Dacin, 1997), although this is not done without challenges as to the intentions of companies to take on CSR activities. In addition, it is essential that CSR initiatives of companies meet and exceed the expectations of consumers. Creyer and Ross (1997), Luo and Bhattacharya (2006) and David et al. (2005) also emphasized that the correlation existing between activities carried out as CSR and behaviors of consumers is an indirect one.

Barone et al. (2000) and Ellen et al. (2006) studies proved that supposed incentives of CSR initiatives of firms or companies are of high importance to the purchasing intentions of consumers. Besides, the link to the social marketing activities of companies on the one hand and its products and/or services as well as motivation from the consumers on the other hand is of high importance (Barone et al., 2007; Simmons and Becker-Olsen, 2006). Conversely, negative CSR activities hamper on the patronage by customers. Companies have to play careful as to what they consider good CSR practices in their host communities. This will in no small measure boost companies’ relationship to consumers and will impact greatly on the buying behaviors in the retail sector of the oil and gas industry. Already established guiding principles by experts in the field such as Maignan et al. (1999), Kulick (1999), Harrison (2003), Smith (2003), Auger et al. (2003),...
Kusum and Luan (2011) and Dodd and Supa (2011) were closely followed in this review. Reviewing numerous studies from different facets of life, this study assessed, critically, consumer's prominent attitudes in relation to CSR and its impacts on their buying behavior with particular emphasis on the oil and gas industry. Dodd and Supa (2011) pointed out one of the key ways of ascertaining CSR's impacts on the buying behaviors of people, which is, "forming a modal set of behavioral beliefs, then ask questions to the consumers about what CSR means to them and then series of questions based on their predetermined salient beliefs to determine the level of importance that CSR plays in their purchase decisions.

In avoiding the imposition of any pre-conceived connotations of CSR, Adi et al. (2006), employed a two way system. Firstly, deduced from 'informed' public opinion of native private sector heads from the four most important sectors of the Nigerian economy: oil and gas, telecoms, finance and manufacturing. Secondly, collected data via structured interviews, that is, a standardized interview format where the researchers administered the same questions to their different interviewees in the same manner and order. This interview was done face-to-face, via telephone and emails. From the informed public, as expected, the meaning of CSR was greatly framed to only reflect the local realities. They said, "In an environment where basic human needs and infrastructure (by western standards) are luxury, CSR was mainly seen from a philanthropic perspective – a way of 'giving back' to the society." Virtually all those they interviewed saw CSR from the same philanthropic point of view regardless of their positions and experiences.

Bringing into perspective the developed "virtue matrix" by the Dean of Rotman School of Management, Roger L. Martin (2002), the matrix was structured to show how socially responsible behaviors of companies and corporations enter into business practice. The matrix is in a four quadrants format with the two quadrants below displaying the socially responsible behaviors companies engage in at will, by doing things they normally do according to their own choices going by their rules and regulations. These are seen to both encourage social responsibility and enhance shareholder value. Conversely, top two quadrants in the matrix contain the strategic and structural frontiers of companies, and this makes it clear to the shareholders as to what activities are either clearly negative or those not immediately visible to their value. Although the borders of the different classes of socially responsible behaviors are permeable, since it is possible for activities to change from one quadrant to another as a result of changes in laws or just common practices as the companies so decide.

Furthermore, this review enabled the researchers to vehemently attest to the fact that information as to what CSR activities a company is involved in is vital to the image of the company as well as the general public. Like it is said, information is very vital to the smooth flow of everything in life, so it is with CSR and the public. It was found out that the public only thinks of a company as being socially responsible if they have the necessary information at hand. So, not just engaging and delivering CSR activities is important but making sure that the entire citizenry is informed of who takes part, when, where and how is important. This will enable loyal customers to be built around a company and its products or services (Abd Rahim et al., 2011; Tay, 2005a, b, c).

A review of information available to the public, from the oil and gas industry, it is clear that CSR enables organizations in creating brand name, which in turn enables marketing and profitability. The moment people are aware of the engagements of companies in helping to develop and support the community in which they operate, customers are tended to be more loyal to such companies and the trademark for doing such activities follows such companies. This is indeed going to be a very influential factor to how well the customers patronize the companies that are actively engaged. Doing this creates what Kotler et al. (2010) call a company's corporate image. It enables the company to gain customer loyalty even when they do nothing because the brand name has been in built in the people sub-consciously. At such times, the buyer becomes un-interested of what he/she hears of the company and just makes sure that it is that brand and not another. Although it has it benefits for the oil companies, it does have its other sides for the community as the company can decide to take undue advantage and do nothing to give back or help in the growth and development of the society while greatly benefiting from its resources.

Similarly, this review exposed to the researchers, the poorly established public relations between the oil companies and their host communities. For the contemporary oil and gas companies, it was found out that these companies now take the very bold step of ensuring that they have a specific department solely for public relations issues. The oil and gas companies have in the past had very poor reputations and relations with their host communities and this has gone a long way to affect businesses and profitability. People only bought products of companies solely for the fact that they needed the products and had no alternatives but not because the company really appeals to them socially. In Nigeria for instance, consumers tend to align to buying products and services from Shell not because it is the most socially responsible firm in the country but because of easy access and the fact that Shell has a very large market share for so many other reasons despite its poor reputation in the country and with engagement in CSR. Although it is beginning to take new dimensions with the current influx of other IOCs, its CSR involvement is still not the best and can do much better.
Likewise, apart from just being very actively engaged and committed to CSR activities by the oil and gas companies, prices of their products and services are equally very important factors to customer loyalty. An understanding of the economic standing of the people in whose environment an oil and gas company operates is vital so as to ensure that the company will not fix prices of its goods and services so exorbitantly beyond affordability of the immediate people. Though many authors and analyst like (Davis, 1973, p.317; Friedman, 1970, p.1) argue that the only social responsibility of firms is to make the most profit or increase its profit, companies cannot make sales talk more of profit if prices are way too high and purchases of their goods and services are not made. The companies incur costs for producing the products and cannot stand the risk of not selling because prices are way beyond the economic powers of the people. Though there are alternatives of transporting the products to other places, which in itself is another way of spending more without even the assurance that the product will be sold at the expected prices elsewhere.

In the same light, it was found out that the oil and gas companies are very much less concerned of the welfare of the people in their environment of operations. Perhaps this might be because of the reason that these companies are established with a mission and vision of being very profitable and reaching a certain height within a time period and cannot focus on the people and ignoring its primary objective. It was realized that because most of the parts of the world where these oil and gas companies tap their major resources are occupied by somewhat an illiterate class of people, the companies tend to be more of the ‘I don’t care’ kind of people and just reap off the people of their resources without them actually benefiting from their God given resources. This was also seen as one of the major obstacle the oil companies face currently. Not just in terms of patronage and customer loyalty but also in terms of having a peaceful atmosphere to extract, refine and sell their products especially as the people are becoming more enlightened by the day and knowing the importance of the resources. This kind of behavior does not only make the oil and gas companies to be at risk of losing their loyal customers but also make them stand the risk of going out of business in such regions.

It was clear to the researchers during investigations that through CSR, oil and gas companies have better understanding of their host communities and are able to craft out their strategies to match and suit the entire populace; and also gain absolute loyalty for longer than expected periods. CSR engagements will ensure that future threats to the existence of the oil companies are eliminated and the company can thrive and do well to make all the profits it needs, and at the same time being very socially responsible to the environment and its people. Kahn (1990) and Amabile and Kramer (2011), believed that effective engagement enables businesses and companies to spot new opportunities and exploit them effectively and efficiently while seeing the risks and dangers and then avoid them as much as possible so as not to hinder the progress of their business. A lack of engagement in CSR could be very dangerous to the oil and gas companies especially as quite a number of these companies tend not to have a large percentage of local content more specifically in the administrative roles.

According to Gilmore and Williams (2009), CSR could be a very important tool for companies, and in this case, the oil and gas companies to develop on their strategic thinking capacities. This is because, as they go into the societies and give back to the people in terms of their needs, the companies are able to understand the people better and will have a better opportunity of crafting a better strategy from their strategic thoughts. CSR, although might not be that simple and easy to keep up with, if sustained is going to be very beneficial to not only the host communities but the oil and gas companies as well who will have their immediate community loyal to purchasing their goods and services even before the second thought of extending sales and operations to other areas.

It is generally recognized in today’s marketplace that there are so many products of similar prices, quality and they offers the same services. With the forever increasing zeal to differentiate these very many products, companies tend to use the cause-related marketing (CRM) as a major communication tool to aid this. The concept here is that of communicating through continuous advertising, well packaged promotion activities and so on; their CSR with the companies’ affiliations or works with ‘not for profit’ organizations or the causes that such companies support. The only reason why most companies do this is to attract consumers wanting to make a difference in society through their purchasing decisions (Brenn and Vrioni, 2001). Notwithstanding, consumers are now seen to greatly consider companies with the claims of being socially responsible and their involvement in social issues. Consumers do have to verify such claims as there is a lot of skepticism that leads consumers to doubting the claims by companies especially in the oil and gas industry. It has been strongly articulated that because very many companies and firms now adopt the CRM, skepticism is continuously on the increase (O’Sullivan, 1997; Mohr et al., 1998).

Concerning its dual nature as a very topical issue in retail practice and the amount of work, both academics and non-academics that have touched on the CSR activities and engagement in the past, somewhat astoundingly; very few of these works have actually been able to critically analyze the roles and impacts of CSR in the retail segment of any business as a whole in a
comprehensive manner. It was out these few works that generalizations were done in relative to the oil and gas retail sector and close analyses made. In this review therefore, investigations into the effects of CSR initiatives by oil and gas companies were carried out to ascertain truly, the impacts on the buying behaviors of consumers (Schramm-Klein and Zentes, 2008).

The findings that resulted from this research are in line and consistent with those of Sen and Bhattacharya (2001). This duo showed that CSR has a direct effect on consumers’ intentions to buy a service or product of any company. Similarly, these findings served as a supporting pillar to the findings of Pomering and Dolnicar (2008), where their marketplace polls showed that consumers anticipate that companies and organizations will provide vital information regarding any dealings they have with the societies and its possible engagements in CSR activities and will support such companies’ initiatives. In the same light, the literature review, in its entirety is in agreement with the works of Mohr et al. (2001), where the trio categorically displayed that CSR indeed has a great impact on consumer responses to CSR sensitive companies. To add to that, it was found out that this study is equally consistent with that of Creyer and Ross (1997), who specifically pointed out that consumers regard and will always regard rational ethical behavior as a key point whenever making decisions to purchase a good or service from any corporation. The oil and gas retail sector could either benefit or lose, dependent on what the general activities of the head company is.

It will be noteworthy to mention that this study vehemently supports previous studies as indicated in the literature, telling that an ample, viable and peculiar group of consumers strongly consider the limits and levels of social responsibility of a company in their purchase decision making. For the oil and gas companies, and the retail sectors in particular, there is a great room of opportunities to appeal to and convince such consumers while at the same time meeting and achieving the demands of their business establishments and still contribute to the growth and development of their host communities. Though consumers in different nations might prefer one CSR initiative to another, it is incumbent on oil and gas firms to be able to identify the immediate needs of the consumers in their immediate community of operation and be able to contribute significantly to influence the purchase choices positively.

Again, this report on the impacts of CSR on consumers’ buying behaviors is in total agreement with reports that, in general, suggest the influence on corporations’ performance in the market as being positive as regards affecting the loyalty of customers alongside influencing their buying behaviors. Although this report found out that corporate socially responsible activities/initiatives are much more important as a direct influencing factor on costumers’ buying behaviors where as their loyalty is way less affected, when all is said and done, the positive impact on buying behavior is affirmed and confirmed. In contrast, the literature categorically shows the evidence that the retailers’ perceived qualities are seen to be more important for consumers’ loyalty intentions whilst their CSR activities tended to be more valued as regards their impacts on the buying behaviors. This simply indicates that, CSR activities – though there is no doubt they are of high significance impacting on consumer behaviors – are seen to have a more short-lived impact on the consumers’ behavior and consequently, are less sustainable making it necessary to be kept current by the retailers in order that they retain the same impact on consumers’ buying behaviors or lose it to others as the market is a very competitive one (Schramm-Klein and Zentes, 2008).

This report shows clearly that constant communication as well as dissemination of information on CSR activities and initiatives, most especially, highlighting the most imperative and valued CSR needs by the people, both at selling points and in companies’ general marketing communications is key to keeping people informed and aware of a company’s CSR activities (McWilliams and Siegel, 2001). This enables the company to build its brand and subconsciously buy the minds of the people (Hoeffler and Keller, 2002), and leads to customer loyalty and other positive post purchase outcomes (Sen and Bhattacharya, 2004). It also reveals that while the retail sectors actively take part in communicating their CSR activities, however, these activities in quite a number of cases are not perceived by the consumers for some unknown reasons (Schramm-Klein and Zentes, 2008).

CONCLUSION

Finally, the primary purpose of CSR is to contribute to the success of the companies partaking in the CSR initiatives (Batruch, 2010). This indicates that CSR contributes greatly to the successes of the oil and gas companies and the retail sector in particular. This happens when the companies’ CSR activities are appealing to the consumers and the consumers in return patronize the companies for their immediate energy as well as other products’ needs from the companies. Businesses are only successful when people patronize them, so the oil and gas retail sector benefits from this patronage and propels into meeting and beating the competition much more than ever anticipated.

REFERENCES
