

# **EXTENT OF ETHICAL MARKETING PRACTICES BY LARGE SCALE ORGANIZATIONS IN CROSS RIVER STATE**

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**ABSTRACT:** This study was to determine the extent of ethical marketing practices by large scale organizations in Cross River State. One research questions guided the study, while one hypothesis was tested at 0.05 level of significance. The area of study was the 18 Local Government Areas in the State. The survey research design was adopted for the study. A questionnaire titled 'ethical marketing practices' was used for data collection. The instrument was validated by three experts. The reliability of the instruments was established using split half reliability method. The reliability co-efficient of the questionnaires was determined using Pearson product moment correlation analysis. The reliability co-efficient of questionnaire is 0.85. This population was 578 community representatives in Cross River State. The sample for the study was 216 community representatives. The sampling technique used was the three stage multi-stage sampling technique. The data collected were analyzed using weighted mean scores for the research question. The hypothesis was tested using One Way Analysis of Variance. The findings from the study revealed that the respondents used for this study were of the opinion that the large-scale organizations in Cross River State practice ethical marketing practices to a small extent. The findings also showed that there is no significant difference in the mean ratings of community leaders, youth leaders and ward councilors on the extent of ethical marketing practices of LSOs in Cross River State. Some recommendations were made which included that the Owners of large-scale organizations should be sensitized by the state government to sell acceptable products instead of giving importance only to those areas where they have material interests.

**Keywords:** Ethical marketing, large scale organizations

## **INTRODUCTION**

Organization is the coming together of two or more people with a common purpose or purpose to achieve under authority and responsibility within a defined environment. It is about working together, building together, succeeding together and sometimes failing together. There are different types of organizations such as small scale organizations, medium scale organizations and large scale organizations. Somers, Cain and Jeffery (2011) argued that there are ranges of circumstances or facts that contribute to the unique nature of large scale organizations. While there is no formal definition for a Large Scale Organization, the generally accepted criteria for classifying an organization as large are: Number of employees, substantial total assets, substantial total revenue, substantial profits, dominant market share, large-sized operations and business locations, this may or may not be multiple.

General characteristics of large-scale organizations include: formulation of strategic objectives, undertaking of strategic planning, adoption and documentation of formalized policies, procedures and rules. Common criteria for classifying an organization as large-scale organization according to Gillian, Julie and Megan (2011) are large number of employees, substantial total assets and revenue. Gillian et al further noted that large scale organizations must have substantial profit, dominant market shares and large-size operations and can have multiple business locations.

Large scale organizations (LSOs) have many stakeholders that include shareholders, management, unions, employees, customers, suppliers and the host community members. Community members' attitudes to what is right and wrong are constantly changing and these affect the ways LSOs operate. Pressure from the society have forced organizations to come up with procedures to preserve and protect the natural environment. Businesses these days have to balance their desire to maximize profits against the needs of the stakeholders. Mahajan (2011) noted that there is today a growing perception among enterprises that sustainable business success and shareholder value cannot be achieved solely through maximizing short-term profits but instead through market-oriented yet responsible behaviour.

Mirvis, Delong, Googins, Quirin and Velsor (2010) stated that the notion today is that individuals, groups and organizations emphasize ethical behaviour and respect for stakeholders. Mirvis et al. (2010) asserted that there is a change in the popular attitude of organizations. Thus, the traditional views that emphasize profits maximization and shareholder returns are being dropped in favour of contemporary attitude that emphasizes value creation, legal compliance and minimizing harms, upholding stakeholder needs and deeper social and environmental responsibilities.

Ethical marketing is an approach to business and investment where an organization seeks to maximize profit and return on investment while minimizing and avoiding where possible negative social effects. Ethical marketing deals with the duties of an organization to ensure that the process of exchange of goods and services do not cause harm. This they do by placing higher

value on their customers and respecting them as people who are ends in themselves. They do not try to manipulate or falsely advertise to potential consumers.

Traditional profit-centred organizations seek to maximize profit and return on investment with no particular regard to how the profits are made and what the social effects of their business activities are. Dergisi (2014) posited that in the modern economic environment, organizations are stressed with the communication practices to make sure that customers get the accurate marketing message. Thus some of the companies may attempt unethical ways. This could be producing low quality products, unfair pricing, misleading advertising and deceptive packaging.

The aim may be to take the lead in the competition, challenge and influence consumers' purchasing behaviour, to gather a bigger piece from the market share. Dergisi noted that ethical marketing practices should emphasize transparency, trust worthiness and responsible personal and organizational marketing policies and actions that exhibit integrity as well as fairness to consumers and other stakeholders. Thus marketing ethics examines systematic marketing and marketing morality, related to 4P-issues such as unsafe products, deceptive pricing, deceptive advertising or bribery and discrimination in distribution.

Dergisi (2014) opined that according to some researchers, the fairness on trade practices' constructs which are also called the micro issues of consumerism consider various exploitative business practices. The mostly discussed issues are misleading advertising, unfair pricing, deceptive packaging, not caring about consumers' welfare and environmental issues, product adulteration, black marketing, misbranding practices among others.

Dergisi (2014) observed that over the past few years, producers are increasingly employing several packaging practices in order to mislead consumers. First, packaging sizes and the relation between packaging size and its content often varies. Similar strategies such as adding gifts with intent to lead the consumers into thinking that there is greater quantity of the product. Another way is designing of the packaging to imply wrongful or misleading information. In addition, producers imitate other producer's packaging in order to imply a certain geographic provenance or quality of the product. Finally, the price may be wrongfully indicated or absent from the packaging.

Unfair pricing is also a burning consumerist issue since pricing is the most sensitive issue to the consumers. Ethically, price should be equal or proportional to benefit which the consumers receive. Githui (2014) conducted a study on ethical issues in marketing and advertising management in Kenya. The study was guided by four purposes and four hypotheses. The design for the study was survey. The sample for the study consisted 250 respondents belonging to various groups in the town selected from various geographical regions in Kenya. Interview technique was used to collect data. Focus group meetings were held to obtain a more comprehensive review; these groups were facilitated by a team of consultants. The data collected were analyzed using One Way Analysis of Variance (ANOVA) and Principal Component Analysis (PCA). The finding of the study showed that companies have turned blind eyes on ethical marketing, while advertising are only motivated by profits. There are so many large-scale organizations in Cross River State the present study however concentrated on the following six large scale organizations: United Cement Company (Unicem), MTN Nigeria limited, Transcorp Metropolitan Hotel, Dozy Oil and Gas limited, Peace Motors and First Bank Nigeria Limited. Cross River State has so many spokes men and women who are usually addressed as community leaders. There are also so many capable and influential youth leaders in the various local government areas. The state also has several political ward councilors.

According to Awassam (2013) Cross River State is presently among the states in Nigeria regarded as the five emerging business destinations in Nigeria. That the headlines coming out of Cross River State, in the last couple of years have been a harvest of good news. These positive media vibes noted by Awassam could not have come about by happenstance. They show that Cross River State has become the new investment hub of Nigeria, nay Africa Awassam concluded. Yet with these positive media vibes an overview of Cross River State shows that majority of the people are poor and unemployed. Presently there is increase in youth restiveness.

With so many LSOs thriving in Cross River State and with presently an increase in anti-social vices, youth restiveness and area boys menace in the state and unemployment one wanders the extent the LSOs in CSR practise ethical marketing practices. To this end, this study is conceived to ascertain the extent of ethical marketing practices by LSOs operating in Cross River State.

## **STATEMENT OF THE PROBLEM**

Large scale organizations are rapidly springing up in Cross River state. As expected, their presence in the state should lead to massive employment leading to many individuals being actively engaged. This will in turn lead to peace and harmony in the state as individuals will be gainfully employed. Unfortunately, presently there is an increase in anti-social vices, youth restiveness and unemployment in the state. One wanders the extent the LSOs in CSR practise ethical marketing practices. This study therefore deems it necessary to ascertain the extent large scale organizations in Cross River State practise ethical marketing to ensure development and improved welfare of the community members.

**PURPOSE OF THE STUDY**

The main purpose of the study is to determine the ethical marketing practices among large scale organizations in Cross River State. Specifically, the study ascertained the extent of: 1. Ethical marketing practices by Large Scale Organizations in Cross River State.

**RESEARCH QUESTIONS**

The following research questions were posed for the study.

1. To what extent do Large Scale Organizations in Cross River State practise ethical marketing practices?

**Hypothesis**

The null hypothesis tested at 0.05 level of significance in the course of this study is:

1. There is no significant difference in the mean ratings of community leaders, ward councilors and youth leaders on the extent of ethical marketing practices by LSOs in Cross River State.

**THEORETICAL FRAMEWORK**

There are several theories that underlie a study such as this and the one identified as relevant to this study is the stakeholder theory

**STAKEHOLDER THEORY**

Edward, R. Freeman propounded the Stakeholder theory in 1984. Freeman's original concept was that managers have a moral obligation to consider and appropriately balance the interests of all stakeholders. Stakeholder theory expresses the idea that business organizations are dependent upon stakeholders for success and stakeholders have some stake in the organization. The theory suggests that the purpose of the firm is to serve broader societal interest beyond economic value creation for shareholders. Businesses should find ways to maximize both shareholder's value and their contributions to the societal growth and development. According to Freeman in stakeholder theory organizations should take in to account not only their shareholders, but also the interests of their stakeholders. Freeman's stakeholder theory asserts that managers of organizations must satisfy a variety of constituents such as workers, customers, suppliers, local community, and other organizations who can influence the organization's operations and outcomes. According to the view of the theory, it is not sufficient for managers to focus exclusively on the needs of shareholders or the owners of the corporation. Stakeholder theory implies that it can be beneficial for the organization to engage in certain practices that non-financial stakeholders perceive to be important, because, in the absence of engaging in these practices, these groups might withdraw their support for the organization. Stakeholder theory is related to the study as it extends the concept of ownership of the organization beyond that of the traditional legal or economic owners of the organization, who become stakeholders by contribution of capital or other means that result in equity ownership. The theory explained that a relationship exists between organizations and the stakeholders. For organizations to survive and fulfill economic and non-economic objectives, the organizations have to invest in activities to benefit various stakeholders.

**METHOD**

The study was conducted in six large scale organizations in the 18 local government areas in Cross River State. The population of the study consisted of 578 community representatives in the state, made up of 200 community leaders, 222 ward councilors, and 156 youth leaders in the area (Statistics from Local Government Service Commission Calabar, 2018). The sample size comprised 216 community representatives in the 18 Local Government Areas selected using the three stages multi-stage sampling technique.

In the first stage purposive sampling technique was used to decide the number of community representatives to be chosen from each Local Government Area. In this way four spokes men called community leaders, four ward councillors and four youth leaders were chosen from each Local Government Area. In the second stage, simple random sampling technique was used to choose the ward councillors through balloting without replacement. The third stage was the use of snowball sampling technique to select the community leaders and the youth leaders. The chosen ward councilors and other members of the community helped in identifying the youth leaders and spokesmen in the community who were used in this study as community leaders.

A validated structured questionnaire on five-point rating categories of Very Great Extent, Great Extent, Small Extent, and Very Small Extent, and Not practiced was used for data collection. The reliability of the instrument was established using split-half reliability method, which yielded a reliability coefficient of 0.82 using Pearson Moment formula. 216 copies of the questionnaire were administered with the help of two research assistants, and 200 copies were properly completed by the respondents and used for data analysis.

The data collected were analyzed using mean scores, standard deviation and One-Way Analysis of Variance (ANOVA). In taking decision for the research questions, weighted mean of Very Great Extent 4.50 – 5.00, Great Extent 3.50 - 4.49, Small Extent 2.50 – 3.49, Very Small Extent 1.50 – 2.49 and Not practiced 0.05 – 1.49 was used. For the test of the null hypothesis, the

null hypothesis was rejected where the F- calculated value is greater than the critical value, if otherwise it was not rejected. Statistical Package for the Social Sciences (SPSS) version 20 was used for the analyses.

**RESULTS**

The results are presented in tables 1 and 2.

**Research Question 1**

To what extent do Large Scale Organizations in Cross River State practise ethical marketing practices?

Table1: Respondents’ Mean Ratings on the Extent of Ethical Marketing Practices by Large Scale Organizations in Cross River State

S/N	Ethical marketing practices	Mean	Sd	Remark
1.	Care for the customers’ complaints	3.12	.59SE	
2.	Avoid manipulations and sales tactics that harm customers’ trust.	3.07	.31SE	
3.	Provide true claims of advertisement for products and services	3.09	.46SE	
4.	Correct information about product characteristics enclosed in advertisement	3.12	.37SE	
5.	Truthful and forthright in dealings with customers and stakeholders	3.19	.47SE	
6.	Make strenuous efforts to serve the needs of the customers	3.55	.66GE	
7.	Avoid false, misleading, and deceptive promotions	3.30	.49SE	
8.	Accept constructive criticism from customers and other stakeholders	3.23	.48GE	
9.	Products are appropriate for their intended uses.	3.09	.57SE	
10.	Marketing communications about goods and services are not Intentionally deceptive or misleading	3.60	.72GE	
Cluster Mean		3.23.51SE		

The result in Table 1 shows that out of the ten items used for the cluster two items were rated as being practised to a great extent. Eight items and the cluster mean value were rated as being practised to a small extent. All the standard deviation values are not up to 1.00. This standard deviation values show that the respondents’ ratings are homogeneous.

**Hypothesis 1**

There is no significant difference in the mean ratings of community leaders, youth leaders and ward councilors on the extent of ethical marketing practices by LSOs in Cross River State. To answer hypothesis 1, One Way Analysis of Variance was computed using the mean of the three independent groups computed from the frequency distribution of their responses. The result of the computation is shown in Table 2.

Table 2: Summary of the Result of One Way Analysis of Variance (ANOVA) of Community Leaders, Youth Leaders and Ward Councilors on the Extent of the Ethical Marketing Practices by LSOs in Cross River State.

Source of Variance	Sum of Square	df	Mean Square	F-cal	F-Cri	Remark
Between Groups	1.3512		.675	.192	3.04	
Within Groups	691.2041	197	3.509			Not Significant
Total	692.5551	199				

The result in Table 2 shows ANOVA statistical result of community leaders, youth leaders and ward councilors on the extent of the ethical marketing practices by LSOs in Cross River State. The result show F-calculated as .192 while F-critical is 3.04 at 2 and 197 degrees of freedom and 0.05 level of significance. The result is therefore not significant. The null hypothesis is not rejected

**DISCUSSION OF FINDINGS AND IMPLICATIONS**

The result from this study shows that the respondents are of the opinion that the Large-Scale Organizations in Cross River State practise ethical marketing practices to a small extent. This finding affirms the assertion by Dergisi (2014) that in the modern economic environment, companies are stressed with the communication practices to make sure that customers get the accurate

marketing message. Thus, some of the companies may attempt unethical ways. This could be producing low quality products, unfair pricing, misleading advertising and deceptive packaging. The aim may be to take the lead in the competition, challenge and influence consumers' purchasing behaviour to gather a bigger piece from the market share. The finding from this study clearly show that ethical marketing practices of large-scale organizations in Cross River State do not meet the standard stated by Nicole (2015). Nicole pointed out that companies that ethically market to consumers are placing higher value on their customers and respecting them as people who are ends in themselves. They do not try to manipulate or falsely advertise to potential consumers. This small extent of ethical marketing practices of these organizations could account for the situation in the state and Nigeria in general which is not different from what Badaiki as cited in Ajuluchukwu (2018) posited.

Badaiki as cited in Ajuluchukwu posited that unfair trade practices cut across every spectrum of the economy and are manifested in different forms. That for the petroleum industry, they practise unethical marketing by adulteration of petroleum products, artificial scarcity of the products, price hikes and non-availability of products. Also that these are practices indulged in by various sections of the society both within and outside the confines of the downstream sector of the petroleum industry causing the consuming public to be short-changed, cheated and deceived.

The findings of the study revealed that there is no significant difference in the mean ratings of community leaders, ward councillors and youth leaders on the extent of ethical marketing practices by large scale organizations in Cross River State. This implies that community leaders, youth leaders and ward councillors in the eighteen local government areas in Cross river state irrespective of their area of representation and status rated the ethical marketing practices of large scale organizations as being done to a small extent. This indicated that even though these organizations engage in ethical marketing practices but the extent of these practices is not sufficient compared to the level of the patronage the organizations enjoy in the state.

The finding collaborates with the finding of Githui (2014). Githui conducted a study on ethical issues in marketing and advertising management in Kenya. The finding of the study showed that companies have turned blind eyes on ethical marketing, while advertising are only motivated by profits. This statement about advertising cannot be said to be untrue in Cross River State and among these organizations as there are so much advertising of products going on presently in Cross River State and Nigeria in general. This finding discredits the assertion by Carroll and Shabana (2010). The authors stated that in response to the mounting social and stakeholder concerns, many corporations are adequately adopting initiatives and programmes directed at the ethical responsibilities of businesses.

The implication of these findings is that large scale organizations in Cross River state's ethical marketing practices is inadequate. Since the extent these organizations' practise ethical marketing practice is inadequate, it implies that much is still deserved from them to help curb the state of declining ethical issues such as unemployment, youth restiveness and anti-social vices, this will actually help them receive community support needed for business growth. Conclusively, the practice of ethical marketing practice by large scale organizations in Cross River State is inadequate.

## RECOMMENDATIONS

1. Owners of large-scale organizations should be sensitized by the state government to sell acceptable products instead of giving importance only to those areas where they have material interests.
2. The Entrepreneurs should organize in-house ethical training to help employees make appropriate ethical decisions to meet the ethical concerns of their consumers and the community where they operate.
3. Community members should be sensitized and be properly educated on ethical issues to enhance their fair ratings of the organizations in their community.
4. Ethical behaviour should be enforced throughout company's culture and practices by both the State and Federal Government. This will enhance organizations' practise of ethical marketing practices.

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