



Research Paper

# Corporate Social Responsibility and Millennium Development Goals: The Mediating Role of Marketing in ExxonMobil Corporation

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## ABSTRACT

Corporate Social Responsibility (CSR) enhances relationship between firms and host communities. CSR contributes to the wellbeing of society, education, increased health and protects the environment. The paper ascertained the effect of CSR on Millennium Development Goals (MDGS) given the mediating role of marketing in ExxonMobil Corporation. The main instrument of data collection was questionnaire. The area of study was Port Harcourt, Nigeria, where twenty responses were received from staff of ExxonMobil Corporation. Findings revealed that CSR has significant positive effect on MDGS, especially in the aspects of achieving universal primary education, combating malaria and other diseases and ensuring environmental sustainability. Based on these findings that plausibly emanated from the study, recommendations were made that given the huge financial and human resources at the disposal of Multinational Corporations such as ExxonMobil, they should even improve on their CSR so that the society benefits more.

**KEYWORDS:** corporate social responsibility, millennium development goals, marketing

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## I. INTRODUCTION

It is evidently clear that we are most certainly in the age of responsibility (Visser, 2011 in Carrol, 2021). Visser argued that we have moved through five overlapping ages and stages and these give us insights into how Corporate Social Responsibility (CSR) has matured in theory and practice. Visser insists that we have moved through the ages of greed, philanthropy, marketing, management and now responsibility. (Carroll 2021).

The idea that business is a force for the good of the society has come under scrutiny. The conventional view that as far as businesses act legally and ethically, they need not concern themselves with larger social goods is now being challenged, the world over (Sastry, 2011). It also the contention by Sastry (2011), that in the developed world, business plays a much more important role in society than it does in the less developed parts of the world.

Porter and Kramer (2011) argue for a more overarching framework where not only do business act responsibly, but in the very process of doing good to society they create more value for themselves.

Whether or not business should undertake CSR, and the forms that responsibility should take depends on the economic perspective of the firms. According to Moir (2001), those who adopt the neo-classical view of the firm would believe that the only social responsibilities to be adopted by business are the provision of employment and payment of taxes. This view is most famously taken to the extreme of maximising stakeholder value as reflected in the views of Milton Friedman (1962). It is widely believed by experts that an alternative view of the firm might view corporate social activity from a standpoint that examines the political aspects and non-economic influences on managerial behaviour (Cyert and March (1963) in Wartick and Wood (1998).

Moir (2001) submits that CSR Europe, a membership organization of large companies across Europe in its reporting guidelines looks at the following areas-workplace (employees), market place (customers and suppliers), environment, community, ethics and human rights. Advocates of CSR insist that it is in the enlightened self-interest of business to undertake various forms of CSR. The forms of business benefits that might accrue would include enhanced reputation and greater employee loyalty and retention (Moir, 2001).

According to Zelazna, Bojar & Bojar (2020). Today's businesses have a huge impact on the environment. Companies over use available natural resources, and emit hazardous pollutants, therefore contributing to the advancing degradation.

It is commonly believed that social actions can be profitable. It is in the interest of the business to promote and improve the communities where it does business. Areas of social responsibility can be concern for the consumers as to whether products are safe, whether products are fairly priced, whether advertisements are clear and not deceptive, concern for employees as to whether they are paid a fair wage, whether employees are provided with a fair work environment, concern for the environment as to whether it is adequately protected from unclean air and water, excessive noise and other types of pollution, whether products and packages are biodegradable or recyclable and concern for the society as a whole.

To succeed in meeting its objectives, a business must be responsive to both its economic and its non-economic environment. ExxonMobil, for example, must efficiently discover, refine, transport and market energy.

In September 2000, leaders of 189 countries gathered at the United Nations(UN) headquarters and signed the historic Millennium Declaration, in which they committed to achieving a set of eight measurable goals that range from halving extreme poverty rates to halting the spread of HIV/AIDS and providing universal primary education, all by the target date of 2015. A blueprint was formed and agreed to by all the world's countries and all the world's leading developing institutions.

## **1.2 Objectives of the Study**

The study set out to achieve the following objective:

To determine if performing social responsibility activities can help realise Millennium Development Goals.

## **1.3 Hypothesis**

There is no significant relationship between performing social responsibility activities and realizing millennium development goals.

## **1.4 Profile of ExxonMobil Corporation**

ExxonMobil is one of the world's largest publicly traded international oil and gas companies.

The company has its headquarters in Irving, Texas, USA.

In 2010 it had revenue of \$370billion and net income of \$29billion. To put this in perspective, it had five times the sales of Microsoft, its profits equals the total sales of Nike. It paid \$89billion in taxes, a sum exceeding the combined revenues of Microsoft and Nike. The oil giant employs 84,000 people most in the 143 subsidiaries it uses for its operations. Its main business is discovering, producing and marketing oil and natural gas and it has a long record of profiting more at this business than its competitors.

The firm was incorporated by John D. Rockefeller in 1882 as standard oil of New Jersey. Standard oil once had more than 90% of the American oil market. It is widely reported that as Rockefeller bought competitors, he kept only the best managers from their ranks.

ExxonMobil also faces demanding social environment. As a leader in the world's biggest industry, it is closely watched by environmental, civil rights, labour as well as consumer groups, some of which are extremely hostile. As a corporate citizen, ExxonMobil funds worldwide programmes to benefit communities, nature and the arts. Its largest contributions about 50% of the total go to education. Other efforts range from \$68million to fight malaria in Africa to \$5,000 for Nation Cowgirl Museum in Fort Worth, Texas. In 2009, ExxonMobil gave \$196million to such efforts.

ExxonMobil's story raises critical questions about the role of business in society. When is a company socially responsible? How can managers know their responsibilities? How responsive can a company be to its host communities? Perhaps, more importantly, does a firm derive economic benefits from engaging in CRS?

It is on record that ExxonMobil provided cloud software services, expertise and data intelligence for social good. It is proud to be in an industry that helps to create jobs, pay taxes, translates ethics into business actions by exploring case studies and real world examples.

In January 2016, ExxonMobil affiliates in Nigeria have been voted the 2015 best company of the year in CSR. Around the world, ExxonMobil aims to be a preferred business partner, neighbour, employer and supplier. The company maintains a corporate-wide commitment to safeguarding the health and security of employees and the public, responsibly managing its social impacts and up holding respect for human rights in its operations.

It is interesting to look at some of the most common examples of CSR to include reducing carbon footprints, improving labour policies, participating in fairtrade, diversity, equity and inclusion, charitable global giving, community and virtual volunteering, corporate policies that benefit the environment and socially and environmentally conscious investments.

Understandably, ExxonMobil believes that business purpose and profitability are not at odds when becoming a sustainable organization. The company is committed to producing the energy and chemical products that are essential to modern life.

## **2.1 Conceptual Clarification**

### **2.1.1 The Role of Business in Society**

The concept of the social role of business was placed in focus in the 1950s of the

Twentieth century (Terziev, 2012). Awareness of border social objectives in the process of business decision making can bring social and economic benefits to society. It has been observed that ethics in business does not relate to the idea of socially responsible behaviour. As a matter of fact, it includes a wider range of behavioural decisions for both managers and employees. Management must exercise dynamic choice of decisions while responding to business interests and the behavioural limits deemed intolerable by the society at large.

According to Terziev (2012), it should be noted, however, that the main purpose of an industrial enterprise is to secure wages for the employees who earn their living by working in it, and only afterwards to attend to the problems of society. If it is not able to conduct business at a profit, the question of social responsibility remains a mirage.

The Corporate Society Responsibility (CSR) movement is based on the belief that the corporation is interwoven with the rest of society and has at least the following responsibilities: the economic responsibility to be profitable, the legal responsibility to abide by societal laws, the ethical responsibility to do what is right even when not compelled by law, and the philanthropic responsibility to contribute to what is desired in society (Painter Morland, 2013). Matten, Crane and Chapple (2005) argue that the third and fourth areas are not mandatory and fall entirely within the discretion of companies.

In the opinion of Painter Morland(2013) what is needed at this junction in the search for sustainable business, is to rediscover the fact that business is a deeply human institution. Freeman (2011) and Painter Morland (2013) urges all to remember that what is distinctive about all of us as human beings is our orientation towards cooperation with others. We often cooperate freely, enjoyably and without expectation of reward.

Larson (2013) is of the view that business and government have a share obligation, government must recognise the obligation to build the basis for business to succeed and businesses must understand obligation to their fellow citizens. Kourula, Moon, Salles-Djelic and Wickert(2009) observe that the question of the social, environmental and ethical responsibilities of business is becoming more accurate and an increasingly contested terrain where each party struggles for influence and power. Towards the turn of the millennium, and fuelled by the intensification of globalization, societal challenges have increasingly come to be interpreted as being global by nature. As a matter of fact, recent years have seen a strong shift towards a partnership society, where all sectors increasingly work together to address local and global societal challenges such as those captured in the eight millennium development goals(MDGS).

It is conceivable that the role of government in the governance of business conduct may increase. It is assumed that multinational companies or corporation (MNCS) are mobile, willing and able to move from one country to another in search of the most favourable regulatory context (Makinen & Kourula 2012 in Kourula, Moon, Salles-Djelic and Wickert 2019). It has been observed that the unthankful task of legislation and regulation is left to government, while experimentation, innovation and dynamism are characteristics of other stakeholder relationships.

There are observable evidences that companies benefit society by supplying goods and services to customers, creating jobs, investing in new technologies and in the skills of employees. The role of business in the development of society can be described in many ways. A firm must nurture relations with its stakeholders that have strong influence and fundamental importance to the survival of the firm. Such stakeholders include customers, workers, trade unions, government, the media, suppliers and the host community.

It is an open secret that the long-term survival of firms is dependent on cultivating and sustaining relationships of trust. It remains a fact that deterioration of such relationships will jeopardize the growth of the firm. Firms that seek to continue to expand have no choice but to be receptive to signals from and opinions expressed by the market, staff as well as the general public.

Wood & Cochran (2015) are of the opinion that the nature of world business has changed from insular concerns with domestic enterprise to a growing recognition of the existence of a global economy. In the views of Ksiezak (2016), company's success, which may be secured by implementing CSR, is also a success of local communities. According to Arnold (2010) in Ksiezak (2016), CSR activities result in healthier and better educated society.

### **2.1.2 The benefits of CSR for a company**

Corporate Social Responsibility (CSR) provides multiple benefits for the firm. According to Ksiezak (2016) implementing socially responsible solutions in businesses bring numerous positive after effects, multiple

of improvements, beginning with the increase in revenue, making more profits, avoiding government regulations, employee motivation, differentiation from other brands, loyalty, improved quality, risk mitigation, avoiding legal actions, licence to operate as well as building a brand image.

Experts also claim that taking social responsibility of a company into consideration by potential consumers-modern customers are more careful during shopping. Most of the buyers prefer to choose brands known for their social responsibility, even if they have to pay more price for ecologically and social friendly products.

It is also a truism that for firms in less developed markets, abiding by CSR rules enables them an access to some bigger market. Being a socially responsible company gives the right of entry to some biggest markets in the world (Ksiezak 2016).

Some of the multiple innovations a firm requires to implement to be in check with CSR rules may lead to better quality of products and services. By eliminating any errors at the stage of sourcing, production, transport and selling of product, cooperation within the supply chain, a firm's chance to deliver the best product for customers' expectations is much higher. Thanks to CSR, a firm can come up to a leader position (Divine and Lillywhite, 2007 in Ksiezak 2006). A good example is ExxonMobil in the oil industry. Adapting CSR is good positioning strategy since it increases value of the brand.

Perry & Towers (2013) in Ksiezak (2016) observe that some CSR practices, like reducing waste, influence, operational efficiency and therefore make more production more cost effective and increase profits in the end. It is expected that consumers of their products will support them in pursuing responsible behaviour by returning the favour and buying more (Gupta 2012). CSR improves firm's financial performance. Social behaviour enhances brand quality (Mullerat 2010). Apart from getting higher profits in the long run, CSR helps in everyday managerial decisions and strategy development. Customer satisfaction has also been mentioned as one of the benefits of CSR.

### **Millennium Development Goals**

The Millennium Development Goals (MDGs) refer to eight international development goals for the year 2015 that had been established following the millennium summit of the United Nations (UN) in 2000, following the adoption of the UN Millennium Declaration.

The 8 MDGs include the following:

1. Eradicate extreme poverty and hunger
2. Achieve universal primary education
3. Promote gender equality and empower women
4. Reduce child mortality
5. Improve maternal health
6. Combat Hiv/Aids, malaria and other diseases
7. Ensure environmental sustainability
8. Develop a global partnership for development

The MDGs were set to expire in 2015 and the discussion of post 2015 agenda continues. The focus is now on building a sustainable world where environmental sustainability, social inclusion, and economic development are equally valued. The basic difference between MDGs and sustainable Millennium Development Goals (SMDGS) is that unlike the MDGS which only targets developing countries, the SMDGS apply to all countries of the world, rich, middle or poor countries.

### **2.2 CSR, MDGS and Marketing**

In Adam Smith's metaphor of the 'invisible hand' (1776), the fact remains that in the market, there is no need to rely on anything other than an individual's self-interest for there to be a socially beneficial outcome. (Hsieh 2017). Depending on how one construes the relationship between self-interested behaviour and ordinary morality, however, it need not follow that the behaviour permitted by the market conflicts with ordinary morality.

According to Hsieh (2107), the Pareto optimality justification for the market in the Paretian approach follows the fundamental welfare theorem of economics. The fundamental welfare theorem holds that if certain conditions are met such as no information asymmetry, well defined property rights, no collusion, then the resulting allocation of goods, services, income, and wealth in a market is efficient in the sense that it is Pareto optimal, that is, no one can be made better off without someone being made worse off in the final analysis.

Marketing deals with identifying and meeting human and social needs (Kotler, 2003). Ayaga (2008) views marketing as the identification of people's needs and wants, and the provision of solutions to those needs at a profit. Marketing deals with the whole process of entering markets, establishing profitable positions and building loyal customer relationships. This can happen only if all departments work together, engineering designs the right products, finance furnishes the required funds, purchasing buys quality materials, production makes quality products on time, and accounting measures the profitability of different customers, products and areas (Kotler, 2003).

The societal marketing concept reminds marketers to build social and ethical consideration into their marketing practices. They must balance and juggle the often conflicting criteria of company profits, consumer want satisfaction and public interest (Kotler 2003).

Frooman (1999) views CSR as an action by a firm which the firm chooses to take that substantially affects an identifiable social stakeholder's welfare. In the opinion of Egels (2005) CSR covers a wide range of issues such as plant closures, employee relations, human rights, corporate ethics, community relations and environment. To Lohman and Steinholtz (2004), CSR is a combination of three separate agendas namely, sustainability, corporate accountability and corporate governance.

Sustainability implies balancing the social economic and environmental areas in the world to avoid threatening long term survival. Corporate accountability deals with organization's credibility and ability to manage resources properly while corporate governance deals with the manner an organization is run with transparency and trustworthiness.

According to Ikan (2001), CSR of firms is necessary for the following reasons; it helps firms to extend aid to society's needs, it helps firms to use business resources to promote the interest of all stakeholders affected by a company's operations. It also helps firms to respond to changing public needs and expectations, it helps to recognise their moral obligations and it facilitates firms' correction of some problems which are caused by their business such as pollution of the environment.

### 3.1 Methodology

The paper used survey research design for the study. The main instrument of data collection was questionnaire. The paper utilized regression analysis for the fact that the research attempts to establish the relationship between performing corporate social responsibility activities and realising MDGS.

The population of the study was 32 being the number of staff of ExxonMobil Corporation that were accessible in Nigeria.

### 4.1 Data Presentation, Analysis and Discussion of Findings

The paper presents the data collected from the field.

No. of Questionnaire distributed	Questionnaire Retrieved	No. of Questionnaire not Retrieved	No. of Questionnaire properly filled, returned and used in the analyses
32 (100%)	20 (62.5%)	12 (37.5%)	20 (62.5%)

*Source: Field Survey, 2021*

The table above indicates that 32 copies of questionnaires were distributed to staff of ExxonMobil Corporation in Port Harcourt, Nigeria. Despite spirited efforts, only 20 copies of questionnaire representing 62.5% were retrieved.

12 copies of questionnaire representing 37.5% could not be retrieved. Therefore only 20 copies or 62.5% of questionnaire were properly filled retrieved and used in the data analysis.

**Table 4.2 Percentile Frequency Distribution of Respondents according to Gender**

	Frequency	Valid Percent
Valid Male	14	70.0
Valid Female	6	30.0
Total	20	100.0

*Source: Field Survey, 2021*

The above table gives us information of respondents' gender distribution in frequency and percentage. The analysis indicates that there were 14 male and 6 female representing 70% and 30% respectively. The essence of the table was to ensure that the number of respondents selected for the study was gender friendly.

**Table 4.3 ANOVA**

Model	Sum of Squares	df	Mean Square	F	Sig
Regression	19.510	4	4.877	4.663	0.012 <sup>b</sup>
Residual	15.690	15	1.046		
Total	35.200	19			

a. Dependent variable Millennium Development Goals.

b. Predictors (constant) performing CSR activities.

The result of ANOVA in the table above shows that processed data had a significance level of 0.012 which shows that the model was significant, valid and fit. The F value was 4.663 and significance level (0.012) was less than 0.05.

### 4.2 Test of Hypothesis

H<sub>0</sub>: There is no significant relationship between performing CSR activities and realizing millennium development goals.



The level of significance chosen for the study is 5% for a two tailed test and at a critical value of  $t \pm 1.96$ . The decision rule is to accept the null hypothesis if the calculated value of the statistic falls in the non-rejection, otherwise reject the null hypothesis and accept the alternative hypothesis.

Given that the standard beta coefficient is  $-727$  with a p-value of 0.011 which is less than 5% level of significance for a two tail test.

We hereby reject the null hypothesis and conclude that performing CSR activities have significant relationship with realising MDGS.

#### **4.3 Discussion of Findings**

The paper interrogated the effect of corporate social responsibility on Millennium Development Goals, the mediating role of marketing in ExxonMobil Corporation. Responses from twenty respondents were used in the data analysis.

The result of the test of hypothesis revealed a significant positive relationship between CSR and MDGS. This finding corroborates ExxonMobil's claim on their website that as a corporate citizen it funds worldwide programmes to benefit communities, nature and the arts. ExxonMobil's largest contributions, about 50percent of the total go to education. Other efforts range from \$68million to fight malaria in Africa.

These efforts in CSR go a long way in helping to realise the MDGS of achieving universal primary education, combating Hiv/Aids, malaria and other diseases and ensuring environmental sustainability.

These efforts yield results given the favourable marketing environment, for example in January 2016, ExxonMobil affiliates in Nigeria were voted the 2015 best company of the year in CSR.

Our findings also supports the earlier submission by Ksiezak (2016) that company's success, which may be secured by implementing CSR, is also a success of local communities. It is equally in line with the view by Arnold (2010) in Ksiezak (2016) that CSR activities result in healthier and better educated society.

#### **5.1 Conclusion**

The objective of the paper was to ascertain the effect of CSR on MDGS given the mediating role of marketing in ExxonMobil Corporation. Our findings prompted an outright rejection of the null hypothesis. We therefore accepted the alternative hypothesis that CSR helps to realise MDGS, especially in achieving universal primary education, combating malaria and environmental sustainability.

ExxonMobil Corporation maintains a corporate wide commitment to safeguarding the health and security of employees and the public, responsively managing its social impacts and up holding respect of human rights in its operations. The multinational corporation believes that business purpose and profitability are not at odds when becoming a sustainable organization.

#### **5.1 Recommendations**

The paper recommends as follows:

1. Given the huge financial and human resources at the disposal of multinational corporations such as ExxonMobil Corporation, they should even improve on their involvement in CSR to benefit the society more.
2. ExxonMobil Corporation and other multinational corporations should continue to engage in CSR especially in areas that help to realise the MDGS such as in the areas of education, combating malaria and other diseases and environmental sustainability.
3. Since marketing oil is one of the main business of ExxonMobil Corporation, CSR will help to give it good public image and excellent relationship with the host communities. It should continue to be socially responsible.

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