

## Organisational Profitability and Public Relations: Case of Cadbury Nigeria's Plc

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### Abstract

The importance of public relations (PR) to any organization cannot be overemphasized. The way an organization relates to the public has a lot to say of such organization especially in the maintenance of corporate image which enhances the realization of set goals and promotes profitability. This study assesses the effect of public relations on increased profitability of Cadbury Nigeria's Plc. Both primary and secondary data required for this study were gathered from two sources, the first from a field study and the second from text books, journals and past studies. The population for this study was 195 employees in the marketing and sales department of Cadbury Nigeria plc. Lagos, the sample size derived from the population was 131 but 127 respondents returned their questionnaires. Structured questionnaire was implored for the elicitation of relevant data regarding the respondent's biodata and study variables. Information generated were analysed firstly on percentage and frequency tables and finally hypothesis test was carried out using regression with the aid of statistical package for social science (SPSS). Result indicated there is a significant effect of PR on profitability growth of Cadbury Nigeria's Plc: the  $R = 84.2\%$ ,  $R^2 = 81.1\%$  which is high and moderate, and  $t$ -calculated value is 7.897 which is greater than  $t$ -tabulated of 1.984. This study recommends the adoption of PR by organizations as a tool for enhanced profitability.

### Keywords:

Public relations,  
Profitability,  
Cadbury Nigeria Plc.,  
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### **Background to the Study**

Profitability is the goal of most organisations which is achieved through effective and efficient promotional mix. One of the promotional mix is public relations. Public relations is the profession or practice of creating good will of an organization's various publics usually through publicity and non-paid form of communication (Odomokwu, 2016). These efforts may also include support of charitable causes, education, and other civic engagements. Belch & Belch (1997) are of the opinion that an important aspect of public relations is to inform target customer groups about the company and help to persuade them try its product through means other than paid advertising and direct or indirect selling. An important aspect of public relations is to inform target customer groups about the company and help to persuade them try its product through means other than paid advertising, direct or indirect selling (Belch & Belch 1995).

Council (2005) opines that many companies recognize the value of public relations as a strategic marketing tool they can use to increase sales of products and services. The essence of increased sales and services is to enhance profit.

### **Statement of the Problem**

Stiff competition in the beverage industry has posed great challenges which has significantly impacted on their profitability. To fill this gap of high competition and low profitability, Cadbury Nigeria Plc. as a member of the beverage industry needs to embark on aggressive PR to outwit competitors and stand firm as a market niche. One of the most pressing challenges faced by any organization is the development of appropriate promotional strategy of getting its product/service across and making it known and available to customers through effective communication and customer relationship management (Kabuoh, Egwuonwu & Ogbonna, 2015). Regrettably, some companies despite the important of this valuable marketing tool, pay little or no attention to public relations in pursuant of their organizational target and goal consequent upon this is low profitability. Some companies see promotional tools as mere waste of time and money, while some say it is time consuming ((Kabuoh, Egwuonwu & Ogbonna, 2015).

### **Objective of the Study**

The general objective is to evaluate the effect of PR on organizational profitability. Specifically, the study evaluates the effects that public relations have on profitability growth of Cadbury Nigeria Plc.

### **Research Question**

What effect does PR have on the profitability growth of Cadbury Nigeria Plc?

### **Research Hypothesis of the Study**

PR does not have significant effect on the profitability growth of Cadbury Nigeria Plc.

### **Conceptual Review**

#### **Public Relations**

Public relation is an organization's communication with its various publics, such as customers, vendors, news media, employees, stockholders, government and the general

public. Many of these communication efforts have a marketing purpose (Chigbu, 2014). Duncan (2002) defines public relations as "programs that focus on opinions of significant publics, and manage corporate communication and reputation. In addition, public relations are used to handle relationships with company's diverse publics to create and maintain goodwill, and to observe public opinion and advise top management". All of this leads to good corporate identification.

Brassington and Pettitt (2000) state that the essence of public relations is to focus on the nature and quality of the relationship between the organisation and its different publics, and to create a mutual understanding. Kotler and Armstrong (2002) state that public relations covers a variety of programmes like community initiative sponsorship, charitable works, maintenance of corporate identity and image, media relations, etc. Chigbu (2014) added that, an organization can attend trade exhibitions to create stronger relationships with key customers as well as enhancing the organizations' presence and reputation in the market. Organization's positive presence and reputation in the market place is likely to promote patronage and profitability of such firm.

Public relations whether used alone or as part of an integrated marketing campaign, can contribute to sales in many ways: Public relations programs may be designed to influence consumers at any stage of the purchase process: Increasing awareness or familiarity with products and services; Influencing perceptions of key benefits or differentiators; Increasing willingness to consider products and services; Increasing intent to try a product and make a first time purchase; Assuring a positive experience with a purchase; and Building ongoing preference for a product or service (Council, 2005). There are proven public relations strategies and tactics that may be used to achieve all of the objectives above. For example, a public relations strategy for increasing intent to try a product may be to stimulate recommendations from reviewers and endorsers. A tactic to assure a positive purchase experience may be to offer free product trial through a newsworthy event (Council, 2005).

In addition, public relations professionals are continuously developing innovative new techniques to keep pace with the changing media and information landscape. For example, they are developing means for reaching consumers through consume generated media, such as blogs and wikis, and to use online and other vehicles to stimulate positive word-of-mouth about products and services (Council 2005). Published analyses of public relations programs have demonstrated that public relations can be an effective marketing tool. Because many public relations programs seek to stimulate media coverage, much of the research has focused on the role of coverage in influencing consumers (Odomokwu, 2016).

## **Theoretical Review**

### **The Goal and Systematic Resource Approaches**

The goal approach emphasizes measuring firm performance in terms of financial measures, and directs owner-managers to focus attention on financial performance such as profits, revenues, returns on investment, returns on sales and returns on equity. While the systems approach assesses the ability of an organization obtaining its resources, the goal approach measures the extent an organization attains its financial goals. The most common system resource measures used by the SMEs include number of employees, annual turnover,

market share and revenue per employee (Mohr and Spokeman, 1994). Cadbury Nigeria Plc. is a medium scale industry and could be categorized under this analogy.

**Firm Growth Theory:** Other relevant theory here is the conventional neoclassic growth theory of Robert Solow (1956) believed that growth is as a result of the accumulation of physical capital and expansion of the labour force in conjunction with the exogenous factors, technological progress, that make physical capital and labour more productive. The new growth theory has however challenged Solow by submitting that erogeneity factors do not increase productivity rather endogenous ones which are connected to the knowledge market performance (measured by sales, market share, etc.); and Shareholders return (total shareholders return, economic value added, etc. Customer service, social responsibility (eg. Corporate citizenship, community outreach), and employee stewardship are some of the variables used by some organizations to measure performance by the balanced scorecard methodology (Richard, Diviny, Yip & Jojnsn, 2009).

### **Empirical Review**

Adebisi & Babatunde (2011) conducted a study on the strategic influence of promotional mix on organization sale turnover in manufacturing organization. The result of the findings revealed that strategic promotional mix influences the sale turnover with little 25% while other variable not included in the variable tested takes the larger 75% that will rapidly lead to organization growth. Since promotional mix constitute few percentage of variable that can push an organization to the highest level, therefore other factors of marketing mix such as product development, effective pricing, distribution of right quality and quantity to the consumers should be appropriately considered.

Oyedapo, Akinlabi & Sufian (2012) this study examines sales promotion and its effects on organizational effectiveness in Nigerian manufacturing industry. The study focuses on how sales promotion is used to generate higher sales, increased profitability and greater market share. The study focused on sales promotional tools and how NESTLE Nigeria Plc. has adopted sales promotion to generate its effectiveness. Sales promotion is an important component of any organization's overall marketing strategies alongside, public relations, and personal selling.

### **Methodology**

Data required for this study was gathered from two sources, the first from a field study and the second from text books, journals and past studies. The population for this study was 195 employees in the marketing and sales department of Cadbury Nigeria plc. Lagos, the sample size derived from the population was 131 through Taro Yamane formula and 127 were returned and used for the study. This study employed questionnaires for both respondents bio data and for the study topic applying the modified Likert scale where 6= strongly agree, 5= agree, 4=fairly agree, 3= fairly disagree, 2= Disagree and 1= strongly disagree and this contains questions relating to the study variables: Public relations and organisational profitability of Cadbury Nigeria Plc.

The sample size is gotten through the **Taro Yamane Formula**:  $n = \frac{N}{1+Ne^2}$

Where n = desired sample size  
 N = population size  
 e = maximum acceptance margin of error for the study

The desired sample size is calculated below:

$n = \frac{195}{1+195(0.05)^2}$   
 $n = \frac{195}{1+195(0.05)^2}$   
 $n = \frac{195}{1+195(0.0025)}$   
 $n = \frac{195}{1+0.4875}$   
 $n = \frac{195}{1.4875}$   
 n = 131 respondents as sample size

**Table 1: Public Relations Questions**

S/N	Public Relations	SA (%)	A (%)	FA (%)	FD (%)	D (%)	SD (%)	T (%)
1	The influence of public relations determines firm's liquidity state	56 (45%)	35 (28%)	31 (24%)	4 (3%)	1 (0%)	0 (0%)	127 (100%)
2	Public relations capacity will influence firm's ability to make accurate decision	50 (40%)	34 (27%)	38 (30%)	3 (2%)	2 (1%)	0 (0%)	127 (100%)
3	Public relations cannot determines firm's liquidity state	49 (39%)	29 (23%)	40 (32%)	6 (4%)	3 (2%)	0 (0%)	127 (100%)
4	There is no significant relationship between public relations and profit making	45 (36%)	35 (28%)	26 (20%)	17 (13%)	4 (3%)	1 (0%)	127 (100%)
5	Decision to buy can be influenced by public relations	48 (38%)	23 (19%)	21 (17%)	31 (24%)	3 (2%)	1 (0%)	127 (100%)

**Source:** Survey Field 2016

From the above table shown, shows that under public relation 45% strongly agree, 28% agree, 24% fairly agree, 3% fairly disagree, 0% disagree, while 0% also strongly disagree that The influence of public relations determines firm's liquidity state., 40% strongly agree, 27% agree, 30% fairly agree, 2% fairly disagree, 1% disagree, while 0% also strongly disagree that Public relations capacity will influence firm's ability to make accurate decision., 39% strongly agree, 23% agree, 32% fairly agree, 4% fairly disagree, 2% disagree, while 0% also strongly disagree that Public relations cannot determines firm's liquidity state., 36% strongly agree, 28% agree, 20% fairly agree, 13% fairly disagree, 3% disagree, while 0% also strongly disagree that There is no significant relationship between public relations and

profit making, lastly, 38% strongly agree, 19% agree, 17% fairly agree, 24% fairly disagree, 2% disagree, while 0% also strongly disagree that Decision to buy can be influenced by public relations.

**Table 2: Organizational Profitability**

S/N	Profit making	SA (%)	A (%)	FA (%)	FD (%)	D (%)	SD (%)	T (%)
1	Profit making determines firm's financial strength	46 (37%)	18 (15%)	41 (33%)	13 (10%)	2 (1%)	6 (4%)	127 (100%)
2	Profit making determines firm's ability to pay its short term debt	47 (38%)	28 (23%)	29 (23%)	21 (16%)	1 (0%)	1 (0%)	127 (100%)
3	Profit making will affect the progress of a firm	39 (31%)	30 (24%)	28 (23%)	27 (21%)	2 (1%)	1 (0%)	127 (100%)
4	There is no significant relationship between profit making and public relations	50 (40%)	34 (27%)	38 (30%)	3 (2%)	2 (1%)	0 (0%)	127 (100%)
5	Profit making cannot affects production of a firm	49 (39%)	29 (23%)	40 (32%)	6 (4%)	3 (2%)	0 (0%)	127 (100%)

**Source:** Survey Field 2016

The table above shows that under profit making 37% strongly agree, 15% agree, 33% fairly agree, 10% fairly disagree, 1% disagree, while 4% also strongly disagree that Profit making determine firm's financial strength., 38% strongly agree, 23% agree, 23% fairly agree, 16% fairly disagree, 0% disagree, while 0% also strongly disagree that Profit making determine firm's ability to pay its short term debt., 31% strongly agree, 24% agree, 23% fairly agree, 21% fairly disagree, 1% disagree, while 0% also strongly disagree that Profit making will affect the progress of a firm., 40% strongly agree, 27% agree, 30% fairly agree, 2% fairly disagree, 1% disagree, while 0% also strongly disagree that There is no significant relationship between profit making and public relations., lastly, 39% strongly agree, 23% agree, 32% fairly agree, 4% fairly disagree, 2% disagree, while 0% also strongly disagree that Profit making cannot affects production of a firm.

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.842(a)	.811	.800	.10165

**a. Predictors: (Constant),publicrelations**

**ANOVA(b)**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	9.876	1	8.654	100.132	.000(a)
	Residual	6.091	125	.056		
	Total	4.235	126			

**a. Predictors: (Constant), public relation**

**b. Dependent Variable: increase profit**

**Coefficients(a)**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta	B	Std. Error
1	(Constant)	1.001	.054		14.111	.000
	Public relation	.443	.041	.902	7.897	.000

**a Dependent Variable: increase profit**

**Result for regression analysis on the effect of public relations on increase profit**

N	Df	Correlation (r)	Co-efficient (R <sub>2</sub> )	Sig Level	t-cal	t-tab	F-cal	Remark
131	126	0.842	0.811	0.000	7.897	1.984	100.132	Sig

**Source:** Researcher's Field Survey, March 2016

**Interpretation**

Since the result gotten shows that the  $R = 84.2\%$ ,  $R^2 = 81.1\%$  which is high and moderate, and t-calculated value is 7.897 which is greater than t-tabulated of 1.984 under 126 degrees of freedom at 0.000 significant level less than the generally 0.05 level of significance. Consequently the null hypothesis was rejected and the alternative accepted owing to the fact that there is a significant relationship between public relations and increase profit in Cadbury Nigeria Plc.

**Discussion of Findings**

From the above findings, it can be said that there is a significant relationship between public relations and increase profit in Cadbury Nigeria Plc. this fact was gotten from the hypothesis result tested which showed that all indicators for testing the relations gave positive signal. This result also corroborate with that of Council (2005) who find that many companies recognize the value of public relations as a strategic marketing tool they can use to increase sales of products and services. Whether used alone or as part of an integrated marketing campaign, public relations can contribute to sales in many ways. Public relations programs

may be designed to influence consumers at any stage of the purchase process: Increasing awareness of, or familiarity with, products and services; Influencing perceptions of key benefits or differentiators; Increasing willingness to consider products and services; Increasing intent to try a product and make a first time purchase; Assuring a positive experience with a purchase; and Building ongoing preference

### **Conclusion and Recommendations**

From the above results, findings and discussions, the paper summarizes thus:

1. There is a significant relationship between public relations and organisational profitability in Cadbury Nigeria Plc. Other companies should emulate and adopt public relations as a means to increase profit.
2. Public relations professionals are continuously developing innovative new techniques to keep pace with the changing media and information landscape. The PR personnel are therefore encouraged to put in more efforts and continue to build and develop new techniques that will enhance organizational profitability and sustainability.
3. Profit making determines firm's financial strength. Since Cadbury's aim of business dealing is profitability, it is recommended that attention regarding PR investment should not be regretted at the short run for at the long run, the benefit of profitability upholds.



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