European Journal of

Business and Strategic Management

(EJBSM)

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IPRJB
INTERNATIONAL PEER REVIEWED JOURNAL AND BOOK PUBLISHING

European Journal of Business and Strategic Management
ISSN 2518-265X (online))
Vol.2, Issue No.6, pp 38 - 55, 2017

www.iprjb.org

The Effect of Ethical Advertising Practices on the Financial Performance of Listed Firms in the Nairobi Securities Exchange (NSE)

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Abstract

Introduction: Listed firms in the Nairobi Securities Exchange have consecutively witnessed deteriorating financial performance over the last five years. Among the various hypothetical precursory factors that can be linked to that decline, the ethical inclination of the human advertisement practices is critical.

Purpose: The objective of this study was to determine the influence of Ethical Advertisement practices on the financial performance of the listed firms.

Methodology: The study adopted a census method of research involving all the listed firms. Structured questionnaires were used as the data collection tool.

Findings: The results established that ethical advertising practices have a positive impact on financial performance.

Contribution: The study findings indicated that financial performance was high when firms adhered to ethical advertising, when advertisements satisfied customer requirements and when the firms employed ethical practices for their products. The study therefore recommends that firms need to ensure that there is adherence to ethical advertising, they satisfy their customer requirements and employ ethical advertising practices for their products. The study also recommends that listed firms should fully harness the use of internet services during advertising to help them accomplish quick developments, versatility, productivity, and thus, positive financial returns

Keywords: *Advertising, Ethical Advertising Practices, Ethical Broadcast Advertising, Ethical Online Advertising, Ethical Social Media Advertising, and Financial Performance*

1 INTRODUCTION

1.1 Background of the Study

Advertising policies are a set of well-defined principles that govern the ways of communication taking place between the seller and the buyer (Avtonomov, 2006). An ethical advertising is the one that does not lie, does not make fake or false claims and is in the limit of decency. With ethics being one of the highly significant features in the advertising industry (Liao and Teng, 2010; Avtonomov, 2006), ethical advertising is a crucial aspect of the industry. Advertisements have an effect on the sales of the different products.

However, just like other human activities, advertising can have adverse as well as helpful effects, and it is often difficult to demarcate the two. Abiding by ethical advertising principles means observing and paying attention to distinctions of central concern (Avtonomov, 2006; Cragg, 2002). This dimension is important because the advertisements affect the way the community perceives itself and the world surrounding them, including crucial actions and behaviors (Fam & Grohs, 2007). The community includes the public and other stakeholders.

Advertising and promotion are areas where a lapse in ethical standards or judgment can result in actions that are highly visible and detrimental to a company and the society as a whole (Githui, 2012). It is based on the society's response to such advertisement that informed the research's belief that ethical advertisement practices have a direct effect on the financial performance of firms listed on the Nairobi Securities Exchange (NSE).

1.2 Problem Statement

The contemporary society has become advertising savvy. Since advertising leads to improved sales volumes, in a holistic view, it can encourage materialism and consumption. Similarly, advertising may drive the society to purchase meaningless and unfulfilling items, and may also manipulate behavior, exploit sex and contribute to the downfall of the social system (Hobbs et al., 2006; Borgerson & Shroeder, 2002).

Ethics is a highly significant feature in the advertising industry (Cragg, 2002; Liao & Teng, 2010; Avtonomov, 2006). Adhering to a socially acceptable advertising principle means paying close attention to several factors, ethics being key. Ethical advertising practices can be measured though examining ethical broadcast advertising, ethical, social media, and online advertising. These theoretical measurements for ethical advertising principals can be linked to financial performance, while the associated quality can be measured through examining ethical standards, incorporating morality and social acceptability. This study sought to establish how the organizational environment caused by various components of advertising policies influence financial performance of listed firms.

1.3 Objective

The overall purpose of this study was to determine the influence of Ethical Advertising Practices on the financial performance of listed firms in Kenya.

2. LITERATURE REVIEW

2.1 Introduction

To meet the ethical standards for advertisement practices, all information or publicity material regarding products, services or personality should be legal, honest, decent and truthful. Some of the unethical issues in advertising principals include vulgar ads, use of children, unfair comparative ads, use of women as sex symbols for promoting products, unsubstantiated claims, embroideries, puffery, and surrogate (Tamburro et al., 2004; Schaffter, 2006; Drumwright & Murphy, 2009).

Unethical advertising promotes materialism, consumerism leading to financial stress. Other critics such as Arrington (2004) also hold that unethical advertisements are responsible for causing people to buy what they cannot afford. The building of trust during advertising is an integral approach that firms ought to follow. By this, trustworthiness involves the degree of faith had by the audience about a product.

Much of the goods and services are viewed as attractive from the ethical dimension, majorly apropos to the notch to which it satisfies the consumer (McGuire, 1985). The satisfaction can create positive attitudes that can be evaluated through the admiration of the product (Raven et al., 1998). The type of advertisements that are more accepted by consumers result from their status of role modeling, with attractiveness being part of them. It is so that for the advertisements to create positive and progressive impact, both ethical and moral considerations of the adverts need to be adhered to (Rashid et al., 2015). Chandon et al., (2000) opine that ethical advertising practices might be attractive for highly promotion prone consumers for reasons beyond price savings. Such advertising is thus vital for organizations for improving their performances.

Forms of advertisements can be classified into two categories: broadcast, or traditional forms, and modern, or internet-based forms. Be it as it may, some studies view that the inclusion of internet for the modern forms of marketing makes it more superior than the traditional forms (Chen, 2006; Malhotra, 2010). However, contrary to their assertions, Brown and Hayes (2007) argue that modern marketing strategies such as social media rarely influences consumers. In their opinion, the influence gained by consumers is as a result of pre-existing offline influence, with the extraordinary reach of the modern marketing strategy only serving to augment the influence (Brown & Hayes, 2007). Notwithstanding the form used, for businesses to make good use of advertising, they must put into perspective considerations that ensure that advertising brings about positive consequences (Orlitzky et.al, 2003).

2.2 Effects of Ethical Broadcast Advertising on Financial Performance

European Journal of Business and Strategic Management
ISSN 2518-265X (online))
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Broadcast advertising refers to commercials aired on either television or radio typically called spots (Cragg, 2002). The commercials may also be aired on newspapers, books, and magazines. Such advertising is also known as on-air advertising and is the primary revenue generator for commercial television and radio stations (Pauwels et al., 2004). Broadcast advertising increases brand awareness. For product placements in the television shows, brand awareness rises by 20% (Cebrzynski, 2006). Tsai et al. (2007) found that higher brand awareness results in greater recall rate, more positive attitudes and stronger intention of buying a product. With the execution of the intention to purchase the product, higher brand awareness thus leads to larger sales volumes, and hence, net profits and ultimately, better financial performance.

2.3 Effects of Ethical Online Advertising on Financial Performance

Online advertising falls within the category of digital advertising (Karimova, 2011). Because of increased competitive advantage, there has been needing to keep more in touch with target consumers. This increase has primarily lead to the enhancement of the internet marketing platforms, which have thus turned out to be the major advertising medium. Firms have thus made strides to give more resources in the form of financial expenditures to the internet or online advertisement, at the expense of previous media of advertisement (Chao et al., 2012).

To enhance the interpersonal exchange communication, consumer-retailer-manufacturer brand interaction is the way to go and, it primarily results in consumer loyalty. This relationship that focuses on consumer loyalty originates from the digital media and gives emphasis on satisfaction, translating to enhanced loyalty to the online retailer (Kim at al., 2009). In their study, Schau et al. (2009) report that online communities not only complement their real-world counterparts but also serve as forums for consumers exchanging thoughts and ideas. Online social networks have profoundly changed the propagation of information by making it incredibly easy to share and digest information on the internet (Akrimi & Khemakhem, 2012). Sharing of information improves the feedback processes, hence assists in the continual product development.

Khan & Shilpi (2014) conducted a study on the role and significance of online advertising in India. Their paper highlighted not only the acceptance of online advertisements to the consumer, but also profit maximization and how firms can sustain an extensive digital database and electronic customer relationship management. They assert that online advertising is an acceptable tool that creates a business enabling environment through profit maximization, which is achieved through increased sales promotion and lowered operational costs. d'Eon & Bolt, (1999) conducted a study on the effectiveness of internet marketing initiatives. The study found out internet marketing encompasses a broad and growing range of strategies for interacting online with customers and with other stakeholders. With its vastness regarding geographical coverage, internet marketing is a great contributor to passing information to stakeholders (Githui, 2012).

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Economides (2001) conducted a study on the impact of the Internet on financial markets. The researcher established that the impact Internet on financial markets is multifaceted and profound. The study determined that the internet facilitates information exchange, disseminate, and evaluate particulars of a product; facilitate interaction among economic agents, and enable live discussion of financial markets.

2.4 Effects of Ethical Social Media on Financial Performance

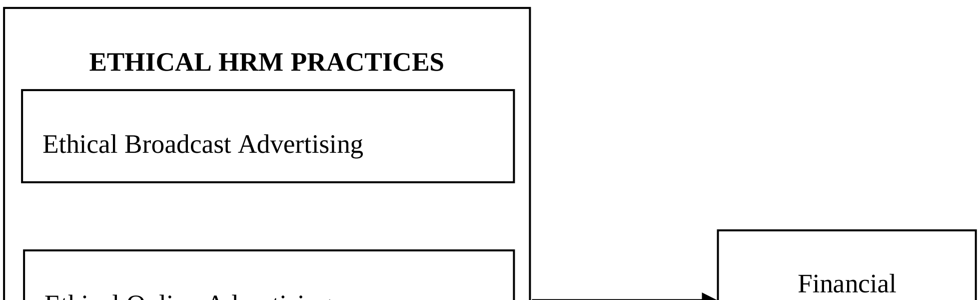
With the current trend of interactive marketing, where the provision of feedback is maintained by both the firms and consumers, social media advertisement becomes of key benefit. From the assertions of Trisha (2012), he notes that the different platforms for social media as internet forums, magazines, social blogs, podcasts, etc. Besides being a major tool for communication, social media has found usage in other areas such as the educational field (Trisha, 2012). Also, for the last 30 years, these social sites have immensely undergone a transformation, and is still in the process of changing. Currently, Social media sites account for one out of every six minutes spent online (Lipsman, 2011).

Backing for the notion that social media can improve performance is found in industry reports and studies (Hoffman & Novak, 2007). Ansari, Koenigsberg & Stahl (2011) point out that marketers are becoming extremely intent on understanding predictability and connection of social networks. From their findings, they note that organizations believe that social networks develop a flat form able to be used to reach customers beyond the capacity of company marketers. Rafaeli (2010) established that about 90% of marketers use social media to market their businesses, out of which 65% have just started or only a couple of months into it. On their part, Solis and Li (2013) advise that when done correctly, social media listening can provide early risk indicators and mitigate the impact of crises when they do occur.

Other researchers have also disagreed with the idea of social media boosting organizational performance. Blanchard (2011) suggests that millions of fans may only serve as 'ghost followers.' Present day marketing strategy is about building trust and relationships through two-way communications and building of products geared to solving customers' needs (Rust et al., 2010) and does not only entail having followers. Various researchers such as Blanchard (2011) and Kietzmann et al. (2011) suggest that 'influence is not about popularity' but entails trust, building relationships, identity, conversations, relationship, and reputation.

2.5 Conceptual Framework

Independent Variables   Dependent Variable



3 METHODOLOGY

The study collected primary data from 64 respondents from the listed firms in NSE. The conceptual sample included the firms' Chief Executive Officers (CEOs) and Chief Finance Officers (CFOs). The study developed a census approach because of the small number of the listed firm. It realized a response rate of 100%.

Out of the 57 respondents targeted for the actual data collection, all gave adequate information through answering the hard and soft copy questionnaires completely and after that sending the filled questionnaires either as hardcopy printouts, or soft copy forms. However, 7 of the respondents who had participated in the pilot study were not involved in the proceeding data collection. Validity and reliability tests were done to verify consistency of the data.

Secondary data was collected both from the listed firms and information from the sector regulator, the Capital Markets Authority (CMA). Descriptive analyses were used to generate quantitative reports through tabulations, percentages, and measures of central tendency for enhanced visualization and discussions. Data analysis was done using the Statistical Package for Social Scientists (SPSS).

4 FINDINGS

4.1 Return on Assets (ROA) for the Listed Firms

The ROAs of listed firms were obtained both from the NSE and CMA resource centers. They were computed as a ratio of Net Income to Total Assets for each year. The results are as in Table 1 below:

Table 1: Results for ROA Statistics Table

	N	Mean	Std. Deviation	Skewness	
	Statistic	Statistic	Statistic	Statistic	Std. Error
Net Income 2010	57	1420727.96	2605783.66	3.433	.316
Total Assets 2010	57	22294718.74	43273060.91	3.472	.316
ROA 2010	57	0.09	0.15	-1.006	.316
Net Income 2011	57	2148413.14	3662645.51	2.722	.316
Total Assets 2011	57	19647745.32	27128717.26	2.872	.316
ROA 2011	57	0.12	0.16	-0.022	.316
Net Income 2012	57	2720779.30	4945798.66	1.989	.316
Total Assets 2012	57	22600215.79	28546298.38	2.582	.316
ROA 2012	57	0.10	0.17	-.310	.316
Net Income 2013	57	7007701.46	22393563.42	5.371	.316
Total Assets 2013	57	155439705.58	759006624.34	6.624	.316
ROA 2013	57	0.11	0.15	.493	.316
Net Income 2014	57	6248243.95	20811704.43	6.531	.316
Total Assets 2014	57	181511672.60	910851043.98	6.852	.316
ROA 2014	57	0.05	0.35	-5.824	.316
Net Income 2015	57	-1628017.91	58524565.98	-4.880	.316
Total Assets 2015	57	199502195.07	961571785.64	6.551	.316
ROA 2015	57	-2.36	17.54	-7.535	.316

The findings presented in Table 1 indicate that the mean value for the Return on Assets (ROA) for the year 2010 was 0.09 with a standard deviation of 0.15 which implies that the deviations from the mean were below 1 and hence responses given did not vary significantly from the average value.

In 2011, ROA had a mean value of 0.12 with a standard deviation of 0.16, which is an increase in ROA value considering its value of 0.09 in 2010. In 2012, a mean value of 0.10 was obtained for ROA with a standard deviation of 0.17. ROA increased in 2013 with a value of 0.11 and standard deviation of 0.15. However, ROA dropped in 2014 with a mean value of 0.05 and standard deviation of 0.35. ROA was lowest in 2015 with a mean value of -2.36 and standard deviation of 17.54 implying that the responses had significant variations from the mean value.

Following is the trend line for the ROA enlisted in Table 1 above

European Journal of Business and Strategic Management
ISSN 2518-265X (online))
Vol.2, Issue No.6, pp 38 - 55, 2017

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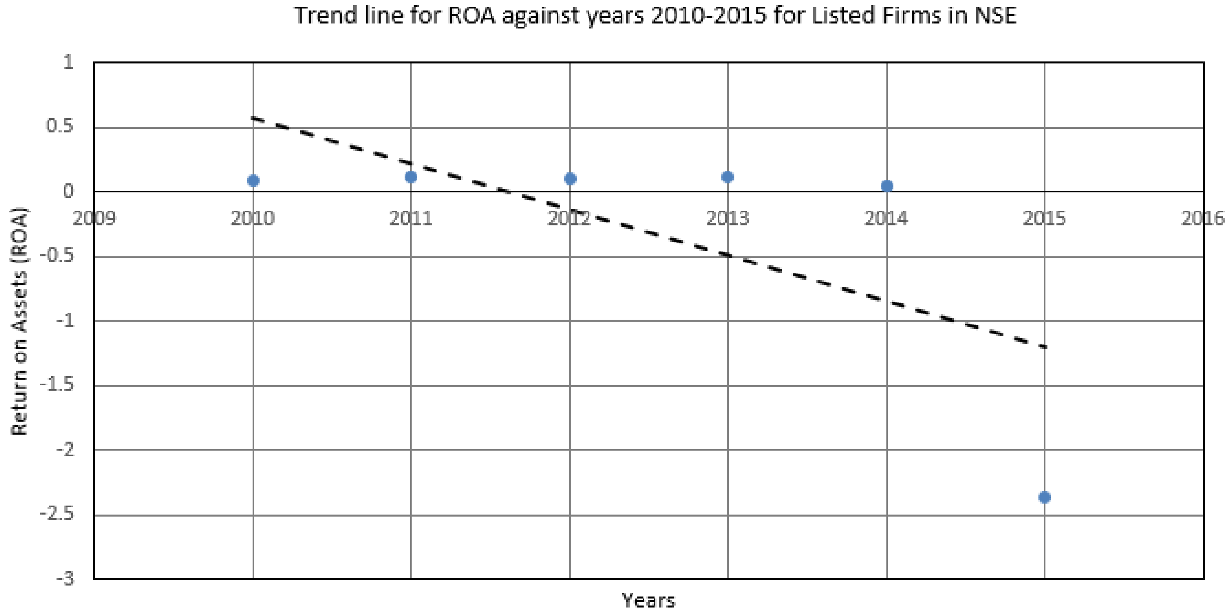

Source: Author

4.2 Component Factor Loadings

The study sought to carry out factor analysis to describe variability among observed, correlated variables regarding a potentially lower number of overlooked variables. Factor analysis was used in the study to remove redundancy or duplication from a set of correlated variables. The factor loadings for ethical advertising practices were obtained in the study. Three components were loaded. In the first component, "*The firm's ethical social media communications influence the moral organizational culture*" had the highest factor loading of 0.877, "*The firm's financial performance is influenced by its marketing options*" had the highest factor loading of 0.728 in the second component while "*The firm adheres to integrity when advertising its commodities*" had the highest factor loading of 0.799.

The findings are shown in Table 2 below

Table 2: Factor Loadings for Ethical Advertising Practices

	Component		
	1	**2**	**3**
The firm adheres to ethical advertising principles	.772	.463	.104
The advertisements satisfy customer requirements profitably	.744	.453	-.046

The firm employs ethical advertising practices for its commodities	.212	.176	.767
The firm adheres to integrity when advertising its commodities	.315	.093	.799
The firm provides awareness on ethical advertising practices	.420	-.590	.214
The firm has zero tolerance for unethical advertisement practices	.403	-.456	.502
The firm's social media site is monitored to ensure ethical communications	.774	.214	.155
The firm's ethical, social media communications attract job seekers	.834	-.259	-.179
The firm's ethical, social media communications influence the moral organizational culture	.877	-.258	-.112
The firm's ethical, social media communications influence employees' attitudes	.860	-.196	-.187
The ethical online advertising practices of the organization influence the firm's growth	.848	-.184	-.193
Ethical online advertisements enable consumers to exchange ideas with the firm	.796	-.023	-.136
Ethical advertising leads to the firm's competitive advantage	.732	-.072	-.191
The firm’s marketing options influence its financial performance	.472	.728	-.109

4.3 Principal Component Analysis

Principal component analysis was done for ethical advertising practices. KMO Test was used to measure how suited the data was for Factor Analysis. The statistic is a measure of the proportion of variance among variables that might be common variance. The lower the proportion, the more suited the data is to Factor Analysis. KMO values close to zero imply that there are large partial correlations compared to the sum of correlations.

Table 3: KMO and Bartlett's Test for Ethical Advertising Practices

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.695
Bartlett's Test of Sphericity	Approx. Chi-Square	572.137
	Df	3
	Sig.	.000

The study found that KMO had a value of 0.695 and Bartlett's test, $x2(3, N = 57) = 572.137$, $p = .000$. This implies that sampling was adequate for Ethical Advertising Practices in the study. Results are shown in Table 3 above.

4.4 Descriptive Statistics for Ethical Advertising Practices

The study sought to determine the descriptive statistics for ethical advertising practices using means, standard deviations, skewness and coefficient of variation. Findings are as shown in Table 4. A Likert scale data was collected rating the views on a scale of 1 to 5 where one represents not at all whereas 5 represent always. The results from the collected responses were analyzed based on means and their standard deviations to show the variability of the individual responses from the overall mean of the responses. The average results are, therefore, given on a scale interval where a average value of up to 1 is an indication of no influence at all; 1.1 – 2.0 is rarely; 2.1 – 3.0 is sometimes, 3.1 – 4.0 is a fairly often and a mean value of 4.1 and above is an indication of always.

Table 4: Descriptive results for Ethical Advertising Practices

	N	Mean	Std. Deviation	Variance	Skewness	
	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error
The firm adheres to ethical advertising principles	56	4.55	.913	.833	-2.692	.319
The advertisements satisfy customer requirements profitably	54	4.20	.898	.807	-1.882	.325
The firm employs ethical advertising practices for its commodities	56	4.71	.530	.281	-1.709	.319

From the findings, firms always adhered to ethical advertising principles (M = 4.55, SD = 0.913). The standard deviation which is less than one show that the responses were given did not vary significantly from the mean value and therefore changing the population units studied would not alter the current results significantly. Also, the advertisements always satisfied customer requirements profitably (M = 4.20, SD = 0.898) and that the firms always employed ethical advertising practices for its commodities (M = 4.71, SD = 0.530).

4.5 Correlation Analysis Results

The study sought to establish a correlation between the dependent variable and each of the ethical advertising components. The dependent variable for the study was *Financial Performance*. The correlation test was conducted at the 5% level of significance with a 2-tailed test. Thus, the critical significance value is 0.025 above which the association is deemed to be insignificant and vice versa. The strength of the correlation is measured based on the Pearson's correlation scale. The correlation coefficient ranges from -1.0 to +1.0 and the closer the coefficient is to +1 or -1, the more closely the two variables are related.

The findings illustrated in Table 5 show that the components under Ethical Advertising Practices had a positive and significant relationship with Financial Performance. The correlation coefficient for '*The firm adheres to ethical advertising principles*' is 0.656 with a significance value of 0.006, which is less than 0.025 at the 5% level. '*The advertisements satisfy customer requirements profitably*' has a correlation coefficient of 0.724 with a significance value of 0.001 which is less than 0.025 at the 5% level of significance. The firm employs Ethical Advertising Practices for its commodities has a correlation coefficient of 0.788 with a significance value of 0.05.

Table 5: Correlation between ethical advertising practices components and financial performance

		Financial Performance
The firm adheres to ethical advertising principles	Pearson Correlation	.656
	Sig. (2-tailed)	.006
	N	56
The advertisements satisfy customer requirements profitably	Pearson Correlation	.724
	Sig. (2-tailed)	.001
	N	54
The firm employs ethical advertising practices for its commodities	Pearson Correlation	.788
	Sig. (2-tailed)	.005
	N	56
Financial Performance	Pearson Correlation	1
	Sig. (2-tailed)	
	N	57

The study further conducted the correlation between ethical advertising practices and financial performance of the firms. The test was 2-tailed at 95% confidence level. Table 6 gives the results of the study.

Table 6 Correlation between ethical advertising practices and financial performance

		Financial Performance
Ethical Broadcast advertising	Pearson Correlation	.786
	Sig. (2-tailed)	.002
	N	56
Ethical Online advertising	Pearson Correlation	.724
	Sig. (2-tailed)	.011
	N	54

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ISSN 2518-265X (online))
Vol.2, Issue No.6, pp 38 - 55, 2017
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Ethical Social media	Pearson Correlation	.788
	Sig. (2-tailed)	.005
	N	56
Financial Performance	Pearson Correlation	1
	Sig. (2-tailed)	
	N	57

The findings illustrated in Table 6 above show that the components under Ethical Consumer Relation had a positive and significant relationship with Financial Performance. The findings show that the correlation coefficient for ethical quality is 0.760 with a significance value of 0.009 which is less than 0.025 at the 5% level. Consumer treatment has a correlation coefficient of 0.757 with a significance value of 0.014 which is less than 0.025 at the 5% level. Consumer communication has a correlation coefficient of 0.794 with a significance value of 0.03. These results revealed a strong significant relationship between ethical consumer relation practices components and financial performance.

4.6 Hypothesis Testing

The following hypothesis was examined using regression analysis:

$H_{0:}$ Ethical advertising practice does not have a significant influence on the financial performance of listed firms in NSE.

The study conducted regression analysis to determine the effect of ethical advertising practices on the financial performance of the firms listed in Nairobi Securities Exchange (NSE). The regression was carried out at 0.05 level of significance. Results in Table 7 indicate the regression model summary showing the extent to which Ethical Advertising Practices influence Financial Performance. Based on the coefficients, the predictor variable (ethical advertising practices) explains 71.0% of the variation in financial performance of listed firms by NSE. This is as represented by the R^2 coefficient of 0.710. This therefore reveals that other factors not studied in this research contribute to 29% of the variability in the financial performance of firms listed on NSE.

Table 7: Model Summary for Ethical Advertising Practices

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.802[a]	.710	.708	0.03611855

a. Predictors: (Constant), Ethical Advertising Practices

Table 8: ANOVA Table for Ethical Advertising Practices

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Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	5.207	1	5.207	2.565	.006[b]
	Residual	497.773	2	9.218		
	Total	502.980	3			

a. Dependent Variable: Financial Performance

b. Predictors: (Constant), Ethical Advertising Practices

From Table 8, the significance value in testing the reliability of the model for the relationship between Ethical Advertising Practices and Financial Performance was obtained as 0.006 which is less than 0.05 which is the critical value at 95% significance level. Therefore, the model is statistically significant in predicting the relationship between Ethical Advertising Practices and Financial Performance in the listed firms by Nairobi Securities Exchange (NSE). The model was significant for the relationship as given by the regression coefficients $F = 2.565$, $p = .006$. The null hypothesis was rejected, leading to a conclusion that: ethical advertising practices have a significant influence on the financial performance of listed firms in NSE.

The estimates of the regression coefficients, t-statistics and the p-values for the relationship between Ethical Advertising Practices and Financial Performance are as shown in Table 9.

Table 9: Coefficients Table for Ethical Advertising Practices

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	2.462	2.871		3.858	.005		
	Ethical Advertising Practice	.475	.632	.102	4.752	.006	3.400	4.000

a. Dependent Variable: Financial Performance

These coefficients answer the regression model relating the dependent and the independent variable. The findings imply that for every unit increase in ethical advertising practices, Financial Performance increases by Kshs. 0.475. This is a significant and positive influence of ethical advertising practices on financial performance.

Summary of Findings

The regression findings indicated that ethical advertising Practices had a coefficient (β = .102, t = 4.752, p <.05) showing a significant influence of Ethical advertising practices on financial performance. Correlation analysis results also showed strong and significant association between ethical advertising practices and financial performance, r (57) = .702, p<

.006. The results for Chi-square test showed that there was a strong association between ethical advertising practices and financial performance, $x^2(3, N=57) = 31.000$, $p = .000$.

Discussion

In line with the present findings, Khan and Shilpi (2014) determined that not only the acceptance of online advertisements to the consumer but also profit maximization and how firms can sustain an extensive digital database, and electronic customer relationship management affect the financial performance of enterprises. Further, Chandon, Wansink, and Laurent (2000) agree with the study findings that ethical advertising practices might be attractive for highly promotion prone consumers for reasons beyond price savings are a crucial part of organizations in improving their performances.

Also, the findings are in line with the results of Ansari, Koenigsberg, and Stahl (2011) who determined that marketers are becoming extremely intent on understanding the predictability and the connection of advertising needs. This critical capacity is enhanced by firms to ensure sustainable performance. Akrimi and Khemakhem (2012) similarly agree with these findings. The present study also determined that listed firms need to uphold ethical standards for advertisement practices requiring that all information or publicity material regarding products, services or personality should be legal, honest, decent and truthful.

The current findings are in line with findings of Tamburro et al. (2004) who observed that unethical advertising promotes organizational performance through materialism, consumerism and thus, results in financial stress.

Conclusions

The study findings showed that ethical advertising practices had a significant influence on the financial performance of listed firms in NSE. Ethical advertising practices had a strong correlation with financial performance. The study concludes that listed firms always adhere to ethical advertising, the advertisements always satisfied customer requirements profitably and that the firms always employed ethical advertising practices for its commodities.

Accordingly, to carry out a successful marketing strategy for organizations, there is need to track down customers, determine their tastes and preferences and bombard them with pieces of advert every now and again. This strategy can be achieved significantly by offering a platform for feedback services for the product or service consumers. Ethical advertising has proved to be an essential consideration for firms, and true to this assertion, this study established that all firms listed in the Nairobi Securities have zero tolerance for unethical advertisement practices.

Recommendation

The study recommends that firms need to ensure that there is adherence to ethical advertising, that the advertising satisfies their customer requirements profitably. The study also recommends that listed firms should fully harness the use of internet services, besides using broadcast advertising, to help them accomplish quick developments, versatility, productivity, and thus, positive financial returns

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