NON-BUSINESS MARKETING REVISITED: THE ROLE OF CORPORATE SOCIAL RESPONSIBILITY IN HUNGARIAN ORGANIZATIONS

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Abstract:
This paper aims to propose an unified model for non-business marketing including the marketing activities of organizations working in non-profit and profit oriented business sectors. At this purpose, we assumed that even when the marketing activities in non-profit, public and public utility organizations show certain specificities, almost all organizations develop them sharing the background aim of improving social welfare.

Further objectives of the study were to explore the way which Corporate Social Responsibility (CSR) is incorporated in the sphere of non-business activities, and to describe how Hungarian organizations relate to CSR activities, as the results of previous exploratory researches in the country context pointed to a still rather poor implementation of responsible principles.

Keywords: non-business marketing; non-profit sector; public sector; Corporate Social Responsibility (CSR); Hungary

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REVISIÓN DEL MARKETING NO EMPRESARIAL: EL PAPEL DE LA RESPONSABILIDAD SOCIAL CORPORATIVA EN LAS ORGANIZACIONES HÚNGARAS

Resumen:
Este artículo pretende proponer un modelo unificado para el marketing no empresarial que incluya las actividades de marketing de las organizaciones que trabajan en los sectores empresariales sin y con finalidad lucrativa. Para este propósito se asumió que aun cuando las actividades de marketing de las organizaciones no lucrativas, públicas y de utilidad pública muestran ciertas especificidades, casi todas las organizaciones las llevan a cabo compartiendo el objetivo de fondo de mejorar el bienestar social.

Otros objetivos del estudio fueron explorar incorporar la forma en que la Responsabilidad Social Corporativa (RSC) es incorporada en la esfera de las actividades no lucrativas, y describir cómo las organizaciones húngaras se refieren a las actividades de RSC, dado que los resultados de anteriores investigaciones exploratorias en el contexto del país apuntaban a una todavía pobre implementación de los principios responsables.

Palabras clave: marketing no empresarial; sector no lucrativo; sector público; Responsabilidad Social Corporativa (RSC); Hungría

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1. Introduction

Nowadays we can perceive a significant change in the way which the dichotomy distinguishing profit and non-profit marketing is presented: on the one hand, non-profit organizations are being forced to develop profit-oriented activities; on the other hand, there is a growing expectation towards the consequences of changes in the behaviour of profit-oriented organizations in a more socially-sensitive and not always profit-oriented, societal way. The previously sharp difference between the two sectors is fading out and this provides quite a huge challenge for marketers, as meeting both expectations is much more difficult than poorly performing in a single profit or non-profit oriented way.

Some questions arise: what is actually considered non-business marketing?, does it really exist? Moreover, in case we assume it exists, how can it be defined/conceptualized?, which is the relationship between non-business marketing and non-profit marketing?, do (can) really business organizations perform under non-business parameters/considerations?, is there any overlapping among marketing activities by non-market/non-profit organizations and those of straight and strictly profit-oriented ones?, and so on.

On this basis, as well as on the consideration of some of the salient contributions in non-business marketing, a new model aiming to summarize main tendencies in the field is presented in the next section of the paper. This alternative multidimensional and dynamic approach allows to determine which organizations and activities can be considered as part of the intended research, and what are the main dimensions in its core nucleus. In this sense, any attempt of typology is faced to the fact that there are a number of different organizations which interdependence links are increasing and intensifying. Even more, collaborative non-business activities overlapping two or more sectors are appearing more and more.

Later on, the third sections includes some considerations aiming to determine the role of Corporate Social Responsibility (CSR) in non-business marketing, prior to an overview on the results from previous researches in Hungary exploring the current state of art of the CSR in the country.

2. Theoretical background and suggested model

Already in early societies there were activities like volunteering, donating, supporting arts and/or sciences which showed certain similarities with marketing, even when they were not yet called as marketing (Robbins 2006). Thus, the origins of non-business activities can easily date back to activities dealing with the Greek-Roman community thinking, as those to the charity by the Jewish-Catholic churches. The emergence of these activities can be explained by three main factors:

i) voluntarily helping to improve the life of others;

ii) market failure, evidenced by the existence of needs that private entrepreneurs did not want to satisfy and which satisfaction would increase the social welfare; and

iii) Government failure in properly covering those social needs which were not satisfied by business or non-profit institutions (like education).

Such failures could be covered by activities in the non-business sphere. All of them where discussed in detail by Salamon (1987) when developing his “three failures theory”. Additionally, Steinberg (2006) referred to another one, the “voluntary failure”, so meaning the presence of deficiencies in the non-business activities.

2.1. The “basket” of non-profit social activities

All marketing approaches or practices having no direct objective of making short term profit or of attaining short term growth are considered as non-business marketing – independently from the sphere where they are used. An overview is made about the non-profit activities, after that those sectors will be listed where the organizations’ strategy shows traces of a kind of non-profit approach.
Once a chronological list of non-profit oriented activities, it is possible to imagine a “basket” with all of them which do not have the objective to achieve short term business yields inside (see Figure 1). Such design includes, from the non-profit beginnings, those early non-business experiences whose sector and marketing belongings cannot be unequivocally identified, but have a huge effect on the present non-business activities. From the early beginnings new types of non-business activities have emerged, while other ones as donations or protectorates have “survived”. Profit-oriented organizations also carry on new activities similar to those already put into the basket, and these new types are starting their own life-cycles, even going so far that even non-profit organizations are also using them (e.g. cause related marketing, etc.).

It is difficult to incorporate into the scheme the marketing activities by organizations such as political parties or churches. The non-business approaches consider them as peripheral, even when their effect on society may be much more important than that of the non-profit sphere or even the business sphere. In this new approach, the marketing of political parties or churches may be linked to any of the listed activities, as donations, sponsorships or, frequently, to socially responsible behaviours.

2.2. The connection between non-business activities and the non-business sector

The above proposal has tried so far to organise and categorize the non-business activities. However, the question on how these activities can be connected to the different types of organizations (i.e. which is their sector distribution) has not been answered. The overlapping of different sectors is not only a fact of life, but researchers also stated that an acceleration of the overlapping process is evident. In this sense, Vázquez (2004) suggested and developed a wide scheme showing the origins and development of activities and research topics in the non-business (public and social dimensions) sphere. His conceptual taxonomy classifies lots of activities that are also under discussion in these pages.

Our modelling attempt is also developed on the basis of the need of a dynamic and multidimensional approach to non-business activities. Working procedures were designed following the chronological emergence of non-business marketing activities and their incorporation in the classical typology of the non-business fields. Nowadays, the rather complicated and complex system of relations in the field of non-business activities and sectors can be understood and evaluated only through methodological approaches based on continuity. We are convinced that a non-business marketing approach can be used everywhere if this has the aim to improve long-term welfare of the society rather than chasing short term-profit. In this sense a new conceptual proposal is suggested, on the assumption (practical fact) of the different organizations use non-business marketing strategies, even when with a different weight, and these non-business oriented marketing activities can be found to a certain extent everywhere in a modern society (see Figure 2).
The model shows the different weights of non-business activities in the organizations, which depend on the diverse sectors in which they develop their main set of activities, as a kind of continuum. According to it:

- Non-profit organizations limit their activity almost exclusively to those aiming to improve social welfare rather than achieving short-term profit (Andreasen and Kotler 2008; Andreasen 2012).

- Public and governmental agencies are also non-profit oriented. However, they cannot survive in current times and economic contexts without developing certain type of business activity.

- Public utility providers are already profit-oriented entities. Due to their position, however, they have to assume following certain specific principles and intend concrete social objectives.

- Finally, profit achievement is the main and “natural” goal of companies. Nevertheless, they are forced to carry out also certain non-business activities in order to maintain and increase their goodwill, i.e. for them having a CSR policy is already a social expectation.

It is not always possible to tie the civil movements to the legal entities of Non-Profit Organizations (NGOs). For example, political parties and churches are civil organizations, but they are rather different in some of their characteristics when compared to “classical” NGOs. The activity-based approach proves that all factors in the model show, at a larger or smaller degree, some signs of endeavour for maintaining or creating the sustainable social welfare. However, we should take in mind that the model does not include yet those non-business activities which stretch over the nations’ borders, even when International Non-Governmental Organizations (INGOs) are in the scene.

2.3. The complex approach of concrete non-business activities

Concrete non-business activities can hardly been categorized on the basis of a sector criteria. They appear much more as “neutral” activities, do not “belonging” to the non-profit sector organizations or the government agencies, neither to the public utilities or to the for-profit companies.

So independent, stand-alone non-business marketing activities are carried out by civil communities aiming to explore and solve certain social problems (Daw 2006). Either for-profit or non-profit organizations can exercise similar activities without having the objective of increasing short-term benefits. In this way even organizations in different sectors can co-operate in solving a given social problem, then turning the “neutral” qualification into “inter-sector” or “multi-sector”.

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**Figure 2.** The activity-based sector model of the non-business marketing

Source: own elaboration
In case of early non-business activities (volunteering, donations) intended goals were strictly or closely related to helping individuals or groups of people. Later on these goals have been more and more combined with certain business view (e.g. sponsorship, cause related marketing, etc.).

However, nowadays a tendency claiming on return to the pure non-business essence of activities can be perceived. According to such vindication, proper non-business activities should meet the challenges of the global responsibility as an alternative to the practical fact that most organizations have non-business and business oriented activities.

On this basis, Figure 3 first shows the way the non-business activities started to become independent, due to the development in concepts and tendencies. Secondly, it shows as, also due to such development, activities did not disappear but have changed and combine among them in a synthesis of non-business behaviours.

3. The interface between corporate social responsibility and non-business marketing

Corporate social responsibility (CSR) was defined by the European Commission (2001) as a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their different stakeholders on a voluntary basis. In a wide sense, it is a composition of value creation, risk management and corporate philanthropy at the same time (see Table 1).

Nevertheless, applying CSR to solve social problems is not only a self-sacrificing behaviour (Aguinis and Glavas 2012; Galán et al. 2012), but it is at the same time a kind of adaptation to regulations and expectations with the hope to achieve long term benefits.

To be precise, there is a fierce dispute in the literature about the objectives of undertaking responsibility. While some authors say that it is altruism or a non-business behaviour, others think that the real aim is to achieve business advantages (Bhattacharya et al. 2008; Bhattacharya 2009). On the one hand, supporters of CSR argue that social responsibility may be very advantageous because it serves long terms benefits. On the other hand, detractors state that CSR is not in line with the basic goal of business, usually quoting the well-known Milton Friedman’s statement when claiming that the main task of a business organization is to maximize profit and it is guilt if profit is not distributed according to the interest of owners or shareholders (Friedman 1970): “business of business is business”.

### Table 1. Aspects of Corporate Social Responsibility in organizations (namely big corporations)

<table>
<thead>
<tr>
<th>Value</th>
<th>Purpose</th>
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| CSR as value creation | Innovative and promotes sustainable business models | Fundamental strategic and operational impact | - Shared value (business-institutions and communities)  
- Promotes competitiveness and innovation  
- Promotes a sustainable business model  
- Integrates business into the community  
- Develops human capital (key in developing countries)  
- Incorporated into the business strategy |
| CSR as risk management | Compliance | Medium to high strategic and operational impact | - Mitigates operational impact  
- Mitigates operational risks  
- Supports external relationships  
- Corporate philanthropy and sponsorships  
- Short-term benefits (not always sustainable)  
- Limited funds available  
- Impact diluted because limited budgets are allocated to many charities  
- Corporate competencies and other business assets are not fully utilized  
- Misalignment between business and social responsibility strategies and functions  
- Results in minimal social and business impact of social programmes |
| CSR as corporate philanthropy | Providing funding and skills | Low strategic and operational impact | - |

Source: Reed (2002)
Under corporate social responsibility principles corporate behaviour should be responsible for achieving goals that benefit the society. This means not only responsibility and a responsible performance, but also sensitivity, affinity for social problems, as well as endeavour to solve such problems, to protect the environment and to meet the related needs of customers, employees and other stakeholders.

Nowadays, as a step forward, the concept of CSR has started to be considered in combination with the notion of sustainable marketing (Emery 2010; Kadirov 2010; Martin and Schonten 2012). It is in this way how corporations undertake tasks which are not profit-oriented.

However, this is not a new idea. Kotler and Lee (2005) already differentiated up to six types of social responsibility: i) cause promotions; ii) cause-related marketing; iii) corporate social marketing; iv) corporate philanthropy; v) community volunteering; and vi) socially responsible business practices. According to their approach, volunteering, cause-related marketing and even societal marketing are parts of corporate social responsibility.

In other words, it could be stated that non-business activities require marketing strategies to express the social embeddedness of the performing organization, similarly to the understanding of economic sociology (Granovetter 1992). As a consequence, business entities should not act only for making profit at short term, but they should also keep in mind social welfare and medium and long term consequences of their current activities.

So, diverse opportunities for specific application of corporate social responsibility principles are appearing day by day, and even increasingly turning into independent and developed specialized fields, where marketing principles and tools play also a key role (see Figure 3).

But critical voices also argue that this all, namely application of marketing approaches to responsibility, is nothing else than a kind of show whereby certain organizations try to divert attention from their harmful activities: just as green-washing darkens green marketing, application and communication of assumed-to-be CSR practices is likely not always a synonym of responsible behaviour.

In this sense, it is natural (and we could say even expected) that firms try to communicate information which shed good light on them. But this is also one of the main reasons why CSR communication is many times fiercely criticized: one of the most striking case happens in 2001 when the tobacco making giant Philip Morris spent one hundred million dollars to promote its social activity, and later on turned it into an investment making a value of 75 million to the company (Morsing 2003). The truth, as always, lies between the two opposite opinions: companies (let them be non-profit or for profit firms) feel the need to act in favour of the society, but behind the scene there is always the endeavour to meet the social expectations, as well.

Figure 3. Development and independence of non-business activities

Source: own elaboration
4. Research results on CSR at Hungarian organizations

In recent times a number of organizations all around the world have started to consider the application of socially responsible principles in their activities. That is also the tendency in Hungary, where a number of corporations are nowadays actively promoting social responsibility. As a consequence, we can see every day and everywhere advertisements about either CSR training courses or concrete related activities, consultancies, etc.

However, the real thing is that, in a number of cases, what is really going on in this field are not-so-clearly oriented movements under vague assumptions. That is why market research agencies started to explore the present state-of-art of CSR in Hungary. Following some of the main findings and results from such researches are presented and discussed.

So, and according to a chronological approach, the first research aiming to explore the situation of CSR in Hungary was carried out by the GfK Hungarian Market Research Institute in co-operation with Braun & Partners in 2006. To be precise, it was specifically devoted to light and assess the socially responsible behaviour of the financial entities in the country. The survey was conducted on the basis of personal interviews made in 32 organizations of the Hungarian financial sector (i.e. banks, insurance companies, etc.).

The research report stated that most interviewed executives did not consider social responsibility as an integrated part of the strategy in a business company; however, traces of concrete CSR activities seemed to be present in the organizational performance. These beginnings were inspired by the personal commitment of the top management or the foreign owners. Specifically, the report concluded that CSR practices had recently started to become important but their forecast was that this tendency could develop rather soon into an important factor of competitive advantage. CSR activities were at the time limited to donations and sponsorships.

Some other interesting conclusions from the study arise when comparing the results obtained for Hungarian companies with foreign ones. Such comparison showed that Hungarian companies were not very much lagging behind the foreign ones. Namely, a similar research was conducted in Germany with 20 big corporations involved and, even when most of them paid attention to the corporate responsibility issues, only three considered that CSR strategy was fully incorporated into their managerial processes.

This same spring 2006, the TerraIdea Research Institute carried out another research aiming to explore the online communication of CSR in the top 100 Hungarian companies in spring 2006. This new attempt pointed to the conclusion that CSR communication was not very much extensive. Concrete results were that: i) 16 out of the 100 companies did not even had a Hungarian web site; ii) in 20 out of 80 web sites visited, no sign of CSR activities was detected; and iii) 40% of the Hungarian biggest 100 companies did not deal with CSR communication on the web.

Additionally, the research by TerraIdea found that financial performance and social responsibility were handled separately, as only two CSR reports contained financial information about the companies operation. Information about CSR activities developed in the past was available only in 13 web sites and only in 11 cases it was downloadable. None of the web sites was interactive, so meaning that viewers/readers could not react and express their opinion. Only two of the considered web sites were designed and built caring about the people having poor vision, while in all the other ones there was not possible at all to change the font size or to switch to a poor-vision version.

Some years later, Braun & Partners Consulting carried out in 2011 a new questionnaire survey under the suggestive title of “Good CSR”, aiming to delve into the state of the art of CSR practices in Hungarian companies. Concrete goals of the survey were to highlight the strategic dimensions of social responsibilities and to map the dissemination of the different forms of CSR activities.

At this purpose, four dimensions of social responsibility were considered: i) design and development of relationships with stakeholders; ii) strategic issues related to responsibility; iii) programmes dealing with CSR practices; and iv) communication of CSR activities and their results.

This time the questionnaires were filled out by a larger sample consisting on representatives from 53 companies and the obtained results showed that the strategic approach of CSR was well disseminated among the companies. Its most important field was the implementation of related programmes, and the increase of trust towards the companies was named as the main objective of CSR.
Considering the above mentioned four dimensions, the results were as follows:

- **Relationships with stakeholders**: according to the respondents view, employees and customers/clients are the most relevant stakeholders to keep in mind. Under such premise, a number of the considered companies had already started certain environmental or social programme focused on the interests of these target groups. Just in the opposite side, civil organizations and suppliers were considered as the least relevant stakeholder groups.

- **Strategy of responsibility**: most respondents had a solid vision concerning social responsibility, i.e. the socially responsible character of the company performance. Even more, they considered themselves as able to formulate goals and fix priorities dealing with social responsibility at the strategic level in the organization. They considered also themselves as able to determine measurable partial objectives in order to achieve the strategic goals.

- **Programmes related to CSR**: comprehensive strategic thinking was characteristic in the implementation of programmes related to social responsibility in Hungarian companies. One concrete example seemed to be company volunteering, as two-thirds of the organizations declared to have been involved in one or another related experience. Within these activities, community volunteering appeared as clearly preferred to “professional” alternatives.

- **Communication of CSR**: companies responsible performance was mainly communicated through specific CSR menu points included in their web sites and/or CSR or sustainability reports. However, most companies did not seem to be directly informing their stakeholders in a regular way or to have bilateral discussions with them as required under relevant international regulations or standards (e.g. the AccountAbility AA1000 series).

However, Hungarian companies considered that there was a load of contradiction under the notion of social responsibility. Another research focused on the online communication activities of the 200 Hungarian companies having the biggest annual revenue stated that CSR mission statements had not had a crystallized structure and organizations talked on rather different contents under CSR headings (Pataki and Szántó 2011). Usual contents were related to charities, women protection or safety and health issues. As far as the focus of CSR was concerned, the results of the survey showed big differences. Just to put an example on perceived differences, “Telenor Hungary and Vodafone Hungary use the terminus social responsibility while the Hungarian Telekom prefers the expression sustainability” (Pataki and Szántó 2011, p. 8).

Also in 2011 a regional research including 12 in-depth interviews was conducted by the Institute of Business Studies at the University of Szeged, within the framework of TAMOP 4.2.1 application. It was intended under a prospective approach, in order to foreseen the future of social responsibility in the country. Results, however, pointed to not so bright achievements as we could expect from the results in the researches discussed so far. Specifically, the interviews drew the attention to the fact that although social responsibility was a desired behaviour in companies, the economic recession reverted the situation to earlier conceptions. Here there are a couple of revealing testimonies on what company executives think about social responsibility:

“We have to see that years ago when marketing was on top of the agenda we normally said that it was obvious that we acted environmentally friendly and our activities should meet social expectations. The crisis has changed everything also in marketing: we use different marketing methods than, let’s say, five year ago, other means are used other philosophies move things. I know however that environment consciousness, social responsibility are important issues, they are pushed back by facts I mentioned earlier. Today there are only three-four parameters which count: trustworthiness, accountability, correctness and rational prices. CSR activities are not among these...”.

“It would be important, very important, to take social responsibility. Otherwise, nowadays with current philosophy we are playing with the future of our children. But you know people are egoist: they want to eat now, they want to enjoy life now, and these life instincts overtake social responsibility. The economic model used in Europe nowadays is a self-eating process; it does not have a long term future. We should find out something else; but there are lots of wiser people than me, they have to tell what to do, because the today’s model is not sustainable...”.

These results show that there are sweeping changes in the role of CSR at Hungarian organizations.
5. Conclusions

The non-business model which is presented in this paper aims to explore and depict the relationships of non-profit oriented marketing performance in organizations in terms of sectors and activities. In this sense, and even when the marketing agenda already show certain overlapping regardless of the sector the organization belongs to, there is however an even more striking overlapping and complexity in the case of non-business activities. At any case, all in all and in a general sense it can be concluded that non-business approaches are characterizing more and more organizations both from a sector and activity view. However, and due to the existing overlapping and interrelations any attempt of classification/taxonomy appears as really hard, or just impossible. This is the reason why their marketing approach can only be a symbiotic one.

As far as socially responsible practices are emerging, definitions in the field are becoming more sophisticated. The definition of CSR is even rather complex in official regulations, so giving chance to the possibility of extending it to almost all other fields of non-business activities.

What is more, since the theoretical definition of CSR is not clean-cut, its practical implementation also entails many uncertainties. Specifically in Hungary, when intending to determine what managers understand under the name of social responsibility, we find a great arsenal of different approaches. Empirical researches in the country point not only to a mess-up in terms of definitions, but also show as a fact that the focus of responsibility is located at very different places (programmes, communication activities, etc.).

Even more striking is the effect of recession on the CSR activities of organizations. The effects of economic crisis seem to have overshadowed CSR and its value creating nature. However, more researches are required to properly map on what direction the social responsibility of the Hungarian organizations is heading. In this same sense, further researches should aim to explore the relation between social responsibility and sustainable marketing. The interdisciplinary approaches of such researches may find out a lot of very interesting interrelations.

References


