

West-Hungarian University

Széchenyi István Management and Organisation Sciences

Doctoral School

**EFFECTS OF ENVIRONMENTAL CHANGES ON MARKETING
ORIENTATION, ON DEVELOPMENT AND OPERATION OF
MARKETING ORGANIZATION IN THE CASE OF HUNGARIAN
SMALL AND MIDDLE-SIZED ENTERPRISES**

Theses of PhD Dissertation



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1. Objectives of dissertation and hypotheses

In the dissertation the author try to define –with the help of the processed literature- what is a corporate organization, and he also make an attempt to define marketing organization as well. He examines the influencing role of changes in macroeconomic processes and openness to foreign markets in the development of marketing organizations.

He assembles and ad slides on domestic literature made and published so far and he also make an attempt to process international literature. It means that he processed the most important articles, books, notes mainly published in English from a professional point of view.

He reviews the image shaped so far about organizational structure, organization types and he examines the domestic and international literature of marketing organizations.

After theoretical summary he sets theses concerning the examined field. After this he also undertakes to process the practical findings which means the execution and processing of questionnaire surveys based on the in-depth interviews made with company leaders.

His aim is to examine the evolution, operation, organizational size of marketing organizations and their influence and importance in the case of small and middle-sized enterprises who have independent markets. He tries to filter those companies who do not react sensitively to market changes, the modification of environmental elements because of some reasons. He estimates the typical decision situations and the possible decision answers, alternatives in the scope of the examined companies.

It was a further aim to give support with the help of these processed information to small and middle-sized enterprises who came to a point to in their operation that retards their development. He makes statements what can be used well in practice, also based from the theoretical side, but at the same time these statements are based on practical surveys and with the help of them the occurring problems can be solved after the appropriate adaptation.

In the course of framing the concrete hypotheses he strives to use simple, clearly composed statements to ensure the fact that their correctness, substantiation or rejection can be decided. By virtue of all these the hypotheses are the following.

9. dr. Máté Zoltán: A magyarországi kis- és középvállalkozások marketingszervezetének kialakulása, léte, funkciói Marketing & menedzsment, GfK Hungária Piackutató Intézet és a Pécsi Tudományegyetem Közgazdaságtudományi Kara Budapest, 2011. megjelenés alatt Befogadói nyilatkozat csatolva. ISSN 1219-03-49
10. dr. Máté Zoltán: A magyarországi kis- és középvállalkozások marketingszervezetének felépítése Vezetéstudomány 2011. megjelenés alatt Befogadói nyilatkozat csatolva. A Budapesti Közgazdaságtudományi Egyetem Gazdálkodástudományi Kar, Budapest, ISSN 0133-0179
11. dr. Máté Zoltán: THE INTERPRETATION OF MARKETING ACTIVITY AND THE DEVELOPMENT OF MARKETING ORGANIZATION International Management Literature Review 2011. megjelenés alatt http://www.schulsport.m-m-sports.com/management/front_content.php?idcat=136
12. dr. Máté Zoltán: A hazai kis- és középvállalkozások marketingszervezetének néhány jellemzője Marketing Oktatók Klubja 16. országos konferenciája 2010. augusztus “Új marketing világtrend” tanulmánykötet Budapesti Kommunikációs és Üzleti Főiskola Marketing Intézete Budapest, 2010, 491. old. CD ISBN 978-963-88934-1-1
13. dr. Máté Zoltán: MARKETING AKTIVITY OF HUNGARIAN SME’S “Tudomány határok nélkül” “Válságjelenségek összefüggései a gazdaságban és a társadalomban” Szolnoki Főiskola konferenciája a Magyar Tudomány ünnepén 2010. November 16. Szolnoki Főiskola, Szolnok 2011. Rezümé kötet: ISBN 978-963-87874-6-0 CD: ISBN 978-963-87874-7-7

Publications in the topic of dissertation

1. dr. Máté Zoltán: A marketingszervezet helye a divizionális szervezeten belül, nemzetközi vállalkozások esetében
V. Alföldi Tudományos Tájégzdálkodási Napok 2006. október 26-27. Szolnoki Főiskola Műszaki és Mezőgazdasági Fakultás, Mezőtúr, 2006. 86-87 old. ISBN 963 06 0816 2
2. dr. Máté Zoltán: A marketingszervezetek elméleti háttére, hazai gyakorlata
Magyar Tudomány Napja konferencia 2006. november 9. Szolnoki Tudományos Közlemények X. 2006. MTESZ Jász-Nagykun-Szolnok Megyei Szervezet, Szolnok, 94-103. old. ISSN 1419-256-X
3. dr. Máté Zoltán: A marketing és a logisztika kapcsolata és hatása a régió gazdasági fejlődésére
BI-KA Logisztika 2006 konferencia, BI-KA Logisztika Kft. Szolnok 2006. december 8.
4. Gál Gabriella, Karmazin György, dr. Máté Zoltán: Logisztikai marketing a gyakorlatban
Magyar Minőség 2007/7, Magyar Minőség Társaság 2007. 10-15. old. ISSN 1416-9576
5. dr. Máté Zoltán Karmazin György: Logisztikai marketing a gyakorlatban
Logisztikai Évkönyv 2007-2008. Magyar Logisztikai Társaság, Budapest ISSN 1218-3849 , 217-2217. old
6. dr. Máté Zoltán: Az Internet és a globális marketing
A Magyar Tudomány Hete 2008 „A tudomány az élhető Földért” konferencia Dunaújvárosi Főiskola, Dunaújváros 2008. ISSN: 1586-8567 3. kötet 113-118. old
7. dr. Máté Zoltán: Távoktatási kalauz Online marketing tárgyból
Szolnoki Főiskola, Szolnok 2009.
8. dr. Máté Zoltán: Nagy még a tudáshiány, lassú a „marketingosztály evolúciója” - A marketing tevékenység értelmezése és szervezetének kialakulása a kis- és középvállalkozásoknál ECONOMICA, Szolnoki Főiskola, Szolnok, 2010. június 10. ISSN 1585-6216 34-39.old.

As to the assumption of the author, in spite of the fact that several marketing organization definition is known, - these ones expound marketing organizations widely, starting from simple sales department to up-to-date marketing organization point of view, which expound the whole company as a standardized marketing organization – he expects the following from the research:

Number of hypotheses	Text of hypotheses
H1	<i>Under marketing activity the examined companies mean those who primary deal with commercials and corporate marketing communication activities.</i>
H2	<i>In the case of enterprises who employ more than 100 people, a separate organizational marketing department is evolved.</i>
H3	<i>The larger the ratio of foreign capital, the higher the possibility that a separate organizational marketing department can be found at the enterprise.</i>
H4	<i>Age and the number of buyers of domestic enterprises have an effect on the evolution of separate organizational marketing department and marketing orientation.</i>
H5	<i>Irrespectibly of the number of buyers, marketing activity budget makes up 3-10 percent of enterprises' whole budget.</i>

2. Content, method and justification of the research

In the followings the dissertation reviews the methodology of the research, it also deals with the introduction of the whole research plan. Within the research plan the qualitative and quantitative phases, sampling and analysis methods of the research are introduced.

Phases of the research plan were the followings.

In the first qualitative phase the author tried to get a line on the professional knowledge of leaders of small and middle-sized enterprises, he got information about the interpretation of different professional terms, notions and about problems that actually took up the attention of interviewed people during the surveying period.

The second phase was the preparation of the research including the testing of the questionnaires which were done with the help of focus group interview. Aim of the focus group interview was to test the questionnaire, the questions, the concept, content and interpretability of scales, it was also an aim to encounter the researcher and manager point of views.

In the third phase were the quantitative research executed, the form of it were questionnaire survey.

The primary aim of corporate interviews and focus group interviews were to interpret the questionnaire and to filter the interpretation mistakes during the filling out process. Beside the common interpretation of the questionnaires the respondents phrased the topics that was missing, redundant or ambiguous in a given subject. In total the qualitative research concentrated on the interpretation, the composition and relevancy of the questions in the questionnaire..

The quantitative research, execution of the survey and processing of the data were made in several steps. After training the interviewers the scope of respondents were developed. After the surveying collection of questionnaires and primary visual control, random post-control of the survey were executed and the questionnaires were recorded to SPSS program.

Statistical analysis of recorded data was executed in different ways with different analytical methods. Analysis of basic data were made by simple mean calculation and interpretation of statistical series, while for analyzing hypotheses the author used statistical estimation and hypothesis testing methods.

Recommendation is thinking in buyers. This kind of philosophy and mentality is not new in marketing theory, but its adaptation is still wait for itself among Hungarian environment. Primary market partitioning is over, scope of enterprises have an evolved scope of buyers. The challenge is to get as many information about the buyers, their needs, the decision-making mechanism as possible, evolve the conscious way of customer maintenance. The enterprise should not just offer its own products, but also start to vend products that meet with the needs of buyers. Value of the enterprise is not in the know-how of the produced products, but in the information about the customer.

Marketing planning based on marketing view and its conscious and planned usage, monitoring the fulfillment of activities.

Different craft unions, organizations must offer trainings in connection with marketing view, concrete marketing planning besides relaying normal specialty information.

The crisis situation creates an appropriate base for small and middle-sized enterprises to rethink their activity, market position by organizing their marketing activity consciously. If their professional and marketing knowledge makes it possible they courageously adopt the marketing model they deem to be the most effective. As to the changed environmental elements, after a deep searching and preparing work they are able to reorganize their corporate organization and they clothe the marketing organization with a role they can efficiently implement their plans.

Taking into consideration the capabilities of a concrete enterprise a general recommendation is to flee ahead. By buyer acquisition, marketing activity and within it the enhancement of marketing communication activity and the application of not used marketing communication tools. These can be classical tools what are not used by the concrete enterprise, but also can be up to date and novel tools like for example the tools of e-marketing. If we had planned our marketing activity than this should be taken into consideration when building up the marketing organization.

Possessing the appropriate information the small and middle-sized enterprises should rethink its activity, but in case if it does not have enough professional knowledge and it is not capable to organize it on its own, the enterprise should resort to professional help. The money for that can be put up by exploiting project possibilities.

It is a recommendation to all small and middle-sized enterprises to rethink its corporate organizational structure time by time, to monitor constantly its micro- and macro environment and establish an organizational structure what is the most appropriate to market challenges. Here the primary aim is flexibility, enhancement of reacting skills and capabilities and thinking in processes.

In the scope of small and middle-sized enterprises it must be an important viewpoint to develop a marketing organization, but not only those should be responsible for its operation who work within this department

3. Research results

H1 Under marketing activity the examined companies mean those who primary deal with commercials and corporate marketing communication activities.

As to the summarized and construed results it can be stated that 70,6% of the respondents mean the commercials of products and services under marketing activity. Hence the hypothesis is proved. It is a regrettable fact that we cannot speak about overall marketing view, a view appearing in leading principles, even in the case of companies who function in sharp market competition. Only usage of marketing tools, organization of sales activity left as a marketing task. In the other hand surveying the demands of buyers and adaptation of them should be treated positively, it ameliorates the market act by all mean.

H2.: In the case of enterprises who employ more than 100 people, a separate organizational marketing department is evolved.

When we examine separate organizations besides the general marketing organization notion it also should be examined how the respondents conceive of their enterprise's corporate fragmentation and its functions.

By the research results it can be stated that the number of employees and the existence of the marketing organization, even if it is not always in a total harmony, unambiguously grow the number of enterprises having marketing organizations where the headcount is higher. It can be stated that in the case of enterprises who employ more than 100 people, more than 50% of the enterprises have a separate organizational marketing department. This ratio is 100% percent in the case of companies who employ more than 200 people. Hence H2 hypothesis is proved. This tendency should be evident but it was important by all mean to prove that the existence of marketing organization, its place appears as a separate unit even if it does not belong to the first circle of activities. It is also important to note that marketing activity is done by almost all enterprises, but they do it not in separate units, but in most of the cases they do it connected to executive management or sales department.

Number of employees working within the marketing organization, the total headcount and the existence of marketing organization is in a close interaction. By the results of the survey it has been found that in the case of companies where conscious formation of marketing activity is kept, there also appropriate proficiency is allowed to execute the activities. It also can

be seen in the existence of separate marketing organization and the conformation of its headcount.

It can be stated that only 22 respondent, 13,8% of the inquired noted that there is nobody who do any marketing activity. Most of the respondents signed one or two person for this position, which means an appropriate ratio compared to the total headcount data of the inquired enterprises.

H3.: The larger the ratio of foreign capital, the higher the possibility that a separate organizational marketing department can be found at the enterprise.

It can be stated after the results of the dissertation that if an enterprise do not have any foreign capital, than in the case of the 135 examined organizations there are 31 enterprises who have separate marketing organization. The percentage is 22,96. If foreign capital is between 1 and 25%, so there is minority ownership, this percentage is 66,66. There was no enterprise between 26-50 % foreign capital percentage. In the case of 51-100% foreign capital percentage 32,14% of the respondents signed that a separate marketing organization is existing in the enterprise. Comparing the percentages it can be stated that 22,96% of companies in solely inland ownership has a marketing organization, while in the case of minority foreign ownership 66,66%, in the case of majority foreign ownership 32,14% has a marketing organization. Overall we should consider the assumption (H3) proved that there is a strong coherence among the foreign ownership and corporate culture.

H4.: Age and the number of buyers of domestic enterprises have an effect on the evolution of separate organizational marketing department and marketing orientation.

Examining the data of the research it can be stated that there is no significant coherence among the year of the establishment and the existence of marketing organization. In higher proportion we can find a marketing organization among those companies that were found between 1989 and 1992, after that there is a decline than we can realize that till 2004 this percentage grows again, after 2005 again a decline can be observed. No trend or other coherence can be observed among the statistical series. Taking into consideration the number of buyers the author grouped the concrete answers into five groups, he struggled to define the groups to have almost similar number of sample. Thereafter he examined the distribution of the answers and he defined their ratio within the group.

It can be stated after the results of the research that in the case of the examined enterprises the most common answer is that marketing view is

intensify forth. But this can be achieved only by developing, transforming the mentality of organization's leaders.

By summarizing the acquired research results and corporation experiences the author ken the development direction in expansion of used marketing tools besides acquiring broadly interpreted marketing view. Not just with nowadays new and actual tools like e-commerce and e-marketing, but with those which are used abroad and in corporations successfully, which does not mean professional novelty, but with the use of them small and middle-sized enterprises get into their new stride.

First and foremost the most important and also comprehensive recommendation of the dissertation is the development of marketing view within small and middle-sized enterprises. A total change in all small details of view which means conscious, and not instinctively from hearsay done marketing activity. It is not enough to „make” marketing by half information or stereotypes that work somewhere else. This expression was used consciously, referring that marketing activity of Hungarian small and middle-sized enterprises were developed with not enough circumspection and professional knowledge.

Development of general marketing view is only executable with widening knowledge. Knowledge expansion can have two motivation factors.

Firstly the compelling power forming by the effect of crisis and market conditions, what we can perceive in this scope of enterprises. In this general economical situation a small-sized enterprise must decide whether they moderate all their costs and expenditure with the decrease of their income, or they exploit the weakness of their rivals and they try to extend, and get partners, buyers from the relegated rivals. If its own micro environment give the possibility with appropriate capital and safety reserves the second possibility what can establish subsistence and expansion leads to the increased usage of marketing view and tools.

Recommendations after these are the followings:

Make a daily routine the organized and unorganized trainings, to learn individually from professional books, to get information from genuine internet sources.

Hence there is a need to pass all the knowledge to the examined scope of small and middle-sized enterprises, and to let this scope of enterprises form the organization consciously, within this the formation of marketing organization. As a result of the research it can be stated that in the 20 years after the system change modus operandi of differently formed enterprises have cleared out. There is no more strong difference among today's enterprises by owner structure and previous corporate culture. In the other hand the author found vigorous characteristics concerning the foreign scope of owners. It was proved that due to knowledge overhead caused by foreign ownership, refinement and longer past of corporate culture, development of marketing organization have an advantage.

In spite of these differences and together with them practical work and compliance for everyday decision making situations left for small and middle-sized enterprises. This task is grueling even in normal circumstances, in a crisis like this it is especially hard. In a situation like this – when financial possibilities are limited, when highest risk for enterprises caused by the loaning behavior of the financial institutions- must an enterprise renew and look for possibilities which can produce results without a bigger investment.

According to the author development of an organization is a possibility, within this conscious and professional development of a marketing organization and within this conscious and marketing point of view marketing work. In this market actors do not have to find out rudimentary novelties, they only have to use the existing tools suitably. According to data of the research this type of knowledge is missing from the examined scope. The task is to spread the information, to let the enterprises realize that with better utilization of resources their efficiency can be increased, hence they can survive the crisis much stronger.

As a spinoff he managed to highlight some interesting solutions, developmental tendencies in a previous chapter of the dissertation. By these solutions it can be seen that is also unavoidable for small and middle-sized enterprises to develop a marketing organization, the only limit for the establishment is the size of the corporate organization.

It is saliently important in the case of tools of small and middle-sized enterprise leaders to interpret marketing wider. Marketing view, marketing way of thinking, intellectuality treating sales activities saliently must

“important” in corporate decisions, but that is almost independent from the number of the buyers. The second most commonly signed answer is “determinant”, but we cannot find even here serious coherence among the groups by buyer's number. In the third and fourth place we can find “negligible” and “there is no” answers.

Overall we can state that in the case of the respondents there is no coherence among the number of buyers and the importance of marketing view within the company, hence H4 hypothesis is not proven.

H5.: Irrespectibly of the number of buyers, marketing activity budget makes up 3-10 percent of enterprises' whole budget.

After the results of the research it can be stated that in the case of groups with different number of buyers the largest part is 3-10% share from the total budget regardless of the headcount. Highlighting the answers showing high number of buyers (more than 201) it can be stated that most of them belong to two groups: under 2 percent or between 11-30 percent, so their numbers form differently than the other groups by number of buyers. By getting acquainted with the numbers it can be seen that high number of partners does not mean high marketing activity, hence the collected data confirm the assumption. Hypothesis H5 is proven.

By the content of the dissertation the following these were drawn:

1. Today managers of small and middle-sized enterprises mean commercials and marketing communication activity under their the marketing activity of their enterprise. Secondly surveying and satisfying the needs of buyers is the explanation for the word marketing. Consequently they only and solely know the tools of marketing; they only use it during their activity. Interpretation of marketing as an approach and as a theoretical guide legs behind.
2. The more actors an enterprise have, the larger the organization of the enterprise, the more likely to find a separate marketing organization. The reason for that is corporate fragmentation, economical rationality for better maneuverability, but this explains only the deepening of fragmentation. By all mean we have to pinpoint that the come off and existence of marketing corporate department is a fact that prove the correctness of Kotler's marketing department evolution theory. It is worth to think over in which development stage today's Hungarian small and middle-sized enterprises are, and it is also an interesting question

whether the development levels can be skipped. I will come back to the discussion of this point in the recommendation chapter.

3. It has been found that existence and size of marketing organization is in a close connection with the number of employees dealing with marketing tasks. Alone it do not have a great importance, however if we extend our thoughts to the fact that the examined enterprises consider more and more activities as marketing activity, so the demand for the development and existence for marketing organization is exponential.
4. I proved that there is a connection between foreign ownership and the corporate marketing organization. Foreign owners who probably have a more developed economy bring the demand for corporate culture, marketing activity and the establishment of a corporate department closely related. As a result we can see that the next step for compliance of market demands is enhancement of marketing activities, putting gradually forward the role of corporate marketing department.
5. Contrary to the primeval hypothesis it was appointed that there is no connection between the date of company establishment and the development, existence of marketing organization. It can be appointed that by today earlier existed differences coming from the establishment method vanished. In the case of companies who managed to survive it is all the same when they were established after the system change and what earlier capabilities they brought with themselves. It does not matter whether they were developed out of state companies or they developed joint ventures out of private enterprises. When I examined H4 hypothesis it was also an interesting result that among the number of buyers, the existence of marketing organization and marketing activity there is no close connection. Hence it can be stated that market openness, environmental effects and the reaction on it are basic requirements for the activity of small and middle-sized enterprises. Consequently it is a basic requirement to appreciate all buyers!
6. I came to a similar conclusion when I examined the number of buyers and the ratio of marketing in total corporate budget. I appointed that there is no strong connection between market openness (relatively high number of buyers) and share of marketing in total budget, because in all groups by the number of buyers most of the enterprises spend 3-10% out of the total corporate budget to marketing activities.

4. Conclusions, recommendations

After examining the hypotheses and introducing the theses he drew up his impressions about the research, he systemized the previously confirmed statements with numbers, on the basis of these further conclusions can be drawn, and even can manifest in business advices concerning to practical life.

Result of the research has shown that today's Hungarian small and middle-sized enterprises struggle with a great silence in the field of marketing activity. Unfortunately they own only those knowledge which come from practice, even in the case when these knowledge is not enough in a sharp competition. They think with stereotypes instead of using methods and tools invented previously by other people. As to the author they do not think market oriental, though they think it is a task to map market demands, but this activity only mean them to collect information. All pervading marketing view is missing which does not only mean the occasional usage of marketing tools, but it is a management philosophy, a mentality.

As a result of these according to the number of headcount few people and not in a separate corporate department do any marketing activity. As to the author if all of these would be done deliberately and concentrated, sales and marketing aims within the enterprise would be represented much more efficiently. It was appointed that Kotler's "marketing evolution" in the case of small and middle-sized enterprises is in the beginning of its way. It means that those enterprises who can overstep this evolution stage will get into a competitive edge. It can be particularly important nowadays when the crisis still have an impress on the Hungarian economy.

After the crisis only those economical actors stay at the market who have enough reserves, and at the same time they can adapt to changed circumstances. One of the token of this flexibility is satisfactorily planning and introducing an organization with theoretical knowledge and practical experiences. Both international and domestic literature are abound with good solutions. The most important for small and middle-sized enterprises would be to get acquainted with these solution possibilities and marketing view and adapt them to their own possibilities, capabilities. With this they would not just found their own existence and business successes, but with the recruitment of SMEs, they would increase the stability of the whole Hungarian economy.