

Features of social responsibility of marketing in small and medium-sized businesses in Russia

Características de la responsabilidad social del marketing en pequeñas y medianas empresas en Rusia

AGAFONOVA, Anna N.¹

YAKHNEEVA, Irina V.²

Abstract

The activity of small and medium-sized businesses (SMBs) is a market freedom criterion. Social responsibility in SMBs can have a different nature and motives. On a small scale, entrepreneurs' ethical and moral qualities are better visible. At the same time, there is an acute need for finding competitive advantages, forming stable relations with employees, implementing customer focus principles. The study was an attempt to determine general prerequisites, patterns in marketing of small and medium-sized businesses and social responsibility of entrepreneurs.

key words: marketing, social marketing, corporate social responsibility, small and medium-sized business.

Resumen

La actividad de las pequeñas y medianas empresas es un criterio de libertad de mercado. La responsabilidad social en las PYME puede tener una naturaleza y motivos diferentes. Las cualidades éticas y morales de los empresarios son más visibles. Existe una gran necesidad de encontrar ventajas competitivas, formar relaciones estables con los empleados e implementar principios de enfoque al cliente. El estudio fue un intento de determinar los requisitos y la responsabilidad social de los empresarios.

palabras clave: marketing, marketing social, responsabilidad social corporativa, pequeñas y medianas empresas.

1. Introduction

The social activity of small and medium-sized businesses is largely focused on internal programs, the main stakeholders are company employees and consumers. At the same time, charity and sponsorship programs are implemented. The approach of business to the final consumer makes entrepreneurs see the client in person, better feel and understand their market and also understand social needs. Therefore, companies in the service sector are more active in marketing and social responsibility. Unlike big companies, more than half of small and

¹ Ph.D. Samara State University of Economics. Institute of Management. Russia. E-mail: agafonova.a.n@gmail.com

² Professor. Doctor of Economics. Samara State University of Economics. Institute of Management. Russia. E-mail: rinadoo@yahoo.com

medium-sized businesses do not consider social responsibility a necessary part of corporate policy. A possible reason for this is the identified low degree of awareness and understanding of the importance of corporate social responsibility. The initiative in the implementation of such programs and the size of their financing in most cases are determined by the owner or general manager. In most cases, companies active in the market have an active social position. Social responsibility of small and medium-sized businesses is more characteristic of companies actively represented on the Internet and using digital promotion tools.

There has been an active development of the socio-ethical approach in business from the 40s of the XX century to the present. A significant influence was exerted by the works of Levitt (1958), Ackerman (1975), Freeman (1984), Carroll (1991), Wood (1991), Bowen (2013), Orlitzky and Swanson (2017) and other scientists. They have made a significant impact on the development of marketing concepts. The focus of this study is on the concept of socially responsible marketing. However, the authors believe that the concept is not well-established yet.

Lambert (1996) considered marketing as a social process aimed at satisfying the needs and desires of people and organizations. F. Kotler defined the process of satisfying human needs as "social foundations of marketing". Moreover, Kotler (2004), among other serious problems of modern practical marketing, called the communication gap between the company and the consumer, as well the short-sightedness of companies' communication activity. The consumer has market information from various sources, has knowledge and experience for a conscious attitude and choice of values offered on the market.

The concept of "Marketing 3.0" or "human-centric era of marketing" (Kotler, Kartajaya & Setiawan, 2010) suggests considering consumers as people with an active social (living, cultural, environmental, etc.) position. And it means that a new stage in the development of marketing should consider the socio-ethical side of the relationship between the company and the consumer, focus on needs and also on problems that concern consumers and society as a whole. From the point of view of social responsibility, the problems of internal marketing are no less important, related to the relationship "company" - "staff", with the development of a marketing mix focused on the internal client.

Porter and Kramer (2006) proposed a theory of focused social responsibility, emphasizing the importance of focusing CSR strategies on specific stakeholder groups. Focusing social activities will help companies increase their competitiveness and find better ways to achieve social goals. Standard GOST R ISO 26000-2012 "National Standard of the Russian Federation. Guidelines on Social Responsibility" (GOST R ISO 26000-2012, 2012) defines its main aspects of activity: organizational management, human rights, labor relations, environment, good business practices, relationships with consumers, participation in the life of communities and their development. Within these areas, focusing of socially responsible marketing can occur, conditionally distinguishing between the internal and external influence environment.

Porter and Kramer (2006) also spoke about different models of CSR strategy development. The responsive model aims to position the company as a "good corporate citizen," as well as mitigate the damage that occurs in the process of creating value. The main advantages of implementing this model are maintaining a reputation and reducing non-financial risks in the short term. The strategic model allows improving the company's position in the market, influencing the competitive environment, as well as transforming the value chain, increasing the company's potential by creating a new value. The choice of model depends on the company's corporate and marketing strategy.

Socially responsible marketing raises marketing to the level of social and ethical values, attracts entrepreneurs and stakeholders to participate in changing attitudes towards people, society and environment. The problems of studying the possibilities of introducing the principles of socially responsible marketing in businesses of various sizes and areas of activity are becoming urgent. There is a need to study the attitude of owners and managers of

small and medium-sized businesses to social responsibility, to study the characteristic features of marketing tools in social responsibility programs.

Corporate social responsibility has become one of important components of sustainable business development and part of the marketing policy of big business. Public companies compile social reporting in accordance with international standards and share the results of social activity with the public (Yakhneeva, Agafonova & Nikitina, 2018). The information contained in public reports reflects the directions of social activity, the volume of investments devoted to social programs and charity, recipients of social benefits. As for small and medium-sized businesses, such information can be obtained only through a special study.

Social responsibility of small and medium-sized businesses is in the focus of researchers (Bakos, 2014; Bataeva, Cheglakova & Melitonyan, 2018; Pletnev & Barkhatov, 2016; Sanclemente-Tellez, 2017). Some studies are aimed at identifying the attitude of owners and managers of Russian small and medium-sized companies to social responsibility of business, determining motives and values of small and medium-sized companies in Russia (Bataeva, Cheglakova & Melitonyan, 2018), others - at identifying the relationship between business results and level of social responsibility (Pletnev & Barkhatov, 2016). However, the studies do not affect marketing aspects and the impact of marketing on social responsibility of small and medium-sized businesses in Russia.

The purpose of this study is to verify the following assumptions:

- Unlike big business, representatives of small and medium-sized businesses do not consider social responsibility as a necessary (mandatory) part of corporate policy;
- Social programs are mainly implemented by business representatives who carry out active marketing activities, including on the Internet;
- The value of social investments does not depend on the volume of revenue or marketing budgets;
- The main beneficiaries are consumers or their own staff.

2. Methodology

The authors used methods of economic and marketing analysis, questionnaires, expert estimations, empirical (measurement and synthesis of research results, grouping) methods.

The empirical study is based on the results of a sample survey of regional representatives of small and medium-sized businesses. The sample consisted of 119 respondents, 90% of whom operate in the Samara region. In the sample structure, 20.4% are manufacturing companies, 25.7% are companies providing services in the B2B market, 16.8% are trade organizations, 12.4% are companies providing services in the consumer market, 8.8% are manufacturing and trading companies, 8% provide services to both the corporate and private sectors, the remaining 7.9% combine various activities.

The survey was conducted by the survey method. The questionnaire includes two parts. The first part is a filter that identifies a group of companies that implement corporate social responsibility programs. The second part of the questionnaire is aimed at identifying the interests and areas of efforts of organizations in the field of research.

Additional materials were the results of studies on social responsibility of big business abroad and in Russia (Yakhneeva, Agafonova & Nikitina, 2018; Yakhneeva, Khansevyarov, Zhabin & Volkodavova, 2018), as well as materials from 57 focused personal interviews conducted in 2015 among managers and owners of small and

medium-sized companies in the Central Federal District of the Russian Federation (Bataeva, Cheglakova & Melitonyan., 2018).

3. Results

The first question of the questionnaire allowed us to divide business representatives into two categories: 1) companies that have CSR programs, 2) companies that do not CSR programs. As for the question “Does your company have CSR programs?”, the dominant part of the respondents gave negative answer (61.4%); 11.4% were unaware of the existence of such programs; 27.2% indicated that such programs were implemented in their companies. It should be noted that more than 10% of respondents did not hear about CSR programs, which means either their absence or poor information support for CSR even within the company. In our opinion, the first option seems more likely, however, in the framework of this study, this situation is not proven. Therefore, we cannot say that 70% of representatives of regional small and medium-sized businesses in Russia do not have CSR programs.

In the research process, we found that not all business representatives have an idea of CSR, and this applies to managers at different levels. This indirectly confirms our hypothesis about low awareness and understanding of the importance of CSR in the field of small and medium-sized businesses in Russia.

In the sample structure, we did not reveal any obvious correlations between the field of activity and the presence of CSR. However, the data presented in Table 1 show that business in the B2C services sector is more characteristic, which is explained by direct contact with people who care social responsibility of the business.

Table 1
Distribution of respondents by field of activity

Areas of activity	Share of respondents, %	
	Without CSR	With CSR
Production	19,5	22,6
Trade	17,1	16,1
B2B services	28,0	19,3
B2C services	8,5	22,6
B2B and B2C services	6,1	12,9
Production and trading activities	12,2	-
Other	8,6	6,5
Total	100	100

Source: This study

Analysis of the survey results suggests that in 9 out of 10 cases there is a direct relationship between the level of marketing activity and the presence of CSR programs (Table 2). This is partly confirmed by the extent to which the business on the Internet actively represents itself: 33.7% have only a website, 15.7% have a website and pages on social networks, but they are updated no more than 1 time per month, 18.1% have a website and pages on social networks, and they are updated weekly, 21.7% update their pages daily, 5% do not post any information. Thus, among companies that do not implement CSR, about a quarter actively publish information on the Internet and engage in content marketing. At the same time, among the companies implementing CSR programs, 16.1% have only a website, 6.5% have a website and pages on social networks, but they are updated no more than 1 time per month, 32.3% have a website and pages in social networks, and they are updated weekly, 35.5% update their pages daily, 9.7% do not just update their content daily, they have partnerships with bloggers.

Table 2
Assessment of the level of marketing activity in relation to social responsibility

Level of marketing activity	Share of respondents, %	
	Without CSR	With CSR
High	4,8	25,8
Average	31,3	58,1
Low	53,0	16,1
Inactive	10,8	-
Total	100	100

Source: authors

According to the data in Table 2, there is a significant gap between indicators of marketing activity in two categories. The level of marketing activity, if the company does not have CSR, is lower compared to companies with CSR.

CSR programs include (respondents could choose several answer options):

- Social support of staff (77.4%),
- Charity (58.1%),
- Sponsorship (48.4%),
- Environmental programs (29.0%).

Distribution of answers shows that the main beneficiaries are their own staff and consumers.

It was also very interesting to evaluate the formation of the CSR budget. Almost half of the respondents (48.4%) noted that the amount of funding is determined by the head, another 41.9% indicated that the budget depends on the financial performance. In the remaining cases, companies did not change costs or employed their own personnel to solve the tasks.

The initiative for implementing corporate social programs belongs to senior management (70.3%), while 40% indicated the owner of the business as initiator, 33.3% indicated the CEO, another 10% named the marketing manager. Among other answers, respondents indicated HR, initiative groups. One of the respondents could not name the initiator. The reasons for this situation may be because marketing is insufficient socially responsible, on the one hand, and when the owner or general director misunderstands such a need, on the other hand. This fact was confirmed when respondents had to answer the following question: "Does the company have a special unit that develops CSR programs and is responsible for their implementation?" 67.7% of respondents gave a negative answer, 19.7% did not know about its existence, respectively, at least 7 out of 10 companies did not have specialists involved in such programs.

As for the question "Does the company's staff participate in charity programs (as volunteers, bloggers, etc.)?" 54.8% of respondents indicated that the company's staff participated in charity programs, 38.7% gave a negative answer, the rest did not know about it.

The study showed that CSR information support is not intense enough: 32.3% used internal mailing, which indicated the use of their own staff, 16.1% published information in the media and in social networks, 22.6% did not post any information in social programs. Among other answers are mailing to clients and partners, posting press releases, using instant messengers, interacting with charitable foundations and public organizations.

This study partly continues a qualitative study of B. Bataeva, L. Cheglakova and O. Melitonyan (2018). So, according to the materials of these authors' study, owners and managers of SMEs have no holistic ideas about socially responsible behavior and business ethics. At the same time, the business is trying to commercialize social responsibility and derive economic benefit from it. The authors indicate that their study covered a relatively economically sound territory, which may not correspond to other regions of the country.

This empirical study is based on a sample of regional entrepreneurs reflecting the average Russian representative of small and medium-sized businesses. The most significant result is the relationship between the business and the end consumer, marketing activity and social responsibility of the business. Nevertheless, for a certain part of SMEs, social responsibility, as well as marketing remains a question of the future, which is not always determined. The result, requiring further confirmation or refutation, is the influence of the type of entrepreneurial activity on social responsibility of the business. The study shows that this is most typical for companies operating in the service sector, mainly in the consumer market. However, the B2B market is of no less interest, so its study should be the subject of a separate research.

4. Conclusions

The study allowed us to confirm and expand information on social responsibility of marketing in the field of small and medium-sized businesses in Russia. The formulated hypotheses were mostly confirmed. Unlike big companies, more than half of the representatives of small and medium-sized businesses do not include social responsibility of the business in the list of corporate tasks.

The hypothesis that there is a relationship between the level of development of marketing, including on the Internet, and the presence of social programs has been confirmed. Despite the fact that the initiative in implementing such programs, as well as the amount of funding in most cases is determined by the owner or the general manager, it is necessary to note the role of the marketing department in social responsibility of the business.

Since the largest share of social activity of small and medium-sized businesses is accounted for by internal programs, charity and sponsorship, the main stakeholders are company employees and consumers.

The materials of the study may be of interest to entrepreneurs who are thinking about choosing a marketing business concept and plan to develop in the digital economy.

In the course of research, there were new questions which require more in-depth study. It seems necessary to study the experience of companies in the field of small and medium-sized businesses in implementing social programs, the availability of standards and formalized procedures, the impact of the business sector on social responsibility, as well as the assessment of the communication or economic effect of the measures taken.

Bibliographic references

- Ackerman, R.W. (1975). *The social challenge to business*. Cambridge, Massachusetts: Harvard University Press.
- Bakos, L. (2014). Decision-making and managerial behaviour regarding corporate social responsibility in the case of small and middle-sized companies. *Procedia - Social and Behavioral Sciences*, Vol 124, pp. 246-254. DOI: 10.1016/j.sbspro.2014.02.483.
- Bataeva, B., Cheglakova, L. & Melitonyan, O. (2018). Social responsibility in Russian business: A research of attitudes of owners and managers in a small and medium enterprises. *Organizational Psychology*, Vol 8(1), pp. 13-52. [in Rus.].

- Bowen, H. (2013). *Social Responsibilities of the Businessman*. Iowa City: University of Iowa Press.
- Carroll, A.B. (1991). The pyramid of corporate social responsibility: Toward the moral management of organizational stakeholders. *Business Horizons*, Vol 34(4), pp. 39-48. DOI: 10.1016/0007-6813(91)90005-G.
- Freeman, R.E. (1984). *Strategic management: A stakeholder approach*. Boston: Pitman.
- GOST R ISO 26000-2012. National Standard of the Russian Federation. Guide to Social Responsibility (app. and promulgated by the Order of Rosstandart on 29.11.2012 No. 1611-St). Retrieved from: <http://docs.cntd.ru/document/1200097847>. Accessed: 12.10.19.
- Kotler, P. (2004). *Ten Deadly Marketing Sins: Signs and Solutions*. New York, N.Y.: Wiley.
- Kotler, P., Kartajaya, H. & Setiawan, I. (2010). *Marketing 3.0: From Products to Customers to the Human Spirit*. Hoboken, N.J.: John Wiley & Sons, Inc.
- Lambert, J.-J. (1996). *Strategic marketing. European perspective*. Ed.3. S.-Petersburg: Nauka. [in Rus.].
- Levitt, T. (1958). The dangers of social responsibility. *Harvard Business Review*, Vol 36(5), pp. 41-50.
- Orlitzky, M. & Swanson, D. (2017). Toward a conceptual integration of corporate social and financial performance. In: S. Diehl, M. Karmasin, B. Mueller, R. Terlutter, F. Weder (Eds.) *Handbook of Integrated CSR Communication. CSR, Sustainability, Ethics & Governance*. Cham: Springer, pp. 129-148. DOI: 10.1007/978-3-319-44700-1_8.
- Pletnev, D. & Barkhatov, V. (2016). Business success of small and medium sized enterprises in Russia and social responsibility of managers. *Procedia: Social and Behavioral Sciences*, Vol 21, pp. 185-193. DOI: 10.1016/j.sbspro.2016.05.105.
- Porter, M. & Kramer, M. (2006). Strategy and society: The link between competitive advantage and corporate social responsibility. *Harvard Business Review*, pp. 78-92. Retrieved from: <https://www.sharedvalue.org/resources/strategy-society-link-between-competitive-advantage-and-corporate-social-responsibility>. Accessed: 12.10.19.
- Sanclemente-Téllez, J.C. (2017). Marketing and Corporate Social Responsibility (CSR). Moving between broadening the concept of marketing and social factors as a marketing strategy. *Spanish Journal of Marketing – ESIC*, Vol 21, pp. 4-25. DOI:10.1016/j.sjme.2017.05.001
- Wood, D.J. (1991). Corporate social performance revisited. *Academy of Management Review*, Vol 16(4), pp. 691-718. DOI: 10.2307/258977.
- Yakhneeva, I., Agafonova, A., & Nikitina, I. (2018). Corporate social responsibility in Russia: motives And features. In: V. Mantulenko (Ed.). *Proceedings of GCPMED 2018 - International Scientific Conference "Global Challenges and Prospects of the Modern Economic Development"*. The European Proceedings of Social & Behavioural Sciences EpSBS, Vol. 57. London: Future Academy, pp. 1055-1068. DOI: 10.15405/epsbs.2019.03.105.
- Yakhneeva, I.V., Khansevyarov, R.I., Zhabin, A.P. & Volkodavova, E.V. (2018). Social investments as a component of sustainable business development. *Russian Journal of Entrepreneurship*, Vol 19(12), pp. 3903-3912. DOI: 10.18334/rp.19.12.39682. [in Rus].