

MARKETING CONTROLLING OF HUNGARIAN BUSINESSES IN SLOVAKIA IN THE CONTEXT OF THE OWNERS' DEMOGRAPHY

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Abstract

In our research, we sought to find out how Hungarian-speaking owners of businesses in Slovakia approach marketing, whether they use marketing planning tools, whether they consciously apply marketing controlling tools and whether this is related to the demographic characteristics of the owners. The use of human resources and knowledge in marketing activities can be a critical factor in the success of a business. The online questionnaire survey received a total of 127 valid responses. A higher proportion of respondents with a higher level of education have a general knowledge of marketing controlling concepts and specific marketing planning tools. Analysis of respondents by age group and gender shows that there is typically no significant relationship between the use of a particular marketing planning tool and the age group or gender of the respondent. However, there is a relationship between age groups and the use of specific tools to measure the effectiveness of marketing activities (measuring changes in awareness, measuring increases in the number of inquiries). We conclude that there is a need for significant improvement and possible expansion of marketing control education. This could contribute to the understanding and conscious use of specific marketing planning and marketing control tools.

Key words: marketing, marketing controlling, small enterprises, Slovakia

JEL Code: M30, M31, M39

Introduction

Business attitudes towards marketing have improved significantly over the past decades. Of course, there has never been any doubt that large companies have separate marketing departments to ensure marketing-oriented thinking, but micro, small, and medium-sized enterprises have often had good reason to believe that marketing is not seen as a critical function and that they make little use of the rich toolbox of marketing.

In our research, we sought to answer the question of how Hungarian (meaning: citizens of Slovakia who speak Hungarian and declare themselves to be of Hungarian nationality) self-

employed, micro, and small enterprises in Slovakia relate to marketing, whether they use marketing planning tools and, if so, what proportion of them are present in the sample. On the other hand, we also asked whether the surveyed enterprises consciously use marketing control tools. The use of human resources and knowledge in marketing activities can be a critical factor in the success of a business.

1 Literature review and methodology

1.1 Characteristics of enterprises and statistics for Slovakia

The Slovak legal system uses self-employment as a generic term, a continuous activity carried out independently, in one's name, at one's own risk, intending to make a profit or achieve a measurable positive social impact (Act No. 455/1991, 1991). For small and medium-sized enterprises (SMEs), the three main factors: the number of staff, financial parameters, and ownership. As of 31.12.2019, the number of active enterprises in Slovakia, according to statistical data:

- micro-enterprises (0-9 employees): a total of 557 827 (96.9% of all active enterprises in Slovakia), of which 230 054 enterprises, with the remainder being self-employed,
- small enterprises (10-49 employees): 14 601 in total,
- medium-sized enterprises (50-249 employees): 2 943 in total (SBA, 2020; Szigeti – Józsa, 2021).

1.2 Marketing performance

Marketing performance is a multidimensional process that encompasses the three dimensions of efficiency, effectiveness, and adaptability in terms of the effectiveness and efficiency of an organization's marketing activities concerning market-related goals (e.g., revenue, growth, and market share) (Gao, 2010; Homburg et al., 2007). Monitoring marketing performance is becoming a comprehensive systemic process for sustainable development, through which the performance of an organization can be controlled. Controlling intervenes in the organization's management system and coordinates planning, guarantees the appropriateness of the organization's actions, and provides the necessary information to the organization's managers (Sližienė – Vaitkienė, 2007). Regarding the operational performance outcome realization, we can say that "the greater the number of target customers who are aware of the firm's marketing program and perceive it positively for their consumption needs, the greater will be the number of purchase selection decisions favoring the firm's value offering and the more likely will be

these customers to be satisfied with their purchase and to engage in positive post-purchase behaviors" (Katsikeas et al., 2016, p.3) (Stahl et al., 2012). Performance is the result of effective marketing capability. Marketing performance is made up of sales, growth, and market share. Also, in terms of financial performance, profitability and return on investment are worth looking at. Sometimes marketing performance and financial performance are combined as part of a single, one-dimensional performance measure (Merrilees et al., 2011; Weerawardena, 2003). The initial results of the application of marketing capabilities are related to direct customer impact. That is, in terms of increased sales to existing customers, repeat purchases, or new customer acquisition. This link goes from marketing capabilities to marketing performance (Merrilees et al., 2011).

1.3 Marketing controlling

Marketing controlling coordinates and directs the use of resources, guaranteeing the effectiveness of marketing performance, the achievement of marketing objectives, and the achievement of the company's future goals (Sližienė - Vaitkienė, 2007). The functions of marketing control are listed differently: (1) Information provision: it uses accounting, finance, sales information, and the information generated mainly assists management in controlling and decision making, (2) Planning support: support for management in planning marketing activities and the business's management activities considering the market, competitive and other conditions (Becker, 2019). (3) Control and audit and (4) forecasting. We can also mention the five capabilities that could relate to the Marketing Department: (1) accountability, (2) innovativeness, (3) customer connection, (4) creativity, (5) integration/cooperation with other departments (sales, finance, research, and development) (Verhoef - Leeflang, 2009).

A much more recent idea is that marketing controlling is about gathering methods to make marketing activities more effective. Marketing is always an investment. A good investment brings profits. It follows that if one does marketing well, one will make a profit (Bíró, 2011). Marketing controlling helps to determine this (Hajdú, 2016). The objects of monitoring and analysis are sales volume, market share, relative market share, profitability, and costs. It should be linked to the planning and the analysis of plan-actual variances. It should form a coherent system with information to support and process these (Józsa, 2006). The short, medium and long term can be considered in marketing planning if we look at the time dimension. On this basis, marketing control can be divided into strategic and operational planning forms considering the time dimension:

1. Strategic marketing controlling - refers to the results to be achieved in the future.

2. Operational marketing controlling - examines existing results (plan-fact analysis and identification of the reasons behind deviations) (Hajdú, 2016).

Strategic marketing controlling: Gaining a competitive advantage, growth, and long-term survival are the main business objectives that strategic marketing controlling helps achieve. Its task is to identify and create the long-term potential for success (planning for 3-5 years) (Hajdú, 2016). It coordinates the functions of strategic planning and control and maintains its information supply with three main objectives: (1) to analyze strategic decisions in marketing; (2) to maintain the methodology and information of marketing management, supporting the technical-economic feasibility of new product launches; (3) to coordinate strategic plans (Sližienė - Vaitkienė, 2007). Its tools are SWOT analysis, portfolio analysis, benchmarking, life cycle analysis, balanced scorecard, long-term budget planning, investment calculations (Hajdú, 2013). SWOT analysis and benchmarking are most common in the SME sector for services (Katona, 2012). These tools can be used in marketing-performance assessment, also completed with measuring ROA (return on assets), ROE (return on equity), market share change, sales revenue, cash-flow, market share (Katsikeas et al., 2016)

Operational marketing controlling: Hajdú summarizes Meffert's (2000) formulation of operational marketing controlling as ensuring the profitability of the success potentials defined by strategic marketing controlling and reviewing whether the sales have produced the expected results. In this case, profit, profitability, and marketing performance are the company's main objectives, so an economic orientation is displayed. Examines the effectiveness and strategic profitability of marketing over a period (Hajdú, 2016). Kandikó defines it as performing the controlling functions (planning, plan-fact variance analysis, and information provision) over a financial year. The input for the annual activity is the tactical plan of the strategic plan for that year (Kandikó, 2006). Its tools are customer satisfaction measurement, plan-fact comparison, and analysis, economic calculations, complaints analysis, short-term budget planning (Hajdú, 2013). The tasks of planning and plan-fact variance analysis are performance planning, cost planning, financial planning, forecasting (Kandikó, 2006).

1.4 Research methodology

The survey was conducted between January and April 2021 using an online questionnaire with closed and semi-closed questions and a Likert scale (1-5 intervals). The questionnaire started with general demographic questions about the business and its owners, followed by the evolution of the market and the financial situation, and then online marketing and sales topics. Finally, information was collected on marketing activity, planning, and measurement.

A probability sampling method was used, the final sample is not representative and represents the views of the entrepreneurs surveyed, but trends can be identified. The total number of valid responses to the survey was 127. Due to the COVID-19 pandemic, personal contact was impossible, and respondents' more extended written responses were not expected.

Consequently, we focused on quantitative research and analysis. Hypothesis testing:

H1: There is a relationship between the size (type) of the surveyed enterprises and the use of marketing planning tools.

H2: There is a relationship between the use of a particular marketing planning tool and the age group of the respondent.

H3: There is a relationship between the size (type) of enterprises studied and the use of indicators measuring the effectiveness of marketing activities.

H4: There is a relationship between age groups and the use of certain tools to measure the effectiveness of marketing activities.

1.5 Statistical methodology

Digital data were processed using Microsoft Excel software, and data analysis was performed using IBM SPSS Statistics 24 software. Our results were considered significant at a 0.05 p-value. Descriptive statistical analysis was used to examine the general characteristics of the respondents who completed the questionnaire. Frequency values were also used. The parameters under study were recorded as mean, median, standard deviation (SD), variance, skewness, and kurtosis. In addition, nominal variables were subjected to cross-tabulation analysis to explore the relationship between responses, where the values of Phi, Cramer-V, and Pearson's Chi-square tests were also examined.

2 Findings

2.1 Characteristics of the sample

In the sample, the share of self-employed is 54.3%, the share of micro-enterprises is 41.7%, and the share of small enterprises is 3.9%. These enterprises are in six different regions of Slovakia: Nitra Region (52.0%), Banská Bystrica Region (20.5%), Trnava Region (17.3%), Košice Region (5.5%), Bratislava Region (3.9%) and Žilina Region (0.8%). 22.0% of the respondents are active in construction, 18.1% in trade, 12.6% in the food industry, 11.8% in agriculture, hunting, and forestry, and 7.1% in tourism and catering. The gender distribution of respondents: male 64.6%, female 35.4%. The age distribution is as follows: 18-23 years (2.4%), 24-29 years

(12.6%), 30-35 years (23.6%), 36-41 years (15.7%), 42-47 years (22.0%), 48-53 years (11.0%), 54-59 years (8.7%) and 60+ years (3.9%). The questionnaire also asked about the individual's highest educational attainment of the respondent individual, and 37.0% had a college or university degree, 33.9% had a professional high school degree, 18.9% had completed their education at a professional school. In comparison, 10.2% had completed their education at a professional school had a high school degree. In response to the question "In which market(s) do you offer your products or services?", the answers were Home-Slovakia (95.3%), Abroad-Countries of the European Union (14.2%), Abroad-Hungary (29.1%), Abroad-Czech Republic (14.2%). 26.8% of enterprises try to sell their products or services on the Slovak and Hungarian markets in parallel and 14.2% on both the Slovak and Czech markets.

2.2 The marketing approach of the enterprises surveyed

Our research was conducted during the COVID-19 pandemic, so we also looked at the difference between 2019 and 2020 regarding the marketing activity conducted online and on offline platforms (see Table 1). In general, on a Likert scale of 1 to 5 (1=very unfavorable; 5=very favorable), entrepreneurs rated their marketing activities in 2020 as less than medium (mean: 2.819; standard deviation: 1.198) compared to 2019. They were also more negative or unfavorable in assessing their offline activity (mean: 2.567; standard deviation: 1.088). They gave a medium rating to marketing activity on online platforms (mean: 3.039; standard deviation: 1.137), reflecting their opinion when they completed the questionnaire. In all three cases, the kurtosis is negative, with a flatter distribution than usual.

Tab. 1: Evaluation of the marketing activities of the enterprises surveyed (N=127)

	How do you rate the marketing activities of your business in 2020 compared to 2019?	How do you evaluate the marketing activities of your business on ONLINE platforms?	How do you rate the marketing activities of your business on the OFFLINE platforms?
Mean	2.819	3.039	2.567
Median	3	3	3
Std. Deviation	1.198	1.137	1.088
Variance	1.435	1.292	1.184
Skewness	0.075	-0.144	-0.005
Kurtosis	-0.580	-0.452	-0.726

Source: Own research

2.3 Marketing planning

64.6% of responding businesses do not prepare a marketing plan, which is the case for most self-employed (71.0%) and micro-enterprises (60.4%).

Tab. 2: Percentage of enterprises surveyed using the main marketing planning tools

	Self-employed (N=69)	Micro-enterprise (N=53)	Small enterprise (N=5)	Total (N=127)
Return on investment calculation	10.1%	13.2%	40.0%	12.6%
SWOT analysis	8.7%	17.0%	20.0%	12.6%
Profitability index	7.2%	9.4%	40.0%	9.4%
Portfolio analysis	4.3%	13.2%	0.0%	7.9%

Source: Own research

When the relationship between the use of each marketing planning tool and the type of firm is examined, the results are in the proportions shown in Table 2, with the statistical results of the cross-tabulation analysis shown in Table 3. In none of the cases does a significant relationship appear ($p > 0.05$). Therefore, the null hypothesis H_{10} is not rejected: there is no relationship between the size (type) of the enterprises studied and the use of marketing planning tools.

SWOT analysis is almost twice as standard (17.0%) in micro-enterprises, while portfolio analysis is three times more common (13.2%) in micro-enterprises than self-employed people in business. An interesting result is that neither of the self-employed indicated portfolio analysis. The calculation of the return-on-investment period and the profitability index show roughly similar proportions in the responses of self-employed and micro-enterprises, although the higher values are found in the latter group.

Tab. 3: Statistical results of a cross-tabulation analysis of the leading marketing planning tools used by the surveyed companies

		Value	Approximate Significance
Return on investment calculation	Phi	0.173	0.149
	Cramer's V	0.173	0.149
	Pearson Chi-Square	3.805 ^a	0.149
SWOT analysis	Phi	0.129	0.345
	Cramer's V	0.129	0.345
	Pearson Chi-Square	2.128 ^a	0.345
Profitability index	Phi	0.215	0.054
	Cramer's V	0.215	0.054
	Pearson Chi-Square	5.846 ^a	0.054
Portfolio analysis	Phi	0.170	0.158
	Cramer's V	0.170	0.158
	Pearson Chi-Square	3.688 ^a	0.158

Source: Own research

When looking at the same four tools and the highest educational level of the respondents, those with higher educational levels (typically those with a college or university degree and with a high school diploma) use the tools listed.

When the relationship between the use of each marketing planning tool and the respondent's age group is examined, the statistical results of the cross-tabulation analysis show

that in none of the examined cases does a significant relationship appear ($p>0.05$). Therefore, the alternative hypothesis H2 is not accepted, so there is no relationship between the use of a particular marketing planning tool and the respondent's age group. Furthermore, analyzing the relationship between the use of a particular marketing planning tool and the gender of the respondent, the results show no significant relationship.

2.4 Application of marketing controlling in the enterprises surveyed

Our questionnaire included some terms related to marketing and marketing controlling and asked whether respondents had heard of them. 55.1% of respondents had heard of the term controlling, 37% had heard of strategic marketing controlling, and only 30.7% had heard of operational marketing controlling. Using cross-tabulation analysis, we found that the higher the respondent's level of education, the higher the proportion of yes responses for all three concepts examined. This suggests that respondents with a university or college degree have a greater theoretical knowledge of marketing. The marketing activities' effectiveness in the surveyed enterprises is assessed in 42.0% of the N=69 self-employed, compared to 54.7% of the N=53 micro-enterprises surveyed and 100% of the N=5 small enterprises. The most frequently examined factors are the increase in turnover (self-employed: 34.8%; micro-enterprises: 30.2%; small enterprises: 40.0%), followed by the increase in the number of enquiries (self-employed: 24.6%; micro-enterprises: 26.4%; small enterprises: 40.0%) and the quantification of marketing activity (self-employed: 5.8%; micro-enterprises: 13.2%; small enterprises: 40.0%). 39.4% of responding enterprises (N=127) do not assess the effectiveness of their marketing activities using indicators. However, the majority (60.6%) do (self-employed: 56.5%; micro-enterprises: 64.2%; small enterprises: 80%) and analyze mainly the increase in turnover (40.2%), customer satisfaction (26.0%), change in awareness (19.7%), return on investment (18.9%), profit as a percentage of turnover (18.1%) and increase in customer loyalty (16.5%). Statistical analyses show no significant relationship ($p>0.05$) in any of the cases. Therefore, the alternative hypothesis H3 is rejected, as there is no relationship between the size (type) of the enterprises studied and indicators measuring the effectiveness of marketing activities.

Testing hypothesis H4, the following results were obtained. H4: There is a relationship between age groups and specific tools to measure the effectiveness of marketing activities. Measuring changes in awareness ($p=0.039$; $\Phi=0.256$; Cramer's $V=0.307$ and the contingency coefficient is 0.248), measuring increases in the number of inquiries ($p=0.008$; $\Phi=0.307$; Cramer's $V=0.256$ and the contingency coefficient is 0.293), are the two types where the relationship can be found ($p<0.05$).

Conclusion

Overall, measuring marketing performance still poses many methodological problems for smaller businesses. Our research results show that there seems to be a difference between the size of the business and the marketing planning, but also between the measurement of performance. The Hungarian-speaking owners of businesses in Slovakia mainly analyze growth in sales, customer satisfaction, return on investment, changes in awareness, and growth in customer loyalty. Therefore, the question arises about how conscious Hungarian companies in Slovakia carry out and monitor the marketing activities and measurements described above. Given the low response rates, we believe that we need to increase awareness among businesses about marketing-related measurements.

From the research results presented, we conclude that the general knowledge of marketing controlling concepts and the use of certain marketing planning tools is skewed towards respondents with higher educational attainment. It was mainly those with a college or university degree, followed by those with a high school diploma, who showed a high proportion of knowledge and application of the tools in the cross-tabulation analyses. In conclusion, there is a need for significant improvements in marketing controlling education and the need for the recruitment of highly qualified individuals. This could contribute to the knowledge and conscious application of particular marketing planning and marketing control tools. The importance of education and its effects points to Anderson - Chandy - Zia's research. It shows that profitability gains are achieved by adopting and applying business practices related to marketing training. The analysis further shows that marketing and sales training is significantly more beneficial for firms less exposed to different market conditions beforehand (Anderson – Chandy – Zia, 2018).

We rejected the alternative hypotheses H1, H2, and H3, but H4 is not rejected. Analyses of respondents by age group and by gender shows that there is typically no significant relationship between the use of a particular marketing planning tool and the age group or gender of the respondent. However, there is a relationship between age groups and the use of specific tools to measure the effectiveness of marketing activities (measuring changes in awareness, measuring increases in the number of inquiries).

We intend to continue the research by increasing the sample size, improving its content and depth, and replacing exploratory research with analytical research to identify the causes of the problems and formulate possible improvements.

As a limitation of the survey, it was not easy to find suitable Hungarian entrepreneurial respondents in Slovakia during the pandemic (even though the survey was conducted online). In the first phase of the research, we managed to work with a sample of N=127 items, and we will strive to increase the sample size in the future. It would be essential to increase the proportion of small enterprises to give a relevant value to our results for this category.

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