THE EXAMINATION OF NON-PROFIT AND PUBLIC INSTITUTIONS FROM THE CSR VIEWPOINT

Summary

To reveal the company’s social policy publicly – in the form of certificates, indices or reports – occurs more and more often in the corporate practice and communication. The year 2011 has a special role among the campaign of the European Union since 1983. This year the main focus is on voluntariness, which is one of the principles of the European Union, the aim is to draw the attention of the European people to the significance of voluntariness.

The advantage of the companies’ voluntary programme is that through the internal communication a more effective cooperation can be ensured among the employees and nonbusiness. So more and more companies feel the need of the CSR activities, with which they can create competitive advantage for themselves. The research focuses on the nonbusiness group, and examines its relationships and cooperation with other organizations and groups.

The aim of the research carried out in Hungary is to discover and unveil the aims and motivations of the above mentioned segments, and whether the opposing parties, in economic sense, are able to cooperate for one goal in the interest of the community and environment. The research raises the following questions: What kind of donations is offered from the businesses and from the civil people? Do they comply with the expectation and necessities of the nonbusiness? Is their cooperation useful? Are they able to solve their problems, to communicate effectively?

The results of the research showed similarities with the literature, i.e.: the influencing factors of CSR are the effective communication, the realized cost and benefits for the donor, the empathy, the norm system of the individual and the expectation of the society.

The importance of CSR appears at more and more forums (CSR market, corporate PR etc.). However, to be able to speak of appropriate CSR that is already built-in the value system of the individuals – especially from the viewpoint of society, ecological and economic sustainability – Hungary has a long way to go as there is still a great lack of empathy, internal motivation and social sensitivity, which can only be inherited through culture.

Communication forms the base of offering assistance, as without it the realization of needs is not possible. The sceptics often accuse the companies that the CSR practice from their part
is nothing else only PR activity, however, it was proven by the present research that the donor companies do not require publicity.

**Keywords:** corporate social responsibility, communication, cooperation

**Introduction**

The year 2011 has a special role among the campaign of the European Union since 1983. This year the main focus is on voluntariness, which is one of the principles of the European Union, the aim is to draw the attention of the European people to the significance of voluntariness.

As the member of the EU it is a good chance for the Hungarian companies to show their good practices in their PR activities and marketing communication. The employees of the companies can contribute with their physical and mental work to help the individuals and communities. These activities are supported by the companies by granting e.g. labour time allowance and/or money contribution. The advantage of the companies’ voluntary programme is that through the internal communication a more effective cooperation can be ensured among the employees and nonbusiness.

Of course, the advantage of the CSR activity must be emphasized, the voluntary work ensures the companies to build trust with the stakeholders, to keep contact and share information, also to create positive reputation and to keep up the image. So more and more companies feel the need of the CSR activities, with which they can create competitive advantage for themselves. As it can be seen the CSR practice is manifold, there are many opportunities for businesses with different profile to contribute to the solution of the social and environmental problems and in the meanwhile they can also focus on increasing their profit.

It is a general problem that the civil organizations, educational institutions, communities do not possess the necessary resources to achieve their aims. Parallel to this a social insensitivity can be observed and in many cases it also means the lack of responsible thinking and activity. The companies aim to take a helping role and have a responsible behaviour to avoid this insensitivity.

The research examines the activities and motivations of the nonbusiness sector from the viewpoint of the above mentioned points and the chances and interests of the opposing parties.

The aim of the research is to discover and unveil the aims and motivations of the above mentioned segments, and whether the opposing parties, in economic sense, are able to cooperate for one goal in the interest of the community and environment. The research raises the following questions: What kind of donations is offered from the businesses and from the civil people? Do they comply with the expectation and necessities of the nonbusiness? Is their cooperation useful? Are they able to solve their problems, to communicate effectively?
Literature review

The interpretation of corporate social responsibility (CSR)

Looking through the relevant literature there are several definition for corporate social responsibility, however, one of the most known is that of Carroll [Carroll, 1999]. There have been several attempts for the definition of the CSR since its first appearance [Bowen, 1953]. What is common in all these definitions is that they focus on only one problem, aspect. The aspects of conceptual definitions are the environment, business and the stakeholders, although the society and the voluntary dimension can be in the focus of the definitions as well.

The environmental explications refer to the natural environment; the economical to the financial principles, CSR based business operations and to keep the profitability; and the stakeholder dimension refers to the interaction and communication with the involved. From the viewpoint of the research put an emphasis on those definitions that were based on the most relevant dimensions that is the social and the voluntary.

The expansion of the social sense of the CSR is that the relationship between business and society is emphasized; in a way that the social risk is taken into consideration and so the CSR based business activity is created (Table 1).

<table>
<thead>
<tr>
<th>Researcher</th>
<th>Motivating factors</th>
<th>The researched target group</th>
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<tbody>
<tr>
<td>Pitterman, 1973</td>
<td>The older generation: the role of social motivation is significant.</td>
<td>Entire population.</td>
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<td>The young generation: indirect economic benefits e.g.: work experience is a dominant factor.</td>
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<td>Frisch, Gerrard, 1981</td>
<td>Three-factor model on motivation: altruistic, egoism, social model on motivation.</td>
<td>Old and university student Red Cross volunteers, and any other Red Cross volunteers.</td>
</tr>
<tr>
<td>Cnaan, Goldberg-Gelm, 1991</td>
<td>Creating the Motivation to Volunteer (MTV) scale.</td>
<td>250 volunteers and 150 non volunteers.</td>
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<td></td>
<td>The motivations of people are not built on one motive, but they are determined by the combinations of egoistic and altruistic motivations.</td>
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<td>Clary, Synder, Ridge, 1992</td>
<td>Six volunteer factor: values, understanding, career, social, esteem, protective. Based on this the Volunteer Functions Inventory (VFI) standard/ index was established.</td>
<td>1000 volunteers looking after AIDS patients and 500 university students.</td>
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<td>McEwin, D’Arcy, 2002</td>
<td>Eight-factor motivation categories were worked out: values, career, personal development, recognition, hedonism, social, reactivity, reciprocity. The Volunteer Motivation Inventory (VMI) index was established.</td>
<td>Focus group survey carried out among 500 volunteers working at different organizations.</td>
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<td><strong>International researches</strong></td>
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<td>Esmond, Dunlop, 2004</td>
<td>A VMI that contains 10 motivation factors and can be applied to differential measures was worked out. Motivation factors: values, reciprocity, recognition, understanding, self-realization, reactivity, society, protection, social contact, career development. The most important motivation factors were values, reciprocity and recognition.</td>
<td>Among 2444 volunteers in West – Australia.</td>
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<td><strong>Hungarian researches</strong></td>
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<tr>
<td>Czike, Bartal, 2005</td>
<td>The motivations for volunteers attached to organizations were divided into three categories: old, new and mixed voluntariness is distinguished. 8 motivation categories: helping the poor, religion, the importance of faith, moral duties, belonging to a community, gaining experience, challenge, opportunity for professional development, to spend pastime effectively, getting new friends.</td>
<td>The target group of the old type of voluntariness: married and highly educated women above 35, with more the target group of the new type of voluntariness: single men and women under 26 without children.</td>
</tr>
<tr>
<td>Czike, Kuti, 2006</td>
<td>Established traditional and new type of volunteers. 18 motivation categories: it is good to help, family motivation, belonging to a community, example of friends, the feeling of gratitude. Voluntariness for a specific reason, spending pastime effectively, gaining experience, self-knowledge, professional development, the opportunity of a good workplace.</td>
<td>Population above 14 years.</td>
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Source: own construction.

The examination of motivation of the volunteers in the capitalist countries was induced by the crisis of the welfare states, in the socialist countries it was induced by the collapse of socialism. Although voluntariness\(^1\) itself is not CSR, it is part of it. It puts forefront the values created for the society and the company, the achieved results and their effects. It is not clear to what extent the definition of the CSR should be extended, how far the corporate responsibility should reach. As the present research overviews the voluntary and social CSR activities, the relevant definitions are taken into considerations, some of which could be seen in Table 2.

\(^1\) Voluntariness: this type of behaviour is called pro-social behaviour according to the behaviour psychology, its main idea is that the volunteer with his or her activities – help, support etc. – takes others interest and welfare into consideration.
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Table 2

<table>
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<th>Definition source</th>
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<tr>
<td>Jones, 1980</td>
<td>CSR is defined as the notion that corporations have an obligation to constituent groups in society other than stockholders and beyond that prescribed by law or union contract, indicating that a stake may go beyond mere ownership.</td>
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<tr>
<td>Kilcullen, Kooistra, 1999</td>
<td>CSR is the degree of moral obligation that may be ascribed to corporations beyond simple obedience to the laws of the state.</td>
</tr>
<tr>
<td>Piacentini et al., 2000</td>
<td>CSR is the voluntary assumption by companies of responsibilities beyond purely economic and legal responsibilities.</td>
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<tr>
<td>Pinney, 2001</td>
<td>Corporate social responsibility (CSR) or corporate citizenship can most simply be defined as a set of management practices that ensure the company minimizes the negative impacts of its operations on society while maximizing its positive impacts.</td>
</tr>
<tr>
<td>McWilliams, Siegel, 2001</td>
<td>Actions that appear to further some social good, beyond the interests of the firm and which is required by law.</td>
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The CSR is a crucial point, however, the base of the successful CSR is the cooperation of the adequate organizations. So it is necessary to examine the cooperation and communication of social groups – nonbusiness, business and people.

The interpretation of nonbusiness

It is very important to describe the target group, the difference between nonbusiness and business, and to define the fundamental concepts, which is not at all an easy task.

In the standard language the non-profit and nonbusiness sector are usually referred to as non-governmental, non-state, non-family organization, civil sector, third sector, social self-organization, although the content is not the same of these concepts.

The target groups of the research, in a broader sense, are the business and nonbusiness groups. See Figure 1.

The operation characteristics of the two segments show crucial differences. The management of the nonbusiness sector is carried out by governmental or democratic organizations with the aim of maximizing the service output, the appropriate service and operation. The member of the organizations can be volunteers, employees and public servants. On the other hand the main goal of the business organization is to maximize profit, which is done in competition environment. The management of the organization is carried out by the owners who employ employees.

Emphasising the non-profit subgroup which is important from the point of the research, it is justified to describe the non-profit sector first. There have been and still are several attempts to define and distinguish the concept of non-profit and non-governmental organizations.
If we look back in history the expression of ‘non-profit’ can be rooted back in the 19th century USA. The definition became common knowledge when it was necessary to distinguish the private and public sectors, and the influence of the state violated the business interests. As the non-profit organizations dealt with activities of general interest, they were categorized as part of the public sector [Hartz, 1948].

Those countries with a long history of non-profit organization – such as the USA, UK, Germany, France, Switzerland, Austria – use different expression to name the phenomena, out of which the most manifold are those that come from the Anglo-Saxon cultures. It is also proven by the fact that there are sectors and organizations, which cannot be found in the European (German, French and Italian) practice. These are the followings sectors: charities, independent sector, philanthropic sector, community based organizations, grass-roots organizations, non-statutory organizations and tax-exempt sector. In the Hungarian practice the definition of the non-profit sector is based on three directions – legal, statistical and economic, and is divided into subgroups as shown in Figure 1.

The method and sampling

The study achieves its goal with the method of qualitative research, of which results presents the opinion of the nonbusiness organizations.
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The depth interviews were carried out in Heves County, Hungary, with the leaders of nonbusiness organizations, in the summer of 2011. Among the participants we can find 3 councils, 2 educational institutions and 4 civil organizations. All the interviews were carried out personally and based on questions compiled and recorded beforehand. So the study is based on the depth interviews of 9 non-business organizations.

Data processing

The data processing of the depth interviews and information processing were carried out in an oral way, however, the research to unveil the relationships examines frequency, causal relationships, processes and consequences and sets up structures [Babbie, 2001].

The characteristics of the sampling

The participating nonbusiness organizations were local councils, educational institutions and development centres, a foundation organised in a settlement and some organizations operating at country level, cooperating with the local councils. It is the characteristics of each surveyed organization that they act in common good, these are mostly collective, at some cases they satisfy individual needs and their activities are of common use. After the socialist planned economy, in the market economy the social contribution and support decreased. Unemployment, which was unknown for 40 years, and poverty or in other words deprivation1, appeared at the same time. Sociology uses the following synonymous expressions: social exclusion, disadvantaged, deprivation, and rejection.

The expression of deprivation is not only used to refer to poverty, in a broader sense it means that you are deprived of something, which exists in every culture and society although at different levels [Andorka, 2000]. In Hungary four types of poverty are distinguished: traditional, new, demographic and ethnic poverty.

The target group of the nonbusiness sector in all cases are the disadvantaged people living in poverty, and disadvantaged children, youth and their micro-environment from the viewpoint of sociology (family, school). The homeless people and any other people in need belong to the target group.

Having looked at the profile of the organizations, the following help is granted: subsidizing (material kind), active help (giving products, services), representation of interest, social support, education and development.

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1 Deprivation: the expression of poverty is usually used for the traditional disadvantaged situations, deriving from the low income and other problems it raises such as inappropriate diet, bad living circumstances etc. [Andorka, 2000: 121]. The authors’ own translation.
The results of the research

Conceptual definition — Corporate social responsibility

It is a very difficult task to give a comprehensive definition of corporate social responsibility which is adequate from every aspect. So it is not surprising that the interviewees gave different definitions. However, these definitions, unambiguously, can be grouped around the social and voluntariness type of definition that is also mentioned in the literature and the reason behind this is likely the nature of the nonbusiness activities.

According to the results of the research out of the 9 interviewees 6 mentioned the expression of *offering assistance*, as the synonym of the corporate social responsibility. The expression of *empathy* was mentioned 3 times, and in 4 cases *learning, informing, subsidizing and supporting* was referred to. The interpretation of CSR according to the interviewees can be seen in Figure 2.

Figure 2. Interpreting CSR according to the interviewees (n=9)

Source: own construction 2011.

The expressions of *subsidizing* and *support* are important according to their frequency mentioned by the interviewees, but it is not sufficient part of corporate social responsibility.

*Informing* seems to be an appropriate and crucial task, in some cases *teaching* and *education* falls into this category as well as it is very common that people living or getting in disadvantaged circumstances are undereducated or not at all educated, and are not able to take advantage of their opportunities.
Empathy, sensitivity came into light interpreting the concept semantically, which is not accidental, as offering assistance is rooted in the sensitivity of the person, however, it is not the characteristic of every person.

All the interviewees agreed in that, that only those would be committed to offering assistance who during his or her personality development was a member of such a family, environment and culture where common interest and not self-interest was in the focus of his or her value orientation. The individualist, egoist person might periodically carry on with voluntary activity and make offers, however, such a personality will never be committed in the long run.

Opposing the hypocrite personality, supporting others is part of its own life of the empathic and collectivist personality. The leaders of the nonbusiness organizations – 7 out 9 – mentioned that they would welcome the fact if more leaders of the companies had the altruist approach as this would make their task easier.

Motivation

The motivation of voluntariness and donation were in the focus of several researches [Pitterman, 1973; Frisch, Gerrard, 1981; Cnaan, Goldberg-Glen, 1991; Clary, Snyder, Ridge, 1992; McEwin, Jacobsen-D’Arcy, 2002; Esmond, Dunlop, 2004; Czike, Bartal 2005; Hegyi, Horváth, Kmetty, Molnár, 2006], the present study builds on the result of the latest research carried out in Hungary (2006) and examines the altruist motivation. It is also based on the fact that the interviewees – 6 out of 9 – mentioned the importance of altruism2 as a motivating factor.

According to the opinion of the organization leaders taking part in the sampling, the altruist motivations can be grouped into 3 categories.

1. Motive: mutual altruism

   **Keywords:** ‘mutuality, interest’

   • The present study gives appropriate examples to prove mutual altruism. One of the leaders of the local council mentioned that a company dealing with extracting raw material compensates the people living in the area with donating fuel to them for the noise and other inconveniences.

   In this case the motivating factor is mutual altruism, mutually offered assistance.

   • The expression ‘interest’ was also mentioned during the process of data collection, the motivation of individual sacrifice in the interest of others – according to Hamilton [Hamilton 1964] – can be considered as long-term self-interest. So if we have a look at the practice mentioned above, the company’s long-term interest is survival and its necessary proceeds is to keep a good relationship with the stakeholders (people living in the area).

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2 Altruism: can be interpreted as the highest form of offering assistance, it is characterized by the activity carried out voluntarily and intently in the interest of somebody else without rewards [Vályi, 2005]. The authors’ own translation.
2. Motive: empathy altruism

*Keywords: ‘willing to help, empathy, involvement’*

From the interviews it was unveiled that the circle of volunteers is wide. On the one hand they are single individuals and individuals with large families, on the other hand they – often wish to conceal their identity – are wealthy, successful individuals and profitable companies. Of course, the motivations of these donor groups are rather different.

In the first case ‘involvement’ plays an important role and hence the willingness to help is more increased. The similar situation generates empathy and sympathy in the individual, which gives the impression of attachment and in the end it increases the likeliness of offering assistance.

*Empathy* is an important and necessary base for altruism, as the empathic ability hidden in the individual motivates the formation of altruism, as the individual is able to identify with the feelings of others.

There might be two reasons for the motivations of the later mentioned segments of volunteers and donors. One of the reasons of the helping behaviour is to decrease the ‘negative state’\(^3\), that is to decrease the individual’s own guilty conscience and inconvenient feelings.

Surprisingly this segment can be motivated by positive state, helping intention as people leading a happy, problem-free and well balanced life are more likely to perceive the problems of others and it is realized in deeds.

The research of Bartal [Bartal, 2007] also reinforces the state that generates happiness which is felt during voluntariness and donation, he states that the individual who is a volunteer is more likely to be happy and satisfied. Another research – Deloitte Volunteer Impact [www.deloitte.com] – examined the behaviour of the young members of the ‘Y’ generation, who are either frequently or rarely volunteers, and stated that those who are frequently volunteers at their workplace are more satisfied with their career, employer and thus are more loyal to the company than those who do not take on voluntary activities.

3. Motive: docile altruism

*Keyword: ‘expectation’*

The motivation of some donors is to *follow the group norm*, which helps survival. Nowadays it is expected from profit–oriented companies to act in favour of common good as they are usually considered to be the source of the environmental, social and economic problems, and so docility slowly builds in the practice of the companies. As in the case of human

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\(^3\) **Negative-state relief model**: states that human beings have an innate drive to reduce negative moods. They can be reduced by engaging in any mood-elevating behavior, including helping behavior, as it is paired with positive value such as smiles and thank you. Thus negative mood increases helpfulness because helping others can reduce one’s own bad feelings [Cialdini, Baumann, Kenrick, 1981], [http://en.wikipedia.org/wiki/Negative_State_Relief_Model](http://en.wikipedia.org/wiki/Negative_State_Relief_Model).
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evolution, the existence or the lack of corporate social responsibility can contribute to natural selection during the company/business evolution. So CSR is an expected and necessary norm for companies, as this is one of the fundamental base of their existence and in the long run they can even make competitive advantage out of it.

According to the results of MAF the goals of the companies achieved by voluntary work were listed as follows: about 80% of the companies do voluntary work out of team building, about 70% with the aim of reputation, at more than 60% the aim is to create the loyalty of the employees and positive atmosphere at the workplace, so through donation the company would like to meet the expectation in a direct way.

The characteristics of donations

Among the goals of the research it was included to examine the nature of supports, donations and subsidies. According to the results of the survey these were, in all cases, material offerings.

According to MAF 65% of the companies offers financial support besides voluntary work (that is physical or mental activity).

The donations of financial nature usually go to large civil organizations and to organizations with a centre in Budapest. Foundation in the countryside or smaller foundations, non-profit organizations usually receive material donations (e.g.: fuel, long-life food etc.), services (e.g.: free delivery).

For the lack of donation and corporate social responsibility the lack of culture, empathy, internal motivation and social sensitivity was accounted by the interviewees.

How the motivation for donation can be encouraged, stimulated the interviewees could not give a clear answer. Although they did not doubt the efficiency of applying marketing and PR tools – 3 out of 9 mentioned this – they felt that the internal initiation and sensitivity is the key.

The circle of donors, the method and direction of keeping contact

On the way of offering assistance the first step is to recognize the case of emergency, to realize who needs help.

Nonbusiness – people in need: the road to identify needs are basically oneway, as people in need individually initiate the contact with the organizations. They try to find solutions in special, private problems, so it is understandable that the contact is done personally.

Nonbusiness – donor (company): the picture of contact with the donors is varied. The present research could not confirm the results of the MAF research according to which 80% of the donor companies – as individual initiator – finds in a proactive way the support opportunities which can be given in the form of voluntary work [http://nonprofit.hu]. Only one respondent referred to the proactive behaviour, in the other cases establishing contact derives from the nonbusiness organization. Although the company chooses from the incoming
opportunities, the initiation of the nonbusiness organization are 100% successful, the reason for this can be the targeted contact and the personal, good contacts.

Nonbusiness – donors (private individuals): The contacts with the private donors are mutual.

Nonbusiness – nonbusiness: the organizations inside the nonbusiness sector have a good knowledge of each other’s activities, as their communication has a social objective and during their work they meet at conferences, trade events where they can strengthen their interpersonal contacts. It has to be mentioned that, unfortunately, in Hungary these events are not well publicised, and because the media do not support these kinds of activities of companies, they advertise these kinds of activities on their websites or through community media.

The success of the nonbusiness cooperation

The researched proved that the cooperation among nonbusiness organizations are one of the most successful, as according to the respondents they achieved 79.25% out of the 100%.

However, the cooperation with companies is more important – according to the opinion of the respondents only 57.12%, it clearly proves the business side of the CSR activities. This was also reinforced by the fact that most of the companies are sponsors and during charity they do not require publicity. It must be also stated that at regional level the role of the small and medium enterprises in CSR cannot be neglected.

The cooperation with the population received only 27.87% which can be reasoned with the lack of appropriate communication. During the research it

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Social communication: These communication activities refer to professional programmes that should form the way of thinking of the entire society and have an educational value [Szeles, 1999: 79]. The authors’ own translation.
could be clearly seen that among the private people many do not have a clear view of the actual activities of the nonbusiness organization or of the target groups (people in need). In some cases they are considered as junk rooms, which help the individuals to get rid of their unnecessary objects for free.

**Summary**

The results of the research showed similarities with the literature, i.e.: the influencing factors of CSR are the effective communication, the realized cost and benefits for the donor, the empathy, the norm system of the individual and the expectation of the society.

The importance of CSR appears at more and more forums (CSR market, corporate PR etc.). However, to be able to speak of appropriate CSR that is already built-in the value system of the individuals – especially from the viewpoint of society, ecological and economic sustainability – Hungary has a long way to go as there is still a great lack of empathy, internal motivation and social sensitivity, which can only be inherited through culture.

Communication forms the base of offering assistance, as without it the realization of needs is not possible. The sceptics often accuse the companies that the CSR practice from their part is nothing else only PR activity, however, it was proven by the present research that the donor companies do not require publicity.

**Literature**


Szeles P. (2008), Önkéntesség vagy kötelezettség?, “Chief Executive Officer”, IX.évf., 1, pp. 41–44.


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