

Non-profit marketing- problems and future challenges

[Business](#), [Marketing](#)



Marketing is being blamed for creating materialism in society and also for creating unnecessary demand for Products and Services, which the customer would not have asked for. It is because of marketing that the suppressed desires of the materialistic world take over the moral man and loads into being a hedonist. But people also feel that marketing is responsible for what has happened to the world over the years and what will happen in the future. People belonging to their school of thought are of the opinion that marketing creates surplus in the form of profit and profit making organization in turn, spend their returns on designing and development product and services, which enhanced the standard of living of people and deliver desired value to consumers. The latter school is guided by Adam Smith's principles of 'Invisible Hand: Both the schools of thought try to rationalize the existence of marketing as an economic process, either to create and distribute value or to deliver value to consumers. The scope of business was confined to economic transactions between the producer and marketers.

Though each of them part of the social Institutions and operated under social framework and structure, it was realized very late that marketing can also be used to address social issues. In a traditional sense, marketing is broadly defined as process of planning and executing the conception, pricing, promotion and distribution of Ideas products and services to create exchanges that satisfy individual and organizational goals. A broader definition of marketing delved into the process of social exchange in which both producers and marketers looked into the effects of product conception development, design, distribution and delivery of products from social point of view. Marketers also started viewing marketing tools and strategy as

vehicles for application in the context of non-business enterprises like government, public sector and charities. Here onwards marketing was looked as a change vehicle and potent weapon for bringing desired effects on responsible corporate social behavior use of marketing tools in the social context started in the middle of the last century when organization with and without profit motives started mass campaigns for a cause or an idea. A successful social information campaign should have a high level of monopoly so that there should not be any contradicting messages to the objective of the campaign. However, many of the social campaigns in a free society have complementary or alternate campaign, which do not allow them to have certain level of monopoly.

Let us take an example of an anti-smoking campaign. Though the message, “smoking causes cancer” is evident everywhere and firms marketing tobacco-related products mention this line over their products, but there are campaigns on cigarettes and liquor that promote lifestyle patterns. Mass and information-oriented campaigns depend on the favorable public attitude. Pre-existing attitudes are easier to reinforce than to change. Non - Business Marketing The Non- business Marketing involves marketing activities carried out by individuals and organizations to achieves some goals other than normal business goals explained in the form of returns on investments, growth or increase in the profit. We can classify non -business marketing as social marketing and non - profit marketing Types of Non-Business Marketing Social Marketing Concept for Non-Profit Organization [NPO]Non-profit

organizations work the motto of sub serving social interests. They may or may not charge for the services offered.

The defined principal of social marketing makes it essential that the organizations where the conceptualization process is to switch on place social interests at the top of the agenda. The policy and strategic decisions of non-profit organizations while conceptualizing marketing focuses on satisfaction of consumers irrespective of the fact that they pay for the services offered or are offered free of cost services . Social marketing is an activity of the non-profit organization. We find social marketing employing the use of the marketing concept in an effort to persuade consumers to accept social ideas beneficial to society at large. These organizations vary from the trade and professional associations to community, national and international organizations. We find non-profit organization dealing with two basic market segments – Donors and Clients. They subscribe to the objectives that cannot be measured in financial terms.

They are concerned with the people, places and ideas as well as product and services. The donors may or may not necessarily receive any products to note services in exchange for donations/contributions. It is also significant that non-profit organizations offer products/services to those in need and even may not be able to absorb the cost of the product/services. For example the services offered by an educational and health institutions occupy a place of outstanding significance and it is against this background that citizens of a country have a right users of services can't be uniform and therefore they are supposed to work with the motto of serving the society

without making profit. Because we find these services, of late, depending upon the supporting infrastructural facilities known as inputs, these service institutions engaged in offering the aid have a to generate surpluses so that the expansion, development, modernization programmes are practiced to activate the process of qualitative –cum- quantitative transformation. It is in this context that we find these institutions working as a non-profit organization. More over we can't neglect the instrumentally of health services for the survival and growth of human beings.

The basic medical aid is considered to be a fundamental right of all citizens of the country. It is but natural that all segments of society are not in a position to afford the medical services if we find hospitals making profits. Of course, they need time honored development which requires infrastructural support. In other hand it is responsibility of non-profit organizations and the governments create awareness on blind beliefs, safe sex, cotangential diseases and social evils. Social organizations bear the responsibility of regulating the government policies, these institutions are come forward and safeguard the social interest. They are extended multi-dimensional support through different categories of organizations for that very purpose. If they start making profits, the social interests would not be protected.

Thus, we find Social Welfare Organizations is working as a Non-Profit Organizations because they don't have a legitimate right to make profit. Non- Profit Organizations- Marketing [NPO-Marketing] We are well aware of instrumentality of non-profit organizations in sub serving social interests. This draws our attention on the professional excellence of people managing

such organization. Because we find marketing a managerial process, it is essential that professional managing the affairs is made aware of the positive contribution of nonprofit organizations and develop marketing resources in the face of evolving changes. The formulation of a sound marketing mix becomes significant when we think of conceptualizing and implementing modern marketing principles in non-profit organizations. A professionally sound manager bears the efficiency of developing marketing resources in tune with the changing levels of expectations and therefore the task of satisfying the users become easier. We also find marketing a social process to be more specific while managing the non-profit organizations.

It is right to mention that social marketing governs marketing of non-profit organizations because policy decision makers are supposed to formulate such a policy as to safeguard social interests. The professionals responsible for conceptualization and implementation bear the responsibility of formulating a strategy opening new vistas for social transformation. The marketers, while promoting the interests of users, need to make sure that directly or indirectly, the policies or strategies are not to obstruct the process of social welfare. Of course they also need to protect organizational interests because we can't think of raising the contributions of non-profit organization to the process of social transformation unless they are financially sound. So, it is essential that marketers managing the affairs are well aware of the avenues for the mobilization of financial resources. EXISTANCE PROBLEMS BEFORE NON-PROFIT SECTOR A majority of the non-profit organizations are

today facing image problems of high magnitude. They are facing the problem of professional deficiency.

Financial crunch has made them potentially insolvent. The infrastructural constraints, managerial deficiency, lack of dedicated and committed people, decreasing contributions towards social transformation, increasing domination of social climbers, increasing insensitivity among different segments of society, large scale misuse of funds have fuelled the process of egeneration and the situations are found explosive. We find different types of non-profit organizations, viz. , organizations such as Religious, Social Cultural, Knowledge, Protective, and Philanthropic, Political and Social today facing critical problems, not only in India but also in the globe. While we realize the outstanding contributions of non-profit organizations in the welfare activities, we find them in poor condition. The management legends feel that whatever problems we notice can be resolved if professionals take part in the innovation process. They strongly advocate in favors of developing the non-business sector with the help of world-class professionals.

As of today, the multi-faceted challenges have made them potentially weak.

1. Problem of Professional Deficiency Professional excellence will help in bringing the derailed systems back on its track. Of late most of the non-profit organizations face the problem of managerial deficiency. Financial resources are inadequate and whatever is generated is being mismanaged and misused. The traditionally managed units are facing strategically and tactical problems. They are controlled and dominated by social climbers.

Bureaucrats dominate the management and control processes with ulterior motives and mission. Virtually a majority of them are at a collapsing stage needing a special care of the professionals. The world class professionals may contribute significantly to the development processes and the non-profit organizations may witness qualitative improvements.

2. Infrastructural constraints The non-profit organizations have been facing the problem of infrastructural constraints. Since they are not making profits, the infrastructural facilities are minimal. The government or infrastructural industries do not extend to them adequate support.

Of late, infrastructural facilities have been playing a lead role in improving the quality of services but due to inadequacy of infrastructure, they find it difficult to generate funds. This naturally has adversely affected the quality of their services and aggravating the image problem. They are unable to offer even key core services.

3. Lack of dedicated and committed people A majority of the non-profit organizations are facing the problem of inadequacy of quality people when they are not professionally sound, how we can expect from them personal commitment and value orientation. The development is a natural phenomenon. Education and training facilities should be of world class otherwise there can be no question of making available to the various sectors quality people without which all out efforts prove to be the effective.

An organization dominated by non-performers can't survive. The NPOs, of course, do not realize the instrumentality of quality people in the process of qualitative or quantitative transformation.

4. Increasing domination of social climbers It is unfortunate that social climbers are dominating the

management and control of a majority of the non-profit organizations. If professionals replace social climbers the present and future of an organization can be positive. Degeneration in the working of political organizations has led to this sorry state. The mafias, antisocial elements, criminals have started handling the political organizations who are responsible for formulating sound policies.

The policy and strategic decisions made by the anti-social elements have thrown the organizations in the reverse gear. Political parties, non-government organizations, trade unions, educational institutions and the police department have failed in the discharge of their duties since they are dominated by the vested interests like social climbers and mafias. 5.

Increasing insensitivity among masses The most significant reason aggravating the magnitude of the problem is increasing insensitivity among different segments of the society. Nobody considers it significant to perceive the problems correctly. All of us find it difficult to confront the mafias and anti-social elements. So, they are dominating a majority of the organizations.

How we can forecast the future of non-profit organizations. Non-profit organization can contribute substantially to the process of social welfare, if masses are sensitive to the issues as otherwise all the development processes will receive only Luke-warm or even negative response. Mass-participation is an effective prescription to resolve the problems of the society. 6. Large-scale misuse of funds Willingly or unwillingly, we have to accept that a majority of the non-profit organizations are involved in promoting misuse of funds. This is because they are dominated by the social

climbers. Fraudulent and unfair practices, unregulated, unproductive expenses are aggravating the problem of financial crunch which is instrumental in the formation of a vicious circle.

Since they misuse funds, the donors and potential donors are reluctant to come forward with donations. The mobilization of donors is now complicated and the most important reason is the rampant misuse of funds by the Non-profit Organizations. 7. Decreasing contributions to the society A number of non-profit organizations have not made any significant contributions to the development process. The task of social transformation is their responsibility but they are not to increase their contributions. This has made it difficult for them to get public recognition. Contribution of an individual or an organization is closely related to their potentials and if they are potentially bankrupt, we cannot expect anything concrete from them.

This problem indicates that the non-profit or non-business sector is facing numerous problems. We find different types of NPOs and in the Indian context by and large most of them are sailing in the same boat. In the coming years, the magnitude of problem is likely to aggregate because nobody seems interested in resolving the issues. The non-profit organizations thus need an effective prescription, based on a big push theory, in which aggressive marketing practices can be effective. Since it is a social problem, social participation is a must. Mass-participation for mass-welfare will be helpful in different ways. FUTURE CHLENGES OF NON-PROFIT ORGANISATIONS [NPOs] IN INDIA NPOs are facing several problems and this delays their redressed are and even there is no bright future.

In the Indian context where the people are depending on the contributions of non-profit organizations, rational solutions alone can improve their functioning. Against this background, the non-profit organizations should resort to innovative marketing practices. If we look into some of the important non-profit organizations, their performance results are very disappointing. ? Non-Government Organizations [NGOs] What Do Non-governmental Organizations Do? Nongovernmental organizations are one group of players who are active in the efforts of international development and increasing the welfare of poor people in poor countries. Nongovernmental organizations are largely staffed by altruistic employees and volunteers working towards ideological, rather than financial, ends. Their founders are often intense, creative individuals who sometimes come up with a new product to deliver or a better way to deliver existing goods and services. They are funded by donors, many of them poor or anonymous.

Yet these attributes should not be unfamiliar to economists. Development NGOs, like domestic nonprofits, can be understood in the framework of not-for-profit contracting. It is easy to conjure up a glowing vision of how the efforts of NGOs could focus on problem solving without getting bogged down in corruption or bureaucracy. But the strengths of the NGO model have some corresponding weaknesses—in agenda setting, decision making, and resource allocation. We highlight three factors in explaining the increased presence of NGOs in the last few decades: a trend towards more outsourcing of government services; new ventures by would-be not-for-profit “entrepreneurs”; and the increasing professionalization of existing NGOs. The

prime responsibility of a government is to promote social welfare so that weaker segment and neglected region of the country get an opportunity to develop; but in the large and high populated countries it is not possible to the government to look after all the sections of the society and the government endorsed some of the welfare programmes to the trusted and registered NGOs. In India, we observed that the large numbers of NGOs are involving different type's welfare programmes in different areas in the country.

The objective of any mission is to promote social interests by offering a number of services to various segments of society in the country. In this process, they get financial aid and other incentives from government, foreign donors, international and national agencies. Of late, there is negative trend since a majority of the NGOs work with different motives. The domination of social climbers in according and approving grants has virtually changed the scenario. A good number of international and national NGOs i. e. UNDP, CARE-India, World Vision, Action Aid, Plan International, YMCA, CHAI, States Lively Hood Projects, RASS-Tirupathi, ARTIC-Srikakulam, THREAD-Orissa, BASIX-Hyderabad, Ajim Preamjee Foundation and BCT-Visakhapatnam only exist on papers.

With the support of political leaders and bureaucrats, they succeed in transforming even the profit-making bodies in the NGOs. The recent report of CAPART bears testimony to this almost all the states, the NGOs have proved to be liability because except a very few cases, almost all of them are engaged in maturing malpractices. The unfair practices promoted by the social climbers and a few the bureaucrats lead to unhealthy development.

The sanction and approval of the projects are seldom based on the potentials of persons to promote and manage the project but on the pressure and influence they can wield. No one is opposed to the development of NGOs since this help the downtrodden communities, women & Child, HIV/AIDS and neglected regions; but the unfair practices should be eliminated. Against this background, there are cases in favor of conceptualizing social marketing by the NGOs. The NGOs have no legal right to make profits.

Therefore, the professionals, with innovative marketing practices, should try to improve their working conditions so that they can contribute significantly to the development process and succeed in removing the image problem.

The marketing professionals involved in the process will be able to achieve qualitative improvements with the help of an innovative service mix.

Currently, the NGOs are facing numerous problems. The increasing influence of social climbers and wrong people in the power corridors should be minimized and this is possible only when we assign due weight age to the approval and sanction process. The professionals, policy makers, promoters, social reformist and activists have to determine the priority areas for future success. ? Educational Institutions In the category of non-profit

organizations, we find educational institutions playing an outstanding role. At almost all the levels, educational institutions experience numerous problems.

The state policy makers should herefore think over the problem on a priority basis. At the primary, secondary and higher levels, the educational institutions are in a depleted condition. How can we talk about the government managed institutions when a majority of the private institutions

present a very gloomy picture? On the one hand, there is a change in the education system because in today's conditions, expensive infrastructural facilities play an important role in improving the quality of education but because of paucity of fund, they find it is difficult to develop even the basic infrastructural facilities. The libraries, labs, supporting infrastructural facilities and the quality of faculty play an important role in improving the quality of education, but a majority of the government managed educational institutions find it difficult to promote the quality of their service mix, partly, on account of financial crunch and partly because of professional deficiency. With an increasing pressure of population, the demand is increasing. The users and potential users have high expectations since they witness their counterparts elsewhere in the world available of world class educational facilities which are denied to them. Weaker sections of the society and the illiterate segments need educational assistance as they cannot afford the expensive educational facilities offered by some of the privately managed schools and colleges.

The universities also present the same picture. Right from the primary to the higher, almost all the centers are in a poor condition and two important reasons obstructing them are inadequacy of finance and lack of professional excellence. The syllabi of the traditionally managed educational institutions are not in tune with the emerging trends and evolving developments. There is no corresponding relation between the formal and informal education, leading to a number of allied problems. The public fail to get informal education and this obstructs the process of developing quality people. The

limited number of people getting education in the world class institutions may be professionally sound but a majority of them lack informal education. They are totally unaware of traffic and civic sense and aesthetic values which keep them ignorant of workculture, conviction and commitment.

So, it is necessary that educational institutions in general make ensure that both the streams of imparting educational assistance, formal and informal, are given due importance. A majority of the problems are due to inadequacy of finance and the process of mobilization of financial resources is difficult. The image problem is obstructing their professionalized efforts. They find it difficult to raise the fee structure and the donors and potential donors are disinterested in their problems. The grants from government or other agencies have shrunk. Thus they are facing a number of problems on the financial front. There appears to be no way for an improvement in their financial position.

It is against this background that we recommend the urgency of conceptualizing social marketing principles by these educational institutions. Professionalize services open the doors for multi-dimensional improvements. The marketing professionals using innovative marketing strategy will be able to improve their position. Of late there has been an attitudinal change as the parents in general are quite interested in quality education. In a majority of the cases they prefer to avail of quality services even if the fee structure is high. Of late expenditure on education is considered a productive investment and this has led to a qualitative transformation. Financial institutions and commercial banks are now evincing interest in resolving the problems of the

weaker sections of the society who are not unable to afford expensive quality services.

Where the educational institutions are performing well and playing a positive role in the development of quality people, it is quite natural that people develop a positive attitude towards them. This will also motivate the donors and potential donors since they witness productive use of their money. This broadens the avenues for the mobilization of financial resources. Since they have been making positive contributions to the process of development, the government would also evince interest in providing adequate grants. Then the social welfare organizations too would come forward to solve their financial problems. The marketing professionals, with the help of a sound service mix, will be successful in improving the quality of the core and peripheral services. The core services can help them in regaining the lost image, while the peripheral services will add additional attractions to their service-mix.

When the educational institutions find themselves financially sound, development requirements will be conveniently fulfilled. The marketing professionals will find it easier to promote since they have made positive contributions. The public will become aware of the outstanding performance of the educational institutions leading to a better image. The fee structure should be made optimal to improve the financial health of the educational institutions. The users will not hesitate to invest because they find justifications for the same. The infrastructural facilities can be enriched and the development of faculty would get due attention. Thus, the marketing

professionals can play a positive role and the educational institutions would emerge as an industry contributing significantly to the process of developing quality people. The mission will then be achieved since the vision has changed.

The organizational goals of improving the quality, satisfying the users, developing the educational institution and increasing the number of satisfied group of users can conveniently be accomplished with the removal of image problem and the educational institutions will start contributing significantly to the process of human capital formation vis-a-vis socio-economic transformation. Conclusion To strengthening the

Non-profit/Not-for-Profit/NGOs sector through a radical restructuring of the government machinery, a radical change in the prevailing mindset of policy makers and corporative giants and a radical reallocation of resources in order to make the people themselves the principal authors of their own future. They must be provided easy access to economic advantages they frequently are not entitled to benefit. They must not be treated as beggars/slavers and dependent downtrodden segments of society but as equal partners. Such a dramatic change requires a vigorous, broad-based participatory dialogue and committed leadership- leadership with clear vision and daunting courage. References: 1. Marketing Management -Second Edition-Tapan K Panda-Excel Books, New Delhi 2.

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