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Strategic Innovative Marketing and Tourism

Current Trends and Future Outlook—
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Fundraising and Social Marketing in the Non-governmental Organizations



Diana Cristina Bódi

Abstract Identifying and accessing funding sources has always been a challenge for non-governmental organizations. Social marketing, through the special techniques taken from the marketing of economic companies and adapted to social organizations, managed to come up with a new perspective for identifying these important revenues for the sustainability of organizations. This paper describes the results of an exploratory qualitative research, the objective of which was to identify the difficulties faced by non-governmental organizations, especially from the perspective of fundraising. The research was carried out in the period 2020–2022, on a number of 15 non-governmental organizations accredited by the Romanian Government, from Brasov County, Romania. Data collection was carried out through interviews, both semi-structured and unstructured with people from the management structures of the non-governmental organizations. The results of the research show that the difficulties of non-governmental organizations are related to the lack of human resources and the lack of finance. Although they make great efforts to have funds to provide social services to beneficiaries, we can observe that most non-governmental organizations do not follow a model or strategies of social marketing and funding, which limits the development of the organizations. This research highlights that social marketing strategies come with ingenious solutions for the financial stability of non-governmental organizations, strategies that need to be known by both, non-governmental organizations, and businesses.

Keywords Social marketing · Fundraising · Non-governmental organizations

1 Introduction

Non-governmental or non-profit organizations (abbreviated: NGOs) are increasingly visible organizations in society, known to the public mainly through the humanitarian actions they carry out with different categories of beneficiaries, but also through their

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involvement in raising awareness among stakeholders and the public of the vital role they play in social service delivery and development [1–3].

This paper focuses on the funding modalities of NGOs working in the social field and connected to the social welfare system. According to the Romanian legislation [4], the national social assistance system intervenes through state institutions and NGOs to prevent, limit, or solve situations that may lead to marginalization or social exclusion of individuals, families, groups, or communities.

2 Theoretical Framework

Through their role in prevention and subsidiary intervention on vulnerable individuals and groups, and through services provided in their proximity [5–7], NGOs stand out for their creative and innovative activities on social work beneficiaries, supported by self-funding. This makes interventions focused on the real social needs and desires of the population and contributes to an increase in social welfare, as proposed by “the parents” of social marketing, Kotler and Zaltman [8]. They advocated taking marketing techniques and translating them into the area of nonbusiness institutions.

French and Russell-Bennett [9] propose a hierarchical and differentiated model of social marketing that includes value through exchange, social behavioral influence goals, citizen/customer/civic society-orientation focus), social offering (idea, product, service experience, policy, etc.), relationship building.

The ways in which social marketing strategies are applied in NGOs can be: donation or sponsorship of a company to a humanitarian cause, social marketing campaigns through which stakeholders and the general public are informed about the causes of NGOs, marketing sponsorship of social programs or projects, marketing of relationship-based social action, social marketing to promote product and brand the company uses the name of an entity or a campaign logo, adding value to your business and generating increased sales (when we talk about the social economy) [10].

The work of NGOs to raise money for the activities they offer to beneficiaries is often extremely intensive and even expensive, research showing that most NGOs lose money from donor recruitment activities and that the overall incomes gained from fundraising are comparatively low [11]. NGOs continuously request money from stakeholders and the public for various humanitarian causes and it is difficult to measure the effects of these requests [12]. Another question related to fundraising is how efficient these methods are among stakeholders and if they are, in the long term, effectively applied to the same target audience [13]. What influences the intention to donate is awareness, which can be increased by developing the organization’s image and increasing trust in the organization [14]. Permanent information, update information, advertising is crucial to have constant funding sources [15].

One of the tools proposed for building and maintaining funding in an NGO is the Balanced Scorecard, proposed by Kaplan [16] which allows organizations to find the most efficient way to achieve the goals set by their mission and determine the

best means to raise their funds. In the case of financing an NGO, the implementation of this instrument involves make the strategy explicit, choose the measure, define, and refine (establishing clear systems and procedures to track the extent to which objectives are being followed) and deal with people (application of the strategy).

Also, to obtain sustainable financing of NGOs, specialists propose cause-related marketing, which involves partnerships between companies for profit and NGOs, for mutual benefits, thus stimulating companies to be socially responsible [17]. The potential influx of money allows the adaptation and expansion of services and the ability to serve more people, making cause-related marketing a positive influence and a useful tool for social change.

3 Methodological Framework

This study presents exploratory qualitative research whose main objective was how and in what ways social marketing strategies are applied by NGOs in the social services sector. The research questions, from which it started, were the following: what are the difficulties faced by NGOs? How do they financially support their activities with beneficiaries? Which social marketing strategies are used by NGOs? The research was carried out in Brasov County, Romania and data were collected between 2020 and 2022. Data collection was carried out through interviews, both semi-structured and unstructured applied with people from the management structures of the NGOs.

The method of sampling respondents was theoretical and the snowball technique was used, taking into account the following aspects: NGOs should be active, offering services to beneficiaries, at the time of data collection; to be NGOs accredited by the competent ministry (Ministry of Labor and Social Solidarity); consent to participate in the research; was selected the NGOs that offer services to several categories of beneficiaries, focusing on identifying challenges from several fields of activity: socio-educational services (4 NGOs), socio-medical services (1), social integration and reintegration services (10); Social integration and reintegration services are addressed to a wide range of beneficiaries, such as: People with disabilities, elderly people, immigrants and refugees, abandoned children, families at social risk. Thus, a sample of 15 NGOs was reached, out of a total of 28, selected from the map of social services in Brasov County [18]. It should be noted that some of the NGOs on the social services map are only in the process of accreditation and therefore have not been accessed.

To collect data, the interview guide was used, which was structured first on themes, then on additional questions, where more data were needed. The research subjects were told about the aim of the research and all participants gave their written consent for their answers to be used for scientific purposes.

During data collection, the data has been introduced into the NVivo 14 software, performing a primary analysis to identify the maximum number of subjects necessary for my research. Data of the interviews were processed and analyzed. Thematic

coding was used in the analysis of the data collected, focusing on the challenges of NGOs and their use of social marketing methods.

When theoretical saturation was reached, the data collection process was interrupted, focusing on thematic analysis and interpretation of the information obtained.

4 Findings

The interviews mostly included discussions about the activities carried out by NGOs: the beneficiaries of the organization, the responsibilities of the respondents, the challenges faced by the organization, the ways of financing and promoting, the social marketing strategies used by the organization.

It could be noticed that during the interviews, absolutely all the organizations focused their discussion on funding. It seems that financing NGOs is a constant challenge, both for small organizations, with fewer projects and social services and for specific periods, as well as for large organizations, with constant programs and projects. In fact, from the analysis of the interviews, it emerged that all NGOs face two major difficulties, which influence each other: human resources and financing.

Because there is little money, the NGOs prefer to allocate all the funds for the activities with the beneficiaries, than to hire a person specialized in social marketing and communication or to invest in a campaign to promote the organization, made by a specialized agency, which would increase the visibility between stakeholders and the public and thus, could attract sufficient funding: Establishing, developing, supporting a fundraising department costs money that we currently want to invest in the welfare of the beneficiaries (NGO providing Social Services for mentally disabled people).

In order to survive as organizations, they must always access different sources of financing. From the data analysis, the most used financing sources are, as mentioned by the respondents, in descending order: projects with local, national or international financing; organization of events; sponsorships; 3.5% of income tax; 20% of the company's profit tax; donations by Direct Debit; donations by SMS; subsidies from the government; own economic activities, cause-related marketing.

Projects with local, national or international financing are the most accessed sources of financing, being mentioned by all responding NGOs. It is worth noting that writing projects is challenging, which requires a lot of work and coordination and also, the search for accessible grants: We strive to attract financial resources by writing projects, they are not always successful, but we make efforts in this sense. (NGO providing Social Services for blind people). We had to look for funding from elsewhere, and we implemented European projects, already since 2012 European projects have been implemented, only that they require a lot of hassle and a lot of work and are very cumbersome (NGO providing Educational Services).

The organisation of events is also mentioned by all respondents, although the events are not always organized as fundraising events. However, an event, such as education-information-awareness, through the interaction of the organization with

the community and its visibility in the community, can have as a secondary effect and a subsequent funding: We have another special event that we organize annually, called “Dinner in the Dark”. It makes us visible among important people of civil society, and every time with the help of the Lion’s Club, we organize in one of the nice restaurants in Braşov, to which we invite people we know, from the community, from public institutions. It was the former Mayor, Vice Mayor, doctors, businessmen and they experienced life in the dark for a few hours. I blindfolded them, it was a contest where they had to recognize the food. And it was an impact (NGO providing Social Services for blind people), Organizing fundraising events is expensive and involves a lot of work, human, financial and time resources. Even more, you have to make sure that the event achieves its goal, that of fundraising, that the expenses are not higher than the results.

The last few years have brought innovation in fundraising methods, especially from organizations that have fundraising and social marketing departments, which, in addition to classic fundraising events (balls, auctions, fairs), have introduced crowd-funding sports events, to which the population responded enthusiastically every time, including during the COVID period. It is a way of attracting funds that overlaps with the hierarchical and differentiated model of social marketing [9]: Now, the most extensive and with national impact were sports events. We talk for example about Hope Wellness as a cycling event, we had over 5000 people sign up for the event, which is an extremely large mass of people that we reached with this event (NGO providing Palliative Services).

Sponsorships are an important source of funding for NGOs. The main problem is related to the fact that these incomes are not stable, they fluctuate from one month to the next and at any time one or more sponsors can withdraw for various reasons, mostly financial, caused by crisis situations, such as the COVID period: Financially we are affected, the external fund also fell, and we had to turn to the other directions for the support of the children. The decrease in funds in Switzerland is huge and in addition these finances are fluctuating, as it always has been. This would be a weak point and a problem for us (NGO providing Social and Educational Services).

As a source of funding, sponsorships involve a lot of work persuading NGOs to companies, so that they get involved financially in the organizations’ projects, although the Romanian legislation [19] provides tax exemption for the donated amount. It’s just that these for-profit companies either don’t know or are reluctant to the idea of sponsoring NGOs. So, part of the sponsorships to the social organizations in Romania come, rather from abroad: The funding methods of the organization are mainly from abroad, our main sponsors are organizations of the Reformed Churches from Hungary, Holland, Switzerland, as well as other European countries (NGO providing Social Services for elderly).

Also, as a form of sponsorship, the Romanian legislation [20] provides the possibility of allocation of 20% of the company’s profit tax, a method quite little known by those who can allocate that percentage. This requires NGOs to present the activities and projects of the organization to profit-making companies and to explain to them that the allocation of 20% of the profit tax does not ask them for anything extra financially, but only helps the organization to be able to carry out its activities. Even

more, it can be a good method of promoting the company for profit, which links its name to a humanitarian cause and can increase its credibility and visibility in the community.

Redirecting 3.5% of income tax, another source of funding mentioned by all respondents, applies to individuals and is supported by Romanian legislation, precisely to increase the sources of funding for NGOs. It is an activity that requires from the NGOs great resources of time to distribute the specific forms to the population, and it means good communication skills, because the population is quite reluctant to fill in these forms, not understanding very well what they mean.

Donations as a form of fundraising, although they are the best-known concept among the public, they are not a constant source of obtaining money and work best during the religious holidays of the year (the Christmas and Easter periods): They are individual donations, as I said, which can also be donations in kind, not necessarily money. That is, they bring us clothes, food, sanitary products that we can use for our beneficiaries (NGO Social Services for mental disabilities people). As one respondent points out, only a small part of NGO funding comes from donations: The part of donations and sponsorships is tiny, only 0.2% at the national level in money (NGO providing Social and Health Services).

The least used fundraising methods are: Direct Debit donations (only three organizations, two large and one small, use this fundraising method), SMS donation (only one of the organizations resorted to this financing method, which means monthly donation from the population, which supports long-term and very long-term programs) and their own economic activities (only one organization mentioned this form of self-financing): We have economic activities here within the foundation and we are trying to rent the rooms, we have a room that we rent as a hotel room. We try as much as possible to have economic activity, not to depend one hundred percent on the sponsor in Germany (NGO providing Educational Services).

Cause-related marketing is used by two of the organizations in the current study (NGO Health Services and NGO Social Services for Children). These are the ones that also have a marketing department and have financing strategies: At the national level, the organization has specialized people who deal with these aspects and as far as I know, there is a specific strategy in this regard at the organization level (NGO providing Social, educational and Health services for children). The strategies of the respective NGOs had objectives such as intensive media coverage, being known at the national level and thus, they had the support of profit-making companies for the services they offer through cause-related marketing, as can be seen on the NGOs' websites [21].

It should be pointed out that all respondents mentioned the need to develop the organization in the direction of using a well-thought-out social marketing strategy as an essential component of fundraising and the survival of the organization: The lack of a specialized person on the marketing side, makes the strategies to make our services known not very well targeted (NGO Social Services for Mental Disabilities People); My need is to do something to attract funds, to have a department, a person engaged on fundraising, who has a strategy on programs and who makes us known to attract funds (NGO Social and Educational Services). Organizations often find it

difficult to bring the vision and mission of the organisation into fundraising practice, perhaps also because systems such as performance management and budgeting are not linked, as has been found in other research [16].

5 Discussion and Conclusion

The need for financing is so intensely perceived at the level of NGOs, that they are constantly looking for new sources of financing, an activity that they do in addition to the rest of the responsibilities they have in the organization, such as initial social evaluations, case monitoring, carrying out activities with beneficiaries, counseling, campaigns, managing relations with other institutions. This means a huge amount of work for the employees of NGOs.

The biggest difficulties faced by NGOs in Romania are financing and the lack of human resources, the elements that influence each other.

The most used sources of financing are projects with local, national, and international financing, the organization of various events, the redirection by the population of a percentage of 3.5% of the annual income tax, the sponsorship and redirection of 20% of the company's profit tax. The least used fund-raising methods are: Direct Debit donations; SMS donations; subsidies from the government; own economic activities, cause-related marketing.

It is found that most of the organizations in this study do not have a marketing and financing department, as a result they have no model or strategy to follow in accessing funds. As shown by other recent studies done in other countries [22], most NGOs ignore the power of social marketing strategies and use traditional methods of fundraising and promotion. However, it should be emphasized that the organizations that have a person designated for the fundraising activity or have a marketing department, follow specific strategies for social marketing, such as the Balance Scorecard, having a much more stable long-term financing and ongoing services and programs.

Although the present study is done on a relatively small number of organizations, and the results cannot be extended more widely, the research highlights the most commonly used methods of fundraising by NGOs and how new areas for the social field, such as social marketing, can develop the non-governmental sector through interdisciplinarity and the use of innovative methods from other areas of scientific knowledge. The following studies could identify the communication and promotion methods of NGOs and how they can influence fundraising.

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