

## Challenges and strategies of non-government organisations in Tamil Nadu

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### ABSTRACT

**Non-government Organization (NGO)/Non Profit Organization(NPOs)** generally means “any organization not established by government”. Such **Social organizations operating outside the confines of the market and the State play a significant role in social and economic development.** According to the Society for Participatory Research in Asia (PRIA) , there are nearly 1.2 million non-government organizations operating in India, and their total funding in 1999-00 was close to Rs. 18,000 crores that's around one per cent of the country's GDP. The main source of receipts for NGOs are self generated loans, grants and donations. NGOs face lot of challenges in terms of human resource management, space, funding, marketing, etc. NGOs compete with each other for the same funding source and hence managing an NGO becomes a challenge. Poor marketing strategies resulted in the closure of many small NGOs. “Why can't we sell brotherhood like soap?” was a famous article written on marketing. A non-government organization needs to sell a cause by following the same principles a consumer marketer does. In the full paper we will analyze the strategies adopted by few successful NGOs which are managed by men and women social entrepreneurs in Tamil Nadu.

**Keywords:** Non Government Organisation (NGO), Non Profit Organisation (NPO), challenges, strategies, funding, net working, social marketing & celebrity marketing.)

### INTRODUCTION

*“Teach this truth to all: A generous heart, kind speech, and life of service and compassion are the things which renew humanity”.*

The term Non Government Organization (NGO) is relatively new in the Indian context; the sector is closely linked with voluntary action, roots of which can be traced to philanthropy and religious obligations of an individual to help the needy. The ancient dictum ‘Paropakartham Idam Shareeram’ (this body is for the service of

others) encapsulates the basic ideology of an NGO. An NGO is essentially a human change agent and is different from business as it does not supply goods and services and is different from government since it does not control. What it does is to change human beings.

**Non-Government Organization (NGO)/ Non Profit Organization (NPOs)** generally means “any organization not established by government”. Such Social organizations operating outside the confines of the market and the State play a significant role in social and economic development. According to the Society for Participatory Research in Asia (PRIA), there are nearly 1.2 million non-government organizations operating in India, and their total funding in 1999-00 was close to Rs. 18,000 crores that's around one per cent of the country's GDP. Moreover, non-governments employ nearly 20 million people some paid, others unpaid which is comparable to the country's organized labour force. The main

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source of receipts for NGOs are self generated loans, grants and donations.

In Tamil Nadu there were approximately 88,689 NGOs employing 15 lakh (1.5 million) persons, out of which 10.73 lakhs were working as volunteers with a annual receipts of 2056 crores (20.56 billions) & foreign sources of Rs. 270 crores (Rs. 2.7 billions).

Post independence period earmarked, significant changes in the functioning of NGOs in India. Rural development, poverty alleviation, adult literacy, health & other programs were taken up by NGOs. NGOs face lot of challenges in terms of HRM, space, marketing, etc.

### CHALLENGES IN THE ADMINISTRATION OF NGOS

*“If you ever have the good fortune to create a great advertising campaign, you will soon see another agency steal it. This is irritating, but don’t let it worry you; nobody has ever built a brand by imitating somebody else’s advertising”.* - **David Ogilvy**

Being a do-gooder is not enough to run India's non-governments anymore. “NGOs have to be run like businesses, not mere charities”. But non-governments cannot become pure businesses either, says Ramesh Srinivasan, Principal, McKinsey & Co, who has been helping a Mumbai based NGO improve its organizational effectiveness.

What’s common to Non-Government organizations? To call them Non Governmental Organizations is, according to Peter Drucker, only a negative definition. It tells us what these organizations are not they are not businesses, and they are non-governmental. But then what are they? Says Drucker in his book ‘Managing the Non-Government Organization’, “Business supplies either goods or services. Government has discharged its functions when its policies are effective. The ‘non-government’ institution neither supplies goods or services nor controls. Its ‘product’ is neither a pair of shoes nor an effective regulation. Its product is a changed human being.

Their product is a cured patient, a child than learns, a young man or woman grown into a self-respecting adult; a changed human life altogether.

Till 1990s the numbers of NGOs operating in India were relatively less, but now as we have more number of NGOs competition crops up and so marketing becomes a greater challenge.

Branding and marketing is the new major challenge for NGOs as they compete with each other for the same funding source. Poor marketing strategies resulted in the closure of many small NGOs. Proper marketing strategies have enabled certain NGOs to emerge as leaders. Along with the four P’s of commercial marketing (Product, Price, Place & Promotion), social marketing has a few more P’s to it and they are: Public, Partnership, Policy and Purse-strings.

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### FUNDING

With over a million NGOs in business, they are obviously competing for resources. This calls for more effective marketing of causes to donors and strategic partners. For Example, CRY which raises resources both through corporate sponsorships and the sale of CRY cards outsourced its card operations to Archies so that marketing and distribution are taken care of.

Foreign contributions to the vast network of Indian NGOs have grown only by 1.17% in the fiscal ending 2004-05 compared with 3.58% in the previous year. Against Rs. 5, 046.50 crore in 2003-2004, donations under Foreign Contributions (Regulation) Act (FCRA) stood at Rs.5, 105.50 crore last fiscal.

US continues to be the top donor contributing 31.03%, Germany is the second with Rs. 757.13 crore, the UK with Rs. 676.14 crore is in third position followed by Italy (Rs.350.01 crore) and the Netherlands (Rs. 304.04 crore). The lion’s share of

receipts falls under 'establishment expenses' (Rs. 631.31 crore in 2003-04) followed by rural development (Rs.494.64 crore), construction and maintenance of schools (Rs.221.63 crore) and welfare of children (Rs.221.38 crore). Contributions for awareness and treatment of AIDS have witnessed a quantum jump from Rs.25.86 crores in 2001-2002 and Rs.49.08 crore in 2002-03 to Rs.181.58 crores in 2003-04.

### NETWORKING

In 21<sup>st</sup> century networking will hold the key to success. Many NGOs in India seek to do the same things that others do with the same target audience in the same target audience in the same geographical areas. Thus, sometimes, there is a double spread of butter while there are pieces of toast with no butter at all. This could be prevented by net-working by adopting a spirit of cooperation and even co-optation (co-operation among competitions). However, the egos of NGO leaders and the compulsive urge for achievements act as barriers to effective networking.

### NETWORKING

Social marketing entered management parlance in the early 1970s when Philip Kotler and Gerald Zaltman realized that the marketing principles used to sell products to consumers could also be used to "sell ideas, attitudes and behaviours" in the social sector. Like commercial marketing, the primary focus of social marketing is on the consumer on learning what people want and need rather than trying to persuade them to buy what the manufacturer happens to be producing.

India's million-plus non-government sector is learning that strong competition for donors and beneficiaries calls for strategic marketing inputs and substantial refocusing of activities. Many NGOs are rapidly corporatizing themselves and adopting social marketing techniques. India's non-government sector is beginning focused on doing

good deeds; they are learning the importance of doing it right. While some are rightsizing themselves, others are redefining their customers and stakeholders, re-thinking their core purposes and values, reorganizing their businesses, taking apart the old value chain and generally making themselves more efficient. In some ways, they are becoming more business-like. "Running an NGO is no different from running a company, says Sapru of CPAA, a former member of the Johnson & Johnson top management.

CRY (Child Relief & You), operates at a different level. It is more an intermediary in the business. It raises money and channels them to over 170 NGOs which focus on child welfare and related activities. In recent years, it has completely overhauled its top-line through a major focus on outsourcing and franchising. Thus its greeting cards business, which used to be a major source of revenue, has been outsourced to Archie's, which pays CRY a royalty on sales. Even fund raising is substantially outsourced, with direct selling agents raising funds on commission basis.

Big Multinational NGOs can afford to do outsourcing and other marketing strategies as they have the money & brand powers. But what small and medium NGOs were doing to compete with big NGOs is really mind boggling. Now, let us see the marketing strategies adopted by small and medium NGOs in the state of Tamil Nadu to compete with these big fishes:

### NETWORKING MARKETING STRATEGIES ADOPTED BY SMALL AND MEDIUM NGOS IN TAMILNADU

In the rat race many of the small and Medium NGOs have started using their own unique marketing strategies to win over their competitors. Some of the strategies in the survival of the fittest game are discussed below:

### NETWORKING

'A partnership between a celebrity and a brand

has an intangible sort of magic', writes a senior marketing executive at Amgen.

NGOs in Tamil Nadu use Bollywood and Kollywood Icons popular cine personalities of Mumbai and Chennai to voice for their cause. 'The Banyan' the home for mentally challenged women, used popular cine stars to market their ideas. Vivek Oberai was their goodwill ambassador and Madhavan, Manirathram, Kushboo, Revathy and many others participate in their events to raise funds for their cause.

Basant Utsav (music and dance festival) and Netru, Indru and Nalai were their popular fund raising events which were promoted by these celebrities. As celebrities are involved in the social cause it has enough media coverage too. 'The Banyan'- the brand name is positioned in the minds of the public every year and whenever a donor thinks of donating funds for his birthday or for any other festival or function brand recall plays a prominent role. The Banyan becomes their Top of their Mind brand.

### **CORPORATE TIE UPS**

As a part of their Corporate Social Responsibility, many of the corporate organizations too join with NGOs in marketing these events. For 'The Banyan's' events like 'Basant Utsav', there were many corporate sponsors. To name a few SBI, Reliance, Nestle, Sify, ITC, etc.

### **PROFESSIONAL PRESENTATIONS**

Professional presentations to numerous banks, clubs and corporate offices and was also used by NGOs like Banyan to raise funds and found proper accommodation for the inmates in the inception stage of their NGO. NGOs like Aasha raise funds from rotary clubs, Lions club, etc.

### **INNATE TALENTS OF INMATES**

The innate talents of inmates were also used

for raising funds. Handicrafts products were made by the inmates of the Banyan & Aasha the home for the mentally challenged children runs shops which were managed by their inmates.

### **THE INTERNAL CUSTOMERS**

Employees, the internal customers were used to raise funds for the NGO operations. Deaf and dumb schools in rural Tamil Nadu encourage their employees to raise funds from the local residents.

### **INNOVATIVE SCHEMES**

Innovative schemes like pidi arisi thiddam (a handful of rice from each household) helped some NGOs to overcome their food problem.

Local community contributes for the day to day management of NGOs. Local donors were one of the major sources of contribution for small and medium NGOs. Some of the donors give in cash while some others in kind. Fruits and vegetables needed for some NGOs is a huge quantity every day (say 10-15 kgs as they have to feed-in 100-150 inmates three times a day). So the vegetable and fruit vendors of the Koyambedu Market (whole sale fruits and vegetable market in Chennai) were contributing it to the NGOs in a silent way.

For some of the old-age homes, medical treatment to their inmates was found to be a major expense which is done by some noble doctors at free of costs.

### **INTERNET BANKING**

Websites were designed by many SME NGO's to highlight their activities. These websites were updated frequently with latest information and photographs to enable them to get contributions from foreign donors. 'As seeing is believing', NGOs were able to highlight their activities to their foreign donors through their websites.

## CONCLUSION

“A brand for a company is like a reputation for a person. You earn reputation by trying to do hard things well”. - **Jeff Bezos**

The role of NGOs during post tsunami was quite significant. The state of Tamil Nadu was able to recover quickly, because many NGOs joined hands together and worked for the rehabilitation of the destitutes.

From the above we can understand that SME NGOs have started understanding the challenges in front of them and are adopting proper strategies to overcome them. Multinational NGOs have the brand advantage and they were easily able to raise funds whereas SME NGOs need to build brands in-order to compete with them. Just like Indian SME's in manufacturing sector's common brand name of “Made in India” brand, SME NGOs can also think about common brand name to raise and share funds in the future.

Many of the SME NGOs have started adopting co-optation as a strategy. Instead of competing with each other, they have started co-opting with each other. In Chennai, we have a consortium of NGOs which share funds and other resources. This is a good sign and hopes Indian SME NGOs will adopt many more new strategies in the future and grow ....

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