

CHALLENGES OF MARKETING MANAGEMENT IN THE NON-GOVERNMENTAL SECTOR OF SOUTH-EASTERN EUROPE IN THE CONTEXT OF GLOBAL RECESSION

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During the process of social and economic transition in the SEE countries numerous non-governmental organisations found a fertile ground for their activities. In spite of unstable political and general conditions these organisations have managed to survive and contribute to the creation of social capital. Non-governmental organisations have gradually become efficient subjects of civil society (or the third sector) and their role in the processes of social and economic transition of post-communist societies was recognized and accepted by all the social participants, both domestic and from abroad. It is generally assumed that the turbulent processes of social and economic transition of these countries would have probably had a different course without the social engagement of non-governmental organisations that catalysed and amortized the social processes in which they took part. The main goal of this paper is to point out the importance of applying the marketing concept integrated into the crisis management of non-governmental organisations (NGOs) in transitional countries of South-Eastern Europe (SEE) during the economic recession starting in 2008. Although the main purpose of marketing is to secure the organisational survival on the public scene, this is also an opportunity for non-governmental organisations to additionally profile themselves and improve the image they have in society.

Keywords: context; cooperation and partnership; crisis management; global recession; non-government organizations; social marketing

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1. INTRODUCTION

The financial and the consequent economic crisis, which spread from the US in late 2009 and became global, created an additional burden for the non-governmental organisations in the SEE countries. With the increase and complexity of difficulties, those organisations were forced to make a number of business decisions in the area of crisis management, particularly in the area of cash flow (income and expenditures). The crisis of monetary income was intensified by the fact that the countries with developed democracies and economies such as Europe and the US used to be regular donors of financial and other logistic help necessary for the realization of projects and programs, all of which subsided during the recession. In that period, marketing management in non-governmental organisations became the main tool of crisis management. Even though these organisations became familiar with the conditions of market competition even before the recession broke out, those conditions intensified significantly. Very often, the prerequisite for the survival of a non-governmental organisation became a successfully realized marketing plan (revision of current projects and programs, restructuring of costs with the stabilization of cash flow, adjustment of promotional activities to the well-chosen target groups, etc.).

Non-selective reduction of costs as a central measure of crisis management can result in certain positive, albeit short-term, effects, but it can also create an autarchic atmosphere – absence of creativity, decrease in initiative, i.e. fall of enthusiasm in general. If the organisation restructures its costs with functional and selective application of marketing towards carefully chosen target groups, it is more likely to survive difficult times. This will result in extending the number of donors and sponsors, consequently achieving better organisational security, reaching the sense of collective achievement, providing the long-term feeling of enthusiasm and liberation of creativity.

Therefore, those non-governmental organisations that are able to fulfil their mission statements efficiently, to manage the organisation and human, material and financial resources successfully, and to maintain the stable atmosphere of enthusiasm among the employees and volunteers, become socially recognizable i.e. an efficient factor of post-communist society transformation. In other words, economic recession will definitely mean the end of existence for some non-governmental organisations, but for others, it will be the challenge to reform and adjust to new conditions in the environment. Also, with the fast flow of information, cooperation and networking with other social subjects within the country, the SEE region, even the world, is something that can no longer be

ignored in this modern, fast-living world of ours. The same is true of marketing in non-governmental organisations.

There is a popular saying “*When the US sneezes, the rest of the world catches a cold*”. We can add that, when this happens, the countries of the SEE region get terminally ill. In spite of this metaphor’s over-emphasis on historical experience, we cannot entirely dismiss it. If we want to define the territory of this region, there is a general consensus that South-Eastern Europe includes Albania, Bosnia and Herzegovina, Bulgaria, Monte Negro, Croatia, Moldavia, Rumania, Serbia, Kosovo (UNMIK) and Macedonia (FYROM). This is a very heterogeneous region, especially when it comes to geographic, demographic, economic, national, religious, cultural and political characteristics. This heterogeneity is often converted into a number of social complexities that contribute to the emergence and proliferation of social contradictions. Moreover, even the name of this part of Europe has its own social and political background. The term *South-Eastern Europe* is considered to be more politically correct in Croatia than the geographical term *West Balkans*, mostly used in other SEE countries. The term *South-Eastern Europe* implies that the SEE region belongs to the European civilization. What is more, SEE also implies that all the SEE region’s problems are also European problems and that any solution of political, social, economic and other problems requires the region’s integration into the European Union.

On the other hand, what they have in common are an underdeveloped economic and social status, political instability, frequent wars and conflicts, change of borders, migration of population, ancient-long influence of powerful European neighbours and falling behind in democratic and cultural development from the rest of Europe. These post-communist countries share major transitional difficulties in their development, the only difference being in the intensity of problems they come across (economic growth, non-employment, political, economic and legal stability and security, the development of infrastructure, etc.). Apart from economic growth and development, these countries also share common strategic goals such as faster social, economic and political integration with the European Union countries.

Although economists still argue about the definition of the term, recession can be defined as occasional slowing down of one country’s economic activities, followed by the deterioration of the general economic climate (real income decline, increase of non-employment, decrease of production capacity, etc.). The recession is less deep and serious than the depression. It appears in cycles; it usually starts in one country and spreads to others after a few months

or annual quarters. Its main characteristics (*three D's*) are: duration, depth and diffusion. Consumers react to the recession with the change of habits i.e. they spend less and the competing marketing action requires an analysis of those characteristics (Rocco, 1993).

The financial and economic recession, which started in the US in 2007, spread to the rest of the world and had the biggest impact in 2009. The reduction in the gross national product during two consequent annual quarters and the increase in unemployment are generally considered to be the indicators of the beginning of recession. These elements are present (with various intensity) in the economy of all the countries of the SEE region, which leads us to the conclusion that we can consider them to be in recession. Although the economic depression has not set in yet, the SEE countries are gradually approaching it since the majority of the depression elements are already present (such as the rapid growth of unemployment, limited access to capital, reduction in production, decrease in investment, increase of bankruptcy cases, reduction of the turnover rate, deflation i.e. inflation). We should also bear in mind that the effects of recession are pronounced in the countries that are economically and financially better integrated into the global world economy as well as in those that are economically, socially and politically underdeveloped and unstable. In other words, less developed countries that have survived recent wars can expect a longer recession that will enter deep into the economy and society and spread rapidly and intensely to economic and social structures.

2. THE ROLE AND SIGNIFICANCE OF NON-GOVERNMENTAL ORGANISATIONS IN SEE COUNTRIES

Numerous non-governmental organisations were founded in the SEE countries during the processes of social and economic transition. Countries that gave up the one-party political system which integrated almost all the functions of the society and economy were facing the unfamiliar social space of the self-organization of free citizens, particularly intellectuals, into various social subjects. This process took form in the formation of numerous non-governmental organisations as organisations of the, so called, *civil society*. Civil society (or The Third Sector, as it is usually referred to in American academic literature) together with the government and market sector can better fulfil those general and specific needs of the society that cannot be entirely met by public administration and/or commercial organisations i.e. companies and corporations. Civil society organisations have different areas of activity and they range from philanthropy, voluntary work, democratization, gender equality, advocacy, human rights, culture of peace and non-violence, empowerment of women and minorities, social responsibility, building of trust

in community, democratic decision making, encouragement of social entrepreneurship, sustainable and social development of local communities,

civil activities, active citizens and political activism, creation of social and solidary economy; improvement of legislature in the civil sector, development of partnership, network of civil society organisations, fund donations, etc. (Bežovan, 2008).

Today's experience shows that countries with a more developed third sector, especially the societies of more advanced democracies, are more efficient in dealing with numerous and complex challenges of social development and contradictions. This makes non-governmental organisations the main agent of social changes and general social progress, especially if a synergetic partnership exists with the government.

The development of civil society of a certain country is expressed by the civil society index CIVICUS (World Alliance for Citizen Participation) that determines the level of social capital. Social capital, according to Putnam, represents those qualities of social organisations such as networks, norms and trust that make easy coordination and collaboration for mutual benefit (Putnam, 1995). Francis Fukuyama thinks that social capital is the component of human capital that enables trust and collaboration in creation of new groups and associations among the members of one society (Fukuyama, 2000). In other words, social capital (also called social cohesion) includes mutual trust among people and social institutions that are ready to cooperate in mergers and collective activities in order to achieve individual and common interests. The smaller the social capital of a country, the more difficult it is to build it. The first step (and prerequisite) in building it is to create the general culture of respect of social and legal norms.

3. THE BASIC CHARACTERISTICS OF THE ACTIVITIES OF NON-GOVERNMENTAL ORGANISATIONS

After the democratic changes in the SEE countries, non-governmental organisations gradually became integrated subjects of the societies they came from and acted in. Their social role and contribution to the social and economic transformation processes were recognized by all their participants. The social and economic transition of the SEE countries would have definitely had a completely different and extremely tumultuous course if the non-governmental organisations had not stepped in and catalysed and/or amortized the social processes in which they took part.

The research into the civil society index of the Republic of Croatia could give us better insight into the activities, challenges and developmental goals of those organisations in SEE countries. The results of that research are a basic and valuable starting point for efficient marketing planning in those organisations. Although the results presented here refer to one country, they can be applied to all the SEE countries (bearing in mind that the CIVICUS research includes Bulgaria, Macedonia, Croatia, Monte Negro, Rumania, and Serbia. The following are the conclusions of the CIVICUS research (Bežovan at al., 2005):

1. *Civil engagement and participation.* The lack of universal and active membership in non-governmental organisations and the absence of civil engagement at the local level represent the key problem. The amount of donations for humanitarian causes gradually rises. However voluntary work cannot keep up pace.
2. *Networks of civil society organisations.* The civil society infrastructure is of medium size; its growth and development are somewhat slow. A special problem is a low level of mutual trust among non-governmental organisations which results in poor networking attempts and the lack of cooperation. Special non-governmental organisation networks and groups get too often connected to some of the political parties without cooperation beyond the borders of those parties. Still, *ad hoc* non-governmental organisation coalitions that focus on specific issues are gaining more and more trust from the public. International networking of non-governmental organisations is poor, but there is an awareness that this question should be given more attention.
3. *Low level of trust and social capital.* Croatian society is witness to a deep internal mistrust that has negative consequences on non-governmental organisations. Non-governmental organisations in general do not have sufficient level of trust and respectability in public perception (citizens, government officials, business/private sector representatives). Moreover, non-governmental organisations do not have a positive influence on the attitudes and behaviour of their own members. However, this situation is gradually changing at the local level and non-governmental organisations manage to achieve the citizens' trust and support.
4. *Media partiality (bias).* Media, especially the national television, often ignore the positive activities of non-governmental organisations, and get interested only if a non-governmental organisation becomes involved in a scandal. Media in general (with sporadic exception of printed media)

present civil society as an area of conflict, distrust and rivalry, and not at all as an area of cooperation, tolerance and social integration.

5. *Non-governmental organisations concentrate in larger cities.* Civil society organisations are still a phenomenon of bigger cities and the more developed parts of a country with more inhabitants of a higher level of education.
6. *Financial resources - keys of sustainable development.* The absence of stable and continuous financial resources and the insufficient transparency of the present system of state support to civil society organisations are the main obstacles to self-sustainability of this sector. The future of this sector will significantly depend on the investment into human resources and better resources management.
7. *Social responsibility of the economy.* This indicator is low, but there are numerous initiatives in this area that are expected to achieve significant progress in the development of civil society. Companies express publicly their opinions about their social responsibility, the application of which is still non-existent. This is less obvious with small and middle-sized companies.
8. *Needs of marginal groups.* Non-governmental organisations are more proactive and caring than the state when it comes to meeting the needs of marginal groups, such as the poor, the handicapped, etc. This promotes non-governmental organisations into the important actors of the preparation, evaluation, acceptance and implementation of social programs, such as the fight against drug addiction.
9. *Protection of the environment.* These non-governmental organisations are probably most developed and efficient organisations within the civil society. They achieved this position by raising publicly important questions, informing and educating the public and cooperating with key partners in the economy and government.
10. *The relationship between non-governmental organisations and the state.* The dialogue between the government and the civil society organisations is limited, neither frequent enough, nor systematic – although there are boards and committees that include representatives of non-governmental organisations. The government seeks all too often for ways to avoid consultations with these organisations even though the non-governmental

organisations see themselves as a legitimate partner in decision making. Still, non-governmental organisations have a modest influence on official politics because they are rarely invited to participate.

11. *The reactive approach of non-governmental organisations.* Most activities of non-governmental organisations are directed at current social problems, but they neglect work on prevention. The cause for such a situation can be found in the way the work of non-governmental organisations gets funded, which means that donors are those who decide which projects and programs will be financed and which will not.

In comparison to the period before the democratic changes in the SEE countries, the non-governmental organisations made a significant step forward in their work, development and general influence on society. In the initial period of growth, marked with a high level of enthusiasm, non-governmental organisations started having obvious effects and influences in the area of public politics. However, the growth and development of numerous non-governmental organisations was often based on the opposition only to one ruling party, which resulted, among other things, in the creation of significant distrust of a major part of society toward these organisations as well. Society in general recorded an increasing distrust of citizens toward state institutions after the start of the social and economic transition, i.e. privatization of state ownership and consequent redistribution of economic and social power and the stratification of society. This was further intensified by local wars, the increase in corruption, and the perception of insufficient legal security. Citizens' distrust toward state institutions spread, in various degrees, to the subjects of civil society, including to some degree even the religious communities and servants of the church. This slowed down, or even made it impossible for the social capital, as one of the major contributions of non-governmental organisations for the society, to be generated. Opposition to only one authority is a typical syndrome of earlier stages in the development of democracy. Non-governmental organisations did not manage to reach a critical point in their social influence which would make them a stable and unavoidable component in running a country, or at least a significant factor in political decision making.

Non-governmental organisations, therefore, need to start strengthening their own professional competences as soon as possible, following the examples of good practice and experience from the best organisations in the country and abroad. Mutual networks and the exchange of information, better cooperation with the media and economic organisations, and transparent activities can make a positive climate for faster creation of legislation, i.e. the infrastructure for the development of civil society organisations (Bežovan & Zrinščak, 2007).

However, the position and roles of these organisations today are seriously threatened by the global recession that started in the US and spread to the rest of the world. Logistic and financial aid that non-governmental organisations have been receiving in the last two decades from the countries with developed democracies gradually decreased and in some cases the beginning of the economic recession stopped the non-governmental organisations activities entirely. Non-governmental organisations found themselves in a complex social, economic and political environment that forces them, in order to survive, to quickly adjust, restructure their activities, build partnerships and make significant improvements in their own authenticity and social responsibility in their communities.

4. RESETTING OF MARKETING MANAGEMENT

The current economic recession in the SEE countries will force the non-governmental organisations to thoroughly rethink their mission statements and strategic goals, generally speaking, to rethink their fundamental role and place in the social structure. These organisations will face difficulties unless they adjust efficiently to the new social and economic situation of long-term reduced economic activity. During the economic recession every non-governmental organisation goes through social redefinition of its role as well as the social valorisation of its activities. However, this does not mean that every organisation that had to stop its activities due to the recession was socially rejected and unnecessary, but, among other things, that the crisis management of that organisation was not efficient enough. Also, it is possible that the number of non-governmental organisations, in general or in certain sectors, is bigger than it would be socially justifiable and that the *recession broom* has simply swept them off the social scene.

Marketing management is an integral part of the general crisis management and deals with the whole of the organisation's activities and its management through the period of economic recession. The basic goal of every non-governmental organisation is fulfilling a certain self-assigned social mission. But in the conditions of economic recession, economic depression or economic crisis, when an organisation records a decrease in income and is faced with the possibility that its activities and existence will cease, its temporary and high priority goal becomes to follow closely the monetary transactions i.e. income and expenditure. This priority is definitely not a permanent one and is limited to the period of recession and the general recovery of the national economy. Therefore, the redistribution of the organisation's priority goals is directed toward the sustainability of the organisation with the possibility of temporary

and partial redefining of its basic mission and goals. Economic recession is not a regular state of the national economy and the crisis management of non-governmental organisations requires extraordinary solutions, and sometimes even the, so called, *difficult* decisions, whose purpose is the organisation's survival.

The development of marketing functions is equally important for non-governmental organisations as it is for commercial and other, profitable, organisations. Still, even those non-governmental organisations that recognized the significance of the marketing concept and started to develop it on time, directing their organisational goals not only toward early defined mission and program activities, but also toward new partners, networking and sources of funding, found themselves in the new and unfamiliar circumstances of economic recession, facing the challenges of marketing management in changed conditions.

Non-governmental organisations react to the income reduction all too often with the reduction of not only operating costs but also the expenditures on marketing activities. This is not an uncommon practice also in the commercial sector, but it is considered reactive and mostly irrational.

According to the Croatian Bureau of Statistics, Gross Domestic Product has had a negative rate from the fourth quarter of 2009 to the fourth quarter of 2014 (except for the second and the third quarter of 2011). Such a reduction in economic activities resulted in the reduction of operating costs, one part of savings coming from the reduction of promotional activities. According to certain estimates, in the first three months of 2009, the value of advertising dropped by 20% in comparison to the same period the year before (Golubić et al, 2009). However, the conducted research in economies that go through economic crisis clearly indicate that it is the time when the economic subject must not opt for the reduction of marketing costs, on the contrary, those costs should gradually increase.

Ronald (2009) analysed markets during the US economic crisis in 1923. The research into the pattern of marketing investment and consequent income was conducted on the sample of 200 companies. He concluded that the companies that increased their marketing costs during the crisis recorded a significant increase in sales and shares in 1927 (International Visual Communications Association, 2009). A general conclusion of these analyses is that the cost reduction during the economic recession definitely results in certain positive effects on the organisation, but they, as a rule, have limited

benefits, especially when it comes to duration. On the other hand, a brave and careful investment in marketing activities during recession results in long-lasting and often permanent effects on the activities of an organisation (more in Roberts, K., 2003). According to this, the key financial question of marketing management in a non-governmental organisation during a recession is not the determination of funds that will not be spent on marketing, but a calculation of optimal marketing costs that will suffice for minimal marketing activities necessary to maintain the basic goals of crisis management. The preliminary research of Croatian companies showed that the majority of companies reduced their marketing budgets (Golubić, et al, 2009).

5. TOWARDS MARKETING MANAGEMENT AT A TIME OF RECESSION

Recession increases the marketing ability of non-governmental organisations by putting them in a mutually competitive position where a large number of subjects compete for scarce funds. Therefore, marketing management of non-governmental organisations during recession should be directed towards those partial goals of an organisation that will make survival possible at the time, while at the same time anticipating its long-term goals. It is not always possible to quantify short- and long-term goals, but it is recommended to list them explicitly so that they can always be present for consideration. In accordance with the identified marketing goals, and following the analysis of a current relationship between individual elements of the marketing mix, an organisation should decide whether it will leave the goals unchanged or redistribute some of their elements.

We know from experience that during recession the majority of non-governmental organisations put stronger emphasis on their promotional activities (compared with other elements of the marketing mix). Namely, current projects (*products*) are already agreed on with sponsors and usually cannot be changed; also, usually it is not possible to increase the agreed amounts (*product costs*) the organisations should receive from the sponsors. It is possible to save some money on those projects, but this cannot by far weaken the recession effects. Current projects, and those agreed on at an earlier time, rarely face the risk of not being finished since the sponsors usually sign the contract when they have the necessary funding at their disposal or when the funds disposal is very probable. Also, the work on the project starts successively as the funding comes in, and if funding is stopped, the project is either put on hold or finished.

During economic recession the key concern is covering the overhead costs and securing future income in the way of donations for projects and programs. Donations refer to the designed financial allocations for funding of individual projects or programs. Contrary to those, fundraising is an activity through which funds are collected from various subjects, and might be directed toward a specific purpose. Although all the elements of a marketing mix of a non-governmental organisation are important, promotion is the most important element at the beginning of the marketing plan restructuring. Promotion might increase the reputation of the organisation in its environment and have a positive influence on potential donors and sponsors. The more respected the non-governmental organisation is in its local community, the easier the fundraising, both in the country and abroad. It is therefore wise to redistribute the promotional mix elements during the recession – the redistribution should be between advertising (paid form of promotion), public relations (non-paid form), and personal contacts with potential donors (direct marketing) and sales promotion. It is interesting that organisations redistribute their promotional activities in two typical ways during recession. One group of organisations directs their promotional activities to mass communication with the environment, i.e. advertising, whereas the other group focuses their promotional activities to direct marketing. The solution lies in neither of the two, but the combination of them – i.e. not ‘either-or’, but ‘both-and’ approach.

Which form of promotion will be favoured depends on the organisation’s position in the civil society structure. Namely, literature on this issue groups non-governmental organisations into the following three groups (Stubbs, 1999):

1. *Citizens associations, such as choirs, amateur sports clubs, cultural and artistic companies, etc.* Those associations have a pronounced presence of voluntary work, are usually of local character and contribute significantly to the social capital, solidarity and quality of life in general.
2. *Professional non-governmental associations, such as organisations for the prevention of addiction, rehabilitation of substance abusers, safe houses, telephones for psychological help, etc., which have, alongside voluntary workers, also paid staff.* These organisations act on the regional or national level and contribute to the social capital through their social innovations, professional skills, social ethics and the high social awareness.
3. *The political civil society* includes the society of highly enlightened individuals organized on the national level, with numerous international connections and sources of funding of their projects and programs. The

political civil society monitors or warns against the abuse of power, supports and lobbies for social change, encourages social justice, protects human rights, monitors the elections, and fights against the social exclusion of minorities and the underprivileged. Of all the civil society organisations, these organisations contribute the most to the rise of social capital and to a long-term quality of life in a country.

This is neither a complete, nor an ideal division, because the activities of some non-governmental organisations refer to one, two or all three of these areas (Vidović, 2006). Based on the previous division, the choice of promotional activities of a non-governmental organisation will depend on their resources allocated for marketing activities as well as the need to achieve promotional goals. It is clear that the local citizens associations will have modest needs, marketing budgets and simpler marketing plans than the professional non-governmental organisations, particularly the third group ones.

Due to new circumstances in their environment during the latest economic recession, non-governmental organisations were forced to master internet technologies and develop new tools that would enable them to focus more precisely on their target audiences with the available, mostly reduced budgets. As a result of recession circumstances, non-governmental organisations had to seek, innovate and adapt alternative forms of marketing communication (for example, guerrilla marketing, e-marketing, digital marketing etc.), which are already widely used in the conventional marketing. In this sense, the global recession has accelerated the development of the non-profit and civil sector through the transfer of corporate marketing experiences and through adapting good corporate practice to the non-profit sector. Non-governmental organisations that survived the first few years of recession have not abandoned their marketing strategies, but rather tried to adapt to new circumstances. What's more, they showed quite a propulsive growth during the recession years, on average close to 4% annually, in terms of newly employed staff.

The research on the SEE economies after they left the recession period behind indicates that processes of macroeconomic convergence were at work, especially in the period 2000 – 2011 (Butorac, 2013). Although this process was of varied intensity for particular variables that were analysed, the results point to similar economic and social processes during the crisis in all the SEE countries. Having in mind the processes of macroeconomic convergence for business entities, it is possible to assume that similar processes were taking place in the non-governmental sector in SEE as well. Moreover, convergence processes in non-governmental organisations were probably more intensive than

in the business sector, given that most non-governmental organisations have better international networks compared to international interconnectedness of business entities. It can, therefore, be safely assumed that non-profit and social marketing used by some non-governmental organisations in the SEE countries was recognized as good practice and adopted by others in their own country or in other SEE countries.

6. TARGET GROUPS OF MARKETING OF NON-GOVERNMENTAL ORGANISATIONS

Marketing of non-governmental organisations is directed towards the following target groups:

1. members of non-governmental organisations and their beneficiaries (present and potential),
2. donors and sponsors (domestic and foreign, present and potential),
3. government and government bodies,
4. media,
5. civil society organisations,
6. public in general.

The focus of an organisation's marketing activities can be on one, two or three target groups, depending on the recession, on the position and role of the non-governmental organisations in the broader social environment, on the dynamics of the marketing plan elements, and on the ways recession affects the organisation. Also, it is wise to change the focus of the marketing activities from only one group to multiple groups and monitor the effects of those changes. It can be expected that during recession non-governmental organisations will most likely focus their marketing plans on the present and potential donors and media. Such an approach should result in the stabilization of monetary transactions and in the survival of the organisation during the turbulent economic conditions.

The *image* of an organisation is a vital element for attracting new potential donors and sponsors. The quality of the projects and programs offered by non-governmental organisations is only a part of a bigger picture. Therefore, the respectability and social reputation of an organisation, but also the general reputation of all the civil society organisations will have a significant role in their survival and development.

The reputation of civil society organisations is, according to recent research, seriously compromised and distant from the idea of humane and

sincere caring for the general and individual benefit of the community. What is more, there are serious indications that a significant number of non-governmental organisations was founded primarily to serve their profitable business and own, self-directed business interests. In the last two decades, NGOs developed very quickly in the transition countries where they found a fertile ground. The article “*Sins of the NGOs*,” *The Economist*, January 29, 2000 brings an anecdote from a transition country. In it, a young man offers his card to a representative of another organisation; the card contains only the man’s name and NGO written in capital letters. Asked, “What does your NGO stand for”, a young man answers, “Whatever you want, and it does not matter. I’m waiting for a donation and then I’ll decide”. This was possible due to the flood of financial resources that poured into the former socialist countries. These funds came mostly from the Western world and had been inaccessible previously. As the non-governmental organisations grew and became more complex, they started resembling conventional companies, selling their products and services. They gradually moved away from their initial mode of activity characterized by, for instance, high enthusiasm among the volunteers and staff modestly paid for achievement of organisational goals.

Non-governmental organisations started building their reputation by functioning as small, non-bureaucratic, economic and resistant to corruption. But, due to the absence of one part of responsibility, insufficient internal control, faulty legal regulations, absence of independent financial audit, as well as some other factors, some of them took the wrong path in their activities, causing the abrupt fall of the civil society reputation. Some of the organisations promoted Western standards and values, which in some of the cases, especially in transitional and after-war circumstances, were extremely counter-productive, even socially detrimental. Such incidents caused dissatisfaction among local population which was further reinforced by media-created negative image. That is why a differentiated marketing promotion of every single non-governmental organisation will have to be very persistent and patient in correcting the tainted image of civil society organisations, presenting their activities in the light of honest and dedicated work. Once the non-governmental organisations restore their good name in the society, it will be easier for them to attract the necessary funding for their work. Therefore, all the non-governmental organisations have in common the need to create a more favourable social climate, to increase the benevolence of the public and state organisations and restore their trust. It is, therefore, vital to mark those organisations whose main goal is generating money, i.e. profit and finding a workplace for a number of employees.

An important segment from the second target group are small and middle entrepreneurs, i.e. companies and citizens that are rarely or never turned to while the funds are coming from abroad. The creation of durable networks of so called organisation's *friends*, who donate regular, but modest contributions, will result in the stabilization of cash flow and provide long-term security of their mission. If the organisations want to secure the cash flow and survive the recession, they will have to prioritize their potential sources of income ranking them according the possibility and chance of realization. They will also have to structure and plan their marketing promotion in accordance with those possibilities. A large number of small, local donors often have a greater moral significance for non-governmental organisations than the value of their monetary contributions. Every single donor, especially in case of a physical person, is convinced in the integrity of that non-governmental organisation, its dedication to its mission and goals and demonstrates that through donations. Looking from that angle, the promotion of an organisation in a local community has a greater moral than financial significance. But, while planning and implementing the promotion, it must not be forgotten that every form of promotion of non-governmental organisations in transitional countries has its appropriate version in "Word of Mouth Marketing" (WOMM). *Word of Mouth Marketing* counts on the inclination of a community to have individuals or smaller groups spread the news (*gossip*). A more contemporary expression of this information transfer can be found on Internet forums, blogs, social networks and other portals such as *Facebook*, *MySpace*, *Twitter*, etc. (Sernovitz, 2009). This kind of marketing can become an excellent tool for achieving marketing goals, providing the organisation knows how to use it properly.

There are various types of non-governmental organisations that significantly differ among themselves in relation to their founders, purpose and mode of functioning and the main sources of income. The literature offers acronyms that mark broader groups of non-governmental organisations and that may indicate the complexity of the so called '*third sector*'. Various non-governmental organisations will have different marketing priorities and models and they form their marketing mix accordingly. One of the possible typologies of non-governmental organisations is the following:

- QUANGO (*Quasi Autonomous Non-Governmental Organisation*) is an organisation that cooperates intensively with the government and whose members are partly state officials, ISO for instance (*International Organisation for Standardization*)

- GONGO (*Government-Organized Non-Governmental Organisation*) is founded by the government in order, for instance, to spread its influence in other countries;
- INGO (*International Non-Governmental Organisation*), e.g. Amnesty International.
- DONGO (*Donor-Organized Non-Governmental Organisation*), e.g. UNICEF.
- BINGO (*Business International Oriented Non-Governmental Organisation*), e.g. the lobbying group WBCSD (*World Business Council for Sustainable Development*), etc.

Organisations that rely on only one or two sources of income make the common mistake of neglecting their public relations or to carry them out only to the degree required from them by the donor organisation. Depending on the territory of its activities, a non-governmental organisation is recommended to include in its public relations all those subjects that might or should be interested in its work. E-marketing is a modern method of advertising and communication in general that draws its efficiency from the speed of information technology, accessibility and relatively low cost (Strauss & Frost, 2008).

7. VOLUNTARY WORK

Non-governmental organisations should be thankful for the work and efforts of voluntary workers who have a significant place in their programs and projects for all the social and organisational achievements. The value of voluntary work in the activities of non-governmental organisations is substantial, even though not always a sufficiently recognized, motivated and nurtured element. Drucker's statement that voluntary work is a '*unique American achievement and the most significant American contribution*' (to the world) (Drucker, 1990) can be considered as overemphasized. Namely, the historical source of voluntary work is in the roots of Christianity that came up with the idea of voluntary, non-paid work, through foundation of numerous church orders specialized in specific services such as care for the poor and sick, education and science, mission and culture, etc. Non-profit organisations creatively apply their long-term experiences improving and enriching their own activities.

The European Voluntary Service Charter defines voluntary work in the following way: activity that is in human interest and unmotivated by financial interest, performed at the local and national level, of voluntary nature, peaceful and based on the personal motivation and the liberty of choice, that encourages an active civic role for the benefit of the community, that encourages the development of human potentials and improves the quality of life on the foundations of solidarity, that looks for the conceptions of a society of instable future, that encourages the entrepreneurship and that is the basis of development of partnership between the actors of the system of prosperity and the incentive to self-organisation of people in order to solve problems (Škopelja et al, 2004).

The economic value of voluntary work, measured by the number of donated hours of work, is huge. It can be concluded that non-governmental organisations that have volunteers manage their resources well. Volunteers are a rich source of talent, and with their energy, enthusiasm and skills help organisations to fulfil their vision and mission. They amend significantly the work of the paid personnel and make it possible to achieve more and better for the same organisational budget. This is the case regardless of whether they are government organisations, private sector organisations, educational and scientific institutions, media, or, non-profit sector in general. The significance of voluntary work is best illustrated by the fact that 2001 was marked by the United Nations as the International Year of Volunteers that was directed toward recognition, support, network and promotion of voluntary work (Biti volonter/volonterka, 2001) Voluntary work in the SEE countries is underdeveloped primarily because of the lack of tradition. The research on voluntary work reveals that the usual cause of the insufficient interest in voluntary work is the perception that it is undervalued in society, combined with some other discouraging circumstances in the society.

In times of recession, marketing activities of non-governmental organisations should focus on potential volunteers, make them interested in their mission and goals and retain them as long as possible. Their contribution lies not only in hours and hours of non-paid, often expert, work, but also in the so called moral contribution to the mission and goals of that non-governmental organisation. The level of reputation of an organisation is tantamount to its success in attracting and retaining people who are willing to donate their expertise and time in reaching the organisation's goals. At the same time, it is assumed that volunteers will not be included into the work of those organisations that do not act legally, i.e. whose organisational and work ethics are not at a high level.

Promotional activities can be very successful in attracting volunteers, especially during recession when a certain number of working-age people lose their jobs. Non-governmental organisations can offer them not only a daily purposeful engagement that will reduce the stress of losing their jobs but it will also occupy their free time that they have so much of and do not know what to do with.

8. CONCLUSION

Every non-governmental organisation will have to provide organisational answers to the new conditions in the environment during the economic recession. The need for greater efforts and more dedication to their work, clearly defined mission and goals of the organisation and recognition of opportunities and efficient managing of the organisation in new turbulent conditions, are a common denominator for all non-governmental organisations in the SEE region. The recession will increase the competitiveness among the civil society subjects, the result of which will be the perishing of some organizations and the founding of new ones, but, more than that, in the efficient performance of those organisations that manage to survive.

The obvious conclusion is that the time of economic recession may not necessarily have only negative consequences on the civil sector, but can also be very revitalizing. In other words, the warrant of organisational growth and development is not necessarily contained only in the opulent and stable cash flow but also in the occasional shortage and relatively insecure main income. After all, it is widely known that every peril (economic recession, i.e. economic depression, crisis, in this case) hides opportunities for recovery, growth and organisational growth. However, these opportunities are open only for those organisations that manage to recognize their weaknesses and remove them in time, for those who recognize danger in their environment and face it, and for those who spot the opportunity and seize it. In conditions of economic recession, marketing management becomes one of the main tools of recession (crisis) management of non-governmental organisations that are forced to make '*difficult*' decisions and are required to provide efficient answers necessary to survive in the new conditions.

It would be very interesting to conduct research among the non-governmental organisations of various SEE countries that intensified their marketing activities during recession and to analyse their impact in the period during and after the recession. Such research should investigate the choice of the marketing mix and the methods that have had the best effects for the

organisation. The results of such research would be a guide for a better organisational behaviour and more efficient crisis management in future economic crises.

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IZAZOVI MARKETINŠKOG UPRAVLJANJA NEVLADINIM ORGANIZACIJAMA U ZEMLJAMA JUGO-ISTOČNE EUROPE U UVJETIMA GLOBALNE RECESIJE

Sažetak

Tijekom procesa tranzicije u jugo-istočnoj Europi nastale su brojne nevladine organizacije koje su našle društveno plodno tlo za svoje djelatnosti. Logistička i financijska pomoć koja je pristizala iz zemalja razvijenih demokracija tijekom protekla dva desetljeća postupno je slabila i nevladine organizacije su se postupno okretale novim izvorima i partnerstvima, nerijetko tuzemnim. Nevladine organizacije su postajale učinkovitim subjektima civilnog društva, čiju su ulogu u procesima društveno-ekonomskih transformacija prepoznavali i akceptirali svi sudionici, tuzemni i inozemni, tranzicijskih procesa. Društveno-ekonomska tranzicija zemalja jugo-istočne Europe imala bi vjerojatnije burniji tok da se brojne nevladine organizacije nisu svojevremeno uključile u 'treći sektor' i svojim radom, ovisno o potrebi, katalizirale ili amortizirale one društvene procese u kojima su sudjelovale. Problem njihovog daljnjeg uspješnog rada i organizacijskog opstanka otvorila je financijska i ekonomska recesija koja je zahvatila svjetsko gospodarstvo tijekom četvrtog kvartala 2008. godine. U sinergiji s dugoročnim krizama gospodarskog razvoja zemalja jugo-istočne Europe, nastalo je složeno društveno-ekonomsko i političko okruženje koje je zahtijevalo prilagodne odgovore od postojećih nevladinih organizacija. Čak i one nevladine organizacije koje su pravodobno razvijale svoje marketinške funkcije i organizacijske ciljeve usmjeravale ne samo prema postavljenim misijskim i programskim aktivnostima, već i novim partnerima i izvorima financiranja, našle su se u novim i nepoznatim okolnostima globalne recesijske krize. Koncipiranje i provođenje kompetitivnih strategija neprofitnog marketinga, kao dijela društvenog poduzetništva, nevladine organizacije u novom društveno-ekonomskom i političkom okruženju postaju čimbenikom održivog razvoja. Pri tome, nevladine organizacije nastoje razvijati nove oblike partnerstva, javno-privatne te s organizacijama koje imaju istu ili sličnu misiju i organizacijske ciljeve u tuzemstvu, unutar zemalja jugo-istočne Europe i Europske unije.

