

THE ROLE OF NON-PROFIT MARKETING IN THE REDUCTION OF THE GLOBAL POVERTY LEVEL

DURALIA Oana¹

“Lucian Blaga” University of Sibiu, Romania

Abstract

Under the present conditions, in which the economic world is going through a period of serious changes, the issue of poverty at global level, aggravated by the economic crises, and also the problem of finding ways to fight it back, tend to gain increased interest. In terms of the concrete procedure, the reduction of poverty must be approached as an integrated endeavor, entangling the involvement of non-profit organizations, the public sector and also of the private one. It is only by this approach that one can hope to find and implement actual ways of action in view of reducing the number of people who are affected by poverty at world level.

The present essay takes on to insist upon the analysis of the role that non-profit marketing plays in the reduction of poverty, as a central element in the previously enunciated systemic undertaking.

Key-words: *sustainable development, non-profit marketing, extreme poverty, relative poverty*

JEL classification: *M31*

1. Introduction

To begin with, the present essay sets forth to assert the direct relation that exists between the concept of durable development and the issue of poverty at global level. For the persons who are outcast and affected by poverty, an environment which is in its turn affected by the pollution of air, water and soil, correlated with an excessive consumption and an unequal distribution of the raw materials and energy resources, these are only the premises leading to an aggravation of poverty.

¹ *Assistant Professor/Ph.D, Faculty of Economic Sciences - Department 1, oanaalexa@yahoo.com*

The human being, having the ability to create and make use of technologies, has also found various ways of transforming the resources of the Earth in all sorts of new materials, equipments and energy sources. At least since the last industrial revolution and up to the present moment, each generation has brought with it a technology plus to the inherited legacy, but at the same time, left the Planet in a much more degraded state as compared to the inherited condition.

2. Sections

It becomes more and more obvious that in the 21st century, economy destroys its support systems, closing the provisioning channels for clean air, fresh water or aliments for the future generations.

The widely accepted point of view is that of durable development, in the frame of which one observes the *interaction and compatibility* of four systems: *economic, human (social), ambient (environmental or ecological) and technologic*. In order to attain the compatibility conditions of the four systems, *the strategy of durable development* includes, as an essential element, *the simultaneity of progress in all four dimensions*. (Stoian, 2003)

In the course of time, the issue of poverty manifested at global level has been and remains the center of interest for the activity of many organizations present at world level or at European level, such as O.N.U., the World Bank, the European Community, as well as many non-profit organizations (UNESCO-UNEVOC International Centre for Technical and Vocational Education and Training, AAH - Action Against Hunger, AED-Academy for Educational Development, CARE - Cooperative for Assistance and Relief Everywhere PSI - Population Services International, etc), and last but not least, it is also to be found in the attention of many specialists such as: Philip Kotler, Nancy Lee, Jeffrey Sachs, C.K. Prahalad, Stephen Smith and others.

In what the definition and measurement of the poverty level are concerned, the opinions of the specialists vary.

Generally speaking, the governments of the states are interested in measuring the poverty level based on the following arguments:

- obtaining information on the percentage of the poverty-affected population, and especially the way in this percentage varies

between various segmented groups in terms of social - demographic and economic criteria

- analyzing the increase or decrease tendencies of the poverty level for various time frames
- substantiating and implementing the poverty-reduction strategies

In the approach of the World Bank, a person is considered poor if the consumption level, or at that of the income becomes lower than the level which is considered minimally necessary in order to satisfy a person's basic needs. This minimum level is defined as the threshold of poverty - the poverty line - and, beginning in the year 2005 it was established at 1.25\$/day/person. (Kotler & Lee, 2009)

Jeffrey Sachs, in his work entitled - The End of Poverty - describes three levels of poverty:

- extreme poverty-under 1.25\$/day/person, which appears within households in which the basic needs for survival cannot be met, the persons in this category being suffering from chronic hunger, and not having access to medical services, education, drinkable water or canalization, living in rudimentary shelters and lacking adequate clothing;
- moderate poverty-between 1.25\$ and 2\$/day/person, is characterized by a partial satisfaction of one's basic needs, the persons included in this category being affected by the lack of a work place, natural disasters, inflation or any other cause which would question their survival and would cause their transition to an extreme poverty level;
- relative poverty is characterized by an income level which lies under the national average, the persons included in this category not having access to entertainment, cultural services or quality medical assistance. Generally speaking, these persons are awarded less attention as compared to the persons who are affected by extreme and moderate poverty, whose suffering is a lot more obvious

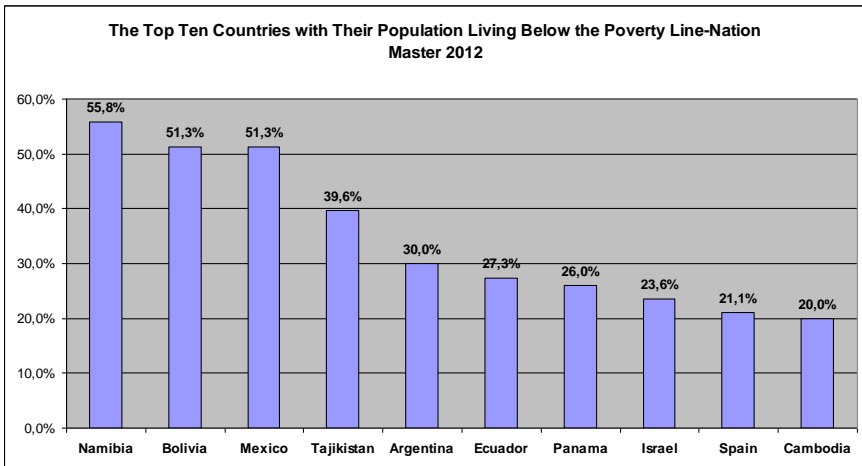
Presented out of a different perspective which is based on the well-known hierarchy of needs from Maslow's approach, poverty is defined as being the relative absence of the 7 humanitarian basics: water, aliments,

clothing, shelter, medical assistance, work place, oppression freedom (www.givebillion.net).

Based on the analysis of the statistical data, in the year 2012, 124,5 million people (24,8 % of the E.U. population) were living on the poverty line, as compared to 24,3% in the year 2011 and 23,7% in the year 2008. This means that they were at least in one of the following three conditions: at risk of poverty, severely materially deprived or living in households with very low work intensity. Considering the same year as a reference, at European level, the highest percentage of people who were affected by the risk of poverty and social exclusion was registered in Bulgaria (49%), Romania (42%), Latvia (37%) and Greece (35%), and the lowest percentage was registered in Holland and in the Czech Republic (both 15%), Finland (17%) , Sweden and Luxembourg (both 18%) - Eurostat - 5th of December 2013.

At world level, based on the existent statistics for the year 2012, the countries with the highest percentage of the population living under the poverty line were Namibia, Bolivia and Mexico, figure 1.

Figure 1: The top ten countries with their population living below the poverty line

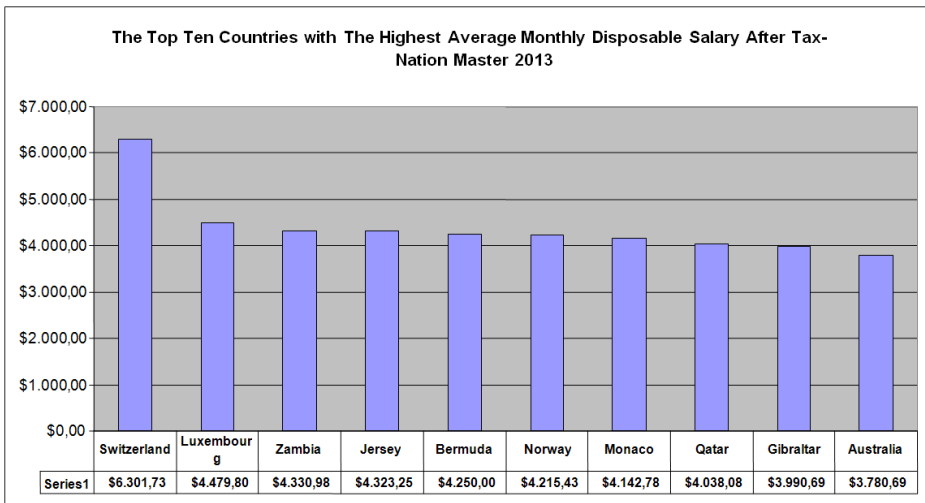


Source: Nation Master 2012

Of extreme relevance is also the analysis of the indicator called average monthly disposable salary after tax, because it is a known fact that one

of the major causes of poverty is the lack of work places and also the existence of an extremely low level of remuneration. Based on the statistical data provided by the same source - Nation Master - at the level of the year 2013, the countries with a high level of the average monthly salary were Switzerland, Luxembourg, Zambia and Jersey, and on the last three positions out of the 176 analyzed countries there lie: Samoa (63,82 \$), Gambia (39,37 \$) and Cuba (25,05 \$), figure 2.

Figure 2: The Top Ten Countries with The Highest Average Monthly Disposable Salary



Source: Nation Master 2014

Based on the data analyzed at the level of the year 2013, Romania ranks 105 out of 145 analyzed countries in that what the average monthly disposable salary after tax is concerned and 82 out of 124 analyzed countries in that what local purchase power is concerned. (Nation Master 2014).

Another interesting approach is that of Gentilini and Sumner presented in the paper What Do National Poverty Lines Tell Us About Global Poverty. Practically, the two authors try to underline the fact that the international poverty lines, respectively that 1.25\$/day/person may lead to the appearance of discrepancies in identifying the persons who are affected by poverty or who lie at the poverty line, as compared to the situation in which

one would use national poverty lines. In their analysis, the two authors show that there are similarities in estimating poverty by making use of internal poverty lines and national poverty lines only in a limited number of cases, since in the situation of some countries there are major differences between the regionally estimated poverty level and the one estimated at national level, by using the above mentioned indicators, the differences reaching even 55% regarding the poverty rate, this meaning a number of 45 million people affected by poverty. Based on the data obtained from 160 countries, covering almost 92% of the earth, Gentilini and Sumner estimated that 1,5 billion persons are living in poverty as it is defined by making use of the national poverty lines (by 16.6% more than the poverty level estimated based on the international poverty line of 1.25\$/day/person), and out of these, 1 billion are living in the middle-income countries and what is extremely surprising is the fact that one out of ten persons affected by poverty lives in the high-income countries , table1.

Table 1: National poverty line classification

Country classification	Poverty–nation poverty lines- mill.	Percentage of total(%)
Low Income Country	318,3	20,6
Lower-Middle Income Country	683,7	44,3
Only India	354,6	23
Upper-Middle Income Country	370,2	24
Only China	128	8,3
High Income Country	170,9	11,1
Total Global Poverty	1,543.2	23,1

Source: Gentilini and Sumner, 2012

Regarding the causes which determine the appearance of poverty among people, as it was also shown in what its definition is concerned, the points of view are extremely numerous. In the approach of Kotler P. and Lee N., one tried to group these causes in categories as follows:

- precarious health, caused by the absence of medical assistance, inadequate nourishment, chronic diseases, epidemics (malaria, tuberculosis)

- adverse environmental conditions, including soil erosions, unfertile grounds, massive deforestation, natural calamities, the lack of drinkable water reserves or their contamination, climatic changes
- unfavorable economic conditions, such as: unemployment, inflation, low purchase power, low salary level, major economic deficits
- the lack of infrastructure and services, especially the inexistence of access ways (roads, railroads, etc), the lack of water, gas, electricity and canalization networks
- limited access to educational services, including the family's attitude towards school, by depriving the children from educational services in favor of starting to work at an early age
- negative social factors, including crimes, domestic violence, racial discriminations, inequality between genders, individual beliefs and convictions
- the lack of family planning due to the inexistence of counseling services or its enforcement by cultural and religious beliefs.

On trying to perform an analysis in the course of time, through the generations, one can observe an intensification of some of the mentioned factors, and respectively, the appearance of new forces of negative influence which practically bring back into discussion the extremely tight connection which exists between the issue of poverty and the problems of the environment manifested at global level by the global warming phenomena, the melting of glaciers, the reduction of timbered areas, of fishing zones, etc. The accentuation of these phenomena can only draw the attention upon the impact that economic development exercises on the Planet and on its resources, to the detriment of the welfare of future generations, and especially of an underprivileged category of the population, that is, of those affected by poverty.

In this context, the roles of the non-profit organizations, together with the efforts of those involved in the public and private sector, are crucial in finding support solutions for the persons affected by poverty at global level. Sometimes defined as the Civil Society (Kotler & Lee, 2009), these non-profit organizations come forth to support and to bring into notice the needs of some target - groups of the population, trying to obtain from the subscribed parties

(natural or artificial persons or public institutions) the necessary funds in order to satisfy the needs of these segments of the population.

As opposed to the classic marketing which aims to satisfy the consumer needs by offering goods and services considered profitable for the business, non-profit marketing aims to satisfy the needs of target-groups, disposing of a low purchasing power, the exchange not being of financial nature in most cases. In order to synthesize, non-profit marketing operates in the sense of transmitting some ideas which refer to modifying attitudes of the broad public and implicitly, the effective attitudes towards the social issues that various target-groups are confronted with.

The use of non-profit marketing in view of decreasing the poverty level that a large part of the Planet's population is confronted with, can take the shape of the following actions (Kotler & Lee , 2009.):

- campaigns for fund raising - funds in cash (in order to purchase medicines, aliments or to build shelters) or as grants (granted for medical research and interventions of local agencies so as to fight back tuberculosis and malaria epidemics)
- offering goods (especially clothes and aliments) to persons who are affected by poverty in the under-developed countries or in the areas affected by natural calamities
- performing counseling and training services in view of finding a work place or offering support services in cases of emergency, following some natural calamities
- involving volunteers, as a specific component for the marketing micro-environment which is specific tot non-profit organizations so as to support poverty-affected persons
- raising public awareness and increasing the visibility of organized campaigns in view of supporting the poverty-affected persons.

Based on the analysis of the action programs that the non-profit organizations supporting the interests of poverty-affected persons have taken upon themselves, one can easily notice the strategic plan for the years 2013-2019 of those from OXFAM (non-profit organization activating at international level), program entitled the Power of the Population against Poverty, program which militates especially for gender equality, for access to aliments, natural resources and services.

3. Conclusions

To round things up, it is necessary to implement the concept of durable development as a premise which will lay a good foundation for an economic growth based on the equitable preservation and distribution of the resources among the poverty-affected persons at global level. The role of non-profit marketing, and especially of its communicational aspect, is decisive so as to bring into notice and to support the needs of the persons who are affected by poverty, as well as to attract the financing sources that are necessary to satisfy those needs.

4. References

- Kotler, P; Lee, N (2009) *Up and Out of Poverty, The Social Marketing Solution*, Wharton School Publishing
- Sachs, J.(2005) *The End of Poverty: Economic Possibilities for Our Time*, Penguin Press
- Stoian, M. (2003) *Ecomarketing*, ASE Bucharest
- Prahalad, C.K.(2005) *The Fortune at the Bottom of the Pyramid: Eradicating Poverty Through Profits*, Wharton School Publishing
- Gentilini, U.; Sumner, A. (2012) *What Do National Poverty Lines Tell Us About Global Poverty*
- www.nationmaster.com
- <http://epp.eurostat.ec.europa.eu>
- www.givebillion.net