DEVELOPING A STRATEGY OF RELATIONS AND COOPERATION OF NON-PROFIT ORGANIZATIONS WITH THE LOCAL COMMUNITY

Zoran Mihanovic, PhD
Suzana Rosan, MA
Faculty of Economics, Split

Abstract

Stakeholder engagement can be described as an effort to understand the needs of key stakeholders and include them in activities and decision-making process. Managing stakeholders strategically is seen as the means for achieving the ultimate goals of organizations. If the stakeholder engagement concept is handled properly it can have a positive impact on the performance of the organization and provide important guidelines for the development of sustainable marketing strategies and practices. The aim and purpose of this research is to determine whether the concept of relationship marketing and stakeholder approach can be successfully applied in the non-profit sector. The study investigates the influence of the local community on the development of business strategies of non-profit organisations (NPOs) and the importance of building and maintaining relationships with the local community, using the example of the Town of Sinj and the region, the knights' tournament Sinjska Alka as a cultural phenomenon and tourist attraction, the Chivalric Society of the Alka Sinj, Tourist Board and local population. The assumption of this study is that when identifying stakeholders and defining adequate strategy of engagement, managerial perception of stakeholders as well as characteristics of the participants, their attitudes and willingness to engage, should be taken into account. Finally, it is concluded that the engagement of stakeholders in the activities and operations of non-profit organizations has a positive impact on their operations and that it is important for the sustainable development of marketing strategies and practices. Also, the stakeholder participation strategy should be developed bearing in mind the characteristics of the organization's stakeholders.

Introduction

Public participation in decision-making is not a new concept. Ever since the 1960s there have been attempts in Europe to promote local participation in planning and decision-making. Engaging the user has for many years been a feature of many social organizations.

Stakeholder engagement can be described as an organization's efforts to understand the needs of stakeholders and involve them in its activities and decision-making processes (The Stakeholder Engagement Manual, 2005). The benefits that the public participation brings are the following (OECD 2001a): (1) improving the quality of decision making by allowing the organization to have access to a wider source of information, different perspectives and possible solutions, (2) enabling a faster and easier interaction between the target audience and the organization, (3) increasing the accountability and transparency of the organization itself thus increasing its representative quality and the public trust as a result. In addition to generally improving the trust and goodwill with stakeholders, stakeholder

engagement can help an organization in the following ways (FRP Guide to Stakeholder Engagement, 2007): (1) anticipate and manage emerging issues, (2) promote productive collaboration with stakeholders, (3) improve the decision-making process and operational performance. The growth in the number of non-profit organizations over the past four decades, as well as increased pressure on NPOs to be more responsible in the management of donations and public funds has resulted in a widespread call for NPOs to adopt market principles and practices (Gainer and Padanyi, 2001). The marketing concept which states that only customer-focused organizations are most likely to achieve their goals (Gainer and Padanyi, 2001) is emphasized as the key business philosophy. Sargeant (2001) and Burnett (1998) argue that relationship marketing activities, due to the nature of work, can be successfully applied in the non-profit sector. For non-profit organizations the goal that matches profitability is survival, which means earning revenues sufficient to cover the long-term expenses and/or to bring long-term satisfaction to all key stakeholders (Andreasen and Kotler, 2008). Non-profit organizations must continually develop relationships with stakeholders who will support their mission by giving them their time and/or money. Relationship marketing focuses on developing partnerships and thus may increase the loyalty of stakeholders. Efforts to involve the public in the activities and decision making of organizations in Croatia are most noticeable in the non-profit sector. Corporate social responsibility is present in Croatia, but is still in its infancy and is mainly related to investments in sport and education (Mihanovic, 2009).

This study investigates the influence of the local community on the development of business strategies of NPOs and the importance of building and maintaining relationships with the local community, using the example of the town of Sinj and the region, the knights' tournament Sinjska Alka[51] (Alka in further text) as a cultural phenomenon and tourist attraction, Viteško alkarsko društvo[52] (VAD in further text) Sinj, Tourist Board and the local population. Alka has marked the local history and become a medium for transferring collective memory from one generation to another. Although Alka holds a special place in the cultural supply of Croatia and was as such inscribed on the UNESCO list of the Intangible Cultural Heritage, it is often said it is not developed enough either culturally or as a tourist destination (Dragun, 2011). The value of such an intangible heritage is often poorly understood while at the same time the challenges that the city of Sinj and the region, the Tourist Board and in particular VAD Sinj are facing in the development of marketing strategies remain.

Relationship marketing and managing relationships with stakeholders as target groups of non-profit organizations

One of the classic definitions about stakeholders goes as follows: "Stakeholders are any other group or individual who/which may affect or is affected by the realization of the organization's objectives" (Freeman, 1984, taken from Friedman, AL, Miles, S. 2006.).

Special theory relating to marketing in the non-profit sector is a theory of multiple constituencies, that claims that organizations have multiple related cash and non-cash exchange with many groups and that they differ from the main bilateral relationship exchange characteristic for the profit sector through which the company exchanges its products or services with the same customer that brings them income (Kanter, RM, DV Summers, 1987).

The model of multiple constituencies includes various stakeholder groups: the actual beneficiaries, donors, volunteers, board members, employees, etc., which are likely to have different goals and requirements that recognize the potential differences in their interests. An

---

[51] Sinjska Alka is a knights' tournament in the town of Sinj which has been held every year since the 18th century.
[52] Viteško alkarsko društvo or The Chivalric Society of the Alka was founded in 1715. It is now a public association responsible for ensuring the continuation of the tradition of the Alka.

important aspect of the theory of multiple constituencies is that non-profit organizations should develop and present different and independent marketing strategies for a variety of important stakeholders. Therefore it proposes that the focus on the stakeholders should be "specific to the stakeholder" considering that different stakeholders have different interests and needs and therefore require different interaction and relationships with any given organization (Pavičić, Alfirević and Mihanović 2007). According to research conducted by (Padayi & Gainer, 2004; Mihanović, Pepur and Šustić 2013) it is showed that relationships and focus towards different stakeholders are independent of each other and that organizations vary in the degree of orientation that apply to each group of stakeholders. To operate effectively with their stakeholders, managers should recognize them in non-profit organizations should be and treat them as separate entities. One of the tasks of managing relationships with stakeholders as the target group of non-profit organizations is the interpretation of nature of stakeholder expectations and meting their suitability values and mission organizations, professional norms of executive power and the interpretation of the public good of the organization itself. (Balser and McClusky, 2005). Values that are emphasized by the institution, and goals towards which it strives, will affect the strength of relations with different partners and the overlap with the values and objectives of certain external stakeholders and the establishing of relationships with them. (Voss and Cable, 2000).

Maintaining the organization's mission and fostering relationships with stakeholders by developing channels for two-way communication, has been recognized as best practice in non-profit organizations (Drucker, 1989).

Given the nature of work of non-profit organizations, Sargeant (2001) and Burnett (1998) claim that relationship marketing activities can be successfully applied in the non-profit sector. Relationship marketing and cooperation is one of the most important paradigm in the marketing literature in the last 10 years. It had a huge impact on the marketing activities in the nonprofit sector as it has led to increased cooperation with customers, increase purchases and decreased customer defection (Morgan and Hunt, 1994). Relationship marketing emphasizes the importance of developing long-term, sustainable relationships with existing customers and claims that it is better to spend resources and energy to this group of clients than to attract new customers (Grönroos, 1997). Value is one of the important components of relationship marketing and adding value to the product is a mean of increasing customer satisfaction, resulting in improving customer relationships and loyalty of consumers (Ravald and Grönroos, 1996). Morgan and Hunt (1994), Peppers and Rogers (1995) point out that trust is one of the key dimensions of relationship marketing. However, the trust, as such, in any relationship, it is not given but it must evolve. Other dimensions that play an important role in marketing relationships and creation of trust are: commitment and loyalty (Morgan and Hunt, 1994; Harker, 1999; Wong and Sohal 2002), cooperation and communication (Gummesson, 1997; Duncan and Moriarty, 1998), and satisfaction and quality of service (Ravald and Gronroos, 1996; Selnes, 1998; Roberts, Varkiand Brodie, 2003). Approach to relationship marketing, with a focus on maintaining and improving relationships with existing donors (eg, Burnett, 1998; Sargeant, 2001) and customers (Bennett, 2005), is also advocated in the literature on non-profit organizations. McCort (1994) is the first to apply the concepts of relationship marketing in the non-profit organization focusing on the relationship with donors. The backbone of this study states availability, responsibility, commitment, appreciation, and positive thinking as prominent elements for assessing relations strategy that non-profit organizations can apply. Rentschler et al. (2002) tries to explain the importance of relationship marketing for long-term sustainability of organizations that are involved in art with an emphasis on audience retention by building lasting relationships with existing audiences. MacMillan et al. (2005) is adapted commitment-trust model of Morgan and Hunt's (1994) in the non-profit sector. Elaborating on the nature of social exchange, they argue that

the success of relationship marketing depends on various characteristics of the relations of those previously defined for-profit organizations. Kristoffersen and Singh (2004) presented a business case of a non-profit organization called "Plan Norway", which, by successful implementation of customer relationship management (CRM) program, changed its sales strategy orientation on market orientation and the efforts of "Plan Norway" is to thoroughly understands what their sponsors exactly expect from their relationship with the organization and to fulfil that expectations. While traditional marketing focuses on the importance of acquiring new customers (Gummesson, 1997), relationship marketing puts greater emphasis on the importance of creating long-term mutual relationships with existing customers and claims that it is better that the organization spends its energy and resources on this group of users rather than attracting new ones (Gronroos, 1997). Using the term "non-profit" McCourt (1994) argues that such organizations do not need to look at their customers as targets to be reached, but as partners in the mission of organization. He also believes that non-profit organizations have unique characteristics that fit well in the relationship marketing strategies.

Table 1 summarizes how relationship marketing strategies meet the needs of the non-profit sector.

Table 1. Relationiship marketing and nonprofit sector

CONGURENCE BETWEEN NONPROFITS AND RELATIONISHIP MARKETING	
NONPROFIT CHALLENGES	RELATIONSHIP MARKETING BENEFITS
Long term support needed	Fosters long-term committed relationship
Goods and services are intangible	Relationship becomes tangible benefit tying donor to the organisation
Giving motivation is intrinsic	Fosters sense of ownership in mission. Relationship becomes a salient attribute linking donor to the nonprofit
Communication can be ambiguous	Relationship builds donor confidence in the organisation
Marketing is incompatible with nonprofit etich	Strategy stresses mutually beneficial relationship is greater than any single transaction
Fundraising	Provides a sustainable strategy capable of meeting the organisation's needs

Source: McCort JD. 1994.

The forms of stakeholders involvement

One of the most commonly cited typology of public participation is the hierarchical approach developed by Sherry Arnstein (Arnstein, 1971, taken from Boviard and Löffler, 2009). At the lowest bar of the "ladder of participation" it situates the manipulation of the public. Public information and consultation Arnstein considers tokenistic[53] activities and places them in the middle of the ladder. At the top of the ladder approaches used for training (empowerment) the public are located. However, this typology may lead to the conclusion that some forms of public involvement are naturally superior to others. In practice, what is most important is that the chosen form of involvement of the public is in accordance with the purpose for which it is used. Much more useful typology in terms of the application of public participation in creating a business strategy company, according to Boviardu and Löffler (2009) includes three categories of participation: communication, consultation and co-production. According to Boviardu and Löffler (2009), each of these categories is an important component in the creation of policies and strategies to create relationships with target stakeholders. Two group of factors influence the form of stakeholders involvement

---

[53]   Tokenism - signifies a practice or policy where only minimal efforts are made so that the minorities are offered opportunities equal to those of the majority; perfunctory effort or symbolic gesture toward achieving the goal

strategy: manager perception of the importance of individual stakeholders (Mitchell et. Al, 1997) and characteristics of the stakeholders (perception of organisation and interest for specific program; the ability of stakeholders; socio - demographic characteristics) (German, 1997) that will lead to the selection of different involvement strategies. Mitchell et. al (1997) developed a theory of stakeholders identification and involvement that is based on three assumptions: first, in order to achieve certain goals of the organization, managers pay special attention to the particular type of the stakeholder groups, other, stakeholders involvement in certain activities of the organization is dictated by the perception of the same , third, different stakeholder groups can be identified based on their possession of different combinations of three attributes - power, legitimacy and urgency. The empirical test of the model (Angell et. Al., 1999) briefly describes these attributes as follows. Legitimacy is a right that stakeholder the has on the organization, which is based on a contractual or legal obligation as well as the moral interest which stakeholder has on the benefits and harms arising from the activities of the organization. The power represents the capability of the stakeholder to influence the behavior of the organization, regardless of whether he lays legitimate right to the organization. Urgency represents the degree to which stakeholder requirements over the organization require immediate attention from the manager of the organization. Mitchell et. al (1997) developed seven groups of stakeholders, on the basis of having one, two or three attributes in different combinations. Latent stakeholders represent a small importance for managers since they possess only one of the attributes. For example, dormant stakeholders have the power; discretionary stakeholders have legitimacy, while demanding stakeholders have urgency. However, if any of these stakeholders gains access to another of the other attributes, their importance for the managers would rapidly increase. Expectant stakeholders possess two attributes and consequently have a moderate importance for managers. The dominant stakeholders have the power and legitimacy and form a "dominant coalition" in the organization, for example, owners, employees, large creditors, representatives of the community, etc. Dependent stakeholders such as victims of oil spills have the legitimacy and urgency, but lack the power. By gaining access to government agencies and courts this group of stakeholders can gain the power that they primarily missed. Dangerous stakeholders have the urgency and power, but they lack legitimacy. However, given that they are potentially dangerous for the organization they need to be managed carefully. Finally, definitive stakeholders have a high importance for managers considering that they possess all three attributes simultaneously. Organizations should use direct communication or interaction in an open dialogue with its stakeholders (Freeman, 1984; Harrison & St. John, 1996; Polonsky, 1995 taken from Preble, 2005). Therefore, Preble (2005) recommended the use of dialogue and involvement of stakeholders for definitive stakeholders, for strategically important stakeholders where there is a large degree of dependency, for dangerous stakeholders who threaten with direct conflict or sabotage, as well as for stakeholders that the organizations does not fully understand. Also, one of the strategies that are nowadays increasingly used in the management of stakeholders is collaboration or partnership (Harrison & St. John, 1996; Savage et. Al., 1991 taken from Preble, 2005).

Methodology and initial hypothesis of the empirical study

The conceptual model (Figure 1) was developed by adapting Bovaird and Löffler's (2009) categories of public engagement model. The model consists of three categories of participation: communication, consultation and co-production. Each of the listed categories, according to Bovaird and Löffler, is an important element in developing organizational strategies with the aim of building relationships with target stakeholders.

Figure 1. Conceptual framework: Public participation spectrum
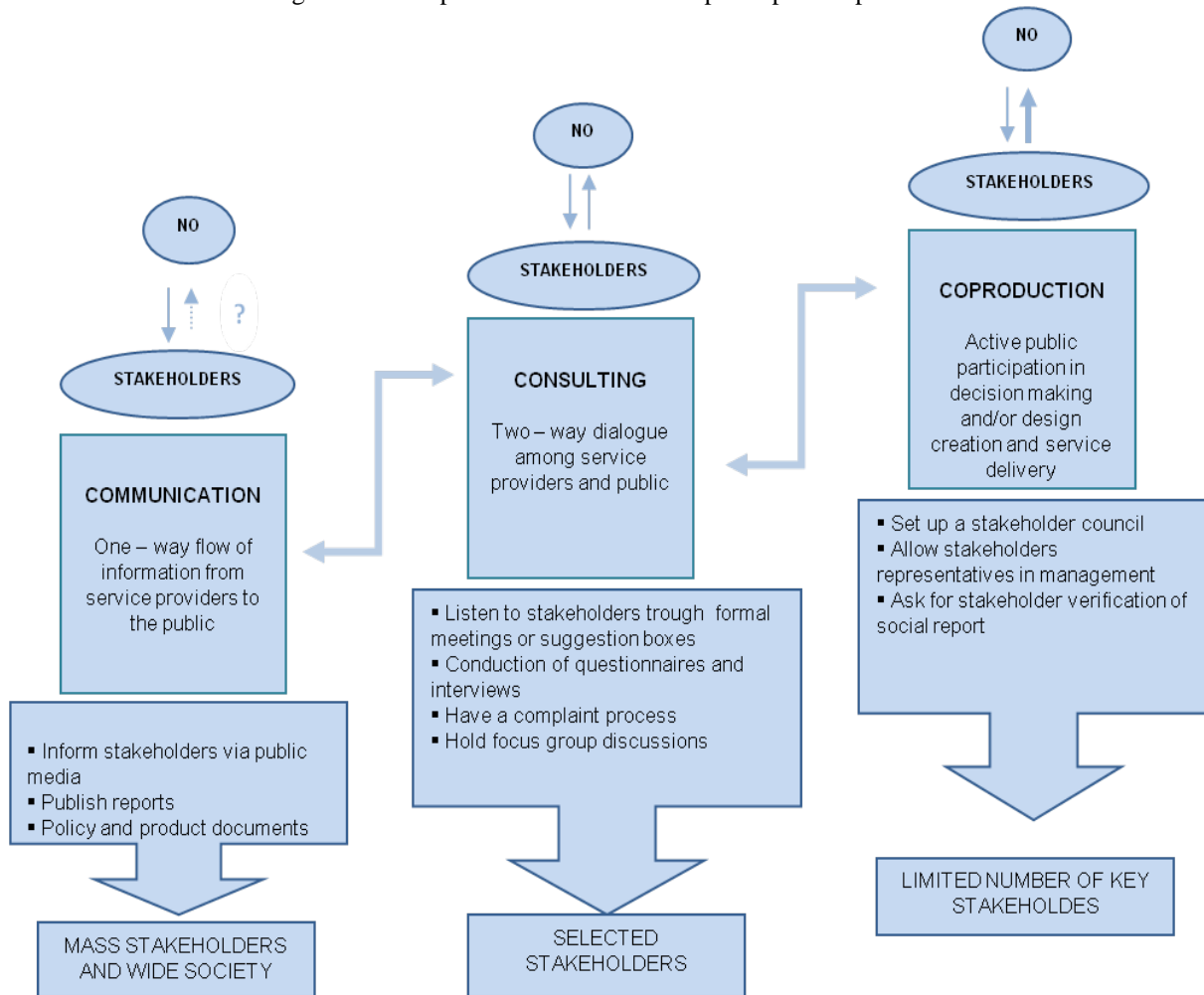
The review of the existing literature and numerous examples from experience reveal that involving stakeholders in the activities and operations of non-profit organizations (NPOs) has a positive impact on and is important for the development of sustainable marketing strategies and practices. This reasoning leads to the first research hypothesis which states:

H1: Involving stakeholders in the activities and operations of non-profit organizations, by developing different participation strategies for different groups of stakeholders through communication, consultation and co-production with those groups, has a positive impact on and is important for the development of sustainable marketing strategies and practices of non-profit organizations.

H1a: Stakeholders are committed to and involved in the activities and operations of non-profit organizations through communication, consultation and co-production with the NPOs.

H1b: The commitment and involvement of stakeholders are important for and have a positive impact on the development of sustainable marketing practices and operations of NPOs.

One of the assumptions of this study is that when developing the stakeholder participation strategy, the organizations should be guided by their own perception of the importance of individual stakeholders, as well as by the stakeholders' characteristics, their attitudes towards the organization, their interest in the programs of the organization, as well

as their willingness to participate in the activities of the organization. Therefore, the following research hypothesis is formulated:

H2: The stakeholder participation strategy should be developed bearing in mind the characteristics of the organization's stakeholders.

H2a: An individual will identify more with the non-profit organization depending on his relationship with the organization and a positive perception of it.

H2b: The stronger the individual identifies with the non-profit organization, the greater his willingness to support it is.

H2c: For different groups of stakeholders it is necessary to develop different stakeholder participation strategies.

The defined hypotheses were empirically tested using the example of the Sinj region and the case study of the Sinjska Alka as a domestic phenomenon, a tourist attraction, the identity of the Sinj region with the potential to attract tourists and to promote what Sinj, surrounding areas and Croatia have to offer to tourists. Deliberate (quota) sampling was used to select a representative sample. Interviews were conducted with representatives of the local authorities and the Sinj Tourist Board to find out about their opinions and attitudes about the Sinjska Alka and their role and influence in VAD's operation. VAD representatives were also interviewed to find out about their attitudes and opinions about engaging stakeholder. The questionnaire was *administered* to a sample of 103 respondents in order to find out about the local population's opinions and attitudes about the Sinjska Alka and VAD's performance as well as their interest in participating in this organization's operations.

Research results

The aim of conducting interviews with VAD's representatives was to research whether stakeholders were committed to and involved in VAD's activities and operations, the extent to which this commitment was important for VAD, the intensity of its impact and whether various stakeholders were treated in different ways, i.e. whether they developed different strategies. Although the Sinjska Alka represents the identity of the town of Sinj, it has not been up to this day sufficiently developed in terms of culture and tourism. It can be concluded following the conducted interviews that VAD Sinj does not have a clearly defined strategy for managing stakeholders. Its activities are based primarily on raising funds needed to organize and ensure the continuation of Alka, neglecting the possibility of generating funds by making and selling souvenirs, charging entrance tickets for the Alka ceremony, etc. VAD does not have a clearly defined business strategy or a vision of business, so the organizations and individuals they have a financial relationship with are considered to be the organization's stakeholders, neglecting the role of the Tourist Board and the people who can and should have an impact on the organization's operations. An interview with a representatives of the city government revealed that the co-operation of local authorities with VAD was excellent, but it was nonetheless pointed out that it was not complex. It was pointed out that there were attempts within VAD to abuse Alka for political purposes. A reconstruction within VAD was considered to be necessary, as well as a new model of governance that should aim towards the model of openness, towards a more democratic approach to membership and choice. The representatives of the Sinj Tourist Board pointed out that Alka has a major influence on the tourism and economic development of the city because it represents the identity of Sinj and is one of the main reasons tourists come to Sinj. They pointed out that the Tourist Board was investing great efforts in promoting Alka, and, in this way, developing other tourist offers of the town of Sinj and the Cetina region. Finally, it was concluded that the ideal cooperation between VAD and the Sinj Tourist Board should be based on teamwork and joint efforts to promote Alka. However, despite the poorly defined stakeholders, it is nevertheless clear that VAD is developing commitment and involvement with existing stakeholders, primarily with

the generators of resources needed to sustain Alka. They implement communication strategies to the public as well as to the key sources of financial support. The consultation strategy is used with sponsors and donors, as well as with the Tourist Board, while the co-production strategy is used in cooperation with the local authorities. This finding confirms the hypotheses H1a and H1b and in the end the main hypothesis H1.

In order to study the impact that the population's attitude has on the intensity of involvement in the activities and the holding of the Alka tournament, on the basis of the distribution of responses to the questions / statements on the attitude towards the Sinjska Alka and VAD, the means were calculated that describe the attitude to the Sinjska Alka and VAD for each individual respondent (attitudes to Alka and VAD were defined as a positive or a negative attitude). Having determined the attitude to the Sinjska Alka and VAD for each respondent, the Mann - Whitney U test was conducted to determine the intensity of the impact that the attitude has on the decision to participate in the activities related to organizing and holding Alka.

Figure 2. The nonparametric Mann-Whitney U test for a given sample of respondents: The impact of the attitude towards Alka on the decision to participate in its organization and preservation
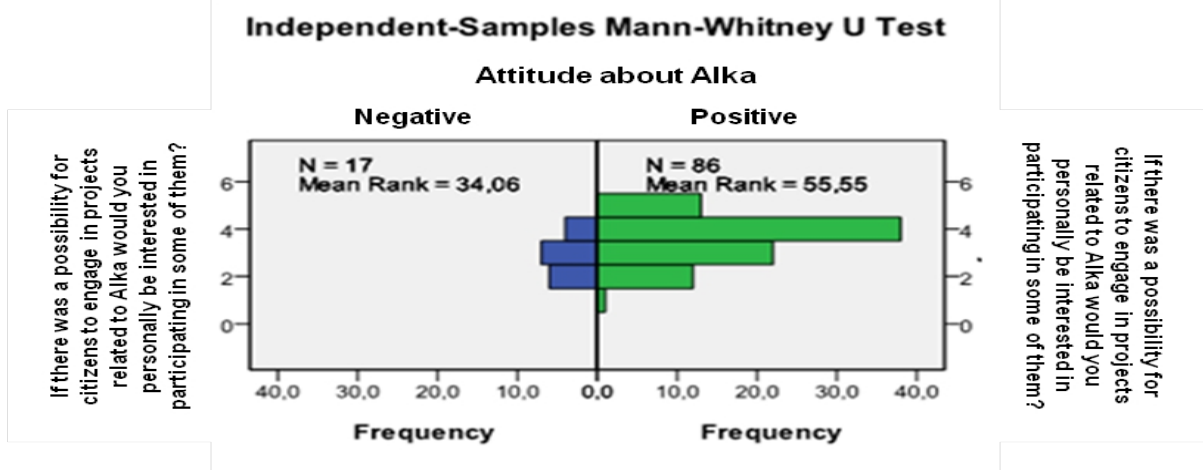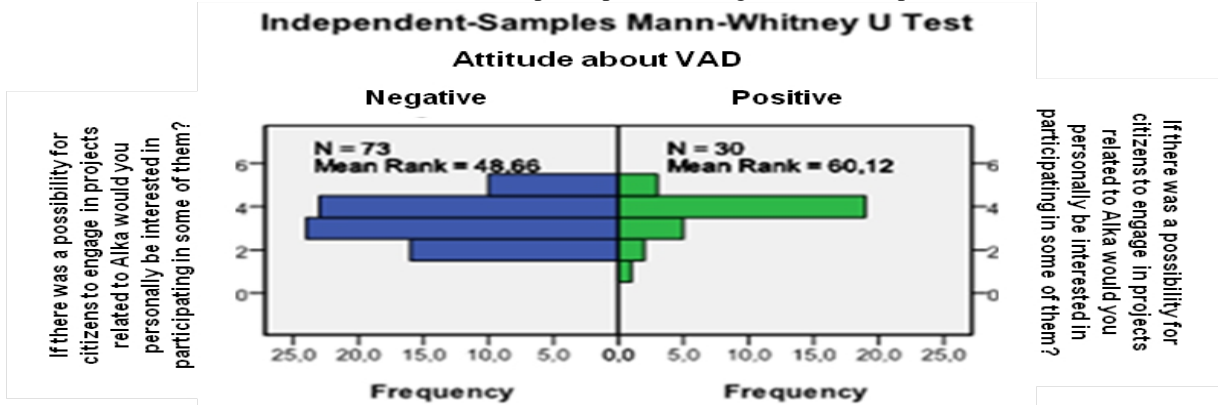

Figure 3. The nonparametric Mann-Whitney U test for a given sample of respondents: The impact of the attitude towards VAD on the decision to participate in its organization and preservation

The results in Figure 2 suggest that the attitude towards Alka influences the respondents' decision to participate in activities related to its organization and preservation.

Empirical significance of $\alpha^*= 0.004$ is less than 5% and it can be concluded that there is a statistically significant difference in terms of participating in activities related to holding and organizing Alka in relation to the population's attitude towards it. According to Figure 1 it is evident that the population with a positive attitude towards Alka (Mean rank = 55.55) is more willing to participate in the implementation and preservation in comparison to

inhabitants with a negative attitude towards Alka (Mean rank = 34.06). Given that the empirical significance of $\alpha* = 0.063$ is greater than 5% it can be concluded that there is no statistically significant difference in participating in activities related to implementing and organizing Alka in relation to the attitude of the population towards VAD Sinj (Figure 3).

Having completed the Mann - Whitney U test, the two step cluster analysis was used to assess whether it was possible to group the respondents in terms of their attitude towards Alka and VAD and of their willingness to participate in activities related to implementing and organizing Alka, for the purpose of developing adequate participation strategies for each group of stakeholders. On the basis of the formed clusters, four segments of stakeholders were defined (Figure 4).

Figure 4. Segments of stakeholders of the Chivalric Society of the Alka
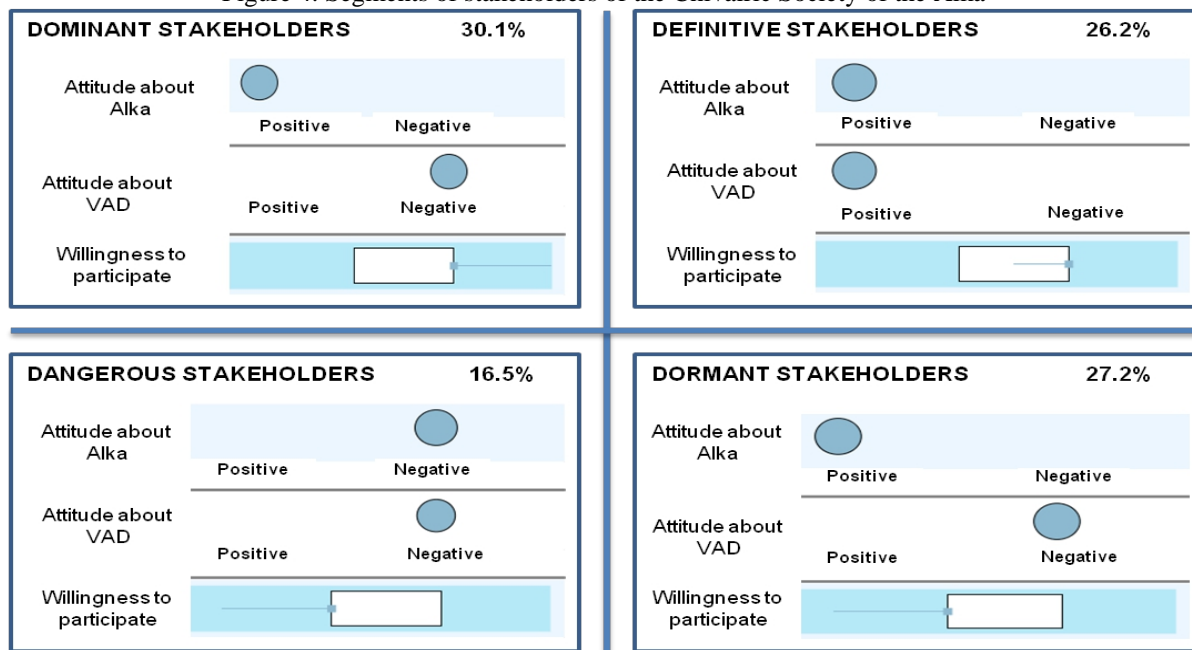
With the aim of developing a profile, i.e. creating a clearer image of each of the segments, cross tabulation was done using the respondents' demographic characteristics and the statements that describe in detail the segment's willingness to participate in the activities of implementing and organizing Alka. We wanted to test, using the chi-square test for nominal variables and the Kruskal Wallis test for ordinal variables, whether there was a statistically significant difference when comparing the given structure of the segment to the demographic characteristics and selected statements by respondents. If the level of significance is above 0.05, then there are no significant differences. In addition to demographic variables, to develop a profile of the segments of stakeholders, six variables were used that expressed the segments' readiness to participate in activities related to implementing and organizing Alka: (1) The importance of preserving the tradition for the local community; (2) The familiarity with projects undertaken by VAD Sinj; (3) The willingness to participate in workshops and lectures to learn more about VAD; (4) The willingness to participate in activities related to the implementing and organizing Alka via organization's activities; (5) The willingness to participate in activities related to implementing and organizing Alka by participating in volunteer activities; (6) The willingness to participate in activities related to implementing and organizing Alka by giving donations Cross tabulation of these variables was done with the identified segments of stakeholders in order to obtain additional determinants to define segments. This point of reference needs to be monitored in dynamics as it may indicate shifts in the willingness of

individual segments to cooperate and serve as benchmarks for VAD in analyzing the success of the applied business strategy. For example, the importance of preserving tradition is more pronounced in segments that are willing to cooperate (definitive and dominant) compared to the segments that are not ready for the same (hazardous and sleepy). Given that the empirical significance of the conducted Kruskal Wallis test is less than 0.05 (Table 2) it can be argued that the willingness to cooperate in activities related to the implementation and organization of the Alka increases with the importance of preserving the traditions of the local community by individual segments. For other variables in Table 4, the same analogy is applied.

Table 2. Results of Chi-square and Kruskal Wallis tests for selected characteristics of segments

Characteristics	Chi Square χ^2	Empirical significance α*
Gender	4.634	.201
Age	13.418	.009
Education	13.474	.009
Household income	15.039	.010
The importance of preserving tradition for local community	25.155	.000
Awareness about projects carried out by VAD	19.408	.001
Willingness to participate in workshops or lectures to find out more about VAD	4.924	.295
Willingness to participate trough the work of NGO	0.023	.880
Willingness to participate trough voluntary activities	2.732	.098
Willingness to participate trough donations	0.549	.459

Finally, the conducted segmentation proved the H2c hypothesis which argues that different stakeholder participation strategies need to be developed for different stakeholder groups. The conducted analysis also proved the hypotheses H2a and H2b. It was proved that the stakeholders identified more with the non-profit organization depending on their relationships with it and a positive perception of the NPO. It was also proved that the willingness to support the organization was more pronounced depending on the individual's identification with the organization. This is supported by the fact that the definite and dominant stakeholders are more willing to engage in activities related to Alka as compared to dangerous and lulled stakeholders. Given that all auxiliary hypotheses were accepted, the main H2 hypothesis, which states that organizations need to develop stakeholder participation strategies in line with the characteristics of stakeholders, is accepted.

Conclusion

If VAD wants Alka to become a highly valuable Croatian brand, it must first and foremost address the transparency of its activities; create a favourable reputation and image in the society, and a positive public attitude towards the issues relevant to the activities of this organization. If the branding and development of Alka are lead in the right way, it can play an important role in the development of culture, tourism, sports and economy of city Sinj, region and Croatia. It can be concluded from this research that involving stakeholders in the activities and operations of non-profit organizations has a positive impact and that it is important for the development of sustainable marketing strategies and practices. When developing strategies of stakeholder involvement, NPOs should be guided by certain principles that influence the selection of stakeholder engagement strategy. Precisely defining the organization's stakeholders plays a very important role in selecting the appropriate strategy. An organization should consider all the institutions, organizations and individuals who have a direct impact on the organization's operation to be the stakeholders as well as those directly affected by its operation. Special attention should be paid when defining key stakeholders making sure important stakeholders are not left out. When stakeholder engagement strategies are developed, non-profit organizations should be guided by certain

principles influencing the stakeholder engagement strategy and the characteristics of the stakeholders. It is proved in this paper that individuals will identify more with a non-profit organization, depending on their relationship with it and a positive perception of it. It is also proved that the willingness to participate in the activities of the organization more pronounced in individuals who identified more with the organization.

References:
Agle, B. R., Mitchell, R. K., and Sonnenfeld, J. A.: "Who matters to CEOs? An investigation of stakeholder attributes and salience, corporate performance, and CEO values." Academy of Management Journal 42, 1999.
Andreasen A. R., Kotler, P.: Strategic Marketing for Nonprofit Organisations, Pearson Education, Inc., Upper Saddle River, New Jersey, 2008.
Balser, D., McClusky, J.: Managing stakeholder relationships and nonprofit organizations effectiveness, Nonprofit Management & Leadership, Vol. 15, No. 3. 2005.
Bennett R.: Competitive environment, market orientation, and the use of relational approaches to the marketing of charity beneficiary services. Journal of Services Marketing 19(7) 2005.
Boviard, T., Löffler, E.: Public Management and Governance, Taylir&Francis, 2009.
Burnet, K.: Relationship fundraising 2nd ed, White Lion Press, 1998.
Duncan, T. and Moriarty, S.: A communication based marketing model for managing relationships. Journal of Marketing 62(2), 1998.
Dragun, S.: Sinjska alka nedovoljno kulturno i turistički iskorištena, taken from www.hu-benedikt.hr (2. Lipnja 2013.)
Drucker, P.E.: What business can learn from non-profits, Harvard Business Review, 1989.
Friedman, A.L., Miles, S.: Stakeholders: Theory and Practice, Oxford University Press, 2006.
Gainer, B., Padanyi, P.: Applying the marketing concept to cultural organizations: An empirical study for the relationship between market orientation and performance, International Journal of Nonprofit and Voluntary Sector Marketing, Vol.7 Issue 2, 2001.
German, S.D.: Non-profit relationship marketing: The role of identification, Dissertation in business administration, Graduate Faculty of Texas Tech University, 1997.
Gronroos C. Value-driven relational marketing: from products to resources and competencies. J. Mark. Manag;13: July, 1997.
Gummesson, E.,. Relationship marketing as a paradigm shift: some conclusions from the 30R approach. Management Decision 35(4), 1997.
Harker, M.: Relationship marketing defined? An examination of current relationship marketing definitions. Marketing Intelligence & Planning 17(1), 13. 1999.
Kristoffersen, L., Singh, S.: Successful application of a CRM program in a non-profit organization, Journal of Marketing Theory and Practice, Vol. 2, No. 2, 2004.
MacMillan, K., Money, K., Money, A., Downing, S.: Relationship marketing in the not-for-profit sector: an extension and application of the commitment–trust theory, Journal of Business Research, Vol. 58, 2005.
McCort JD.: A framework for evaluating the relational extent of a relationship marketing strategy: the case of nonprofit organizations. Journal of Direct Marketing 8(2), 1994.
Mihanović, Z.: Intelligence Generation and Intelligence Disseemination as a Basis for Efficient Responsiveness in Higher Education – The Case of Croatia, Knowledge Region: Alps-Adriatic Challenges (Vol. I – General Perspective), Peter Lang, Frankfurt a/M, 2009.
Mihanović, Z., Pepur, M., Šustić, I.: The correlation of relationship with individual stakeholders of lifelong learning institutions – the case of Croatia, u Croatian Operational Research Review (CRORR); Split, Croatia, Vol. 3, 2013.

Mitchell, K., Agle, R., Wood, J.: Toward a theory of stakeholder identification and salience: Defining the principle of who and what really counts, Academy of Man. Rev., Vol. 22, 1997.

Morgan, R., Hunt, S.: The commitment-trust theory of relationship marketing, Journal of Marketing, Vol 58, No 3, 1994.

Padanyi, P., Gainer, B.: Market Orientation in the Nonprofit Sector: Taking Multiple Constituencies into Consideration. Journal of Marketi. Theo. & Prac.,, Vol. 12, No. 2, 2004.

Pavičić, J.; Alfirević, N.; Mihanović, Z.: Market orientation in managing relationships with multiple constituencies of Croatian higher education, Higher Education, Vol. 57, No. 2, 2007.

Peppers, D., Rogers, M.: A new marketing paradigma: share of customer, not market share, Planning Review, Vol 23, No2, 1995.

Preble, J.F.: Toward a Comprehensive Model of Stakeholder Management, Business and Society Revew, Vol. 110, No. 4, 2005.

Ravald, A. and Gronroos, C.:. The value concept and relationship marketing. European Journal of Marketing 30(2), 1996.

Rentschler R., et. al.,: Relationship marketing, audience retention and performing arts organisation viability. Internat.. Jour. of Nonprofit and Volunt. Sector Marketing, 7(2), 2002.

Roberts, K., Varki, S. and Brodie, R.:. Measuring the quality of relationships in consumer services: an empirical study. European Journal of Marketing 37 (1/2), 2003.

Sargeant A.: Relationship fundraising: how to keep donors loyal. Nonprofit Management and Leadership 12(2), 2001.

Selnes, F.: Antecedents and consequences of trust and satisfaction in buyer-seller relationships. European Journal of Marketing 32(3/4), 1998.

The Stakeholder Engagement Manual: The Guide to Practitioners Perspectives on Stakeholder Engagement, Vol 1, 2005.

Unated States Environmental Protection Agency, Facility Repoarting Project Guide to Stakeholder Engagement, November 2007.

Voss, et. al.,: Linking organizational values to relationships with exstrnal constituents: A study of nonprofit professional theatres. Organization Science, Vol. 11, No. 3, 2000.

Wong, A. and Sohal, A.: An examination of the relationship between trust, commitment and relationship quality. International Journal of Retail & Distribution Management 30(1), 2002.

http://www.oecd.org/dataoecd/24/34/2384040.pdf