

THE CORRELATION OF A RELATIONSHIP WITH INDIVIDUAL STAKEHOLDERS OF LIFELONG LEARNING INSTITUTIONS – THE CASE OF CROATIA

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Abstract

In this paper, public and/or nonprofit institutions of lifelong learning in Croatia have been analysed. The main issue of the research is the correlation between the established relationships with the individual target groups of lifelong learning institutions. The verification of the research objectives is based on the measuring of two constructs by a specially designed questionnaire. The relationship implied by the research objectives will be empirically analysed and partially confirmed on a random sample of Croatian institutions of lifelong learning. After determining the level of target group relationships for each stakeholder, a correlation analysis between certain established relationships towards specific stakeholder groups was performed. The results of this study imply the existence of a correlation between certain established relationships by individual stakeholders and also of the fact that institutions regard all stakeholders as important. There is a high correlation connection between all individually established relationships towards all stakeholder groups.

Key words: *lifelong learning, relationships with target groups, market-oriented activities, Croatia*

1. THEORETICAL CONSIDERATION

There is a need for continuous education throughout life, from youth up to old age, in an attempt to foresee the knowledge needed in the future. The institutions of lifelong learning in Croatia lack the scientific thought and empirical studies on the implementation of marketing within themselves. In the last decades, good relationships have been advocated through market orientation as a pivotal factor in securing and maintaining market leadership in the for-profit firms (Cravens, Greenley, Piercy and Slater, 1998). In the non-profit context as well as in education, market oriented activities work as an organizational strategy when pressures and environmental changes appear (Balabanis, Stables and Philips, 1997). Most of the studies measuring relationships through market orientation in the profit sector have taken into consideration one or more industries and analysed a single stakeholder, the targeted consumer/user, while only some studies have considered multiple stakeholders (Greenley and Foxall 1997; Lado, Maydeu-Olivares and Rivera, 1998.).

Stakeholders include all agents with an interest in the organization's activities, and with the capacity to affect its functioning and performance. In order for the organization to benefit from the relationships with individual stakeholder groups of lifelong learning institutions, there needs to be a way of identifying which stakeholders are relevant to the strategic conduct of the organization's activities. The stakeholder theory has pursued the objective of listing those agents who are in a position to affect an organization's performance (Friedman and Miles, 2002). The literature on marketing presents a large body of research on the concept of market orientation based mostly on the studies of the for-profit firms. It has to be pointed out that, in spite of the initial consideration of the applications in the sectors guided by the economic results, there is an increasing number of studies centred on the contexts where the expected benefits are not of monetary or commercial nature. In this respect, obviously there are some analyses concerning the relationships with different stakeholders through market orientation in nonprofit organizations (Cervera, Molla and Sanchez, 2001; Vazquez, Alvarez and Santos, 2002). Market orientation can be interpreted as the implementation of marketing concept through organizational behaviour (Kohli and Jaworski, 1990). Others link market orientation with company culture. They suggest that market orientation is an organizational culture focused on customer satisfaction (Liu, Luo and Shi, 2001). Some affirm that market orientation is the implementation of corporate culture or philosophy (Gray & Hooley, 2001). Other authors see market orientation as business culture (Hurley and Hult, 1998; Narver and Slater, 1990). Kohli and Jaworski (1990) consider market orientation as an activity of processing market information. Therefore, those who identify themselves the most with this point of view understand market orientation as a form of behaviour or conduct rather than an attitude, because the concept is more identified as the

implementation of marketing concept. In this way, the perspective is identified as action and associated with terms such as operational or behavioural strategy.

In the behavioural approach, relationships with different stakeholders, that create a market-oriented institution, refer to the generation of market intelligence pertaining to current and future needs, dissemination of the intelligence across departments and organization-wide responsiveness to it. More precisely, market intelligence refers to all activities directed toward developing an understanding of customers' current and future needs and the factors affecting them, dissemination represents the sharing of this understanding across departments, and responsiveness is the action taken in response to the intelligence that is generated and disseminated (Kohli and Jaworski, 1990). Many studies have been carried out within the behavioural perspective, thereby contributing to its development (Matsuno and Mentzer, 2000); (Rose and Shoham, 2002). In a similar way to the behavioural approach (Kohli and Jaworski, 1990), stakeholder orientation is also composed of three sets of behaviour that were mentioned before (Maignan and Ferrell, 2004). The operational importance of services marketing management activities is there connection and its known effects on organizational performance. This paper suggests that the effective management of market-oriented activities and relationships with different stakeholder groups might be an effective tool for improving the performance of lifelong learning institutions.

2. METHODOLOGY

In the empirical part of the research, a multivariate data analysis was applied on a representative sample with the use of a questionnaire as the instrument of the research. The questionnaire was constructed on the basis of the research by (Kohli, Jaworski and Kumar, 1993); (Deshpandé and Farley, 1998); (Narver and Slater, 1990); (Herman and Renz, 1999); (Sargeant, Foreman and Liao, 2002); (Sowa, Seldena and Sandfort, 2003); (Kara, Spillan, DeShields, 2004); (Padanyi and Gainer, 2004); (Voss, Cable and Voss, 2003); (Hammond, Harmon and Webster, 2007). The questionnaire was altered and adapted to the non-profit sector, education and Croatian institutions of lifelong learning. All institutions of adult education in the Republic of Croatia were included in the sample, bringing the number of potential respondents to 178. The sample choice was carried out in accordance with the list and the categorization of adult education institutions of the Agency for Adult Education. The questionnaire was answered by 89 institutions, a response rate of 69% was achieved. The managers of lifelong learning institutions were used as research subjects since their familiarity with the overall situation within the organizations themselves makes them the most competent subject for providing certain answers about organizational activities. The research was conducted in 2010. The

data processing was guided by the theoretical and empirical hypotheses customary for this type of research and the specificities of the questionnaire. In comparison to other similar researches related to the educational sector (Vazquez, Alvarez and Santos, 2002.) as well as the overall non-profit sector (Hager, Wilson, Pollak and Rooney, 2003), where a response rate of 25-35% is typical for this type of research as well as sufficient enough for the research to obtain certain conclusions, the response in this research considerably exceeds the afore-mentioned numbers. This paper considers eleven stakeholders: Attendants, Potential attendants, Economy sector, Teaching staff, other levels of educational institutions, competent ministry, Local and regional self-government units, Adult education council, Agency for Adult Education, Croatian employment service, Competition, which institutions establish or should establish effective relationships with.

3. RESULTS OF THE EMPIRICAL RESEARCH

For the correlation of the established relationships with individual target groups of lifelong learning institutions to be determined, it was ascertained to what extent lifelong learning institutions establish relationships with their individual stakeholders, and how much they are market-oriented towards them. Based on the distribution of responses to the questions that describe individually established relationships with each stakeholder group and the standard deviation of a response average to each question that describes the variable of established relationships for every stakeholder, the pondering of each question/response was initiated. On the basis of stated ponders, the degree of individually established relationships of market orientation of lifelong learning institutions towards each stakeholder was calculated (Mihanović, 2010). Picture 1 shows average degrees of individually established relationships of lifelong learning institutions towards individual stakeholders, in ascending order. The result values of the established relationships of market orientation towards individual stakeholders (on a scale from 1 to 5) ranged from 3.08 to 3.87 with an average value of 3.0, which represents a neutral value (namely, the results from respondents above 3.0 indicate a positive perception of the need to establish market orientation relationships towards the needs of individual stakeholders and reverse if the results are below 3.0).

After having determined the degree of the use of market-oriented activities towards its stakeholders, the correlation analysis between the established relationships towards individual stakeholders was performed. Table 1 shows the correlation connection between all individually established relationships towards all stakeholder groups. All the correlations are positive, high and significant at the level of 1%. It is evident that the correlation matrix is symmetrical in view of the main diagonal.

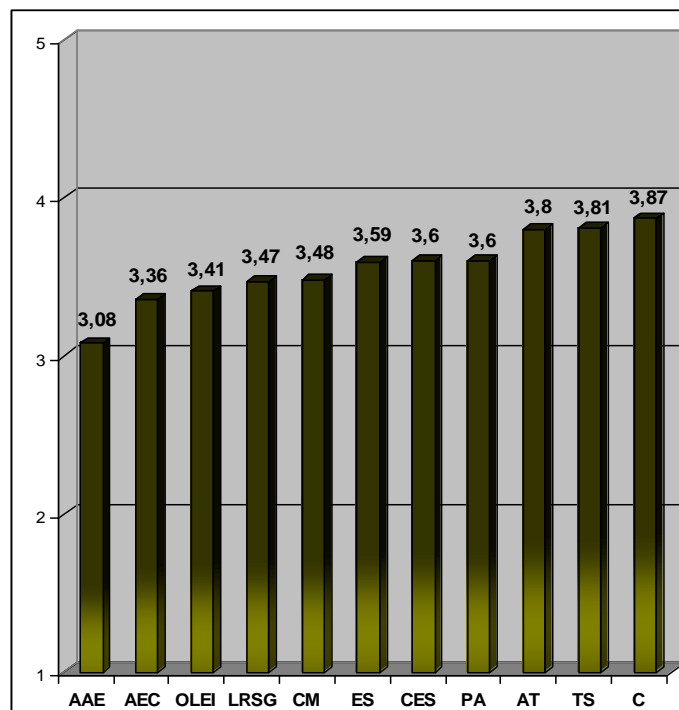


Figure 1: Average degrees of individually established relationships of market orientation of lifelong learning institutions towards individual stakeholders.¹

Table 1 results indicate the existence of a two-way correlation between the established relationships of market orientation towards different stakeholders. It can be seen from the correlation matrix that these relationships towards individual stakeholders are mutually connected.

For example, it can be noticed that, in view of its intensity, the established relationship of the market orientation towards teaching staff has the strongest connection with the established relationships of market-oriented activities towards attendants (0,878). Also, the market orientation towards attendants has the strongest connection with the established relationships of the market orientation towards potential attendants (0,884). The existence of a significant connection means that the orientation towards teaching staff leads to greater market orientation and better relationships with attendants, as well as greater market orientation and better relationships with potential attendants. For instance, the strongest connection is between the market orientation towards the economy sector and the established relationships of the market orientation towards the Croatian Employment Service (0,859). The market orientation towards the Croatian Employment Service has the strongest connection with the established relationships of market-oriented activities towards the competent ministry (0,873). The

¹ A – attendants; PA – potential attendants; ES – economy sector; TS – teaching staff; OLEI – other levels of educational institutions; CM – competent ministry; LRSO – local and regional self-government units; AEC – Adult Education Council; AAE – Agency for Adult Education; CES – Croatian Employment Service; C – competition

market orientation towards the competent ministry has the strongest connection with the established relationships of the market orientation towards the Adult Education Council (0,909).

Table 1. Correlation connection between all individually established relationships towards all stakeholder groups²

		MO A	MO PA	MO ES	MO TS	MO OLEI	MO CM	MO LRSG	MO AEC	MO AAE	MO CES	MO C
A	Pearson Correlation	1	,884**	,782**	,878**	,707**	,580**	,592**	,612**	,631**	,677**	,876**
	Sig. (2-tailed)		,000	,000	,000	,000	,000	,000	,000	,000	,000	,000
	N	90	90	90	90	90	90	90	90	89	90	90
PA	Pearson Correlation	,884**	1	,848**	,811**	,727**	,674**	,656**	,689**	,681**	,703**	,838**
	Sig. (2-tailed)	,000		,000	,000	,000	,000	,000	,000	,000	,000	,000
	N	90	90	90	90	90	90	90	90	89	90	90
ES	Pearson Correlation	,782**	,848**	1	,786**	,807**	,788**	,737**	,824**	,734**	,859**	,792**
	Sig. (2-tailed)	,000	,000		,000	,000	,000	,000	,000	,000	,000	,000
	N	90	90	90	90	90	90	90	90	89	90	90
TS	Pearson Correlation	,878**	,811**	,786**	1	,773**	,647**	,667**	,682**	,686**	,730**	,850**
	Sig. (2-tailed)	,000	,000	,000		,000	,000	,000	,000	,000	,000	,000
	N	90	90	90	90	90	90	90	90	89	90	90
OLEI	Pearson Correlation	,707**	,727**	,807**	,773**	1	,854**	,809**	,871**	,824**	,848**	,707**
	Sig. (2-tailed)	,000	,000	,000	,000		,000	,000	,000	,000	,000	,000
	N	90	90	90	90	90	90	90	90	89	90	90
CM	Pearson Correlation	,580**	,674**	,788**	,647**	,854**	1	,827**	,909**	,884**	,873**	,613**
	Sig. (2-tailed)	,000	,000	,000	,000	,000		,000	,000	,000	,000	,000
	N	90	90	90	90	90	90	90	90	89	90	90
LRSG	Pearson Correlation	,592**	,656**	,737**	,667**	,809**	,827**	1	,861**	,893**	,819**	,612**
	Sig. (2-tailed)	,000	,000	,000	,000	,000	,000		,000	,000	,000	,000
	N	90	90	90	90	90	90	90	90	89	90	90
AEC	Pearson Correlation	,612**	,689**	,824**	,682**	,871**	,909**	,861**	1	,891**	,864**	,643**
	Sig. (2-tailed)	,000	,000	,000	,000	,000	,000	,000		,000	,000	,000
	N	90	90	90	90	90	90	90	90	89	90	90
AAE	Pearson Correlation	,631**	,681**	,734**	,686**	,824**	,884**	,893**	,891**	1	,862**	,618**
	Sig. (2-tailed)	,000	,000	,000	,000	,000	,000	,000	,000		,000	,000
	N	89	89	89	89	89	89	89	89	89	89	89
CES	Pearson Correlation	,677**	,703**	,859**	,730**	,848**	,873**	,819**	,864**	,862**	1	,679**
	Sig. (2-tailed)	,000	,000	,000	,000	,000	,000	,000	,000	,000		,000
	N	90	90	90	90	90	90	90	90	89	90	90
C	Pearson Correlation	,876**	,838**	,792**	,850**	,707**	,613**	,612**	,643**	,618**	,679**	1
	Sig. (2-tailed)	,000	,000	,000	,000	,000	,000	,000	,000	,000	,000	
	N	90	90	90	90	90	90	90	90	89	90	90

** Correlation is significant at the 0.01 level (2-tailed).

Source: Research results

² A – attendants; PA - potential attendants; ES – economy sector; TS – teaching staff; OLEI – other levels of educational institutions; CM – competent ministry; LRSG – local and regional self-government units; AEC - Adult Education Council; AAE – Agency for Adult Education; CES – Croatian Employment Service; C – competition; MO – market orientation

On the basis of table 1, it can be concluded that improving the relationships of market-oriented activities towards one of the stakeholders can affect better relationships and better market orientation (which there is a connection with) towards another stakeholder. Finally, Table 1 indicates that all stakeholders are significant to institutions and that there is a statistically important, positive and unequally intensified high correlation between all established relationships of market oriented activities towards all stakeholder groups. This means that even the established relationships towards diverse stakeholder groups of institutions of lifelong learning are interdependent.

4. CONCLUSION

The main issue of the research is the correlation between the established relationships with the individual target groups of lifelong learning institutions. The verification of the research objectives is based on the measuring of two constructs by a specially designed questionnaire. The relationship implied by the research objectives is empirically analysed and partially confirmed on a random sample of Croatian institutions of lifelong learning. After determining the level of target group relationships for each stakeholder, a correlation analysis between certain established relationships towards specific stakeholder groups was performed. Results of this study imply the existence of a correlation between certain established relationships by individual stakeholders and the fact that institutions regard all stakeholders as important. There is a high correlation connection between all individually established relationships towards all stakeholder groups.

The given examples show that lifelong learning institutions, in order to effectively manage their target groups, have to recognise the correlations between the relationships they establish with stakeholders. Subsequently, the given example provides, as a logical connection, a correlation where a better cooperation between a lifelong learning institution and teaching staff generates more satisfied and motivated teaching staff, which is, by means of more effective work, transferred to a greater care for attendants, who communicate a positive image to potential attendants. Everything previously mentioned and confirmed in many studies can positively affect the performance of lifelong learning institutions.

It can be concluded that improving the relationships of market-oriented activities towards one of the stakeholders can affect better relationships and better market orientation (which there is a connection with) towards another stakeholder. These results indicate that a certain synergistic multiplicative effect may be created because the established relationships of market orientation towards one of the stakeholders can affect the relationships and market orientation towards other stakeholders. Therefore,

for stakeholder-oriented management to be successful, it is essential that lifelong learning institutions recognise mutual relationships and correlations among multiple stakeholders.

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