

## INTERNATIONAL MARKET ORIENTATION AND STAKEHOLDER MANAGEMENT IN INSTITUTIONS OF CULTURE AND ART IN CROATIA \*

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*In today's post-industrial age, on the level of the EU, it is advocated to link the areas of culture and art with the business sector. The institutions of culture and art are also encouraged to participate in international activities/co-operate internationally and gain competitive advantage. However, in the international environment, they are exposed to new circumstances, as demands for specific market data (which should be collected, disseminated and addressed) and the organizational complexity are becoming much higher. We believe that such constraints can be overcome only by those institutions, which include the marketing concept in their operations and more effectively manage their target groups. Therefore, this study analyzes the market orientation and the management of the target groups for the internationally active institutions of culture and arts. We apply an adapted behavioral approach model of marketing orientation, based multiple constituencies. The empirical results show that institutions, which do establish international cooperation, direct their marketing activities toward all their target groups. They also adopt the marketing concept to a larger extent, have a higher level of market orientation and manage their target groups more effectively.*

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## **1. INTRODUCTION**

In theoretical as well as practical sense, there is a notable lack of work on marketing management and market orientation in cultural and art sector in general, and particularly on international market orientation and stakeholder management. Due to the particularities of institutions of culture and art, one should ask the question whether marketing concept is an adequate philosophy in these institutions. The mission and goals of institutions of culture and art differ from the goals of profit organizations but also differ from other non-profit organizations. Therefore, a special and adapted marketing approach within institutions of culture and art is essential. Marketing, whose standard concept is not applicable in these situations, is often neglected in such institutions whereas it ought to be quite the opposite. Taking account of the specifics of various institutions of culture and art, an adapted concept would alleviate the achievement of positive performance for managers of these institutions, and the satisfaction of culture and art customers, artists and other target groups.

## **2. THEORETICAL FRAMEWORK FOR MARKET ORIENTATION AND STAKEHOLDER THEORY IN INSTITUTIONS OF CULTURE AND ART**

### **2.1. Characteristics of marketing in institutions of culture and art**

This study addresses a lack of research into market orientation in institutions of culture and art. It aims to fill the gap with an empirical study into the international context and new demands of the activities of such institutions. Marketing theory entered the field of culture and art at the end of the 70s and the beginning of the 80s of the last century and its initiation is considered to have been the expression of a desire for the democratization of culture (Courvoisier and Courvoisier, 2007: 192) because the attraction to marketing in that early period arose from the marketing potential to attract a public and it was used to argue for increased accessibility for the public to culture and art. A detailed look into the circumstances which took place in the field of culture and art, specifically in museums and galleries can be found in Tobelem (1998), who attempted to identify the factors which stimulated the development of marketing in cultural institutions: (1) the growth of the culture and art sector; (2) the increasing need for financial resources; (3) the increase of competition both

within the sector, as well as among different sectors; (4) the need to get to know their visitors better.

Recognizing marketing in culture and art as a business philosophy, according to Lee (2005), just accentuated the problem of the fundamental theoretical incompatibility of marketing concepts and a *romantic* view of the nature of artistic production and a belief that the role of the artist is superior to that of the user of cultural-artistic products. The specificities of cultural and artistic products are not necessarily in contradiction to marketing concepts but they manifest their own limitations for marketing. New marketing theory in the field of culture and art increasingly posits the demand for equal attention for the treatment of artists, artistic work and consumption, in other words, the client (Fillis, 2010). For many the orientation dilemma, which at one time was posited by Andreasen (1985) in the nonprofit sector, is still realized in the difference between selling orientation and marketing approach; it focused on users and it posits the question of how to protect the autonomy of producers and the value of cultural-artistic work while at the same time positing how to allow marketing in culture and art to become real marketing. Marketing in the field of culture and art is defined by Hill, O'Sullivan and O'Sullivan (2003: 1) as *"an integrated management process which sees mutually satisfying exchange relationships with customers as the route to achieving organizational and artistic objectives."* Therefore, an integrated approach means a need to harmonize all the activities of an organization around the customer. It focuses on relationships because of the interest in the improvement of both the organization and the customer over the long term, and not an isolated short-term exchange.

The application of the concept of orientation to buyers is problematic when it is applied to the field of culture and art since within it is contained the connotation of commercial exchange which is inappropriate for service fields and therefore for culture and art activities in which it is preferred to describe the customer/client as the user of a service or as the public. In their marketing models, institutions of culture and art do not consider making a profit as their main goal. Colbert (2003) suggests that the marketing process does not need to impact production. Its initial point should be an existing product, which needs to be associated with an adequate public, which will value and want it. Therefore, Colbert et al. (2001, as cited by Colbert, 2003: 294) define cultural marketing as *"the art of reaching those market segments likely to be interested in the product while adjusting the product the commercial variables – price, place and promotion – to put the product in contact with a sufficient number of consumers and to reach the objectives consistent with the mission of the cultural enterprise."*

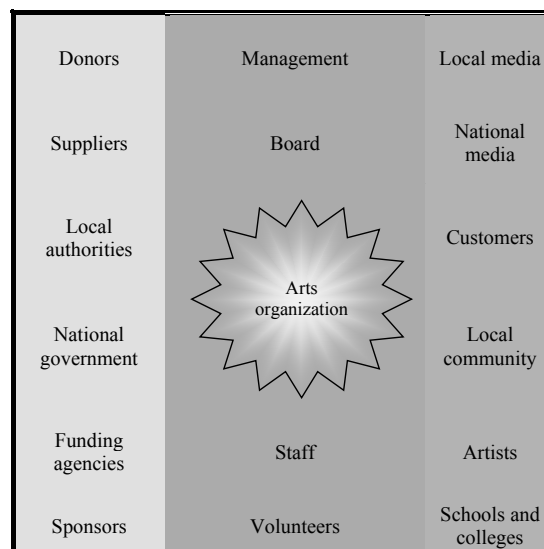
Market orientation – whether interpreted as part of organizational culture (Narver and Slater, 1990) or as activities in which the market concept as work philosophy is implemented in praxis (Kohly and Jaworsky, (1990, 1993) – became in the early 1990s a dynamic field of research. Implementing the marketing concept through organizational behavior, organizations become marketing oriented (Kohli & Jaworski, 1990). Others link market orientation with company culture and they advocate that market orientation is an organizational culture concentrated on customer satisfaction (Liu, Luo and Shi, 2001) or claim that market orientation is the implementation of organizational culture or philosophy (Gray and Hooley, 2001). Similarly, some authors see market orientation as business culture (Hurley and Hult, 1998; Narver and Slater, 1990). Those who consider market orientation as an activity of processing market information (Kohli and Jaworski, 1990) understand market orientation as a form of behavior or conduct more than an attitude, as the concept is more identified with the implementation of marketing concept. Thus, the perspective is identified with action and associated with terms such as operational or behavioral strategy.

Market-oriented institutions of culture and art are those which effectively deal with all their stakeholders and whose actions are coherent with the stakeholders' interests. Discussions in marketing have to be adaptable to the nature of culture and art especially when it is about users since many stakeholders in institutions of culture and art fall into that category (Hsieh, Curtis and Smith, 2008, 4). It is also necessary to consider the potential benefits of applying the marketing concept to the work of institutions of culture and art, and empirical studies regularly show a positive influence of market orientation on the improvement of organizational performance (Brace-Govan et al., 2011; Camarero and Garrido, 2011; Gainer and Padanyi 2002; Hausmann, 2007; Hsieh, 2010; Macedo and Pinho, 2006; Sorjonen and Uusitalo, 2008). The application of the marketing concept can serve as a practical and analytical tool which an institution of culture and art can use in relation to its environment. In discussions about institutions of culture and art it is necessary to differentiate two approaches to market orientation: market-driven and driving-market approaches (Jaworski, Kohli and Sahay, 2000). Hilppa Sorjonen and Liisa Uusitalo (2008) notice that institutions of culture and art are apt to use the market driving approach. Therefore, it is necessary to take this category into account when building our analytical framework. In brief, when institutions of culture and art attempt to understand and respond to the expressed needs and expectations of users and other stakeholders the behavior of market orientation is market-driven; driving-market behavior is when they try to respond to unexpressed and dissatisfied needs and expectations.

## 2.2. Managing stakeholder interests in institutions of culture and art

The results of contemporary research show that, instead of being exclusively focused on the user, institutions of culture and art which desire to accomplish competitive advantage need to implement a balanced relationship toward multiple stakeholders (Fillis, 2010). The reason for such an effort is the lack of material resources at the disposal of such institutions (Hill, O'Sullivan and O'Sullivan, 2003). Their map of stakeholders (see Figure 1), which includes those who have interests/stakes in the success of an institution, presents the hierarchy of an institution and the exchange of resources. On the one hand, it precisely shows stakeholder groups as potential sources of financial support. On the other, it shows stakeholder groups or individuals who use the benefits of institutional activities, mediate or assist in those activities.

Figure 1. Stakeholders of institutions of culture and art



Source: Hill, O'Sullivan, O'Sullivan (2003: xv).

Relations with numerous external stakeholders allow an institution greater freedom in enacting its artistic goals and values, yet their multiplicity of relations can also create tension between their various demands and intrinsic cultural-artistic values (Voss, Cable and Voss, 2000). Realizing above all the economic dependence of the institution on multiple financial sources, stakeholder theory attempts to consider institutions of culture and art to be an

integral part of society and it wants to offer a holistic approach. The basic problem is that their environment, consisting of numerous interest groups, is unstable and it needs to be constantly aware of the dynamics among these groups (Hsieh, Curtis and Smith, 2008).

An important assumption of stakeholder theory is to identify stakeholders, i.e. to map all existing and potential interest groups. All institutions which produce cultural and art programs are not the same, and the network of their stakeholders depends on the size and specificities of their sector within their country (Mihanović, 2010). In addition, the use of different models depends on the theoretical approach which is chosen as a starting point. In their study of applying marketing concept, Macedo and Pinho (2006) use the stakeholder model by dividing it into two basic groups: donors and users. Their reason is found in the term *exchange* as a crucial point of marketing concept which is suitable for the non-profit cultural sector along with the fact that such institutions enter in an exchange with a wide range of interest groups. At the same time, one side of this exchange includes all types of financial support, and the other their allocation to users. Empirical studies on *the management of stakeholders in institutions of culture and art* all deal with and confirm positive effects on the application of marketing concept to organizational performance (Gainer and Padanyi 2002; Hsieh, 2010; Macedo and Pinho, 2006).

### **3. THE ROLE OF CULTURAL AND ART ACTIVITIES IN THE EUROPEAN UNION AND THE REPUBLIC OF CROATIA**

#### **3.1. The role of cultural and art activities in the European Union**

The field of culture and art is a relatively new area at the European Union level, since the legal basis for such activities was established only in 1993, art. 128 of the Maastricht Treaty (Treaty on the Functioning of the European Union, 1992, OJ C 191). This article relates to a large scope of activities, consisting of supporting the cultural cooperation between Member States, the conservation of art and cultural heritage of significance at the European level, the non-commercial exchange of culture and literary and artistic creation, including the audiovisual sector. The fields of culture and art remain under the authority of Member States, but the Union shall have the competence to carry out actions to support, coordinate or supplement the actions of the Member States, excluding any harmonization of the laws and regulations of the Member States (Consolidated Treaty on the Functioning of the EU, 2010, OJ C 83, art. 6. and 167), except in the area of audiovisual production and copyright protection,

which require the greater harmonization of national legislation by the Audiovisual media services directive.

It is important to point out that the legal basis, which is the key in shaping the strategic objectives of cultural policy, working methods and financial instruments, is not only found in the Treaty of EU (Consolidated versions of the Treaty on European Union and the Treaty on the Functioning of the European Union, 2010, OJ C 83), but is also now essentially determined by another document – the European agenda for culture in a globalizing world (COM (2007) 242 final, 1-15). The latter is the first joint political program in the area of culture and it marks a new stage of development of cultural policy agreement among all Member States, due to the establishment of common objectives and new work methods. The Agenda determines a space for the harmonization of member actions by promoting three interrelated strategic objectives. The first objective, inherent in the provisions of the Treaty, seeks the promotion of cultural diversity and intercultural dialogue and means to encourage the cross-border mobility of artists and cultural professionals, as well as the mobility of works of art and collections. The second objective is to promote culture as a vital element in the international relations of the EU, and it means to strengthen cultural exchanges and to ease access to the markets of cultural goods. The third objective of the Agenda is particularly interesting, as it aims to promote cultural and creative industries and to highlight culture as a catalyst for creativity in the framework of the Lisbon Strategy for growth and jobs. Along with the political dimension given to the cultural sector, by considering it a promoter of European diversity and common pan-European identity, this sector also plays a key role in terms of its social implications by fostering social inclusion and equity. It is also perceived as a catalyst for economic growth, which is increasingly important in today's post-industrial age (Commission Green Paper, 2010).

### **3.2. The specificities of the organizational system of culture and art in the Republic of Croatia**

The sector of culture and art, according to the activities that belong to the responsibility of the Ministry of Culture of the Republic of Croatia, includes museums, galleries, libraries, archives, theaters, music and performances, publishing, visual art and film (Zakon o ustrojstvu i djelokrugu ministarstava i drugih središnjih tijela državne uprave, 2011). The fundamental legal framework for non-profit organizations in the Republic of Croatia comprises associations, institutions, endowments and foundations (Zakon o udrugama, 2001, 2002; Zakon o ustanovama 1993, 1997, 1999, 2008; Zakon o zakladama i fundacijama 1995, 2001). In order for all these institutions to function more

successfully, they compete for the largest amount of financial support to cover overhead costs by lobbying their founders. They also compete for specific cultural and artistic programs, by applying for tenders for public procurement in culture, financed by budgets of all administrative levels – cities, counties and the state. The sources of financial support can also come from economic entities, such as donors and sponsors, although they most often evaluate cultural and artistic programs, according to the criteria of visibility rather than quality, and with such institutions they develop mutually beneficial business contracts.

The board has an important role in the organization of institutions. Their members are chosen by the founder (in the manner prescribed in the act of founding institutions) and they propose, or more precisely confirm, programs for the work and development of the institution, oversee the accomplishment of such programs, and decide on financial plans and yearly budgets (art. 36. *Zakon o ustanovama*). In the realization of cultural and artistic programs the role of the artist, in other words all professionals in the art industry, is very important, although the part they play varies. In certain institutions their number is relatively highly represented in the board, e.g. in professional theaters with full-time actors or dance ensembles. This might not be so in institutions, such as art galleries and museums, which have a higher representation of permanent museum professionals, while art professionals are mostly outsourced.

Today's institutions of culture and art, including those in Croatia, are more noticeably encountering an increase in the complexity and diversity of tasks. Uusitalo and Ahola (2008) have noticed a continuous conflict among different institutional concepts, seen mainly between the concept of an autonomous institution of culture, which is based on its organizational mission and the institutional concept of a public service organization with a tendency to constantly increase its number of visitors. The additional problems are created because of a conflict between the historical task of an institution and the contemporary demands of society, as Fiona McLean (1995, 614) has noticed in relation to the museum sector: *"The curatorial 'schizophrenia' between curator of a collection and public servant needs to be cured."*

Croatian institutions of culture and art are marked by the characteristics of European organizational systems, in difference from American systems, which stress the value of culture and art as a public good. The subsidies of institutions of culture and art from public budgets in Europe have a longer tradition and a more prominent role than in the US, although subsidies are being constantly reduced, and the institutions have to compete to find new sources of financial support from private donors and sponsors. The manner in which the financial



system of an institution is organized, along with other factors, belongs to a crucial management mechanism, which is used to accomplish goals in cultural development (Madden, 2009). Today, the need is recognized for more dynamic ways of regulation, in comparison with the known models, used in developed European countries and the US. Therefore, Justin Lewis suggests a third model, called *market censorship*, which means a suitable ratio in the combination of subvention and regulation, along with acknowledging the inevitable influence of the market on cultural life (2000, as cited by in Lukić, 2008). It is necessary to take notice of how the previous social system, and after that the period of war and post-transition, was an economically insecure period in Croatia and did not favor the development of a fundraising, or the acceptance of the interaction of economics and culture in the creation of cultural policy.

For this reason, Charles Landry (1998, in his evaluation, in the National Report on the Cultural Policy of Croatia for the Council of Europe, stressed the need for training in management, marketing and strategic planning. Carrying out business in the circumstances of deficient financial support is an important sign of today's national situation. It is recognized that from 2009 to 2013, the budget of the Ministry of Culture in the Republic of Croatia was reduced by a total of 298 million HRK, which puts additional pressure on the management of institutions and their success, along with the need to search for additional sources of finance. Seen from the position of the development of domestic cultural policy, it should be mentioned that certain cultural transitions in Croatia started relatively late, with the first national strategy for cultural development, "*Croatia in the 21st century*", being developed in 2002. The same strategy emphasizes: the task of promoting an increased budget; the diversification of all other sources of finance by combining state and non-state funds and by strengthening the role of donators and sponsors; the need for the cooperation of the culture and art sector with other countries; and the need for partnerships with other sectors in order to affirm an understanding of culture as a force for the development of society (Cvjetičanin and Katunarić, 2003).

#### **4. EMPIRICAL RESEARCH**

##### **4.1. Research model**

In this paper, we wish to address the research question of the degree of market orientation of the Croatian institutions in the fields of culture and art, being *internationally* active, as well as the degree in which they manage their stakeholders. With this aim, a model of research has been created and applied to a sample of institutions of culture and art in Croatia.

The theoretical analysis of market orientation considers how, for pragmatic reasons, the behavioral approach of market orientation is more attractive for the non-profit sector. This concept is defined through three behavioral dimensions: “*Market Orientation refers to the organization-wide generation of market intelligence pertaining to current and future needs of customers, dissemination of intelligence within the organization, and responsiveness to it*” (Kohli and Jaworski, 1990; Kohli, Jaworski and Kumar, 1993). Because this sector is often characterized by organizational (number and competence of employees) and financial limitations, the implementation of the marketing concept through marketing activities is acceptable and simplified. The same approach, in adapted form, is used in this research. However, the success with market-oriented activities may help overcome eventual employee resistance to change (Gainer and Padanyi, 2005). Applying the behavioral approach is given preference, because its use does not dictate a change to the whole system of organizational culture, which is especially suitable for the non-profit sector, in which a lack of marketing knowledge is evident and the application of marketing is even treated with open animosity.

This theoretical and operative approach assumes responsiveness to the present and future wishes/needs of stakeholders and is particularly suitable for institutions of culture and art, whose work demands innovation, the provocation of the public and anticipating their wishes and educating their taste, all of which are also forms of directing the market and stakeholder behavior (Sorjonen, 2011). The dimension of the internationalization of market orientation – analyzed through all three components of market orientation – confirms the level of market orientation of institutions in culture and art in relation to the international environment and the challenges, which arise from the need for cooperation and networking with foreign partner institutions from the European Union. Important attention is given to the establishment of cooperation with international partners, detecting operative constraints in collecting and disseminating data (examples, organizational complexity), the responsiveness of institutions to new opportunities and the application of new experiences which, in the end, could improve the value of cultural products for users (Cadogan and Diamantopoulos, 1995).

The results and experiences of much empirical research of market orientation carried out in the non-profit sector and culture and art activities has assisted in the creation of the research model (Mihanović, 2010, institutions of life-long adult learning in Croatia; Brace-Govan et al., 2011, non-profit sector and cultural institutions in Australia; Brkić, Berberović and Korać, 2009, theatres in Bosnia and Herzegovina; Mihanović, 2006, Croatian institutes of

higher education; Kara, Spillan and DeShields, 2004, non-profit sector in America; Macedo and Pinho, 2004, non-profit sector and cultural organizations in Portugal; Pavičić, Alfirević and Mihanović 2008, Croatian institutes of higher education; Padanyi and Gainer, 2002, non-profit sector and also cultural organizations in Canada).

In the empirical part, a questionnaire was used as the main instrument of research. Questionnaires were sent to directors of institutions and the collected data was analyzed by using appropriate statistical methods. The questionnaire was based on the research of Kohli, Jaworski and Kumar (1993), who created the MARKOR measuring scale, and on the research of Narver and Slater (1990), Deng and Dart (1994), Cadogan and Diamantopoulos (1995), Mihanović (2010, 2006) and by applying the model of multiple stakeholders, i.e. *the multiple constituency approach* by Padany and Gainer (2004). The questionnaire consists of groups of questions which test market orientation according to the activities of gathering information, its dissemination and ability to react as an organization (Kohli, Jaworski and Kumar, 1993). The Likert scale uses a range of 1 (completely disagree) to 5 (completely agree).

The study included *twelve stakeholders*, determined on the basis of in-depth interviews with experts from the field of art and culture: the public, the potential public, artists and/or art professionals, program staff, administrative and technical staff, the Ministry of Culture, the city/county as local and regional governments, the economic sector such as donors and sponsors, members of the board, tourist boards, domestic and foreign competition, all of whom institutions should establish effective and high-quality relationships with.

The survey comprises subsidized/public institutions in culture and art, which operate in the Republic of Croatia and were established by the state and/or local and/or regional governments. These are, mainly, museums and galleries, theaters, music and concert facilities with non-profit orientation and founders being public administrators and/or local and regional governments. Because of that, they are largely dependent on funding from the public budget. For their financial and program operations they are responsible to their founders and the politically elected members of the board, while, within the structure of employees, there is a conflict between the concept of autonomous professional institutions and the concept of public-service institutions, which constantly strives to increase their public. The sample is taken from museums and galleries, theaters and concert halls, which have a homogeneous structure of stakeholders. The Croatian Bureau of Statistics, which is the main source of statistical data, and more specifically its department of education statistics,

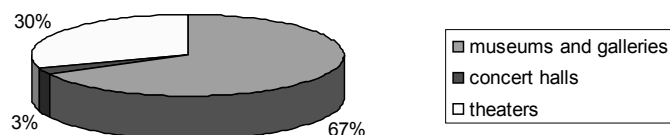
notes the total activities of all cultural institutions without making a distinction between the public sector and the private non-profit sector.

The sample was, finally, identified within the Register at the High Commercial Court of the Republic of Croatia and it was, by personal request, queried according to institutions which contain the words *culture* and *art* in their descriptions. The population consists of 137 institutions of culture and art, active in the Republic of Croatia. The formulated questionnaire was addressed to the directors of institutions, since they have the required information and initiate marketing activities, directed toward their interest groups.

#### 4.2. Results and analysis of empirical research

The survey covers 76 institutions in culture and art which operate within the Republic of Croatia, or 55.47% of institutions who mentioned relative activities. Of these, 51 questionnaires were filled out by directors of museums and galleries, 2 by directors of concert halls and 23 by theater directors (see Figure 2). The sample is evenly represented by institutions of culture and art of various sizes, which is estimated according to their organizational and financial strength and by taking into account that they all have relationships to the same group of stakeholders, which are mentioned in the questionnaire.

Figure 2. Structure of the sample of the surveyed institutions

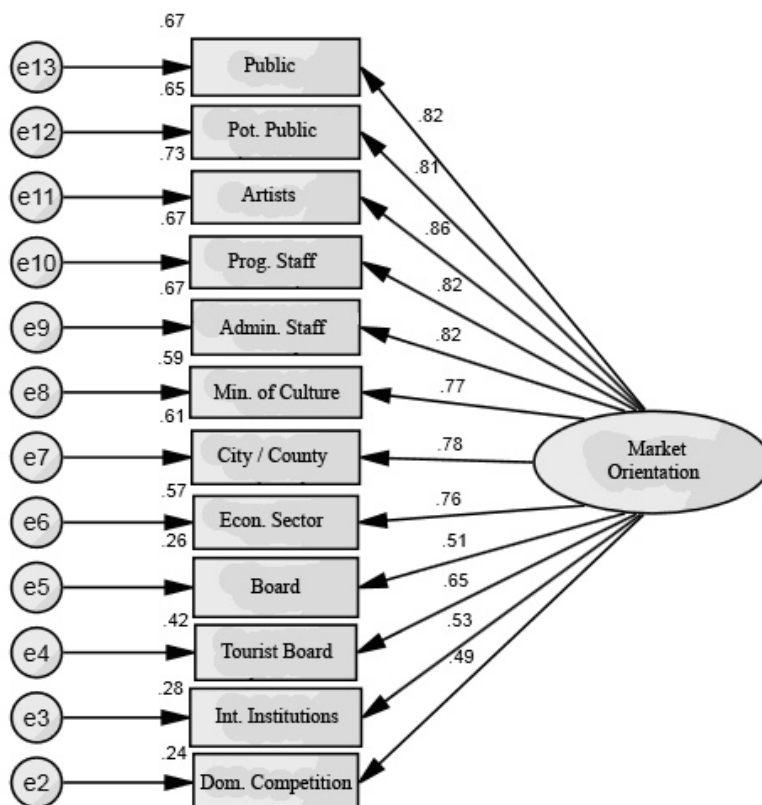


Source: Empirical research.

The methodology of confirmatory factor analysis was used to test the validity of two measurement models – based on components and individual stakeholders, within the framework of the SEM methodology (structural equation modeling). Usually, manifest variables in the graphic presentation of the SEM model appear as rectangles, and latent variables with ellipses. The analysis is based on the matrix of variance and covariance of manifest variables, and in addition the variance of each manifest variable can be decomposed into a

part which can be explained by the latent variable and into a part which can not be explained (residual component). The model has a total of 12 manifest variables (see Figure 3).

Figure 3. Market orientation measurement model (stakeholder-based)



Source: Empirical research.

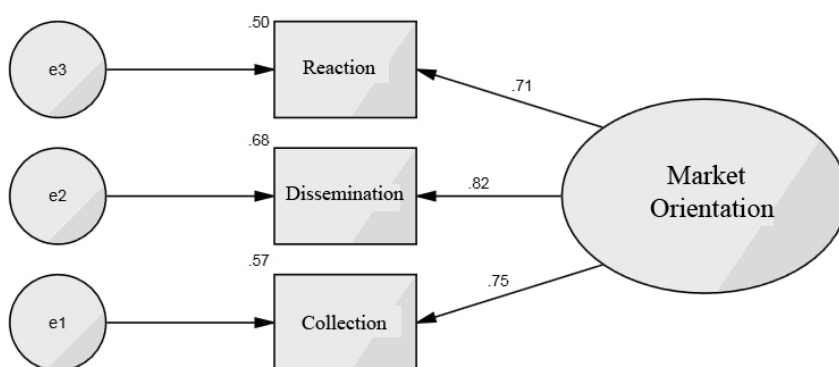
Each variable represents a component of market orientation (MO) toward a single stakeholder. Factor loadings have been standardized and they show the intensity and direction of the relationship of each manifest variable with a latent variable. All factor loadings are estimated by using the method of maximum likelihood and range from 0.49 to 0.86. Beside each manifest variable the squared value of the multiple correlation coefficient is displayed, denoting the percentage of explained variance. The percentage of variance explained by the manifest variables varies from 24% to 73%. The remainder of the variance is

unexplained and is attributed to the action of the components of random errors and unknown factors such as residuals marked as e1, e2, e3... e12.

On the basis of standardized coefficients, the value of 0.86 among stakeholders is the largest, which means that market orientation toward artists largely contributes to the measurement of overall market orientation, the second largest is the market orientation toward the public (0.82), the employed staff (0.82) and, finally, toward the potential public (0.81).

The other measurement model, based on components of market orientation (see Figure 4), shows factor loadings from 0.71 to 0.82, as a part of measured indicators in estimated latent variables. The percentage of explained variance according to manifest variables varies from 50% to 68%. These values confirm the measurement model and denotes strong links among components of market orientation.

Figure 4. Market orientation measurement model (component-based)



Source: Empirical research.

Cronbach's alpha indicator (see Table 1 and Table 2), as a measure of internal consistency, designates a higher level of confidence in measuring model of market orientation by stakeholders.

Table 1. Cronbach alpha indicator values

	Mean	Max.	Min.	Standard Deviation	Cronbach Alpha
MO_public	4.22	4.75	3.69	.25	.927
MO_pot.public	4.12	4.75	3.58	.26	
MO_artists	4.16	4.75	3.33	.30	
MO_prog.ostaff	4.25	4.75	3.67	.23	
MO_admin. and tech.staff	4.15	4.75	3.58	.28	
MO_min.of culture	4.20	4.75	3.50	.28	
MO_city/county	4.28	4.75	3.63	.26	
MO_econ. sector	4.08	4.75	3.31	.33	
MO_board	4.21	4.69	2.88	.34	
MO_tourist board	4.14	7.81	3.25	.54	
MO_international institutions	4.21	4.75	3.25	.31	
MO_competition	4.19	4.75	3.38	.27	

Source: Empirical research.

Both models that measure market orientation - through the stakeholders and components are suitable and among them there is no statistically significant difference. After all, if we compare the normalized values (to obtain values on a scale from 0% to 100%), it is evident that the level of the overall market orientation of culture and art institutions measured through stakeholder is 79.59% with an average deviation of +/- 5.63.

Table 2. Cronbach's alpha indicator values

	Mean	Max.	Min.	Standard Deviation	Cronbach Alpha
<b>Collection</b>	4.07	5.91	2.14	.93	.804
<b>Dissemination</b>	3.38	6.92	1.69	.78	
<b>Reaction</b>	3.79	4.79	2.09	.44	

Source: Empirical research.

The degree of overall market orientation measured through the components is 68.32% but with a higher average deviation of 14.50% (see Table 3).

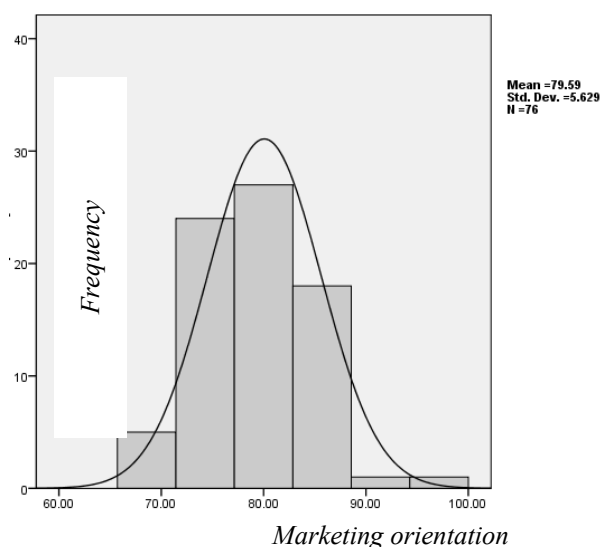
Table 3. Overall market orientation measured by stakeholders and components

	Mean	Maximum	Minimum	Standard Deviation
MO_components	68.32	96.49	40.26	14.50
MO_stakeholders	79.59	99.09	68.45	5.63

Source: Empirical research.

The histogram (Figure 5) shows the value of market orientation, measured by stakeholders, being normally distributed, with the mean of 79.59% and the standard deviation of 5.63% (with the sample size of 76 institutions).

Figure 5. Stakeholders' market orientation



Source: Empirical research.

#### 4.2.1. The overall market orientation and international market orientation of institutions of culture and art

On the basis of the empirical data, and with the help of descriptive statistics, an analysis of the overall level of market orientation has been conducted on the data on the cooperation of local institutions of culture and art



with institutions abroad. The following table demonstrates the absolute and relative frequencies shown in percentages.

Table 4. Descriptive statistics indicators of the frequency of cooperation with institutions abroad

	Frequency	Percentage
No	34	44.7
Yes	42	55.3
Total	76	100.0

Source: Empirical research.

Table 4 demonstrates that, as many as 42 of the 76 surveyed institutions (i.e. 55.3%), have established some form of cooperation with institutions abroad which engage in related or similar activities. The question is: is there any difference in the level of overall market orientation regarding cooperation with institutions abroad? The descriptive statistics demonstrates that institutions active in the international environment exhibit a higher level of overall market orientation toward their stakeholders. Expressed in average values, the overall market orientation of internationally active institutions of culture and art is 81.80%, while institutions which are not internationally active have a lower level of overall market orientation: 76.85% (see Table 5).

The analysis of variance further confirms the existence of significant differences between the degree of overall market orientation as measured through stakeholders in relation to the data on whether or not domestic institutions of culture and art cooperate with institutions abroad (Table 5).

Table 5. ANOVA overall market orientation regarding cooperation with institutions abroad

	Sum of Squares	df	Mean Square	F	Sig.
Between groups	461.633	1	461.633	17.841	.000
Within groups	1914.752	74	25.875		
Total	2376.385	75			

Source: Empirical research.

The empirical level of significance in the test is less than 0.05, which confirms the result that *internationally active institutions of culture and art implement the marketing concept to a greater extent and they are more overall market-oriented.*

Institutions that cooperate with institutions abroad, in similar or related activities, in comparison with other institutions which are not internationally active, carried out marketing activities in relation to all their stakeholders to a greater extent. It can be noticed that more intense activity is aimed toward the tourist board, the economic sector, the potential public and artists (see Table 6 and Figure 6), being influential interest groups, which are usually neglected, when looking at the total value of market orientation toward stakeholders for all the institutions (internationally active nor not).

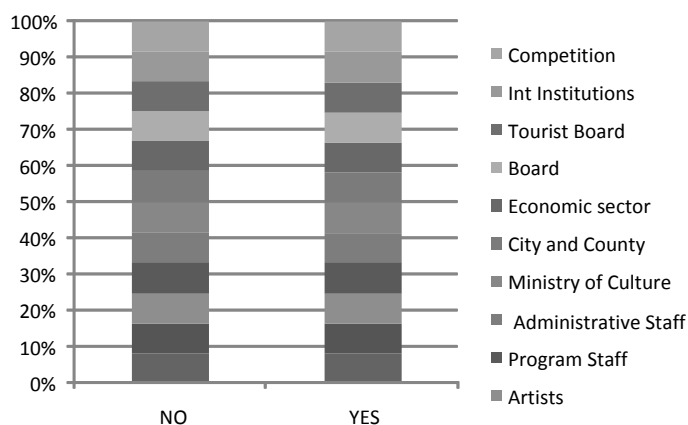
The values of internationally active institutions significantly raise the average result of all institutions. It can be concluded that internationally active institutions of culture and art manage their stakeholders more effectively.

Table 6. Descriptive statistics indicators – market orientation of internationally active and non-active institutions toward stakeholders

	Int. activity	
	No	Yes
	Mean	Mean
MO_public	78.05	82.32
MO_pot.public	<b>74.83</b>	<b>80.54</b>
MO_artists	<b>76.17</b>	<b>81.44</b>
MO_program. staff.	79.93	82.52
MO_admin. and tech. staff.	76.41	80.44
MO_Min Culture	77.25	82.22
MO_city/county	79.87	83.63
MO_econ sector	<b>73.76</b>	<b>79.47</b>
MO_board	78.82	81.33
MO_tour. board	<b>74.31</b>	<b>81.96</b>
MO_international institutions	74.63	84.60
MO_competition	78.13	81.18

Source: Empirical research.

Figure 6. Market orientation of internationally active and non-active institutions toward stakeholders



Source: Empirical research.

Since, according to the abovementioned stakeholders, the level of empirical significance in the ANOVA test is less than 5% (except in the case of market orientation toward the board and program staff), the differences in the level of market orientation toward individual stakeholders, among the institutions with different international orientation, is also statistically significant (see Table 7). This, once again, confirms that *the Croatian institutions of culture and art ineffectively manage their stakeholders*.

Table 7. ANOVA market orientation toward stakeholders regarding international activity

		Sum of Squares	df	Mean Square	F	Sig.
<b>MO_public</b>	Between groups	342.214	1	342.214	9.719	<b>.003</b>
	Within groups	2605.675	74	35.212		
	Total	2947.888	75			
<b>MO_pot.public</b>	Between groups	613.116	1	613.116	17.584	<b>.000</b>
	Within groups	2580.259	74	34.868		
	Total	3193.374	75			
<b>MO_artists</b>	Between groups	522.121	1	522.121	10.642	<b>.002</b>
	Within groups	3630.760	74	49.064		
	Total	4152.881	75			

<b>MO_program.staff.</b>	Between groups	125.288	1	125.288	3.887	.052
	Within groups	2385.291	74	32.234		
	Total	2510.578	75			
<b>MO_admin. and tech. staff.</b>	Between groups	305.852	1	305.852	6.615	<b>.012</b>
	Within groups	3421.313	74	46.234		
	Total	3727.164	75			
<b>Mo_min culture</b>	Between groups	463.191	1	463.191	10.523	<b>.002</b>
	Within groups	3257.258	74	44.017		
	Total	3720.449	75			
<b>Mo_city/county</b>	Between groups	265.743	1	265.743	6.920	<b>.010</b>
	Within groups	2841.604	74	38.400		
	Total	3107.347	75			
<b>MO_economic sector</b>	Between groups	611.403	1	611.403	9.750	<b>.003</b>
	Within groups	4640.476	74	62.709		
	Total	5251.879	75			
<b>Mo_board</b>	Between groups	118.393	1	118.393	1.631	.206
	Within groups	5371.955	74	72.594		
	Total	5490.347	75			
<b>Mo_tourist board</b>	Between groups	1098.432	1	1098.432	6.571	<b>.012</b>
	Within groups	12369.952	74	167.162		
	Total	13468.383	75			
<b>MO_int institutions</b>	Between groups	1866.017	1	1866.017	53.491	<b>.000</b>
	Within groups	2581.474	74	34.885		
	Total	4447.491	75			
<b>MO_competition</b>	Between groups	174.832	1	174.832	4.052	<b>.048</b>
	Within groups	3193.168	74	43.151		
	Total	3368.001	75			

Source: Empirical research.

## 5. CONCLUSION

In the international environment, institutions of culture and art are exposed to new circumstances - different from those known in the local environment – and thus faced with new constraints. These constraints are often found in the specific nature of market data, including its collection, dissemination, the ability of an institution to respond on its basis, and in the complexity of the organizational structure that is required of the institution (Cadogan and

Diamantopoulos, 1995). The assumption is that such constraints can be overcome only by those institutions which apply the marketing concept and are internationally market oriented.

In the empirical research, it has been demonstrated that 42 institutions from the sample of 76 respondents (or 55.3%) established a form of cooperation with institutions abroad, engaged in similar, or related activities. Institutions which are active in the international environment exhibit a higher level of market orientation measured by stakeholders. Namely, their mean market orientation measures were higher and amounted to 81.80, while institutions that are not internationally active have a lower level of overall market orientation, amounting to 76.85.

The analysis of variance further confirms the existence of statistically significant differences between the degree of overall market orientation of internationally active and non-active institutions, measured by stakeholders. This means that the empirical level of significance of the results is less than 0.05, which further confirms that internationally active institutions in the field of culture and art, to a greater extent, have implemented the marketing concept and are more overall market-oriented.

Institutions, which establish international cooperation, largely conducted marketing activities toward all their target groups. Their marketing activities are noticeably more intense toward the tourist board, the economic sector, the potential public and artists, and the analysis of variance confirms the statistical significance of the difference in values. These stakeholders are influential interest groups, which were neglected, when examining the total value of market orientation toward stakeholders, as measured for all institutions surveyed. This leads to a conclusion that internationally active institutions of culture and art manage their target groups more effectively.

Recognition of the tourist board as an important stakeholder can be crucial in achieving greater visibility on the cultural scene, as well as in attracting publics outside of the regular ones. It is interesting that the high values of marketing activities, aimed toward the economic sector, confirms that internationally active institutions are aware of ways to solve the financial restrictions to their work. These results prove the applicability and reliability of the adjusted measurement scale used in the research, as well as the behavioral approach to international market orientation used in conjunction with the model of multiple stakeholders.

Results indicate the recognition of all stakeholders by domestic institutions of culture and art, but also their ineffective management of target groups. These indicators provide guidance for Croatian institutions of culture and art, which can help them improve their market orientation and achieve long-term social benefits more successfully. This study has also identified unjustly neglected influential interest groups (the economic sector, potential public, tourist board) along with the internationalization of the business, which may contribute to the greater visibility of institutions and facilitate program activity in financially limited working conditions.

Certain research limitations, presented in this paper, partly refer to the limitations inherent to the majority of similar studies and the limitations inherent to this paper. Here, the MARKOR limitations can be stated; marking orientation towards target groups from the part of the organization's leader is not the only possible indicator of organization's orientation towards target groups, as the manager's subjective opinion can be partial, while it is used as an indicator of the entire organization's behavior. Most research in this area, including this one, relies exclusively on the memory and perception of research subjects, thus enabling the cognitive drawbacks of crucial subjects to appear.

The limitation of this type of research is the fact that they are directed at measuring the extent (importance), to which organization is included in certain market orientation activities, but the quality of these activities is not examined. Combining questions, a certain editing of the questionnaire and a research approach attempted to eliminate limitations and to make the research valid and reliable. Advantages of this research can be summarized as the following: (1) research which used or modified the same and/or similar scale; which confirmed their validity and reliability, and their applicability in the case of non-profit sector; (2) managers are in a close relationship with their clients and often receive regular feedback on customer satisfaction with the programs and employees, and, at the same time, they keep a broad perspective necessary for providing information in demand about activities and culture of the whole organization; (3) market orientation was examined according to a larger number of significant stakeholders of culture and art organizations and within various organizations.

However, the obtained results are far from providing a complete and 'closed' picture of the analyzed issues. Future research into this dynamic area should include: (1) internal intelligence within the organization should also be examined, then the opinion of various clients/stakeholders that the institution establishes relations with, the ones it depends on, especially real users and not

just subjective managers' opinions, in order to evaluate the level of organization's market orientation; (2) besides measuring the extent, importance, to which the institution is included in certain activities, a quality of these activities should also be determined; (3) in the future, performance of cultural and art organizations should be studied and related to market orientation and also the impact of organizational size on these two components

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## **MEĐUNARODNA MARKETINŠKA ORIJENTACIJA I UPRAVLJANJE DIONICIMA U INSTITUCIJAMA KULTURE I UMJETNOSTI U HRVATSKOJ**

### **Sažetak**

U današnjem, postindustrijskom dobu, na razini EU-a se promiču javne politike, zasnovane na povezivanju djelatnosti kulture i umjetnosti s poslovnim sektorom. Institucije kulture i umjetnosti se ohrabruju da sudjeluju u međunarodnim aktivnostima (suraduju s inozemstvom) te stječu konkurentsku prednost. Međutim, one se u međunarodnom okruženju susreću s novim izazovima, s obzirom da zahtjevi za tržišnim informacijama (koje je potrebno prikupljati, komunicirati i koristiti), kao i organizacijskom kompleksnošću, postaju sve veći. Smatramo da takve zahtjeve mogu svladati samo institucije, koje koriste marketinški koncept i uspješno upravljanju svojim ciljnim skupinama. Zbog toga se ovaj rad i usmjerava na analizu marketinške orijentacije te upravljanja ciljnim skupinama u institucijama kulture i umjetnosti, koje su međunarodno aktivne. Pritom koristimo prilagođeni ponašajni pristup marketinškoj orijentaciji, zasnovan na konceptu višestrukih dionika. Empirijski rezultati pokazuju da se institucije, koje su međunarodno aktivne, usmjeravaju svoje marketinške aktivnosti prema svim ciljnim skupinama. Ujedno, u većoj mjeri primjenjuju marketinški koncept, imaju veću razinu marketinške orijentacije te učinkovitije upravljaju ciljnim skupinama.