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NON-PROFIT ORGANIZATIONS AND TOURISM: CAN TOURISM DRIVE NON-PROFIT SECTOR DEVELOPMENT?

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ABSTRACT

Non-profit sector development is the basis of any modern society. Various approaches, which take into consideration a broad spectrum of factors, are used in measuring the level of non-profit sector development. Previous studies do not identify tourism as a potential factor. It can, however, be assumed that local authorities in better-developed tourism regions are able to allocate more funds to non-profit activities, thus affecting the size of the non-profit sector. It would also be necessary to investigate whether non-profit organizations (NPOs) recognise the potential that tourism has to provide them with opportunities to generate their own income. To determine the relationship between tourism and the non-profit sector, cluster analysis was conducted for 20 Croatian counties. The results of the study show that the level of tourism development determines the development of the non-profit sector. Namely, results confirm that there are more NPOs in regions with more-developed tourism and there are also

more NPOs registered in fields of activity that can have a direct or indirect effect on tourism. On the other hand, the study's findings indicate that regions with developed tourism tend to allocate more funds to NPO activity, which in turn boosts the level of non-profit sector development in those regions. Although this research focused on only one country and deal with certain challenges in administrative data on registered non-profit organisations, it is promising start for development of new lines of research oriented on connecting non-profit and tourism sector and examining their inter-dependence.

KEYWORDS

Tourism; Non-profit sector development; Public grants; NPO impact on tourism.

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1. INTRODUCTION

The primary characteristic of a non-profit organisation (NPO) is that its objective is not to generate profit through its activity but rather to bring about change in the quality of life of people. A NPO will employ all its resources entirely in carrying out its activity and developing its mission. While profit is the main driver of for-profit organisations, in NPOs the main driver is the presence of a problem in a community and the need to resolve that problem to achieve certain positive changes in quality of life. In the literature, NPOs are often referred to as “volunteer organisations” in which people invest their free time and seek to accomplish common goals rather than generate profit (Martens, 2002; Salamon and Anheier, 1995). A modern, contemporary democratic society is characterised by the level of development of its non-profit sector, a catalyst for change in society at large. The non-profit sector helps to build a healthy democracy by intervening between the private sector and the public sector, as the key to resolving many social issues lies in intersectoral collaboration.

The strengthening of civil society, coupled with the growing number, importance and influence of NPOs within their environment, is driving the need to investigate the role of NPOs in tourism development. Previous studies are mostly limited to analysing the role of NPOs in fostering the development of local communities through tourism entrepreneurship in third world countries (Simpson, 2008) and in helping to abate poverty through tourism in developing countries (Barnett, 2008, Kennedy and Dornan, 2009), or to analysing the link between environmental concerns and tourism

development (Barkin and Bouchez, 2002). As NPOs are becoming increasingly important stakeholders in modern tourism development, however, their activity in tourism needs to be observed from a much broader perspective. According to Fisher (1993) and Liburd (2004), the expansion of NPO activity represents a turning point in tourism, given the ability of NPOs to help bridge the gap between various layers of society by implementing different approaches and sustainable tourism practices.

Accordingly, it is assumed that NPOs possess creative potential and flexibility in sustainable tourism development initiatives. Araujo and Bramwell (1999) also recognised the importance and role of NPOs in tourism, arguing that NPOs were becoming an increasingly relevant and legitimate source of tourism development, with tourism-focused NPOs becoming more and more involved in sustainable activities, in particular in creating value for tourists and local residents. NPOs in a destination can exert influence on local authorities to devise tourism policies aimed at the conservation and development of ecological, historical and social features (Günes, 2010). The objectives of NPOs, as well as the numerous activities carried out by NPOs, are closely linked to and largely overlap with the objectives of tourist destinations. Despite the significant role and importance that NPOs can have in tourism development, other stakeholders in tourism development largely fail to recognise this. Namely, studies focused directly on exploring the role of NPOs in developing special-interest forms of tourism are still an exception. For example, a study by Ohe (2017) directly identifies and assigns roles and responsibilities to NPOs for rural tourism development. While NPOs can impact tourism development through their work in a broad spectrum of activities, tourism can, in turn, provide NPOs with opportunities to fund those activities, which is of essential importance to NPO sustainability, considering that public funding for NPOs is steadily shrinking, making it vital for NPOs to turn to undertaking commercial activities to increase the share of income generated by self-funding activities in their income structure (Dadić and Maškarin Ribarić, 2021). Despite the growing debate about NPOs as stakeholders in tourism development, there are still no studies focusing on tourism as a possible determinant of non-profit sector development. Hence, the purpose of this paper is to investigate, based on the existing determinants of non-profit sector development, whether, and in what ways, tourism can be considered a determinant of non-profit sector development. In order to better

understand this complex topic, sample of Croatian counties was taken and secondary data on their tourism development and non-profit sector development was analysed, using cluster analysis (to find counties with similar characteristics related to their tourism sector development) and Mann-Whitney U-test was used to test for statistically significant differences between groups of counties established by cluster analysis.

2. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

In the literature, measuring the level of development of the non-profit sector is approached in numerous ways, and a variety of different methods and variables are taken into consideration in estimating the size of the non-profit sector. Being easy to understand, access, and interpret, the number of registered NPOs is most often taken as the measure of a non-profit sector's level of development (Grønbjerg and Paarlberg, 2001; Lecy and Van Slyke, 2013; Luksetich, 2008; Marcuello, 1998; Matsunaga and Yamauchi, 2004; Van Puyvelde and Brown, 2016). The simplicity of this approach, however, is often criticised. Certain authors point out that a more accurate measure of the level of development of the non-profit sector is the number of people employed in NPOs rather than only the number of registered NPOs (Bae and Sohn, 2018; Salamon and Sokolowski, 2005). On the other hand, Grønbjerg and Paarlberg (2001) use the number of NPOs per 10,000 people as a measure of non-profit sector development, along with some other authors who use the number of NPOs per 1,000 people (Hallemaa and Mander, 2009; Janc, 2006).

Many factors affecting non-profit sector development can be found in the literature, depending on the perspective from which level of development is viewed. One factor that greatly affects non-profit sector development is support by the Government and local self-government through public funding (grants). Notably in this context, the larger the amount of public funding available for NPO activity in a community, the higher is the non-profit sector's level of development (Lecy and Van Slyke, 2013; Bae and Sohn, 2018; Grønbjerg and Paarlberg, 2001). A community's level of economic development, which can be viewed through a number of variables, is another crucial factor impacting the development of its non-profit sector. In their studies, Marsh (1995) and Bae and Sohn (2018) view a community's economic development through the average wages

of the community's residents, and suggest that the representation of NPOs is greater in wealthier communities, that is, in communities with higher average wages. Economic development is also often measured using certain variables relative to GDP. Pryor (2012) points out that GDP per capita is a crucial determinant of non-profit sector development; namely the greater the GDP per capita, the more developed the non-profit sector. Salamon and Anheier (1997) used the share of employees in the non-profit sector and the contribution of the non-profit sector to GDP to measure the level of non-profit sector development.

A community's demographic characteristics such as age, educational level, and gender structure can also have a significant impact on non-profit sector development. For example, a study by Spencer and Suslova (2018) suggests that a larger share of the female population in a given area is positively correlated to the number of NPOs in that area. Van Puyvelde and Brown (2016) argue that the age of a community's residents is also a determinant of non-profit sector development, indicating that communities with a larger share of residents over the age of 65 have a more developed non-profit sector. On the other hand, James (1987) claimed that the non-profit sector is more developed in communities characterised by a heterogeneous religious structure. Some authors highlight a community's demand for collective goods as yet another factor affecting non-profit sector development. The community's demand in that context is seen through certain determinants such as the racial diversity of the population, the income inequality of individuals, and the degree of poverty of the community, suggesting that the more heterogeneous the population of a given community, the more developed is its non-profit sector (Matsunaga and Yamauchi, 2004; Lecy and Van Slyke, 2013; Van Puyvelde and Brown, 2016). In addition to the above-described factors, all of which can be quantified, one of the qualitative measures of non-profit sector development is social capital, which represents the "networking of people with shared beliefs, norms, as well as mutual trust that facilitate coordination and cooperation for mutual benefit" (Coleman, 1998). Saxton and Benson (2005) underline that the power of a community's social capital significantly affects the growth and strength of its non-profit sector.

The conclusion based on the above is that there are many approaches to measuring a non-profit sector's level of development depending on the perspective from which it

is viewed and there are many variables affecting non-profit sector development. In the literature, although some approaches are more common, and others less common, each has its own advantages and weaknesses. In their paper, Pennerstorfer and Rutherford (2019) sum up the advantages and drawbacks of using certain variables such as the number of NPOs, the number of new NPOs, the number of employees and number of volunteers, the number of members, the amount of NPO income generated per individual source of income, and available assets. Not enough attention is paid to measuring the level of non-profit sector development in Croatia. Most of the research is in the domain of the National Foundation for Civil Society Development and the Centre for Development of Non-Profit Organisations (CERANEO), and largely refers to assessing the state of non-profit sector development and surveying the population's attitudes towards the importance of non-profit sector development and volunteering. Research measuring the interrelationship between the non-profit sector's level of development and certain other aspects, such as residents' income, however, is still an unknown in Croatia.

Based on the above, it is evident that in no context is tourism seen as a possible determinant of non-profit sector development nor are tourism development indicators found to be associated with non-profit sector development. On the other hand, more and more attention is focused on linking the non-profit sector to tourism in the contemporary literature, through the volunteer tourism (McGehee, 2014) or discussion on festival ownership (Andersson and Getz, 2009) and NPOs are increasingly viewed as a stakeholder in tourism development, e.g. in the context of wine tourism as described by Mazurkiewicz-Pizlo (2016). Therefore, it would be worthwhile to explore the interdependence of NPOs and tourism.

Given the impact that tourism has on numerous aspects of the economy, it is important to analyse what influence tourism has on non-profit sector development. In other words, it is necessary to identify whether there is a link between the level of tourism development and the level of non-profit sector development. The earlier described studies that view the civil sector's level of development as the number of registered NPOs per 10,000 residents or per 1,000 residents (Grønbjerg and Paarlberg, 2001; Hallemaa and Mander, 2009; Janc, 2006) were the starting point in formulating the first research question.

If the level of non-profit development is viewed in correlation with the level of tourism development, the assumption is that regions with a higher level of tourism development will also have a more-developed non-profit sector. Accordingly, the first research question is: Do regions (counties) with developed tourism also have a more-developed civil sector?

For the purpose of responding to this research question, the following hypothesis is set:

H₁: There is a statistically significant difference between the cluster of counties with less-developed tourism and the cluster of counties with more-developed tourism with regard to the number of NPOs per 1,000 residents in 2018.

Government and local-government support have been identified as a vital factor affecting the level of non-profit sector development, from which it is clear that the amount of public funding (grants) provided influences non-profit sector development (Bae and Sohn, 2018; Lecy and Van Slyke, 2013; Grønbjerg and Paarlberg, 2001). In that context, it can be assumed that greater tourism traffic will generate more income for local and regional self-government units in a given area, consequently leading to the allocation of more funds to NPO programmes and projects, which will ultimately be reflected in a higher level of non-profit sector development. From this assumption is derived the second research question: Do counties in which tourism is more developed also allocate more funds to NPO programmes and projects?

For the purpose of responding to this research question, the following hypothesis is set:

H₂: There is a statistically significant difference between the cluster of counties with less-developed tourism and the cluster of counties with more-developed tourism with regard to the amount of funds allocated to NPO programmes and projects in 2019.

The activities carried out by NPOs can be linked to the objectives of tourist destinations. While NPOs can affect tourist destination development through their activities, tourism can, in turn, provide NPOs with numerous opportunities to increase their self-generated income. With regard to the field of activity in which NPOs are registered, some fields of activity are more closely related to tourism and provide NPOs with many opportunities for carrying out their activities in tourism, while NPOs in other fields of activity may find it difficult, if not impossible, to engage in tourism. Dadić and

Maškarin Ribarić (2021) argue that NPOs can have a direct and an indirect effect on tourism. The direct effects of NPOs on tourism refer to all the NPO activities that are directly linked to the tourism system and through which NPOs can directly generate income. Such activities mostly pertain to the selling of the NPOs own products (food and non-food products) and the provision of services (different types of group or individual guided tours such as horseback tours and diving tours; participation fees for various workshops, for example, a course in making indigenous souvenirs, and so on). Typically, these commercial activities are carried out by NPOs engaged in the fields of culture and arts, sports and education, hobby activities, and environmental and nature protection (Khieng and Dahles, 2015; Svidronova and Vacekova, 2012; Dadić and Maškarin Ribarić, 2021). All NPO activities that directly generate income also have a direct effect on tourism. Namely, by broadening the product and service offering, NPOs help to enrich the tourist destination's offering, which in turn helps to boost tourist traffic (arrivals and overnights), thereby leading to an increase in tourist spending, which should ultimately result in greater total tourism-generated income. On the other hand, the indirect effects of NPOs on tourism refer to creating conditions and infrastructure that affect the quality of tourists' stay in the destination and the quality of the specific activities engaged in by tourists. NPOs in this category operate in the fields of environmental and nature protection, sustainable development, and health care and protection. By undertaking action such as sea and seabed clean-up operations, sign-posting and maintaining walking and cycling trails and hiking routes, and revitalising neglected sites, they help to ensure a certain level of quality for the activities tourist engage in, ultimately resulting in greater tourist satisfaction with their stay in the destination.

The synergy of NPOs and tourism can help to steer tourism development in the right direction that is based on sustainability and that can bring long-term benefits to the tourist destination. In this context, NPOs should be seen as active stakeholders whose activities can directly enrich the tourist destination's offering. Based on the identified areas of NPO activity that can have a direct or indirect effect on tourism, it is necessary to investigate whether there are more NPOs engaged in such areas of activity in regions that are more developed in terms of tourism. Hence, the next research question is: Are NPOs, registered in fields of activity for which an effect on tourism has been

established (sports, culture and arts, environmental protection, nature protection, health protection, and sustainable development), more numerous in counties at a higher level of tourism development than in counties at a lower level of tourism development?

For the purpose of responding to this research question, the following hypothesis is set:

H3: There is a statistically significant difference between the cluster of counties with less-developed tourism and the cluster of counties with more-developed tourism with regard to the number of NPOs registered in fields of activity that have an impact on tourism.

By answering the research questions and testing the formulated hypotheses, it will become clear whether tourism can also be seen as a determinant of non-profit sector development.

3. RESEARCH METHODOLOGY

To test the set hypotheses, secondary data were used, collected from the official publications of the Croatian Bureau of Statistics, the Register of Associations of the Republic of Croatia, and official reports on tourism development in each county in Croatia. It is important to note that large discrepancies exist in the level of tourism development between the individual counties. In particular, large discrepancies exist in the level of tourism development between Croatia's coastal region and its continental region. In 2019, a total of 18.8 million guests visited coastal Croatia, but only 965.2 thousand visited continental Croatia, a mere 5% of the total number of guests in coastal Croatia. The number of visitors to continental Croatia does not include data pertaining to Zagreb, the capital city of Croatia, which recorded 1.1 million tourist arrivals in 2019 (Ministry of Tourism, 2020).

The research process was conducted in two steps. In the first step, cluster analysis was applied. The sample included all counties in the Republic of Croatia, with the exception of the City of Zagreb. The City of Zagreb is specific, as it is a relatively small, in terms of geography, metropolis area that has the status of both city and county. It was excluded from the analysis for a number of reasons: It has an unproportionally

high number of inhabitants relative to the other counties (17% of Croatia's population lives in the Zagreb area), it is the most developed region based on the county development index (117.7), and it is home to fully 24.2% of all NPOs operating in Croatia. Hence, the City of Zagreb was excluded as an outlier in preliminary sample analysis. Further analysis was carried out on a sample of 20 counties.

For the purpose of dividing the counties into two clusters depending on the development level of their tourism sectors, cluster analysis was used as a method appropriate for exploratory search of structure within data sets. The data used for clustering were the number of overnights per 1,000 residents and the number of beds per 1,000 residents in each county and number of NPOs per 1,000 residents and allocations to NPO programmes and projects in 2019 per 1,000 residents. Two-step cluster analysis was applied together with Ward's method and squared Euclidean distance.

The second step involved using the nonparametric Mann-Whitney U-test, as an alternative to the parametric t-test, to test for statistically significant differences between the groups. This test was applied due to the small size of the sample analysed (20) and the non-normal distribution of the data.

4. RESULTS

Analysis revealed two clusters: Cluster 1, consisting of 13 counties (Zagreb, Krapina-Zagorje, Sisak-Moslavina, Karlovac, Varaždin, Koprivnica-Križevci, Bjelovar-Bilogora, Virovitica-Moslavina, Požega-Slavonija, Brod-Posavina, Osijek-Baranja, Vukovar-Srijem, and Međimurje) at a lower level of tourism development, and Cluster 2, consisting of seven counties at a higher level of tourism development (Lika-Senj, Primorje-Gorski Kotar, Zadar, Šibenik-Knin, Istria, Dubrovnik-Neretva, and Split-Dalmatia). This distribution of counties into clusters was later confirmed by the non-hierarchical, k-means clustering method, with a pre-specified number of clusters (2).

NAME OF COUNTY	NUMBER OF INHABITANTS (official 2011 Census)	NUMBER OF TOURIST ARRIVALS IN 2018 (per 1,000 inhabitants)	NUMBER OF BEDS IN 2018 (per 1,000 inhabitants)
CLUSTER 1:			
Koprivnica-Križevci	124,467	157.39	5.30
Bjelovar-Bilogora	133,084	186.57	6.88
Požega-Slavonia	85,831	189.34	10.04
Virovitica-Podravina	93,389	192.98	7.70
Brod-Posavina	176,765	195.17	6.72
Sisak-Moslavina	185,387	208.36	6.32
Osijek-Baranja	330,506	299.61	8.73
Varaždin	184,769	385.07	17.34
Vukovar-Srijem	204,768	393.30	9.39
Zagreb	309,696	397.00	7.84
Krapina-Zagorje	142,432	1128.04	21.43
Karlovac	141,787	2491.51	97.89
Međimurje	118,426	645.25	13.89
CLUSTER 2:			
Split-Dalmatia	463,676	7492.61	595.12
Šibenik-Knin	112,891	8549.86	902.41
Primorje-Gorski Kotar	305,505	9524.93	685.95
Zadar	162,045	10271.63	1041.24
Lika-Senj	53,667	14707.92	895.37
Istria	206,344	20997.91	1514.83
Dubrovnik-Neretva	122,870	16397.28	770.52

Table 1. Results of cluster analysis.
Source: Authors.

Table 1 shows that the 13 counties, less-developed in terms of tourism, in Cluster 1 vary considerably with regard to population numbers. Two counties in this cluster (Krapina-Zagorje and Karlovac) have more than 1,000 tourist arrivals per 1,000 inhabitants. Karlovac County is also in the lead by number of beds per 1,000 inhabitants (97.9). Based on both of these criteria, tourism is the least developed in Koprivnica-Križevci County. In Cluster 2 comprising seven counties, the number of beds per 1,000 inhabitants ranges from 895 (Lika-Senj County) to 1,514 (Istria County), and the number of tourist arrivals per 1,000 inhabitants, from 7,492 (Split-Dalmatia County) and 20,997 (Istria County). Notably, all counties in Cluster 1 are so-

called continental counties, while the territories of all seven counties in Cluster 2 include a coastal zone of vital importance for tourism development.

In the next step, to answer the first two research questions (Do regions, that is, counties, with developed tourism also have a more developed civil sector? Do counties with more-developed tourism also allocate more funds to NPO programmes and projects?), the overall clusters were used as units for comparison. The data used to analyse the association between the non-profit sector and tourism are presented in Table 2, and refer to the total number of NPOs per 1,000 inhabitants in each county in 2018 and to the amount of funding allocated to NPO programmes and projects (per 1,000 inhabitants in 2019, as a result of tourism development in 2018).

NAME OF COUNTY	NUMBER OF NPOs (per 1,000 inhabitants)	Allocations to NPO programmes and projects in 2019 (per 1,000 inhabitants) - in HRK
CLUSTER 1:		
Koprivnica-Križevci	10.69	22230.79
Bjelovar-Bilogora	10.45	8490.88
Požega-Slavonia	9.91	14446.99
Virovitica-Podravina	8.64	5996.42
Brod-Posavina	9.24	2149.75
Sisak-Moslavina	9.25	33578.41
Osijek-Baranja	11.87	3993.88
Varaždin	9.35	7306.42
Vukovar-Srijem	8.06	9034.61
Zagreb	9.84	36125.75
Krapina-Zagorje	8.42	12314.65
Karlovac	9.88	27879.85
Međimurje	8.90	29554.32
CLUSTER 2:		
Split-Dalmatia	10.51	15038.52
Šibenik-Knin	12.04	36149.91
Primorje-Gorski Kotar	13.44	29800.23
Zadar	11.20	44833.23
Lika-Senj	12.16	9316.71
Istria	14.81	34650.87
Dubrovnik-Neretva	15.99	39977.21

Table 2. Data on civil sector and allocations to the civil sector by county/cluster.
Source: Authors.

Table 2 shows the differences between the two clusters in the number of NPOs per 1,000 inhabitants and in the funds allocated to NPOs programmes and projects. In Cluster 1 comprising the less-developed counties in terms of tourism, the number of NPOs per 1,000 inhabitants ranges from 8.42 (Krapina-Zagorje County) to 11.87 (Osijek-Baranja County). On the other hand, in Cluster 2 containing the more developed counties in terms of tourism, the number of NPOs per 1,000 inhabitants ranges from 10.51 (Split-Dalmatia County) to 15.99 (Dubrovnik-Neretva County). Differences are also evident with regard to the amount of funds allocated to NPO programmes and projects. In Cluster 1, allocation per 1,000 inhabitants ranges from HRK 3,993 (Osijek-Baranja) to HRK 36,125 (Zagreb County), while in Cluster 2 the amount of funds allocated is significantly larger, ranging from HRK 9,316 (Lika-Senj County) to HRK 44,833 (Zadar County).

The Mann-Whitney U-test, the non-parametric alternative to the t-test for identifying statistically significant differences between two groups, was used to determine whether there are any statistically significant differences between the clusters with regard to the two mentioned variables (number of NPOs and allocation of funds to NPO programmes and projects).

	Cluster	N	Mean Rank	Mann-Whitney U	Wilcoxon W	Asympt. sig.
Number of NPOs per 1,000 inhabitants	1	13	7.23	88.00	116.00	0.001*
	2	7	16.57			

* Significance at 95% confidence level

Table 3. Results of Mann-Whitney U-test for association between level of tourism development and number of NPOs.

Source: Authors.

The results of the Mann-Whitney U-test confirm that the counties in the more-developed cluster in terms of tourism (Cluster 2) also have a higher number of NPOs per 1,000 inhabitants than do the counties in the less-developed cluster (difference in ranking), at a significance level of 0.001 (95% confidence level).

The non-parametric Mann-Whitney U-test was also used to determine whether there are any statistically significant differences between the clusters with regard to allocations to NPO programmes and projects. The results are presented in Table 4.

	Cluster	N	Mean Rank	Mann-Whitney U	Wilcoxon W	Asympt. sig.
Allocation to NPO programmes and projects in 2019 per 1,000 inhabitants	1	13	8.15	76.00	104.00	0.014*
	2	7	14.86			

* Significance at 95% confidence level

Table 4. Results of Mann-Whitney U-test for the association between level of tourism development and allocations to NPO programmes and projects.

Source: Authors.

The results of the Mann-Whitney U-test show, at a 95% significance level, that the counties in Cluster 2 allocate more funds (per 1,000 inhabitants) to NPO programmes and projects than is the case with counties in Cluster 1.

To obtain an even clearer picture of tourism as a factor of non-profit sector development, tests were conducted to determine whether there is a statistically significant difference between counties at a higher level of tourism development and counties at a lower level of tourism development with regard to the number of NPOs affecting tourism in them. Described in the previous section, NPOs affecting tourism (either directly or indirectly) belong to one of the following groups: sports, culture and arts, environmental protection, nature protection, health protection, and sustainable development. The Mann-Whitney U-test was used again, and the results presented in Table 5 indicate the number of NPOs operating in 2018 in each of the above-mentioned fields of activity, per 1,000 inhabitants, by cluster.

	Cluster	N	Mean Rank	Mann-Whitney U	Wilcoxon W	Asympt. sig.
Number of NPOs registered in field of hobby activities in 2018 (per 1,000 inhabitants)	1	13	8.54	71.00	99.00	0.046*
	2	7	14.14			
Number of NPOs registered in field of culture and arts in 2018 (per 1,000 inhabitants)	1	13	8.23	75.00	103.00	0.019*
	2	7	14.71			
Number of NPOs registered in field of sustainable development in 2018 (per 1,000 inhabitants)	1	13	7.85	80.00	108.00	0.005*
	2	7	15.43			
Number of NPOs registered in field of sports in 2018 (per 1,000 inhabitants)	1	13	8.08	77.00	105.00	0.011*
	2	7	15.00			
Number of NPOs registered in field of environmental/nature protection in 2018 (per 1,000 inhabitants)	1	13	9.00	65.00	93.00	0.135
	2	7	13.29			

* Significance at 95% confidence level.

Table 5. Results of Mann-Whitney U-test for the association between level of tourism development and type of registered NPO with regard to field of activity.

Source: Authors.

The results in Table 5 show that, at a 95% significance level, the number of NPOs, registered in the fields of hobby activities, culture and arts, sustainable development, and sport in 2018, was higher in the counties with more-developed tourism in Cluster 2 than in the counties with less-developed tourism in Cluster 1. No statistically significant difference was established with regard to NPOs registered in the field of environmental and nature protection.

5. DISCUSSION AND CONCLUSION

Through their activities, NPOs seek to resolve certain issues present in a community, which most likely would not be resolved by action from the public or private sectors. Thus, NPOs help to improve quality of life and ensure greater satisfaction of all members of the community. Recently, however, NPOs are being viewed from a much broader perspective, and more and more studies are examining their role in tourism development. The activities of NPOs operating in developed tourist regions can have either a direct or indirect effect on tourism and engaging in tourism-related activities not only helps to reinforce the mission and visibility of NPOs, it also opens up numerous opportunities for NPOs to undertake commercial activities that would enable them to self-fund their activities and, ultimately, reduce their dependence on public funding. Using the known variables of non-profit sector development and their modification towards tourism, this paper sought to determine whether tourism could be considered as a determinant of non-profit sector development.

The results of cluster analysis showed that the non-profit sector is better developed in the cluster which is more developed in terms of tourism, that is, the number of NPOs per 1,000 inhabitants in the more developed cluster is considerably larger than the number of NPOs per 1,000 inhabitants in the cluster at a lower level of tourism development. This finding is consistent with the research of Marsh (1995) and Bae & Sohn (2017) who found that more-developed communities have a more-developed non-profit sector. As tourism is a vital driver of growth for Croatia's economy, accounting for as much as one fifth of GDP, it is justified to investigate tourism's impact on non-profit sector development.

The analysis results also confirm all the formulated hypothesis on relations between tourism development and size and activities of non-profit sector in particular regions/counties. After the division of Croatian counties in two clusters: Cluster 1 with less developed tourism and Cluster 2 with more developed tourism sector, analysis revealed that more-developed cluster in terms of tourism also have a higher number of NPOs per 1,000 inhabitants than the less-developed cluster, as stated in hypothesis H1: There is a statistically significant difference between the cluster of counties with less-developed tourism and the cluster of counties with more-developed tourism with

regard to the number of NPOs per 1,000 residents in 2018. This finding confirms existence of relationship between tourism development and the development of NPOs on the regional level. Also, those counties with more developed tourism (Cluster 2) statistically significantly allocate more funds (per 1,000 inhabitants) to NPO programmes and projects than is the case with counties in Cluster 1 (hypothesis H2). Since particular activities of NPO's that have effect on tourism were previously detected, additional analysis on available data lead to conclusion that there is a statistically significant difference between the cluster of counties with less-developed tourism and the cluster of counties with more-developed tourism with regard to the number of NPOs, according to their field of activity (with the exception of NPOs in the field of environmental and nature protection). Therefore, hypothesis H3 claiming that "There is a statistically significant difference between the cluster of counties with less-developed tourism and the cluster of counties with more-developed tourism with regard to the number of NPOs registered in fields of activity that have an impact on tourism." was also confirmed.

The obtained results suggest certain recommendation for practitioners in terms of motivating NPO's to engage even more in tourism-related activities, but with ensuring that potentially commercial activities are aligned with their missions.

Public funding by the Government and local self-government are the main sources of funding NPO operations and is often regarded as a factor of non-profit sector development. Studies have shown that the non-profit sector is more developed in regions where there is more public funding available for the work of NPOs (Lecy; Van Slyke 2013; Bae; Sohn 2017; Gronbjerg; Paarlberg 2001). This study also confirms that finding. Namely, the results of cluster analysis indicate that the non-profit sector is more developed in the cluster, that is, in the counties, that allocate more funds to NPO projects and programmes. In other words, there are more registered NPOs per 1,000 residents in those counties, as confirmed by the Mann-Whitney test, showing there are statistically significant differences in the amount of funding allocated to NPO activity with regard to which of the clusters a county belongs. Accordingly, counties belonging to the cluster that is more developed in terms of tourism tend to allocate (per 1,000 residents) more funds to NPO programmes and activities, relative to counties belonging to the cluster less developed in terms of tourism. The reason for this could

lie in the fact that tourism generates more revenue in counties at a higher level of tourism development, leaving them with more funds to allocate to NPO activity.

Tourism provides NPOs with many opportunities to increase their own earned income through a variety of commercial activities that must be aligned with the NPOs' missions. Commercial activities such as the selling of products and the provision of services can have a direct effect on tourism and directly generate income. On the other hand, NPOs can also have an indirect effect on tourism by engaging in activities that help to create the conditions and infrastructure needed to ensure a more pleasant stay for tourists in a destination, and these activities should be acknowledged and funded by the local self-government. Based on the field in which they are active, however, not all NPOs engage equally in commercial activities. Khieng and Dahles (2015) found that commercial activities are most often undertaken by NPOs in the field of culture. To these, Svidronova and Vacekova (2012) added NPOs engaged in the field of sports and education, while studies by the John Hopkins Institute indicate that commercial NPOs in the field of arts, nature protection, and sports and recreation are most likely to engage in commercial activities. Dadić; Maškarin Ribarić (2021) found that commercial activities are most often carried out by NPOs registered in the field of hobby activities, culture and arts, sport, sustainable development, and environmental and nature protection. This finding gave rise to the need to investigate whether there are more NPOs registered in these fields of activities in better developed tourist regions than in less developed ones.

The results of the Mann-Whitney test show there is a statistically significant difference in the number of NPOs, with regard to their fields of activity, between the cluster of counties with less-developed tourism and the cluster of counties with more-developed tourism. In other words, the number of NPOs registered in the field of hobby activities, culture and arts, sustainable development, and sport is considerable larger in counties with more-developed tourism relative to counties with less-developed tourism. No statistically significant differences were found for NPOs in the field of environmental and nature protection.

The results presented in this paper make an exceptional contribution to theory, considering that previous studies do not take tourism into consideration as a possible determinant of non-profit sector development. This study shows that the non-profit

sector in Croatia is more developed in counties at a higher level of tourism development and that the number of registered NPOs per 1,000 residents is larger in those counties. The study also shows that counties at a higher level of tourism development allocate more public funds to NPO activity, which is reflected in the size of the non-profit sector. With regard to the field of NPO activities, it is clear that NPOs registered in fields in which commercial activities are most often carried out (sport, culture and arts, sustainable development, hobby activities) are more numerous in counties with more developed tourism, suggesting that NPOs recognise tourism as a means of increasing their own earned income. The paper's contribution to application is that it informs NPO assembly members on the ways and possibilities of linking the activity of the NPO to the objectives of the tourism industry to create activities that will help to reinforce the NPO's mission and visibility on the one hand while, on the other, enabling the NPO to achieve a higher level of self-funding and, ultimately, a higher level of financial sustainability.

A limitation of this study is the poorly organised and unsystematic Register of Associations of the Republic of Croatia, which made it difficult to examine NPOs by activity. Namely, NPOs can be registered under one or more fields of activity but no clear explanation is given as to what NPO objectives and activities belong to a specific field of activity. For example, in the registration process, NPOs do not have the option of choosing a "primary" field of activity that would match their main objective and main activities. This leads to confusion during a search of the Register of Associations because when an association is registered under multiple fields of activity, its name will repeatedly emerge in every search by individual field of activity. Another limitation is the fact that the paper's conclusions are based on data taken from a single year. Future studies should, therefore, seek to encompass extended periods of time to detect trends. Additionally, it is possible that in other countries/regions, legal framework envisages different mechanisms of financing non-profit sector, so the connection between NPO size and strength and tourism development may be somewhat different.

In future studies it is recommended to examine the relationship between level of tourism development and level of non-profit sector development in other well-developed tourism countries, in particular those with similar tourism development

characteristics such as pronounced seasonality. This could provide a broader picture of the extent to which tourism determines non-profit sector development. Furthermore, it also would be very important to carry out an even more in-depth study of the level of connection between NPOs and tourism, by investigating the extent to which NPOs conduct activities impacting tourism and how those activities affect the NPOs' financial situation, that is, does the NPOs' income structure include a higher share of income generated by self-funding activities. Another potential line of research could be oriented on investigating potential policy measures oriented on involving NPO's more significantly in tourism development in order to generate more sustainable tourism products as well as to strengthen their finances through engagement in tourism-oriented activities.

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