**International Journal of Management and Commerce Innovations** ISSN 2348-7585 (Online)
Vol. 9, Issue 1, pp: (392-399), Month: April 2021 - September 2021, Available at: www.researchpublish.com

# Competition Theory and Nonprofit Organizations

Athanassios Strigas

University of Peloponnese, Tripoli, Greece

***Abstract:*** **Describing his *Three Dichotomies Model of Marketing*, Hunt (1971c) introduces the nonprofit sector/for-profit sector as one of the dichotomies observed in the marketing discipline. However, nonprofit organizations now days adopt a great deal of for-profit marketing objectives and strategies in order to achieve sustainability and establish a competitive advantage. The formation of social alliances or the competition process among agencies in mixed-form markets create a reality, where issues of interest, traditionally for for-profit firms, may be of equal interest for nonprofits. It seems the profit criterion may not be a criterion at all in distinguishing nonprofits from for-profits. After a careful examination of Hunt and Morgan's (1997) *Resource-Advantage Theory* from a nonprofit perspective, the author came to the conclusion that several claims the theory makes do not fit with contemporary nonprofit organizations and the way they operate in either national or international markets. Questions arise not only for the description of the process of competition, but also for the environmental factors that influence that process. We concluded that the R-A theory has little explanatory power for nonprofit agencies, and, as result, it cannot claim to be a general theory of competition. This study proposes a new approach to competition for nonprofits around competence- based theory, financial sustainability and the formation of social capital.**

***Keywords:*** **competition theory, nonprofit sector, social alliances, competence-based theory, resource-advantage theory, three dichotomies model.**

## I. INTRODUCTION

Recent developments in the field of nonprofit management have guided marketing scholars to pay closer attention on markets, where nonprofit agencies coexist and directly compete with governmental agencies and for-profit organizations in providing goods and services. These "mixed-form" markets, from social services and health care to education and sports, are responsible for the growth in numbers not only of frameworks and theories explaining the importance of nonprofits in carrying out social agendas, but also of empirical studies investigating the effectiveness of different organizational forms within specific service markets (Marwell, 2005).

A careful review of the literature reveals that there is little consensus on a widely acceptable definition of the nonprofit sector; it seems difficult to agree not only on the boundaries but also on what is within the sector (Courtney, 2002). Kendall and Knap (1995) argue that the sector is defined by a "lack of clarity on the terminology, definitions and classifications." The extent to which this definition is similar and/or different from what is labelled as "the private sector" might have certain "implications for how these organizations are managed." (Pinho & Macedo, 2006).

Hall (1987) defined nonprofit agencies as a group of individuals pursuing at least one of the following objectives: (a) to perform a number of public tasks delegated from state authorities; (b) to perform public tasks in demand that state and for-profit organizations have no desire to assume; and/or (c) to exercise their influence on policy making for state, for-profit, or other nonprofit agencies. In addition, mission statements of nonprofit agencies emphasize the societal value of "doing good" (Kanter & Summers, 1987), and imply the agencies' legal compliance with the so-called non-distribution constraint, which prohibits nonprofits from distributing potential profits to various stakeholders (Courtney, 2002; Pinho & Macedo, 2006). Bryce (2007) identifies five core nonprofit-public transactions that materialize the objectives presented above, and further distinguish nonprofits from firms and corporations: (a) contracting services mainly for charitable and public-serving causes; (b) promising commitment to the agency's public service mission; (c) requesting and accepting tax-exempted donations in exchange for services aligned with the agency's mission statement; (d) utilizing the agency's social capital to benefit the targeted population(s); and (e) monitoring asset allocation for the promised public-serving purpose. These core transactions apparently constitute a major deviation from practices adopted by for-profit organizations, who have as their primary goal the generation and allocation of profits to their shareholders, as well as meeting other organization-focused objectives. However, looking critically on empirical data accumulated during the last few decades, these distinct lines separating nonprofits and for-profit organizations have become "increasingly blurred," with both types of organizations consciously crossing these imaginary boundaries (Kanter & Summers, 1987; Osborne, 1996). This phenomenon, the social collaboration among organizations with a different orientation in determining missions and marketing objectives has created a new landscape in national and international markets that needs further attention from marketing scholars and practitioners alike.

## II. THEORETICAL BACKGROUND

### *A. Social Collaboration*

Today, under the pressure of corporate scandals and corporate financial failures (banking and automotive sectors) that forced the federal government to intervene and subsidize losses created from mismanagement and corporate executive greed, for-profits rediscovered the importance of corporate values, emphasizing the organization's social mission in ways unprecedented twenty years ago. At the same time, nonprofits, under the pressure to secure scarce resources in a increasingly competitive environment, have become "involved in a network of interactions with different stakeholders including the state, individuals, profit organizations and other peer organizations" (Courtney, 2002; Pinho & Macedo, 2006;). This continuous quest for resources, and the fierce, sometimes, competition faced in a mixed-form market, has a direct impact on the marketing orientation nonprofits adopt in order to stay competitive; failure to recognize the dynamics of the market may have a serious negative effect on the non-profit's financial sustainability.

Marketing for nonprofits, however, presents itself with several challenges. The most questionable seems to be "the adoption of a dual marketing orientation, which is frequently difficult to operationalize given the inherent tensions between these two aspects" of marketing philosophy (Home & Laing, 2002). The organization, abiding with its mission statement, needs to demonstrate the appropriate care for its beneficiaries, while implementing its marketing strategies; at the same time, it may be necessary to become more aggressive and innovative (similar to its for-profit counterpart) in its marketing efforts in to raise capital for its functions. To facilitate the quest of financial resources and sustainability, nonprofits have recently accepted corporate support as a source of funding (Berger, Cunningham & Drumwright, 2004). The rationale for this marketing strategy-related decision is easily justified when the external environment, within nonprofits operate, is carefully analysed. Funding from governmental sources has been significantly limited as a result of public and political demands for budget cutbacks and reduced appropriations in support of public service programs. The size and role of government is constantly under scrutiny (Andreasen, 2003). These actions create an even greater need for funding of existing or newly- proposed programs that address various social needs. As the pool of traditional funding is getting smaller, a greater number of existing or new nonprofits is seeking alternative ways to sustain and/or expand their services to accommodate their mission and increasing social needs.

The search for alternative funding sources for nonprofits and the recent interest of for-profit organizations on corporate values and their social agendas have created an opportunity for cooperation that under certain circumstances can be proved beneficial for both types of organizations. Differences in values and culture, organizational goals and objectives, management style and strategy formulation, are obstacles that have to be negotiated and agreed upon before different organizations are able to form ‘‘mutually beneficial, long-term partnerships designed to accomplish strategic goals for both entities." This social alliance - a strategic partnership between a nonprofit and for-profit organization(s) focusing on a socially-driven agenda - presents numerous opportunities for both types of organizations: (a) for-profit firms are able to pursue their corporate strategies while demonstrating social responsibility; and (b) nonprofits can have access to non-traditional financial resources in the form of monetary contributions, as well as other resources that range from managerial advice and facility usage to technological support and skilled volunteer workforce (Berger, Cunningham & Drumwright, 2004).

Austin (2000) argued that company/nonprofit collaboration is characterized by three distinct stages: (a) the philanthropic stage (some social alliances skip this stage entirely), where the nonprofit receives corporate funding, goods and services, while the corporate partner enjoys its reputation as a community supporter; (b) the transactional stage, where both entities regard each other as partners, and begin "to carry out their resource exchanges through specific activities such as cause-related marketing, event sponsorships, licensing, and paid service arrangements.;" and (c) the integrative stage, where "resources from both organizations have been mobilized and meshed to create a new set of services, activities, and resources unique to that collaboration." Alignment of missions, organizational values, and strategies for all parties involved is necessary for that stage to be materialized. While in this stage, partners are combining their core competencies in order to develop "a unique approach to resource and business management." This integrative stage of company-nonprofit collaboration has become the focal point of empirical studies dealing with inputs and outputs of different organizational forms within specific service markets.

### *B. Social Marketing and Nonprofit Sector*

In marketing literature, social marketing is a topic of great interest. Scholars have expressed desire and enthusiasm not only in further defining the field but also in exploring areas of potential application. Experts in the field have reached a consensus regarding the scope of social marketing: it incorporates the use of marketing principles - similar to those used in commercial marketing - in designing strategies and tactics that promote a social cause, idea or behaviour, and bring change in the behaviour of the audiences under target (Andreasen & Kotler, 2003; Kotler & Roberto, 1989; Raval & Subramanian, 2004). Rothschild (2001) also claims that social marketing is defined by its two-fold nature: its efforts of (a) promoting behaviour change in the targeted audiences; and (b) supporting the construction of an environment that promotes social change. It is then obvious the ultimate purpose of social marketing is to benefit the target segments and society in general, not the organization that adopts this marketing orientation.

The next challenge for the field was to reach an agreement regarding social marketing's place among the many sub-disciplines of marketing. According to McMahon (2001) social marketing is "a part of a larger, non-private market sector which includes public-sector marketing, government marketing, political marketing, not-for-profit marketing, non-government-organization (NGO) marketing, charitable marketing, cause-related marketing, and voluntary or third-sector marketing."

In their attempt to promote a social cause, nonprofit organizations solicit individuals and/or the governmental agencies and firms for their support. The organization makes appeals to the society in order to achieve the following objectives: (a) to influence/engage public behaviours, attitudes and/or personal values; (b) secure public support and resources for the identified social cause; and (c) to mobilize the public to demand a public policy change. Accordingly, the petition to the government for action focuses on public policy development that may result in new legislation and other regulatory measures, or in asking the government to charge an entity or create a new one with the mandate to implement a social marketing program addressing the social problem that merits action (Wymer, 2004).

The process usually takes the following form: the nonprofit agency creates a formal description of the problem the society is facing and creates a statement that helps advocating for it. At this step, the nonprofit may decide to give a serious consideration in forming a social alliance with a corporate partner in order to take advantage of the partner's resources. The next step involves a wide marketing campaign in order to convince the public and policy makers for the importance of the cause for the society. During the campaign the nonprofit organization (or the social alliance) advocates its position statement to the public and the various forms of government. At that time, the nonprofit may face direct competition from other organizations (public or private) that advocate for the same cause. If the public/policy makers reject the organization's position and recommendations then two options become available: (a) the group decides to modify its original position statement and attempts again to obtain public support; or (b) the group decides to bypass public support and proceeds with the implementation of its own social program. If the public/policy makers accept the nonprofits' position and program ideas, then policy changes and social programs are initiated and implemented. The outcomes of the social programs are monitored by all stakeholders (nonprofit agency/social alliance, policy makers, and program implemented). Program adjustments may occur as the nonprofit organization evaluates the program's impact and changing circumstances (Wymer, 2004).

### *C. Questioning the Three-Dichotomies Model of Marketing: The Nonprofit/For-profit Continuum*

In his early work on the nature and scope of marketing, Hunt (1976b, 2002) proposed what is known as the *Three Dichotomies Model*. The model, an adaptation of Kotler's (1972a) earlier work, proposed that "all marketing phenomena, topics, and issues can be categorized using the three categorical dichotomies:" (1) profit sector/nonprofit sector, (2) micro environment/macro environment, and (3) positive approach/normative approach. This classification enables eight possible categories (cells) that attempt to explain all marketing topics. According to Flunt (2002), the profit sector involves all organizations "whose stated objectives include the realization of profit" (profit-oriented organizations). This classification clearly distinguishes for-profit organizations from nonprofits, where the realization of profit is not a part of the organizations' mission. The second dichotomy involves the distinction between micro and macro environments; Hunt refers to them as micromarketing - marketing actions and behaviours of individual units like firms and consumers, - and macromarketing - marketing activities related to marketing systems or groups of consumers and their influence on society (or society's influence on them). Finally, the third dichotomy distinguishes between positive and normative perspectives; positive perspectives evolve around existing marketing phenomena and attempts to further describe, explain, understand and possibly predict them; conversely, normative perspectives attempt to serve societal needs by prescribing (through paradigm examination and theory development) how firms and individuals need to approach micro- and macroenvironment issues, and what marketing systems need to be created to satisfy these needs. Table 1 provides a brief demonstration of contemporary marketing issues classified using Hunt's three dichotomies model.

**TABLE I: The Three Dichotomies Model of Marketing (source: Hunt, 1991c)**

| **PROFIT SECTOR** | |
|---|---|
| **POSITIVE** | **NORMATIVE** |
| Micro | |
| 1. Problems, issues, theories and research concerning:<br>(a) Individual consumer buyer behavior<br>(b) How firms determine prices<br>(c) How firms determine products | 2. Problems, issues, normative models and research concerning how fims SHOULD:<br>(a) Determine the marketing mix<br>(b) Organize their marketing department<br>(c) Make pricing decisions |
| Macro | |
| 1. Problems, issues, theories and research concerning:<br>(a) Aggregate consumption patterns<br>(b) The institutional approach to MKT<br>(c) Legal aspects of marketing | 2. Problems, issues, normative models and research concerning:<br>(a) How marketing can be made more efficient<br>(b) Whether distribution costs to much<br>(c) Whether advertising is socially desirable |

| **NONPROFIT SECTOR** | |
|---|---|
| **POSITIVE** | **NORMATIVE** |
| Micro | |
| 1. Problems, issues, theories and research concerning:<br>(a) Consumers' purchasing of public goods<br>(b) How nonprofits determine prices<br>(c) How nonprofits determine products | 2. Problems, issues, normative models and research concerning how nonprofits SHOULD:<br>(a) Determine the marketing mix<br>(b) Make pricing decisions<br>(c) Make product decisions |
| Macro | |
| 1. Problems, issues, theories and research concerning:<br>(a) The institutional framework for public goods<br>(b) Whether TV ads influences elections<br>(c). How public goods are recycled | 2. Problems, issues, normative models and research concerning:<br>(a) Whether society should politicians to be sold like toothpaste<br>(b) Whether the Army should be allowed to advertise for recruits |

In defence of his model, Hunt admits that the micro-macro dichotomy is probably the most complexing and/or vague one. He moves from the distinction between micromarketing and macromarketing on the basis of aggregation - and through the internalities versus externalities classification - to a definition, where macromarketing can be justified as a multidimensional construct. In this classification, marketing systems impact society when practices demonstrating social responsibility are further developed and applied by firms; similarly, society also influences marketing systems through its political and social value systems.

It is argued here that the profit/nonprofit sector dichotomy is similarly problematic. Hunt refers to the realization of profit for nonprofits and for-profit agencies as a dichotomy. However, as explained in previous sections of this paper, nonprofits today adopt a lot of for-profit marketing objectives and strategies in order to achieve sustainability and develop a competitive advantage. The formation of social alliances or competition among agencies in mixed-form markets creates a reality, where issues of interest, traditionally for for-profit firms, may be of equal interest for nonprofits. It seems that the profit criterion may not be a criterion at all in distinguishing nonprofits from for- profits. Instead of creating a dichotomy, it may be useful to look at these two sectors as the two edges of a continuum (Marwell & Mclnerney, 2005), where organizations in both sectors can move back and forth in their quest to effectively and efficiently promote their organizational objectives. The realization that profit may not be the focal point for all competing firms in a mixed-form market has also a ripple effect in competition theories evolved to explain the competition process among firms. The following section discusses the consequences of this realization to a widely accepted competition theory, Hunt and Morgan's (1997) *Resource-Advantage Theory* (R-A).

***D. Is Resource-Advantage Theory a General Theory of Competition?***

In 1997, Hunt and Morgan proposed a new general theory of marketing in its final form labelled "resource-advantage theory" (R-A theory). According to the authors, R-A theory is a dynamic, "disequilibrium-provoking, process theory of competition in which innovation and organizational learning are endogenous, firms and consumers have imperfect information, and in which entrepreneurship, institutions, and public policy affect economic performance' (Hunt, 2002). In addition, R-A theory is interdisciplinary because it has been adopted in the literatures of several different disciplines" (Hunt & Arnett, 2003). The theory has found application in disciplines like marketing (Arnett & Laverie, 1999: Falkenberg, 2000: Foss, 2000; Hodgson, 2000; Hunt 1997d. 1999, 2000a.d, 2001a, 2002; Hunt & Arnett, 2001, 2003; Hunt. Lambc & Wittmann, 2002; Hunt & Morgan. 1995.1996,1997; Savitt 2000). management (Hunt 1995, 2000c; Hunt & Lambe, 2000), economics (Hunt 1997a,b,c, 2000b, 2001b), general business, (Hunt 1998; Hunt & Duhan, 2001; O'Keeffe. Mavondo & Schroder, 1996;) and ethics (Arnett & Hunt, 2002).

Resource-Advantage theory is built around four major concepts: (a) market segments, identified as group of consumers within an industry with relatively homogeneous needs, wants and desires; (b) heterogeneous firm resources - classified as physical, financial, human, organizational, legal, informational and relational - that allow the firm to efficiently and effectively offer a market product or service (tangible or intangible); (c) comparative advantages/disadvantages attributed to the existence or lack of relatively immobile resources such as production processes, organizational culture, skilled workforce, etc.; and (d) long-term (sustainable) competitive advantage/disadvantage as a result of comparative advantages/disadvantages in resources (Hunt, 2002).

According to Hunt and Morgan (1997), when the organization enjoys a comparative advantage in terms of its resources (ex. financial, human, etc.), it will eventually develop a competitive advantage in the marketplace for the identified target segment(s). That competitive advantage will result in superior financial performance, and realization of profit. In the contrary, when a firm possesses a comparative disadvantage in resources, it is expected to occupy a position of competitive disadvantage in the marketplace for the target segment(s); inferior financial performance is the inevitable outcome of this situation. It is then obvious that firms place special attention to the competition for scarce and other resources that will enable them to achieve the financial performance desired. From an R-A theory perspective, competition is perceived as an evolutionary process, since firms operating within a marketplace constantly struggle for comparative advantage regarding their resources. In addition to the status of the firms involved, a number of environmental factors - influencing the competitive process - need to be carefully assessed. These factors range from the "societal resources on which firms draw and the societal institutions that form the rules of the game," to "the actions of competitors, the behaviour of consumers and suppliers and public policy decisions" (Hunt, 2002).

Since resource-advantage theory is presented by its authors as a general theory of competition, and the foundation of a general theory of marketing, scholars should assume that it accurately describes, explains, and predicts all marketing phenomena inside the marketing discipline - including competitive firm behavior. Describing his three dichotomies model of marketing, Hunt introduces the nonprofit sector/for-profit sector as one of the dichotomies observed in the marketing discipline. As a result, we assume that R-A theory has also explanatory power for nonprofit agencies. However, after a careful examination of the R-A theory premises from a nonprofit perspective, we came to the conclusion that several claims the theory makes do not fit with contemporary nonprofit organizations and the way they operate in either national or international markets. Questions arise not only at the description of the process of competition, but also at the environmental factors that influence that process.

The first issue of concern is the comparative advantages/disadvantages attributed to all types of resources. Although the plethora of resources is usually a very good sign, resources alone are not always translated to a competitive advantage. Consider a firm that has a comparative advantage over competition in most resources but falls behind in human resources. Could this lack in skilled workforce be an obstacle serious enough to prevent the firm from creating a competitive advantage in that marketplace? And what happens when a different firm has a comparative advantage over competition in most resources, but falls behind in relational resources (e.g. relationships with suppliers and customers)? Could this shortcoming in relational resources prohibit the firm from developing a competitive advantage in the marketplace it operates? If the answer to both questions is positive, then a set of questions may arise: (a) is a resource type more important that others helping the firm in developing a competitive advantage, (b) is there any method in helping scholars and marketing practitioners in measuring the impact of each type of resource in competitive advantage creation, and (c) since the firm’s information is imperfect and costly (Hunt & Morgan, 1997), how management can evaluate the impact of each of the resources in creating a competitive advantage over the competition - an action that could allow management to encourage successful practices in accumulating resources or take corrective action to leapfrog the competition. We could rather claim that, although the existence of a plethora of resources does not guarantee a competitive advantage, effective coordination of resources and the development of “distinctive competences” (Andrews, 1987; Selznick, 1957) are better predictors of competitive advantage creation that leads in superior performance.

The second issue of concern is Hunt and Morgan’s (1997) conclusion that marketplace positions of competitive advantage results in superior financial performance. The statement seems to contradict Hunt's three dichotomy model of marketing, where its author defines the nonprofit sector as “all organizations and entities whose stated objectives do not include the realization of profit.” (Hunt, 2002). If profit realization is not among the sought-after objectives for nonprofits, then how nonprofits materialize their competitive advantage in a given marketplace? Consequently, if we accept that financial performance is not a measure of success for nonprofits, then can Hunt and Morgan’s R-A theory is a general theory of competition, when an emerging sector is unaccounted for? Someone may claim that, when Hunt and Morgan talk about superior financial performance they mean - in the case of nonprofits - either balancing the budget or attracting a great amount of donations. We cannot accept this proposition, because, empirically speaking, the purpose of existence for nonprofits is not to attract funding but use funding to achieve its altruistic objectives. In any case, the realization of superior financial performance, as stated by Hunt and Morgan in their R-A theory of general competition seems to be not in accordance with current day nonprofit organizations. As we are going to argue in a while, although financial sustainability is one of the major objectives for nonprofits, there are a number of additional objectives, equally important to sustainability, that result from the realization of competitive advantage for nonprofits in the marketplace they operate.

A third issue of concern has to do with Hunt and Morgan’s idea of financial performance as the final stage in the competition process. This may be true when dealing with for-profit organizations; the realization of profit is usually the desired destination for those organizations. However, nonprofits usually demonstrate a desire for different type of outcomes. Social change, trust and relationship building with various stakeholders, and the development of social capital as sought-after outcomes, fit better with the nature of nonprofits. Bryce (2007) reports that nonprofits “need the public’s trust for legitimacy, for effectiveness, and for non-financial as well as financial support.'' In addition, Bryce argues that “employing the organization’s social capital for the public’s benefit” is one of the core nonprofit-public transactions. Achrol and Kotler (1999) also indicate that “customer welfare is the ultimate goal for all marketing activities” regardless the type of the organization. It is at least necessary to further investigate these claims, and illuminate the role of social change, public trust and social capital in the competition process among firms.

The fourth and final issue of concern has to do with the five environmental factors that influence the competitive process. In R-A theory, these factors are societal resources, institutions, the actions of the competitors, the behaviour of consumers and suppliers, and governmental decisions. However, cultural values have a powerful role in bringing change in individuals’ behaviour and drive their consumer behaviour. Acquisition of these results in different value orientations of consumers coming from different cultures and/or subcultures. This affects strategy development and implementation in social marketing-oriented nonprofits, because they affect, as we argue, the process of competition inside the marketplace nonprofits operate.

As mentioned above, the existence of resources does not automatically guarantee the creation of a competitive advantage for the organization that possesses them; it is rather the effective and efficient coordination of these resources that can produce this advantage. Although Hunt (2002) - in grounding R-A theory as a good positive theory of competition and a solid foundation for marketing/business strategies - discusses competence-based strategy along with other business strategies, he states that these strategies are of a normative nature; they prescribe how strategic decisions within the firm *should* be made. However, competence-based theory and the development of distinctive competences can also possess a positive nature and - as a result - be used to understand competition in a much more meaningful way. Organizations today recognize the importance of developing distinctive competences, and allocate financial resources for training and developing their workforce (e.g. Six Sigma Training, TQM, etc.), contracting external human resource agencies to attract talent, and/or consulting with industry experts to improve processes, organizational culture and group dynamics. So, in our proposed framework, resources have been substituted by distinctive competences.

Changes are also observed in the performance stage, where financial performance has been substituted by three distinct measures of performance for nonprofit organizations: (a) organizational sustainability, (b) societal impact, and (c) reputation (brand image). This framework recognizes that financial success that leads in sustainability is important, but not the sole performance criterion for a nonprofit organization to be evaluated against competition. The impact the organization has inside the market it operates is (should be) also a measure of success or failure. Finally, enhancement of brand image (ex. brand recognition) and positive beneficiaries' attitudes and opinions about the nonprofit agency are (should be) a sound indication the nonprofit realizes its mission objectives. The proposed framework of competition incorporates a fourth stage in the competition process in order to address the desired outcomes of nonprofits that, in our opinion, cannot be adequately represented under the performance stage. The outcomes of superior performance for the nonprofit agency can be described as acceptance from beneficiaries and other stakeholders, public trust, relationship - building with beneficiaries, and collaboration with for-profit, public or other nonprofit organizations (networks, strategic alliances). Finally, the realization of the outcomes has the potential to further strengthen (reinforce) the organizational competencies. The proposed framework is completed with the addition of *cultural values* as the sixth environmental factor influencing competition.

## III. CONCLUSION

The quest for a general theory of competition that adequately describes the competition process for firms operating in today's mixed-form markets is far from over. Although this study illuminates some of the issues regarding the role of contemporary nonprofits, which contradict a number R-A theory premises (P3, P4 and P5) as described by Hunt and Morgan (1997), paradigms regarding the creation of social capital, public trust and relational marketing are still under review from marketing scholars and practitioners alike. The proposed framework is a starting point for a debate that may lead to a theory that adequately explains competition at the beginning of the 21$^{st}$ century.

## REFERENCES

[1] Achrol, R., & Kotler, P. (1999). Marketing in the network economy. *Journal of Marketing, 63* (special issue 1999), 146-163.

[2] Andreasen, A., & Kotler, P. (2003). *Strategic marketing for nonprofit organizations.* Upper Saddle River, NJ: Prentice Hall.

[3] Andrews, K. (1987). *The concept of corporate strategy.* Homewood, 1L: Irwin.

[4] Austin, J. (2000). *The collaboration challenge.* San Francisco, CA: Jossey-Bass Publishers.

[5] Berger. I,, Peggy, C, & Drumwright, M. (2004). Social alliances: Company/nonprofit collaboration. *California Management Review*, *47* (1), 58-90.

[6] Bryce. H. (2007). The public's trust in nonprofit organizations: The role of relationship marketing and management. *California Management Review , 49* (4), 112-131.

[7] Courtney, R. (2002). *Strategic management for voluntary and non-profit organizations*. London: Routledge.

[8] Hall, P. (1987). A historical overview of the private nonprofit sector. In W. Powell, *The nonprofit sector: A research handbook* (pp. 3-26). New Haven, CT: Yale University Press.

[9] Home, S., & Laing, A. (2002). Editorial: Non-profit marketing - Ghetto or trailblazer. *Journal of Marketing Management*, *18*, 829-832.

[10] Hunt, S. (1976b). The nature and scope of marketing. *Journal of Marketing*, *40*, 17-28.

[11] Hunt, S. The three dichotomies model of marketing revisited: Is the total content of marketing thought normative? In T. Childers (ed.), *1991 AMA Winter Educators' conference,* (pp. 425-430). Chicago: American Marketing Association.

[12] Hunt, S. (2002). *Foundations of marketing theory: Toward a general theory of marketing*. Armonk, NY: M.E. Sharpe.

[13] Hunt, S., & Amett, D. (2003). Resource-advantage theory and embeddedness: Explaining R-A theory's explanatory success. *Journal of Marketing Theory and Practice*, 1- 17.

[14] Hunt, S., & Morgan, R. (1995). The comparative advantage theory of competition. *Journal of Marketing*, *59* (2), 1-15.

[15] Hunt, S., & Morgan, R. (1997). Resource-advantage theory: A snake swallowing its tail or a general theory of competition? *Journal of Marketing*, 74-82.

[16] Kanter, R., & Summers, D. (1987). Doing well while doing good: Dilemmas of performance measurement in nonprofit organizations and the need for a multiple- constituency approach. In W. Powell, *The nonprofit sector: A research handbook* (pp. 154-166). New Haven, CT: Yale University Press.

[17] Kendall, J., & Knapp, M. (1995). A loose and baggy monster: Boundaries, definitions and typologies. In J. Smith, C. Rochester, & R. Hedley, *An introduction to the voluntary sector* (pp. 66-95). London: Routledge.

[18] Kotler, P. (1972b). A generic concept of marketing. *Journal of Marketing*, 36, 46-54.

[19] Kotler, P., & Roberto. E. (1989). *Social Marketing: Strategies for changing public behaviour.* New York, NY: The free press.

[20] Marwell, N., & Mclnerney, P.-B. (2005). The nonprofit/for-profit continuum: Theorizing the dynamics of mixed-form markets. *Nonprofit and Voluntary Sector Quarterly*, 34(1), 7-28.

[21] Osborne, S. (1996). What is 'voluntary' about the voluntary and non-profit sector. In S. Osborne, *A handbook for managers in charitable and non-profit organizations* (pp. 5-17). London: International Thomson Press.

[22] Pinho. J. C., & Macedo. I. M. (2006). The benefits and barriers associated with the use of the internet within the non-profit sector. *Journal of Nonprofit & Public Sector Marketing*, 76(1/2), 171-193.

[23] Ravel, D., & Subramanian, B. (2004). Cultural values driven segmentation in social marketing. *Journal pf Nonprofit & Public Sector Marketing*, *12* (2), 73-85.

[24] Selznick, P. (1957). *Leadership in administration.* New York: Harper and Row.

[25] Wymer, W. (2004). Using social marketing strategies to reform social policy: A lesson from British history. *Journal of Nonprofit & Public Sector Marketing*, *12* (2), 149-162.