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Teeing off Stakeholder Management: A Study of Swedish Golf Clubs

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Abstract

Stakeholder management is a widely researched and debated topic amongst academics; however, there are still research gaps. Most research is based on large for-profit firms; hence, researchers have called for more studies in other contexts to help develop stakeholder theory, making it more applicable and practically useful for managers in a vaster range of organisations.

The *purpose* with this dissertation is to explain how stakeholder management practises influence organisational outcome in non-profit organisations. Stakeholder management was conceptualised to consist of three parts: a process, a strategy and an ethical identity, and organisational outcome as reputation. The study has a positive and deductive *approach*; hence, a cross-sectional research *design* was used. The quantitative *method* chosen was a web based self-completion survey distributed by email, which was distributed to the total population of Swedish golf clubs.

The findings of the study are that the stakeholder management process positively affects the following dimensions of reputation; quality, and visibility. The organisations ethical identity had a significant negative relationship to the quality and visibility dimensions of reputation. The stakeholder management strategy did not significantly affect any dimensions of reputation. Stakeholder management as a whole had effect on attractiveness, quality and visibility dimensions of reputation.

The limitations are that only one industry is included in the study and that the results cannot be generalised to other populations. *The implications* of this study are that the stakeholder management process is the component of stakeholder management that affect non-financial outcome positively, whereas the ethical identity is negatively related to non-financial outcome.

The original value of the study is a new conceptualisation of stakeholder management and the choice to test the conceptualisation on an interesting non-profit industry.

Keywords: stakeholder management, stakeholder management process, stakeholder management strategy, ethical identity, organisational outcome, non-profit, golf clubs

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1. Introduction

In this section the background, problematisation, research question and purpose are described. At the end of this section the limitations of this study as well as the outline of the dissertation are presented.

1.1. Background

The world is in constant change due to turbulence and increased globalization. Hence, the world of business has changed. During the past decades technological development has driven globalisation and has created a different environment, which has affected the day-to-day operations (Freeman & Moutchnik, 2013). The recent large corporate scandals have further changed the economy (Coombs & Gilley, 2005). These scandals have affected not only the shareholders of corporations, but also other parties. As a result, the concept business ethics has received renewed attention (Berrone, Surroca, & Tribó, 2007). The increased transparency of everything a company does that Freeman & Moutchnik (2013) mention can be explained by the increased scrutiny by the media, heavier government regulations and increased pressures from stakeholder groups (Berrone, Surroca, & Tribó, 2007). This has led to that basically all firms have to consider ethics in their business strategy (*ibid.*, 2007).

An organisation today cannot be considered an island. Organisations are rather a nexus of both social and economic contracts (Deegan & Unerman, 2011), independent of size and aim. These contracts represent the relationship between the organisation and its stakeholders. The nexus of contracts consists of both explicit and implicit claims from stakeholders (Parmar, Freeman, Harrison, Wicks, de Colle & Purnell, 2010; Huang & Kung, 2010). Freeman and Reed broadly define stakeholders as “any identifiable group or individual who can affect the achievement of an organisation’s objectives, or is affected by the achievements of an organisation’s objectives” (in Deegan & Unerman, 2011, p. 350). Since stakeholders with implicit or explicit claims can affect the organisations’ achievements, the claims in themselves can determine the value of the firms. Thus, the key driver for a company’s long-term survival is value creation for the stakeholders (e.g. Minoja, 2012; Hillman & Keim, 2001; Coombs & Gilley, 2005).

Stakeholder management can be seen as a strategy for the firm to ensure value creation for the stakeholders. The purpose of stakeholder management is to construct strategic methods to manage the multitude of stakeholders (Parmar, *et al.*, 2010). In today's business environment, Corporate Social Responsibility (CSR) seems to be equivalent with strategic stakeholder management. However, the father of Stakeholder Theory, Edward Freeman, points out a fundamental difference between CSR and a strategic stakeholder management approach; that CSR is built on false distinctions between several concepts, among others the misconception that business and ethics are separate axioms (Freeman & Moutchnik, 2013). Stakeholder management is, therefore, not a clear concept, which Freeman (*ibid.*, 2013, p. 3) describes as a semantics problem and states:

To say we have a semantic problem is to say we don't know what we're talking about. Stakeholder responsibility and social responsibility refer to different things. They referred to different ideas about business.

The lack of a clear concept and the accelerating changes in the environment has limited the traditional strategic management approaches (Freeman & McVea, 2001).

A stakeholder management strategy is only effective if it positively affects the firm's performance, since the main aim with strategic planning is to achieve certain levels of performance (Greenley & Foxall, 1997). Therefore, research concerning stakeholder management has mainly revolved around the effects of stakeholder management on organisational performance. Considering the lack of a clear concept of stakeholder management, it is not surprising that there are inconsistent results. The results have shown negative, positive and mixed effects of stakeholder management on organisational performance (Laplume, Sonpar, & Litz, 2008; Godfrey, 2005). The inconsistency in the results can also be explained by the focus on only financial performance measurements (Coombs & Gilley, 2005). Research based on a more coherent stakeholder management concept and a broader definition of organisational performance should, therefore, be of interest.

1.2. Problematisation

According to Freeman a strategic stakeholder management approach is based on the following two steps (Freeman & Moutchnik, 2013). First the firm must acknowledge

that its actions have effects on others as well as potential effects on the firm. Secondly, to be able to account for the effects of the firm's actions, managers have to understand stakeholder's behaviours, beliefs, and contexts. In other words the firms should have a well-defined answer to the question "what do we stand for?". However, there are few theoretical tools available to help firms to formulate an answer to that question (*ibid.*, 2013).

According to Freeman and McVea (2001) the lack of theoretical tools for managers to use to improve their stakeholder management has raised an interest in research concerning the effects of the practical strategies used by firms. The idea is that detailed studies on concrete business cases in specific industries should over time develop into general theories; as opposed to developing grand theory through abstract theory developing (Freeman & McVea, 2001; Moore, 2001). The idea of more concrete studies could be seen as a solution to the existing criticism towards stakeholder theory. Since stakeholder management is the managerial branch of stakeholder theory, it is, therefore, subject to the same criticism. The major criticism towards existing stakeholder theory is that the theory is not able to sufficiently identify the stakeholders of an organisation and determine which of these to involve (Laplume, Sonpar, & Litz, 2008; Achterkamp & Vos, 2007; Vos & Achterkamp, 2006). This insufficiency is to some extent manifested in the research revolving stakeholder management, since different combinations of stakeholders that should be considered has been identified. The stakeholder mapping is crucial, since the effects of stakeholder management on organisational performance are influenced by the firm's ability to identify the factual stakeholders (Achterkamp & Vos, 2007). Another criticism towards stakeholder theory is that it is not applicable to other organisations than large, for-profit firms (Laplume, Sonpar, & Litz, 2008). Considering that smaller firms and non-profit organisations probably have different stakeholders compared to public firms, stakeholder theory could benefit from more studies of other organisational forms.

According to Freeman and McVea (2001) stakeholder management is a wide and hard-to-define concept, including elements from corporate planning, systems theory, corporate social responsibility, and organisational theory. Stakeholder management can be seen as a single strategic framework, intended to flexibly deal with environmental changes, enabling managers to focus on actions rather than formulating and adopting new strategies whenever new environmental shifts occur. According to Freeman and

McVea (2001) stakeholder management can also be seen as a strategic management process. In contrast to a strategic planning process, a management process considers how the environment is affected by the company and vice versa and actively plots a new direction for the company. In order to direct a new course, the firm has to have an understanding of and support of its stakeholders, to ensure long-term survival; in other words, “stakeholder management is a never-ending task of balancing and integrating multiple relationships and multiple objectives” (*ibid.*, 2001, p. 12). This management process should result in a strategy that incorporates values shared by all stakeholders, and considers economic, political and moral aspects. As stated before, the success of stakeholder management emerges from the understanding of the concrete stakeholders, not stakeholder groups in general (*ibid.*, 2001).

Stakeholder management can, therefore, be said to consist of three parts; a process, an organisational strategy and an ethical identity (Freeman & McVea, 2001; Ackermann & Eden, 2011; Minoja, 2012; Parmar, *et al.*, 2010). The process consists of three steps; the identification of stakeholders, an analysis of stakeholder needs and prioritizing the identified needs (Achterkamp & Vos, 2007; Hutt, 2010; Crane & Ruebottom, 2011; Vos & Achterkamp, 2006). This process should be incorporated in the organisational strategy in order to successfully manage stakeholder expectations. According to strategic management literature the organisational strategy is greatly affected by the organisation’s mission statement, which is the starting point in strategic planning (Greenley & Foxall, 1997). The mission statement is, therefore, the core in the organisational strategy and the base of the day-to-day operational decision-making. In other words, stakeholder management cannot be seen as separate from the overall objectives and strategy of the firm. With the strategy in place, the organisation creates its ethical identity. The ethical identity in this context is defined as “a set of behaviours, communications, & stances that are representative of an organisations ethical attitudes and beliefs” (Berrone, Surroca, & Tribó, 2007, p. 36).

In theory, stakeholder management should affect organisational performance, since a firm’s long-term survival is greatly dependent on the ability to satisfy all parties that could damage or benefit the firm, in one way or another (e.g. Minoja, 2012; Freeman & McVea, 2001; Ackermann & Eden, 2011). As stated before, the purpose of stakeholder management is to achieve certain levels of performance (Greenley & Foxall, 1997). Hence, successful stakeholder management should enhance organisational outcome.

Organisational outcome can be classified into two groups of performance measures; financial and non-financial. Which performance measures that are used to determine a specific firm's outcome should be firm and industry specific, since different industries and their stakeholders put different kinds of pressure on performance (Richard, Devinney, Yip, & Johnson, 2009).

Previous research concerning the effects of stakeholder management has mainly revolved around financial performance. However, researchers have found contradictory results. Several studies have shown positive relations between stakeholder management and firm financial performance (Laplume, Sonpar, & Litz, 2008). However, the majority of these studies have not conceptualised the term stakeholder management themselves, but have rather used social ranking databases (Hillman & Keim, 2001; Moore, 2001; Ruf, Muralidhar, Brown, Janney, & Paul, 2001; Waddock & Graves, 1997). The use of these databases as a measurement of a firm's stakeholder management and CSR is commonly accepted by the research community (Hillman & Keim, 2001; Coombs & Gilley, 2005). However, the problem with the databases is that only public firms are included and that the researchers have not conceptualised themselves, which limits the analysis of the results (Hillman & Keim, 2001).

One of the first tests of the instrumental stakeholder theory by Meznar, Nigh, and Kwok in 1994 showed a negative relation between stakeholder management and financial performance (Laplume, Sonpar, & Litz, 2008). Other studies have shown neutral or mixed results (Bird, Hall, Momente', & Reggiani, 2007; Berman, Wicks, Kotha, & Jones, 1999), even though the same databases have been used as in studies showing positive correlations. However, Greenley and Foxall (1997) presented results that showed that the relationship between stakeholder management and financial performance is moderated by environmental factors, such as competitive hostility, which might explain why mixed and negative results is found in this research area. The focus on financial performance measures can also be an explanation for the contradicting results.

The studies above clearly demonstrate the existing contradictions in this research area. Some come to the conclusion that there is a positive correlation between stakeholder management and financial outcome, whilst others have found negative or mixed connections. The inconsistent results might be explained by the lack of a coherent

conceptualisation of the term stakeholder management. Further research should, therefore, focus on a wider conceptualisation and also follow the insights of Freeman and McVea (2001) that argue that future research should focus on detailed company situations, for example studies of a specific industry, and not on abstract theory development. Researchers also call for more studies on small and medium sized entities, non-profit firms and private firms and to go beyond financial performance measures and include additional organisational outcomes (Coombs & Gilley, 2005; Laplume, Sonpar, & Litz, 2008). Non-profit firms should be of specific interest in this research area, due to the lack of a for-profit aim. Since there is no profit maximisation goal in a non-profit organisations, other organisational outcomes than financial are relevant to assess performance (Sarstedt & Schloderer, 2010). For a non-profit organisation stakeholder management is of specific relevance, due to the dependency of voluntary labour and funds, which is gained by a good reputation and strong stakeholder relationships (*ibid.*, 2010). The discussion above has resulted in the research question that follows.

1.3. Research question

How do stakeholder management practices influence organisational outcomes in non-profit organisations?

1.4. Purpose

The purpose of this study is to explain how stakeholder management affects organisational outcome in non-profit organisations.

1.5. Limitations

A limitation of this research is that only one specific non-profit industry will be examined. Therefore, the results of this study cannot be generalised outside of the studied population. Another limitation could be the choice of research design. A qualitative longitudinal design could have generated a deeper understanding of stakeholder management in a specific industry. However, the choices were made due to the financial and time constraints.

1.6. Outline

This dissertation consists of six sections. In the first section the background and problematisation is presented, which results in a research question and purpose. This section ends with the outline of the dissertation. In the second section, the adopted

research philosophy, approach and design are presented, followed by the chosen method and theory, which ends in a summary. In the third section the historic development of a stakeholder approach is depicted, followed by a conceptualisation of stakeholder management and organisational performance. These concepts are then presented in a non-profit context. This section ends in the building of a model and the formulation of hypotheses. In the fourth section the empirical method is presented, as well as the research strategy, population, data collection method and operationalisation of the concepts. This is followed by a discussion of the reliability, validity, generalisability and ethical considerations. In the fifth section the results from the survey are presented, the empirical data is analysed and the hypotheses tested. In the sixth and final section a discussion and the conclusions are presented, as well as the practical implications of the study. The dissertation ends with suggestions for future research as well as the limitations of the study.

2. Method

In this section the research philosophy, approach and design is presented, followed by the choice of methodology and adopted theory. The section ends with a summary.

2.1. Research philosophy, approach and design

When planning a research study it is useful to clarify the assumptions related to personal values, such as how you perceive the nature of reality and what can be known (Crossan, 2003). Using a positivistic philosophy means that the researchers believe that reality is an independent construct that exists on its own and can, therefore, be studied and explained in a neutral and objective way (*ibid.*, 2003). The aim of this research is to explain the causal effect between stakeholder management and organisational outcome. The causal effect will be studied objectively by using a scientific model, which examines social reality. Therefore, a positivistic philosophy is adopted (Bryman & Bell, 2011).

The scientific model used to study the causal effect is created from previous theory and research, which means that a deductive approach is used. A positive deductive approach is used to ensure that that scientific knowledge is not contaminated with subjectiveness, by developing theories and formulating hypotheses that can be tested mathematically (Crossan, 2003). To be able to mathematically reject or accept formulated hypotheses, the causalities that are studied need to be operationalised in a way that ensures that facts can be measured in a quantitative fashion (Holden & Lynch, 2004).

The purpose of this study is to explain how stakeholder management affects organisational outcome in the non-profit sector; however, to be able to ensure that the explanation is consistent in a wider context the data collected must be drawn from more than one case. This is in line with the positivistic perspective. The positivistic aim is to be able to generalise, predict, explain and understand phenomena, and in order to generalise one needs to select a sample of sufficient size (Holden & Lynch, 2004). Therefore, the collection of data will be conducted on more than one case, at a single point in time in order to detect patterns between the chosen variables. Hence, a cross-sectional research design is adopted (Bryman & Bell, 2011).

2.2. Choice of methodology

All researchers have a choice between using qualitative and quantitative methods. If qualitative methods would be used in this dissertation, such as structured or semi-structured interviews, a more holistic description of how non-profit organisations view stakeholder management and their perception of how they work within the process could have been gained (Bryman & Bell, 2011). The focus of the study would have been to understand stakeholder management in this specific context and specifically the process of stakeholder management, since the purpose with qualitative research is to understand phenomena in its social context (*ibid.*, 2011).

Stakeholder management is not a clear concept; therefore, qualitative research could be appropriate since the view on concepts is different within qualitative research. In quantitative research clear and well defined concepts are wanted, which is not the case in qualitative research. Clear well defined concepts within qualitative research are considered to constrict the observation of the social world to only the indicators that are developed for the concept (Bryman & Bell, 2011). Qualitative research addresses the areas in which quantitative research has been criticised; that it diminishes humans to object and ignores that humans are influenced by its social surroundings, which leads to a fragmented view of reality (Crossan, 2003; Holden & Lynch, 2004). However, qualitative research has been criticised as well; it is too subjective, it is hard to replicate qualitative studies, and the data retrieved is hard to generalise (Bryman & Bell, 2011).

Allwood (2012) states, that the choice of research method should be argued in relation to the specific research context. The method chosen should, therefore, be dependent on the research question and the resources available for conducting the research (*ibid.*, 2012). Stakeholder management has previously been researched with quantitative method but has been conceptualised differently. In this dissertation a broader concept of stakeholder management has been developed, based on previous quantitative as well as theoretical research. This study will test a new conceptualisation in a less researched context. To best contribute to future research, given the restriction of time, the new conceptualisation will be tested on a sufficient scale in order to be able to generalise and detect patterns. Therefore, a cross-sectional research design is used; and the quantitative method of questionnaires is chosen. This is an appropriate method since the aim is to

collect data from a large number of cases, to be able to generalise and explain the causal effect within a limited time frame (Bryman & Bell, 2011).

2.3. Choice of theory

Stakeholder management is a part of the managerial branch of stakeholder theory, hence, stakeholder theory is the main theory applied in this dissertation. However, stakeholder theory includes several theoretical aspects, such as aspects from corporate planning, systems theory, corporate social responsibility, and organisational theory (Freeman & McVea, 2001). Stakeholder management also has the resource-based view incorporated in its core, since stakeholder management revolves around prioritising needs, namely where to allocate resources. However, the resource-based view will not be directly applied in this dissertation.

In order to construct the concept of stakeholder management, stakeholder theory has been embraced in a wider sense. All research with a stakeholder approach has been considered as parts of stakeholder theory. This has resulted in that articles addressing issues as for example normative and managerial stakeholder theory, CSR, CSP, corporate social identity, stakeholder-orientation and stakeholder identification have been used to develop the theoretical section. The used articles have incorporated various theoretical aspects besides stakeholder theory, such as ambidexterity and strategic management (Minoja, 2012), relationship marketing (Knox & Gruar, 2007), and strategic governance which includes agency and stewardship theory (Van Puyvelde, Caers, Du Bois, & Jegers, 2012). Due to the wide range of theories incorporated in stakeholder theory and stakeholder management, as well as the limited time to conduct this research, the choice to not directly apply additional theories has been made.

2.4. Summary

This study is based on a positivistic philosophy and has a deductive approach, since the aim is to explain the causal effect between stakeholder management and organisational outcome. A questionnaire is the quantitative method chosen and a cross-sectional research design is used, in order to be able to generalise and explain causal effect. A cross-sectional design consists of collecting data from a large number of cases at a single point in time. Due to the limited time to conduct this research, this is an appropriate method. The theoretical frame is based on stakeholder theory, which is a theory that incorporates several other theoretical aspects.

3. Theoretical framework and hypotheses

In this section a theoretical framework is presented. The theoretical framework includes the historical development of the theoretical stakeholder approach, followed by the conceptualisation of stakeholder management and organisational outcome in the non-profit sector. Lastly, the hypotheses are formulated and the model presented.

3.1. The historical development of a stakeholder perspective

In the 1940's the development of corporate social responsibility started (Claydon, 2011). Yet, it was not until in the 1950's that the term corporate social responsibility first was defined by Bowen (1953, cited in Russo & Perrini, 2010) as "the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society" (p. 208). The concept was created due to the emergence of multinational corporations with economic power, which led to a public awareness that these corporations had great effect on its surroundings and should take responsibility for those whom they effected (Laplume, Sonpar, & Litz, 2008). However, this was criticised by Milton Friedman who had the notion that the firm's social responsibility was only to create and increase profit (Claydon, 2011). Friedman debated that corporations cannot have moral obligations, only humans can, and that business managers should only act in the shareholders' best interest. Furthermore, Friedman stated that it is not the firm's responsibility but rather the states to provide social welfare for its citizens (*ibid.*, 2011). This notion was commonly accepted at this time.

In the 1970's corporate social performance (CSP) started to receive attention (Wood, 1991). CSP was first defined by Carroll in 1979, which resulted in the development of a general model by Wartick and Cochran in 1985. Wartick and Cochran (1985, cited in Wood, 1991) defined the CSP model as "the underlying interaction among the principles of social responsibility, the process of social responsiveness, and the policies developed to address social issues" (p. 692). However, there have been additional definitions of CSP, which has led to a lack of a shared definition. Despite this insufficiency, CSP is generally considered "as a broad construct comprised of stakeholder management and social issue management" (Hillman & Keim, 2001, p. 126). Therefore, CSP can be seen as a version of CSR (Parmar, *et al.*, 2010).

In 1984 Freeman presented his stakeholder framework in the book *Stakeholder Management: A Stakeholder Approach* (Laplume, Sonpar, & Litz, 2008), which challenged Friedman's perceptions (Claydon, 2011). This was the foundation for the development of stakeholder theory. The framework stemmed from the idea that an organisation is affected by and affects its surrounding environment. The surrounding environment was here represented by the stakeholders of an organisation. Freeman defined stakeholders as any identifiable group or individual who can affect the achievement of an organisation's objectives, or is affected by the achievements of an organisation's objectives (e.g. Crane & Ruebottom, 2011; Freeman & McVea, 2001; Deegan & Unerman, 2011). The key assumption in stakeholder theory is that the long-term survival of the firm depends on its ability to create value for numerous stakeholder groups, yet to succeed the firm requires the support and cooperation from the stakeholders themselves (Minoja, 2012). However, business ethics philosophers have abandoned Freeman's original practical approach, and developed the theory towards a normative framework (Laplume, Sonpar, & Litz, 2008). This normative framework has no bearing on reality, since it does not take corporate strategy into consideration (*ibid.*, 2008). Hence, stakeholder theory today is an umbrella term, since it refers to both a normative theory of business ethics and an empirical theory of management (Deegan & Unerman, 2011). The development of these widely different branches has caused numerous debates in the academic world.

In 1991 Carroll combined the notions of both Friedman and Freeman and created the model "Pyramid of CSR" (Claydon, 2011). Claydon (2011) explains this model by stating that it has the economic responsibilities of the firm as the base for the pyramid, which is in line with Friedman's idea. The second layer of the pyramid contains the legal responsibilities, which stands for the firm's need to comply with laws and regulations. The third layer represents the ethical responsibilities of the firm, which incorporates Freeman's idea that the firm should do right by its stakeholders and do them no harm. The last layer consists of the philanthropic responsibilities, which is explained as the firm's obligation to contribute to its community and being a good citizen. However, the model is based on the assumption that it is only after achieving the financial goals that the firm can or should fulfil other responsibilities and only if these responsibilities are in line with the economic goals (*ibid.*, 2011). Carroll's Pyramid of CSR is considered by researchers to be the best definition of CSR, despite

the existence of several definitions (Fraj-Andrés, López-Pérez, Melero-Polo, & Vásques-Carrasco, 2012). Other CSR models exist, but several shares the assumption that the financial bottom-line largely determines whether a company adopts CSR practices or not (Claydon, 2011). However, these models have not addressed how the bottom-line is driven. Claydon (2011), therefore, contributed to previous models; by stating that the firms' CSR practices are driven by the consumers.

From a stakeholder perspective CSR can be viewed differently. Today CSR is recognised as an important factor when determining a company's reputation (Arendt & Brettel, 2010). A strong reputation for a company can lead to a competitive advantage; however, stakeholder scepticism has increased concerning the reasons behind the companies' CSR practices. The scepticism stems from the difficulty for stakeholders to determine whether CSR is used as a marketing tool to increase profit or for altruistic purposes (*ibid.*, 2010).

Stakeholder theory and the stakeholder approach have been subject to several criticisms. Firstly, the theory does not help determine who the factual stakeholders are (Achterkamp & Vos, 2007). This deficiency is due to the broad definition of stakeholders, which leads the term to lose its practical significance (Laplume, Sonpar, & Litz, 2008). Stakeholder theory is also criticised for not being well grounded. The theory is limited, since the focus lies on the human participants and ignores ethical principles, regarding the respect for the environment and the law (*ibid.*, 2008). Another limitation is that the theory provides no bases to decide between competing stakeholder claims and can, therefore, promote mismanagement, since managers have the power to allocate shareholder capital (*ibid.*, 2008). Despite the criticism towards stakeholder theory, the researchers agree upon Freeman's general normative classification of the following stakeholder groups for an organisation; employees, suppliers, financiers, local communities, customers, competitors, media, government and special-interest groups (Hutt, 2010; Hasnas, 2013). However, the main issue with stakeholder theory is the lack of integration between the normative and the managerial branches of the theory (Minoja, 2012).

Today stakeholder management is a part of the managerial branch of stakeholder theory and is, therefore, subject to the same criticism as stakeholder theory in general; however, stakeholder management has issues of its own. The concept of stakeholder

management is used differently by different researchers. Some claim that stakeholder management is part of CSR (Russo & Perrini, 2010; Wood, 1991), whilst some claim that CSR is part of stakeholder management (Freeman & McVea, 2001). Some even seem to use the terms CSR and stakeholder management interchangeably (Minoja, 2012). This is the reason why Freeman points out that we have a semantics problem, in other words, that we do not know what we are talking about (Freeman & Moutchnik, 2013). Freeman also clearly states that social responsibility and stakeholder responsibility refer to different ideas about business (*ibid.*, 2013). In spite of the perception that there is a difference between CSR and stakeholder management, some researchers suggest a theoretical convergence of these concepts (Minoja, 2012). Since the two concepts share the same foundation, namely that the main objective is value creation for the stakeholders by fulfilling responsibilities towards them, a convergence would be possible. However, the success of a convergence depends on the understanding that business and ethics are intertwined.

This paper adopts a wider use of the term stakeholder management where CSR is incorporated in this term. Therefore, in this report only the term stakeholder management will be used.

3.2. The conceptualisation of Stakeholder Management

The economic justification for firms adopting strategic management has been its effect on economic performance (Parmar, *et al.*, 2010). This has been reinforced by Barney's resource-based approach presented in 1991, which emphasises the importance of creating a competitive advantage to receive economic gain (*ibid.*, 2010). However, this focuses on shareholder wealth maximisation, whilst strategic stakeholder management considers multiple stakeholder interests. Research offers several explanations for why stakeholder management could be connected to financial performance, for example greater organisational flexibility, risk reduction and increased trust that minimises transaction costs. However, strategic stakeholder management also has an effect on other organisational performance, such as reputation (*ibid.*, 2010).

As stated before, stakeholder management binds together aspects from theories such as corporate planning, systems theory, CSR and organisational theory (Freeman & McVea, 2001). According to Freeman and McVea (2001) stakeholder management can, therefore, be seen as a single strategic framework that integrates economic, political and

moral aspects, intended to ensure flexibility in turbulent environments. Instead of managers having to deal with the vicious circle of having to develop and adopt new strategies due to environmental shifts, stakeholder management provides managers with a stable strategic foundation. The stable foundation stems from the idea that stakeholder management is a strategic management process, which means that instead of planning for and acting on a hypothetical future, you consider the consequences of your actions today, whilst simultaneously plotting new directions (*ibid.*, 2001). However, for stakeholder management to be effective and ensure the survival of the firm, managers need the support of the stakeholders when changing course. The support depends on the managers' ability to understand the stakeholder relationships. Hence, stakeholder management encourages managers to develop strategies by identifying and investing in relationships that ensure long-term success (*ibid.*, 2001). The identified relationships cannot be generalised into roles, but should instead be based on the concrete stakeholder, for example, as Freeman and McVea (2001) state, all customers will not react the same to a price raise.

According to Ackermann and Eden (2011) the most important task when developing an organisational strategy is the management of the multitude of demands from different stakeholders in relation to the organisation's objectives. However, before this task can be carried out other issues have to be taken into consideration. Ackermann and Eden (2011) point out three steps that need to be followed to start up the development of an organisational strategy. These steps are the process of identifying stakeholders in specific contexts, identifying the existing interdependent stakeholder interactions and when to actively influence the stakeholder relationship.

Minoja (2012) points out two crucial theoretical problems of stakeholder management. There is a lack of integration between strategy and ethics, and a lack of a dynamic approach. In trying to solve the theoretical problems, Minoja (2012) incorporates the concept of ambidexterity from organisational theory, defined as "a firm's ability to exploit and explore simultaneously" (p. 68). This concept is used to draw managers' attention to the need to balance short- and long-term objectives within stakeholder management decisions. Minoja (2012) focuses on three fundamental decisions in stakeholder management; whether, when and how to comply with a specific stakeholder's needs. Ethics is also incorporated in ambidexterity, in the sense that it is

unethical to put the company's long-term survival at risk when meeting legitimate stakeholder claims (*ibid.*, 2012).

Stakeholder management has been subjected to some criticism, such as the insinuation that it is anti-capitalist and anti-profit oriented (Freeman & McVea, 2001). However, according to Freeman, this is a misinterpretation of his original idea. Business is not just about money, but getting all interests going in the same direction to create value for one another (Freeman & Moutchnik, 2013). Stakeholder management has also been criticised for stating that all stakeholders are to be satisfied, in the sense that they are to be treated equally (Freeman & McVea, 2001). Critics say that it is not possible, since there are too many relationships to consider. However, it is only in the long run all stakeholders need to be satisfied; in the short-term perspective stakeholder management acknowledges that some trade-offs need to be made (*ibid.*, 2001).

Stakeholder management has been described and defined in various broad terms, as shown above. Therefore, one can say that stakeholder management has not been conceptualised in a unanimous way (Tse, 2011). However, when combining previous researchers' viewpoints one can define stakeholder management as consisting of three parts; a process, a strategy and an ethical identity (see appendix 1 for a list of articles, which led to this classification). These three parts can be connected to Minoja's (2012) three fundamental decisions in stakeholder management; whether, when and why to meet a given stakeholder's demand. The decision of whether is connected to the ethical identity, since the question is whether the organisation has an ethical obligation to consider the stakeholder's needs or not. The decision of when is linked to strategy, since it revolves around the question if to meet the stakeholder's needs in the short- or long-term perspective. The decision of how is related to the process, and revolves around how stakeholder needs are to be met. The following sections further conceptualise the three components of stakeholder management; the process, the strategy and the ethical identity.

3.2.1. Process

The stakeholder management process includes several steps; identifying the stakeholders, identifying their needs and prioritising identified needs (Achterkamp & Vos, 2007). The first step is to identify the factual stakeholders of an organisation (Ackermann & Eden, 2011). This has shown to be difficult due to the complexity of

stakeholder theory. The identification of stakeholders is dependent of how the organisation sets its boundaries (Achterkamp & Vos, 2007). Stakeholders that are affected or affect the firm are identified differently depending on if only the traditional economic roles are considered or if the social identity is included in the identification (Crane & Ruebottom, 2011). For example customers are not a generic group. The second step in the process is to determine what the factual stakeholders need (Huang & Kung, 2010). However, this requires dialog with the stakeholders, namely stakeholder engagement. Stakeholder engagement is defined by Industry Canada (2007, cited in Hutt, 2010) as “the formal and informal way of staying connected to the parties who have an actual or potential interest in or effect on the business” (p. 182). The last step in the process consists of the prioritisation of the needs, namely determining how to allocate resources (Achterkamp & Vos, 2007). The organisation does not only have to consider how their own resources should be distributed amongst stakeholders, but also if stakeholders have control over resources that the organisation needs (Frooman, 1999). All three steps of the process is visualised in the choice of resource allocation, and can be seen as a continuous activity within the organisation.

Mitchell’s salience model (see figure 3.1) explains why managers comply with certain stakeholders needs when there are competing claims (Achterkamp & Vos, 2007). Mitchell’s model uses power, legitimacy and urgency as criteria for determining which stakeholders’ needs are crucial to attend to (Freeman & McVea, 2001).

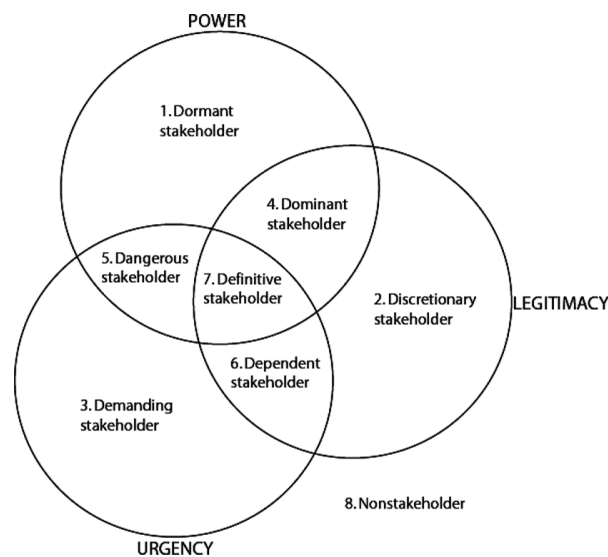


Figure 3.1 Mitchell's Stakeholder Salience Model

(Source: Mitchell, Agle, & Wood, 1997)

Even though there is theoretical criticism towards the process, such as that it is hard to determine who the factual stakeholders are, for a specific organisation it might not be as hard in reality. The managers, with knowledge of the organisation's day-to-day operations, can fairly easily identify the stakeholders that have power over the organisation. Even if power might be hard to measure and define, Mitchell, *et al.* (1997) points out that it is not difficult to recognise. The salience model clearly shows that the process needs to be a continuous activity, since stakeholder can shift positions due to changes in legitimacy, power and urgency or because of new stakeholder interests. Therefore, managers should continuously identify stakeholders and their needs in order to be able to allocate the scarce resources adequately in the day-to-day operations and determine how to satisfy stakeholder needs (Minoja, 2012). Hence, the level of activity in the process is visualised by the extent of resources allocated to the process.

3.2.2. Strategy

The organisations strategy is represented by the relationships between the organisation and its stakeholders (Shropshire & Hillman, 2007). Hence, in order to formulate the strategy, the process of identifying and prioritising stakeholder needs is the first step (Ackermann & Eden, 2011). The organisation's mission statement is the starting block for formulating the organisations strategy (Greenley & Foxall, 1997). The mission statement determines what objectives managers focus on and, therefore, greatly effects the day-to-day operations (Richard, Devinney, Yip, & Johnson, 2009). Depending on what type of stakeholder relationships an organisation has, the strategy creates different kinds of objectives, some financial and some non-financial. The strategy should, therefore, be incorporated throughout the entire organisation to be the most effective and to maintain satisfactory relationships with all stakeholders. In other words, the strategy needs to be stakeholder-oriented.

Three different models on how firms' strategy and stakeholder relationships effect organisational outcome has been previously tested (Berman, Wicks, Kotha, & Jones, 1999). The first model, *The Direct Effects Model* (see figure 3.2), hypothesised that stakeholder relationships and firm strategy had direct and separate effect on organisational performance. This model was supported by empirical data in two stakeholder relationships; employees and customers.

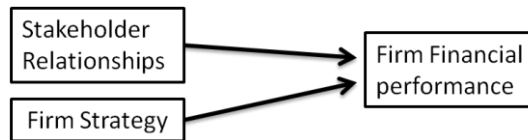


Figure 3.2 The Direct Effects Model

(Source: Berman, et.al. 1999)

The second model, *The Moderation Model* (see figure 3.3), hypothesised that firm strategy directly affected performance, but was moderated by stakeholder relationships. This model was supported by empirical data when testing all five stakeholder relationships; employees, customers, natural environment, community, and diversity of work force.

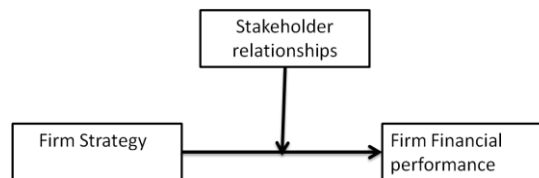


Figure 3.3 The Moderation Model

(Source: Berman, et.al. 1999)

The third model, *The Intrinsic Stakeholder Commitment Model* (see figure 3.4), is based on the assumption that firm strategy is based on the stakeholder relationships and that strategy effects performance. This model was not supported by empirical data. However, the researchers state that a more complex model that incorporates a wider range of variables might show different results (*ibid.*, 1999).

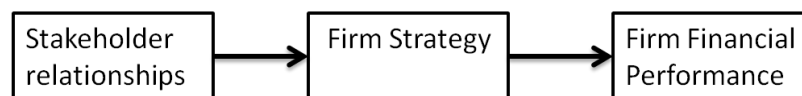


Figure 3.4 The Intrinsic Stakeholder commitment Model

(Source: Berman, et.al. 1999)

Combining the findings of Berman, *et al.* (1999) and Frooman's (1999) idea that stakeholders affect the strategies chosen by the organisation, one can say that an organisations strategy is not separated from its stakeholders. This is in line with Freeman and McVea's (2001) and Parmar, *et al.* (2010) idea that a stakeholder-oriented strategy is the only way to ensure long-term survival of the organisation. Strategy also incorporates balancing short- and long-term objectives and answers the question of

when to meet stakeholder needs (Minoja, 2012). Hence, in this study the assumption is that the more a strategy is stakeholder-oriented, the more effective the strategy is.

3.2.3. Ethical Identity

The creation of an ethical identity for an organisation starts with their mission statement, since the mission statement communicates the organisation's core values to its stakeholders (Berrone, Surroca, & Tribó, 2007). In other words, the ethical identity is based on an organisation's behaviour and communication (Minoja, 2012). Ethical identity has two dimensions; revealed ethics and applied ethics (Berrone, Surroca, & Tribó, 2007). Revealed ethics consists of the organisations communication of ethical beliefs and attitudes to the relevant audience, whilst applied ethics deals with the firms' ethical actions and policies (*ibid.*, 2007). An identity should only be perceived as ethical and genuine if there is a consistency between the revealed and applied ethics (Minoja, 2012). One way of determining applied ethics is by using Fraj-Andrés, *et al.* (2012) definitions of proactive and reactive companies. Reactive companies, contrary to proactive firms, see ethics as a marketing tool, in other words uses ethics opportunistically (Fraj-Andrés, López-Pérez, Melero-Polo, & Vásques-Carrasco, 2012).

Berrone, *et al.* (2007) tested the effect of corporate ethical identity on stakeholder satisfaction and financial performance (see figure 3.5). Their assumption was that a strong ethical identity creates stakeholder satisfaction, which in turn positively influences financial performance. The empirical data showed that revealed ethics had informational worth and increases shareholder value, but not without being complemented by applied ethics. However, applied ethics had positive impact on financial performance by enhancing stakeholder satisfaction on its own. Berrone, *et al.* (2007) also found a direct effect of ethical identity as a whole on financial performance.

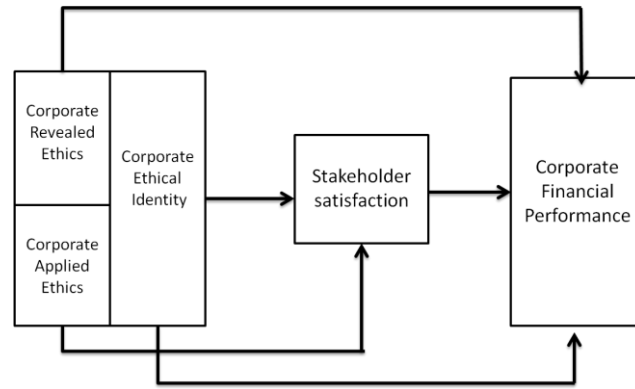


Figure 3.5 Corporate ethical identity and its effects on stakeholder satisfaction and financial performance

(Source: Berrone, Surroca, & Tribó, 2007)

In this dissertation, the model presented by Berrone, *et al.* (2007) is modified and includes Fraj-Andrés, *et al.* (2012) concepts of proactive and reactive organisations. The classification of organisations as proactive or reactive answers the question whether the organisation believes it has moral obligations or not (Minoja, 2012). Hence, the revealed ethics of an organisation is only perceived as genuine, if the organisation has a proactive stance, namely believe that the organisation has moral and ethical obligations to society.

3.2.4. Summary of stakeholder management

Stakeholder management is a term consisting of many concepts. Based on previous research, three major concepts have emerged; the process of stakeholder management, the strategy of stakeholder management and the organisational ethical identity. These three components together form the concept stakeholder management in this dissertation. However, these components are to be viewed as a whole, as they are interconnected with each other.

3.3. Organisational outcome

Organisational outcome is another word for organisational performance. In management research organisational performance is an important construct (Richard, Devinney, Yip, & Johnson, 2009). Organisational performance has been conceptualised from several aspects and one of the more dominant dimension is the stakeholder dimension (*ibid.*, 2009). A multitude of aspects of an organisation are evaluated on the basis of their contribution to organisational performance, for example strategy, operations and marketing. The purpose with measuring performance within organisations is to be able

to evaluate managers' actions and decision in relation to the competition and over time (*ibid.*, 2009). In addition measuring performance allows the organisation to identify strengths and weaknesses and develop strategies in line with these strengths and weaknesses (Sirgy, 2002). However, for researchers, measuring performance is useful to compare the effects of different organisational practices, rather than evaluating specific manager's choices.

Organisational performance cannot be considered a unanimously concept, since few studies use consistent definitions and measurements (Richard, Devinney, Yip, & Johnson, 2009). Richard, *et al.* (2002) distinguishes between organisational performance and organisational effectiveness. Organisational performance is describes as three specific areas of organisational outcomes; financial performance, product market performance and shareholder return. Organisational effectiveness captures a wider range of organisational outcome, and is according to Richard, *et al.* (2002) connected to CSR. Therefore, one can say that organisational outcome can be classified into two groups; financial outcomes and non-financial outcomes.

3.3.1. Financial outcomes

In management research financial and accounting measures has and is widely used. Researchers from an accounting tradition have always preferred measuring performance from a cost-efficiency point of view (Sirgy, 2002). However, this has been criticised for its narrow focus. The reason for the extensive use of financial performance measures could be linked to the focus on stakeholders with economic claims, since they bear risk and, therefore, can be considered to have legitimate claims (Richard, Devinney, Yip, & Johnson, 2009).

Accounting information is commonly used, due to the easy availability. Accounting measurements are considered valid, since evidence shows a clear connection between accounting and economic return (Richard, Devinney, Yip, & Johnson, 2009). However, accounting measurements do not always show the true organisational performance, since the accounting is regulated by laws and standards (*ibid.*, 2009). Financial market measurements are commonly used when researching public companies. In contrast to accounting measurements, financial market measurements are focused on future cash-flows. Hence, the limitation of financial market measurements is that these

measurements are a market valuation of the organisation as a whole, not specific organisational performance (*ibid.*, 2009).

Financial measurements that have been used in prior research on stakeholder management's effect on financial performance have among others been return on investment, return on equity and market value added (e.g. Hillman & Keim, 2001; Ruf, Muralidhar, Brown, Janney, & Paul, 2001; Greenley & Foxall, 1997). Prior studies are based on the assumption that firms are opportunistic and profit-oriented, and, therefore, never would allocate resources that do not lead to financial performance (Ruf, Muralidhar, Brown, Janney, & Paul, 2001). However, this notion is not applicable on all organisations.

3.3.2. Non-financial outcomes

Organisational outcome, as stated before, is not clearly and consistently defined (Richard, Devinney, Yip, & Johnson, 2009). This applies specifically to non-financial performance, since they are connected to the firm's stakeholders in a wider sense. These outcomes are not directly associated to the shareholders returns, but instead drivers of value such as customer and employee satisfaction (Ittner & Larcker, 2000). These drivers of value create an important intangible asset, namely reputation (Sarstedt & Schloderer, 2010). Non-financial outcomes are, therefore, firm specific, connected to organisational strategy and objectives (Sawhill & Williamson, 2001).

One advantage with the use of non-financial performance measures is that they are closely connected to the long-term strategy. For example product development might hinder short-term financial performance, but is essential for long-term survival (Ittner & Larcker, 2000). A second advantage with non-financial measures is that they visualise other drivers of success such as the intangible assets intellectual capital, customer loyalty and reputation (Sarstedt & Schloderer, 2010; Ittner & Larcker, 2000). However, non-financial measures have limitations, one being that there is no common denominator for measuring non-financial data (Ittner & Larcker, 2000).

3.3.3. Summary of organisational outcome

Organisational outcome is measured with both financial and non-financial performance indicators. Financial outcome measures focus on the outcome of past performance, where as non-financial measures focus on the outcome of future performance (Richard, Devinney, Yip, & Johnson, 2009). Hence, these measures can be seen as both

conflicting as well as complementing (Ittner & Larcker, 2000). However, both types of measures have pros and cons. The combination of the two types of performance measurements should be firm specific and dependent on the context, to be able to sufficiently measure success.

3.4. Stakeholder management and organisational outcome in a non-profit context

Non-profit organisations differ from for-profit firms when it comes to stakeholder relationships. Non-profit organisations do not have owners in the sense of shareholders (Van Puyvelde, Caers, Du Bois, & Jegers, 2012); however, their stakeholders are of greater importance, than in for-profit firms (Knox & Gruar, 2007). The greater importance of stakeholders in non-profit organisations comes from the fact that they have more complex inter-organisational relationships and that they generally get more positive and negative public attention than for-profit firms (*ibid.*, 2007). Non-profit organisations have a less formal relationship to its stakeholders (Gwin, 1990). The stakeholders can also be classified differently in the non-profit context, than in the for-profit context. For example non-profit organisations have different ways of “earning” revenues, such as donations, sponsoring, government-funding and membership fees, and can be service providers, either pro bono or for a fee (*ibid.*, 1990). Therefore, one can say that non-profit organisations are dependent on successful stakeholder management to ensure long-term survival.

Today non-profit organisations have a tendency to turn to traditional business models, to ensure organisational efficiency (Sawhill & Williamson, 2001). The reason for this is that most non-profit organisations meet increasing competition from both the private and non-profit sector, which has led to a want to be more self-sufficient in terms of funding (Knox & Gruar, 2007). However, these traditional business models are not a perfect match in the non-profit sector, since they are design for firms with a profit maximisation aim (Sawhill & Williamson, 2001). In a for-profit firm success can be measured with the income statement, since one aim is profit. However, in a non-profit organisation it is more difficult to assess how to measure success (*ibid.*, 2001). Sawhill & Williamson (2001) developed a model for measuring success in the non-profit sector. This model was divided into three areas; impact, activity and capacity, which were expressed as a set of questions. These questions were “Are we making progress toward

fulfilling our mission and meeting our goals? Are our activities achieving our programmatic objectives and implementing our strategies? and Do we have the resources – the capacity – to achieve our goals?” (Sawhill & Williamson, 2001, p. 372). Hence, for non-profit organisations non-financial outcomes are more relevant for measuring success, than financial outcomes.

3.5. Model building and hypotheses

Previous research revolving stakeholder management and organisational outcome has led to the building of a more comprehensive model. In the following section, the relationship between the different parts of stakeholder management and organisational outcome in a non-profit context will be hypothesised.

3.5.1. Stakeholder managements effect on organisational outcome

This section will present the three stakeholder management parts effects on the organisations non-financial outcome. Financial outcomes will not be included in the model, since the model will be tested in a non-profit context, where financial outcomes are of less importance.

3.5.1.1. The stakeholder management process effect on non-financial outcome

The stakeholder management process has direct effect on non-financial outcomes. Previous research has shown that the process of identifying the stakeholders and their needs is costly, and can, therefore, lead to a negative short-term effect on the organisations finances (Ittner & Larcker, 2000). According to Greenley & Foxall (1997) the finances can also be affected negatively, when the organisation lacks resources to meet all necessary stakeholder needs. The stakeholder management process can, therefore, be seen as an activity that requires resources such as time and money. The more active the organisation is in the stakeholder management process, the more likely it is that mistakes are avoided, such as missing to identify a critical stakeholder or to prioritise wrong. An organisation will risk losing stakeholder support, if a crucial stakeholder is not acknowledged by the organisation (Freeman & McVea, 2001). In a non-profit organisation the support of stakeholders are of specific importance, since a lack of support would damage the organisations reputation (Arendt & Brettel, 2010). When it comes to non-profit organisations the stakeholder management process is of crucial importance, since they have, as stated before, more complex stakeholder relationships (Knox & Gruar, 2007). The stakeholders are often directly involved when

it comes to achieving the goals of the non-profit organisation (*ibid.*, 2007), therefore, a higher degree of activity is required in the stakeholder management process. The more active the management is in the process, the stronger the stakeholder management process becomes. Hence, the hypothesis is as follows:

Hypothesis 1: The stronger the organisation's stakeholder management process is, the more it will positively affect non-financial outcome

3.5.1.2. *The stakeholder management strategy's effect on non-financial outcome*

The strategy is the base for the formulation of the mission, vision and organisational objectives, and, therefore, effects day-to-day operations (Richard, Devinney, Yip, & Johnson, 2009). In order for the strategy to lead to non-financial performance, it needs to be based on the organisations stakeholder relations, in other words the strategy needs to be stakeholder-oriented (Knox & Gruar, 2007). However, it is the degree of strategic stakeholder-orientation that will determine the effects on non-financial outcome. This is of importance, since to formulate mission and objectives the organisation need to know who and what matters (Knox & Gruar, 2007; Gwin, 1990). In a non-profit organisation the strategy needs to be strongly linked to the stakeholders in another sense than in for-profit firms, since non-profit organisations are largely based on philanthropic ideas (Gwin, 1990). In other words, the strategy needs to be more stakeholder-oriented in a non-profit organisation, and incorporate all stakeholder groups. The lack of a profit-aim means that the organisation has another purpose, and the strategy needs to reflect this purpose. Hence, the organisation will have more non-financial objectives such as drivers of reputation (Sarstedt & Schloderer, 2010). According to Sawhill and Williamson (2001) the most successful non-profit organisations are those who manage to bridge the gap between the ambitious mission and the short-term objectives by developing specific and actionable goals. This means that the more stakeholder-oriented the strategy is, the stronger the strategy becomes. Hence, this justifies the following hypothesis:

Hypothesis 2: The stronger the stakeholder management strategy is, the more it will positively affect non-financial outcome.

3.5.1.3. *The ethical identity's effect on non-financial outcome*

A strong ethical identity will affect non-financial outcome positively. A strong ethical identity means that there is no contradiction between the two parts of the ethical

identity; the revealed and applied ethics, namely that what you say that you do and stand for is also reflected in what you actually do. As stated before, revealed ethics consists of the organisations communication of ethical believes and attitudes to the relevant audience (Berrone, Surroca, & Tribó, 2007), whilst applied ethics deals with the firms' ethical reactive or proactive stance, in other words whether ethics is only used as a marketing tool or not (Fraj-Andrés, López-Pérez, Melero-Polo, & Vásques-Carrasco, 2012). The strength of the ethical identity, therefore, depends on the interaction between revealed and applied ethics and determines the level of reputation (Berrone, Surroca, & Tribó, 2007). In the non-profit sector the most common way to “generate revenue” is through organisational reputation (Arendt & Brettel, 2010; Van Puyvelde, Caers, Du Bois, & Jegers, 2012), since funds generally come from donations, sponsorship and membership fees (Gwin, 1990). Hence, the hypothesis is:

Hypothesis 3: The stronger the ethical identity of the organisation is, the more it will positively affect non-financial outcome

3.5.1.4. Summary of stakeholder management's effect on organisational outcome

All parts of stakeholder management have separately a positive effect on non-financial outcome as shown above. However, these parts are interconnected. The process is needed to create the strategy, and the strategy governs the day-to-day actions and communications. These actions and communications together form the organisations ethical identity. This implies that non-financial outcome will be affected more positively, if all three components are applied within the organisation. Hence, stakeholder management has an aggregated impact on organisational outcome. Therefore, the hypothesis is:

Hypothesis 4: Organisations that more strongly apply all three concepts of stakeholder management will have a larger positive effect on non-financial outcome

This hypothesis is visualised in the model in figure 3.6:

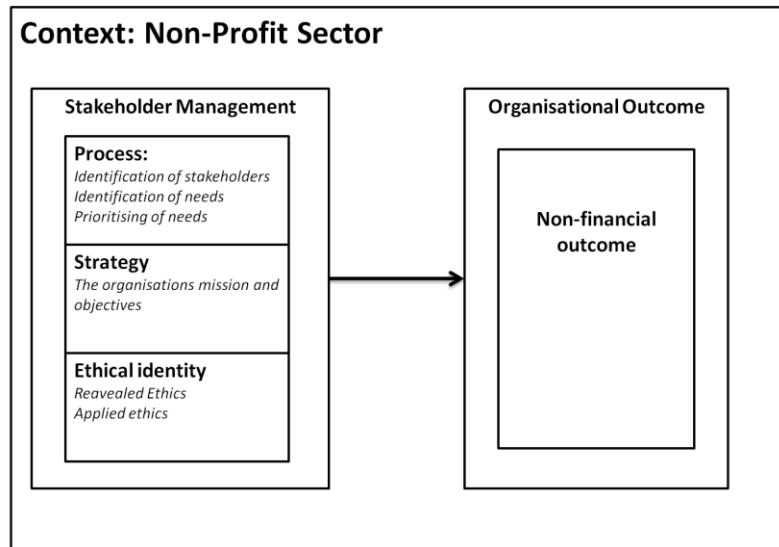


Figure 3.6 Stakeholder managements effect on organisational outcome

4. Empirical method

In this section the dissertations empirical method is presented. First the research strategy and the literary search are displayed, secondly the population is presented and the data collection method explained. This is followed by the operationalisation of the dependent, independent and control variables. The section ends with the presentation of how data analysis will be performed and the reliability and validity of the study.

4.1. Research strategy

The research strategy has been defined in many ways. Bryman and Bell (2011) defines research strategy as “the general orientation to the conduct of business research” (p. 26), whereas Remenyi *et al.* (2003, cited in Wedawatta, Ingirige & Amaratunga, 2011) definition is “overall approach to a problem which could be put into practice in a research process, from the theoretical underpinning to the collection and analysis of data” (p. 3) and Collis and Hussey (2009, cited in Wedawatta, Ingirige & Amaratunga, 2011) classified research strategy as the “overall approach to the entire process of the research study” (p. 3). Bryman and Bell (2011) sees research strategies as two distinct clusters, based on the choice between quantitative or qualitative research. However, others divide research strategies into these categories: experiment, survey, case study, action research, grounded theory, ethnography, archival research, cross sectional studies, longitudinal studies and participative enquiry (Wedawatta, Ingirige, & Amaratunga, 2011). The research strategy in this paper can, therefore, be said to be a quantitative survey. However, the research strategy does not only refer to research philosophy, approach, design and methodology described in section two above, but also the research process as a whole. Therefore, a description of the research process now follows.

The research process started with an extensive literary search. Scientific articles were mainly found through the use of Kristianstad University’s search engine Summon@HKR, which uses several article databases. The key search terms used were; stakeholder management, stakeholder theory, CSR, stakeholder approach, stakeholder expectations. These terms were used in combination with search terms such as non-profit, organisational outcome and SME (the commonly accepted abbreviation of small- and medium sized enterprises), to find research on stakeholder management in different

contexts. The search resulted in the finding of a review article named *Stakeholder Theory: Reviewing a Theory That Moves Us* by Laplume, *et al.* (2008). This article reviewed the academic stakeholder theory literature as it developed between 1984 and 2007. The review consisted of 179 articles directly related to Freeman's work on stakeholder theory. This article highlighted the research gaps within stakeholder theory and was a great inspiration for the topic of the study, as well as a source for additional articles for this dissertation. In the search of articles, the focus has been on peer-reviewed articles from graded journals. Therefore, several of the articles chosen are from journals graded as three or four by The Association of Business Schools (The Association of Business Schools, 2010). However, not all journals used in this dissertation were graded by The Association of Business Schools, but all sources used have been critically judge to the best of our ability. Several articles have been read that have not been used in this dissertation, but has enabled us to conceptualise the term stakeholder management. The articles that best show the different parts of the concept stakeholder management have been chosen and are presented in appendix 1. After the conceptualisation of stakeholder management, the search for scientific articles revolving the non-profit sector started. Also here, was the search engine Summon@HKR used. The articles were found using search terms as non-profit in combination to stakeholder management and measuring performance. In addition to articles related to the concepts and the context, articles that revolve around best practices as well as theoretical and methodological articles regarding performance measurement were needed to operationalise the concepts. Information about the population has also been gathered to be able to understand what measures of organisational outcome that is most relevant in the specific industry.

4.2. Population

The study is conducted on Swedish golf clubs, since this industry falls within the non-profit sector. The reason for choosing golf clubs is that sports can be seen as a micro-version of the society (Wolfe, *et al.*, 2005). It has also been stated that studies within sports could contribute to strategic management and stakeholder research (*ibid.*, 2005). Svenska Golförbundet (SGF) is an association of the Swedish golf clubs and has the responsibility to oversee the development and practice of golf (Svenska Golförbundet, 2013a). According to SGF (2013) there are 484 golf clubs in Sweden. SGF distributes every spring a guide to all associated golf clubs in Sweden called Svensk Golfguiden.

The guide for 2013 presents 469 golf courses and has been the base for identifying the population (Svenska Golförbundet Affärsutveckling AB, 2013). From the guide 461 golf clubs were identified. The difference between the number of golf clubs in Sweden presented on SGFs web site and the number of golf clubs identified through the guide could possibly be explained by clubs with no own golf courses. Clubs with no golf course is of no interest in this study.

Not all golf clubs that are associated are purely non-profit organisations. Limited liability companies can become associated to SGF; however, these have to stand for the same mission, vision and values as the non-profit members of SGF (Svenska Golförbundet, 2013b). Hence, these limited liability companies should in theory behave in the same way as the non-profit members. Since the population is small and information about the entire population is available, which we have determined to be 461 golf clubs, the initial choice was to not take a sample from the population. However, three golf clubs intend to terminate during the season 2013, and are, therefore, not included. Additionally four clubs were not included due to that the clubs previously had declined receiving surveys from Survey Monkey, which was the tool used. Hence, the survey was sent out to totally 454 clubs. 311 of the email-addresses were addresses to a member of the board, the majority to the chairman. The remaining emails were addresses to the clubs front desk. In the email it was specified that a member of the board should respond.

4.3. Data collection method

This study has a cross-sectional design, which means that the data is collected from a larger number of respondents at a single point in time (Bryman & Bell, 2011). Hence, the data collection method for the primary data is retrieved from a self-completion questionnaire. The questionnaire consists of a web survey distributed through email. This choice was justified, since time and economic resources were limited (Bryman & Bell, 2011). The questionnaires are, in a first step, sent to the chairman of the board and when this information is unavailable the front desk will be contacted. A reminder will be sent out three days after the first email if no answer is retrieved. Since the study is conducted in Sweden, the questionnaire is sent out in Swedish (see appendix 2), however, the questionnaire is translated into English (see appendix 3).

The limitations with using a web survey distributed by email, is that not all have access to computers or the internet and that the email might be considered spam or not relevant (Bryman & Bell, 2011). Another limitation, especially when collecting email-addresses from secondary sources, is the risk that the email is invalid.

Since this study aims to test three concepts of stakeholder management, which requires several questions, the questions in the survey is restricted to collecting information that cannot be collected through secondary sources. Therefore, information that is available on the clubs' web sites and/or in the SGFs guide is collected through these channels, to minimise the risk of non-response due to too many questions.

4.4. Operationalisation

Operationalisation is the process of converting concepts into measures (Bryman & Bell, 2011). In order to measure concepts, indicators of the concept need to be chosen. This study uses a self-completion questionnaire and, therefore, questions are constructed as indicators (*ibid.*, 2011). Below the concepts in this study are operationalised.

4.4.1. Dependent variables

This study has organisational outcome as the dependent variable, which in this paper refers to only non-financial outcome. Non-financial outcome in this study is reputation.

4.4.1.1. Reputation

For non-profit organisations the reputation is the overall evaluation by the organisation's stakeholders and represents the most important intangible asset (Sarstedt & Schloderer, 2010). Prior research explains that reputation in the non-profit sector largely determines the generation of long-term funding, as well as being appealing to volunteers, staff, sponsors and other partners (*ibid.*, 2010). Reputation has previously been measured both as a one-dimensional and a multidimensional concept (Skallerud, 2011). In this dissertation a multidimensional measure will be used. Sarstedt and Schloderer (2010) have developed a measurement approach to reputation for non-profit organisations specifically and have listed what prior researchers have found as determinants of reputation. These determinants are, for example, trustworthiness, attractiveness, quality, visibility and legitimacy (*ibid.*, 2010), as well as stakeholder satisfaction (Skallerud, 2011). To determine which measures that best represent reputation in a non-profit organisation, one needs to consider the specific organisational

context (Richard, Devinney, Yip, & Johnson, 2009; Sawhill & Williamson, 2001). Therefore, the relevant measures to determine reputation in the golf industry are *the number of members in relation to the maximum number allowed* or *the number of members in relation to total number of holes*, *member trend*, *number of sponsors*, *sponsor revenue*, *greenfee guests per hole*, and *greenfee* during high season. The justification for using the chosen measurements for non-financial outcome is due to the specific industry and the authors' knowledge of this industry.

Trustworthiness in golf clubs can be measured by using the total number of members in combination with total members allowed. Membership can be seen as an investment, since fees often are high, and investments are often not made without a sense of trust. Total members allowed are often restricted, due to the limited amount of starting times per day as well as the desire to have greenfee guests. Therefore, the relation between the number of members and the maximum amount represents the clubs ability to fill the quota, which subsequently is an indication of the club's trustworthiness. Therefore, the respondents will be asked to answer the following questions:

- How many members did the golf club have last season?
- What is the maximum amount of members allowed in the by-laws?

However, there is a trend that clubs do not restrict the total number of members and there is an increasing number of so called mailbox-clubs. Most golf courses demand that you have an official handicap to play, and you need to be a member in a Swedish golf club to keep your handicap. These memberships have previously been expensive, but these mailbox-clubs now offer cheap no-frills memberships. Therefore, if many of the respondents are clubs that do not restrict their total number of members, an alternative measure of trustworthiness is number of members in relation to the number of golf holes the club has. The measure indicates trustworthiness, since a high number of members per holes means that the club has more members in relation to its size.

An indicator of *attractiveness* is the number of greenfee guests per hole, since more greenfee guests per golf hole means that the club's courses are more demanded. Therefore, the following question will be asked:

- How many greenfee guests did the golf club have in total last season?

The number of holes the golf clubs have is collected through secondary data from Svensk Golfguiden (2013).

To measure *quality* the greenfee will be used, since higher quality enables you to charge a higher price. Greenfee is collected through secondary data from either SGFs guide over Swedish golf clubs 2013, the golf clubs websites or the booking system available at the website Golf.se. The greenfee chosen was the highest greenfee, which is the price on a weekend during high season for an adult.

The *visibility* of a golf club can be measured through the total amount of revenue from sponsors. The more visible the golf club is, the more likely it is that sponsors are willing to pay more for the exposure. Therefore, the following question will be asked:

- How much revenue did the sponsors generate last season? Answer rounded off to nearest thousand SEK.

The *legitimacy* can be measured through the total number of organisations willing to sponsor the club. Since sponsorship puts the sponsors' reputation at risk, the willingness to sponsor is connected to whether the golf clubs are perceived as legitimate or not. Hence, the question asked is:

- How many sponsors did the club have last season? Answer in number of organisations.

The *stakeholder satisfaction* can be measured by the club's decline or incline in the number of members during the last three year period, since members are a crucial stakeholder group. Therefore, this question will be asked:

- Compared to number of members three years ago, the golf club hadnumber of members last season?

The answers that are available are: considerably lower, lower, the same, higher, or considerably higher.

These measures presented above represent reputation in the golf industry, since reputation is driven by trustworthiness, attractiveness, quality, visibility and legitimacy (Sarstedt & Schloderer, 2010) and stakeholder satisfaction (Skallerud, 2011).

4.4.2. Independent variables

The independent variable in this study is stakeholder management, which is divided into three parts; process, strategy and ethical identity.

4.4.2.1. *The stakeholder management process*

The process of identifying and prioritising stakeholder needs is in the Swedish golf industry determined by SGF. The process is visualised in SGFs mission statement which all associated clubs must follow. To measure the process, the mission statement will be converted into five statements, which the club representatives will have to self-evaluate and answer to what extent the club agrees or disagrees on a seven-point Likert scale. The following statements are asked:

- The golf club continuously identifies and analysis the stakeholders needs and prioritise them to be able to offer the right services.
- The golf club actively works to develop professional athletes within the sport.
- The golf club actively engages in society where children and adolescents are present, to show that golf is an attractive, fun and developing sport.
- The golf club actively informs the public about the benefits of golf, as a sport for everyone.
- The golf club actively manages its establishment with an environmental perspective and strives towards a sustainable use of natural resources.

4.4.2.2. *The stakeholder management strategy*

The strategy will be measured by the degree of stakeholder-orientation in the mission, objectives and day-to-day operations. The level of stakeholder-orientation in the mission statement will be determined by comparing the club representative's description of the organisation's mission with SGFs mission by using a checklist. Since the clubs are associated to SGF and need to follow their mission statement, which is to a high degree stakeholder-oriented, one can determine the level of stakeholder-orientation through their view of their mission. The level of stakeholder orientation in the mission will be graded from one to seven, based on if the clubs mention the following areas in the mission statement: environment, members/golfers, society/a sport for everyone, elite sport, youth programmes, stakeholder needs and right services. Therefore, an open question will be asked, where the respondents are asked to shortly describe the clubs' mission statement. The level of stakeholder-orientation in objectives and day-to-day

operations will be measured through self-evaluation statements that the golf club representative will answer on a seven-point Likert scale. The statements are as follows:

- When we make the day-to-day decisions, we bear in mind how our decisions will affect our stakeholders.
- The goals we strive towards within the organisation are directly related to our stakeholders' needs.
- The board has a large focus on how we can improve our stakeholder relationships.

4.4.2.3. *The organisational ethical identity*

The ethical identity will be divided into revealed and applied ethics. The revealed ethics will be measured through self-evaluation of the frequency of communication with stakeholder groups. Since the assumption is that all communication communicates organisational values (Gróf, 2001), the frequency of communication will measure the degree of revealed ethics. The applied ethics will be measured through self-evaluation statements, adopted from Fraj-Andrés, *et al.* (2012). The self-evaluation statements will be used to determine the level of a proactive or reactive stance. The strength of the ethical identity will then be measured by calculating the level of interaction between revealed and applied ethics. Both the revealed and applied ethics will be graded on a seven-point Likert scale, and the strength of the ethical identity will be the product of the two measures. The ethical identity will, therefore, be graded on a scale from one to forty-nine.

The statements measuring the revealed ethics are as follows:

- The golf club continuously updates its web site regarding what happens in the club, both small and large events.
- The board continuously communicates with the club's stakeholders in many different ways.
- The golf club continuously informs its stakeholders about the club's values, environmental work and policies.

The statements measuring the applied ethics are as follows:

- We as a golf club take our responsibility to both people and environment and therefore contribute to society, to the best of our ability.
- The golf club believes it to be our responsibility to develop golf into a sport for everyone, no matter individual background or ability.
- The golf club acts on the behalf of its stakeholders' and society's values, because of the willingness to do good, not to generate benefits for the club.

4.4.3. Control variables

The control variables in this study will be the organisational age, respondent characteristics, financial outcome, geographical location of the golf club and if the club considers itself non-profit or not.

4.4.3.1. Organisational age

The golf clubs age will be used as a control variable, since reputation is linked to past behaviour (Anderson & Shirako, 2008). The younger the organisation, the less past behaviour exists, which will affect the organisations reputation. This information is secondary data collected from SGFs guide.

4.4.3.2. Respondent characteristics

Respondent characteristics, age, sex and role, will be used as a control variable, since research has shown that characteristics such as sex, affects whether or not you choose to participate in a study or not (Porter & Whitcomb, 2005), and should, hence, effect the answers.

4.4.3.3. Financial outcome

The financial outcome will be measured through the bottom line result. Previous research state that non-profit organisations tend to drive their result towards zero profit (Verbruggen & Christiaens, 2012). Therefore, for non-profit organisations, the specific amount on the bottom line is of no importance, but rather if the result is negative or not. A negative result would indicate that the organisation does not have resources enough to achieve its goals (Sawhill & Williamson, 2001). Since non-profit organisations do not have a profit aim, a large positive bottom line is not an indicator for success. However, the result is of importance even for a non-profit organisation, since at least zero profit is necessary to ensure long-term survival. Therefore, it is of importance to control for result, since a negative result might have hindered the golf clubs performance of

stakeholder management and in turn effected the reputation. It could also be that clubs with a positive result has not put enough resources in their stakeholder management. This information will be collected through the survey, where the respondents will state whether the result in season 2012 and 2011 was negative, zero or positive.

4.4.3.4. Geographical location of golf club

The geographical location of the golf club will at least affect the greenfee, since a closer proximity to a larger city would increase the accessibility and, hence, enable the club to take a higher price. The geographical location can also affect other dependent variables such as number of sponsors and sponsor revenues. Therefore, the geographical location in Sweden will be classified into a dichotomous variable based on proximity to one of the three large cities in Sweden; Stockholm, Göteborg and Malmö. The SGFs guide presents Swedish golf clubs in six areas; south, west, east, middle, north and the Stockholm area. The areas South, West and Stockholm are the areas classified as having a close proximity to a large city. The geographical location is, therefore, secondary data.

4.4.3.5. If the golf club considers itself as a non-profit organisation

Since SGF is an association of both non-profit organisations and limited liability companies, the respondents will be asked if they consider themselves as a non-profit organisation. This will enable the control for differences between the two types of golf clubs.

4.5. Data analysis

To analyse the data the statistical computer program SPSS will be used. Firstly, a Cronbach's alpha test will be done to test the internal reliability of the measures. Secondly, a factor analysis will be done to check if the questions are grouped in the right components. Thirdly, a Pearson's correlation matrix is used to find statistically significant relationships between variables, since the data is assumed to be normally distributed due to the sample size. Finally, the hypotheses are tested by multiple linear regression. The hypotheses will be considered supported if the statistical significance is $p < .05$.

4.6. Reliability

Reliability is a term that "refers to the consistency of a measure of a concept" (Bryman & Bell, 2011, p. 158). Reliability is determined on the basis of three factors; the stability

of the measure, internal reliability and inter-observer consistency. The stability of the measure can be tested by retesting the measure and see if there is a high correlation between the answer in the first versus the second test. Due to the time restriction in this study, a retest will not be made. Even if a retest would have been performed, the first test would influence the respondents' answers in the retest as well as events that have occurred between the first and the second test (*ibid.*, 2011). Internal reliability is of relevance in this study, since multiple-indicator measures are used. Internal reliability revolves around whether or not the indicators measure the same concept, in other words is the respondent able to answer consistently or not. To test the internal reliability in this study, Cronbach's alpha tests are done. The results of the Cronbach's alpha tests are presented in section 5.1.3. To have inter-observer consistency amounts to the correspondence between two separate observer's judgements. In this study the risk of having problems with subjective judgements is low. This is due to the choice of data collection method. To reduce the risk of subjective judgements when it comes to secondary data, guidelines were set up. The greenfee chosen was the highest greenfee, which is the price on a weekend during high season for an adult.

4.7. Validity

Validity revolves around whether the chosen measurement measures the concept you want to measure or not (Bryman & Bell, 2011). There are five ways of determining validity according to Bryman and Bell (2011). Firstly, by checking the measurement with experts or others with experience in the field of the concept the measurement can receive face validity. In this study no test of the face validity was done, by testing and interviewing members of the population, due to the time restriction. However, the questionnaire was checked by three members of the faculty at Kristianstad University.

Secondly, a measurement can be validated through concurrent validity. Concurrent validity is based on the researcher employment of a criterion, which is known to differ and is relevant to the concept. In this research concurrent validity has been adopted connected to the concept of reputation. For example, golf clubs greenfee vary and the assumption is that level of reputation, explained by the level of stakeholder management, can explain the variance in price. However, the validity can be questioned if the results shown no correspondence.

Thirdly, you can give a measurement predictive validity by using a future criterion, but this is not applicable in this research, since this is a study conducted under a short time period. Fourthly, one can give a measurement convergent validity by, in this case, for example observe the stakeholder management process to ensure that the questionnaire quantifies the concept in the right way. This would have preferable been done, but would have required a longer research time frame.

In this dissertation the measurements are largely validated through the fifth way, construct validity. Construct validity is created by deducing hypotheses on relevant theory for the concepts. Measurements used in this dissertation are largely based on measurements used in previous research. One exception is the measurements for the concept stakeholder management process. Processes are usually research with qualitative methods, however due to the specific population chosen in this study, a quantitative measure of the process has been possible to construct. Since all golf clubs are required to follow SGFs mission, which is presented as five statements that are closely connected to the stakeholder management process of actively identifying stakeholders and their needs and clearly showed a prioritisation, these statements were used to assess how active clubs are in their stakeholder management process.

4.8. Generalisability

The generalisation of the results of this study will be limited, since the generalisability is restricted to the population studied (Bryman & Bell, 2011). Since the study is conducted in Sweden, the generalisability is limited to the Swedish context. The generalisation in non-profit sector is further limited to the golf industry, since this was the chosen population within the non-profit sector.

4.9. Ethical considerations

The chosen method in this study was a web survey distributed by email. Due to the restricted time to conduct this study, the invitation to participate in the study was send out to the recipients' without retrieving the recipients prior approval. However, the email contained information about the purpose of the study as well as an opportunity for the recipients to decline to participate in the study. Those that declined to participate were removed from the email list and did not receive any reminder. Since the email was sent without prior consent, contact information to the authors as well as to one of the supervisors was included in the email. This was done to ensure that recipients were able

to receive answers to any questions they might have. The email also informed the recipients that all disclosed information would be handled confidentially.

5. Analysis

In this section the outcomes of the survey are presented. First, the descriptive statistics of the respondents, and the dependent, independent and control variables are presented. Then the results of the correlation and linear regression test are displayed. This section ends with a summary of the results.

5.1. Descriptive statistics

To provide an overview, this section starts with a descriptive presentation of the empirical findings. Firstly, the distributions of respondents based on geographical location, respondents' age and sex, as well as role in the golf club are presented and thereafter, non-responses and response rate. Secondly, descriptive statistics of dependent and independent as well as control variables are presented.

5.1.1. Respondents

As stated before, the identified population was 461 golf clubs, distributed on six regions in Sweden. Seven of these golf clubs were eliminated due to either a termination during 2013 or that the email-addresses were blocked from receiving surveys from Survey Monkey, the tool used to distribute the survey. This leaves the total number of emails sent out to 454 different golf clubs. Table 5.1 shows the response frequency for both total numbers of responses as well as valid surveys.

Table 5.1. Responses and non-responses

Response frequency	Numbers	Percent
Total population	461	
Terminating golf clubs	3	
Blocked emails	4	
Sample selection	454	100%
Bounced emails	3	.7%
Recipients that unregistered	6	1.3%
Non-responses	274	60.4%
Number of responses	171	37.7%
Disqualified surveys	36	
Valid surveys	135	29.7%

Of the sent surveys, three email-addresses were invalid and, therefore, bounced, and six chose to actively unregister from the survey. The survey was open for respondents during one week with only one reminder after three days, which can be an explanation for the large number of non-responses. From the total number of responses, 36 were

deemed of no use, since no questions regarding the independent variables were answered. Two of these disqualified surveys were respondents that started to answer, but then actively chose to unregister. Therefore, the total response rate was 37,7 percent (171 answers) and the valid response rate was 29,7 percent (135 answers), which ought to be sufficient, considering that the entire population was included in the study. Due to the high number of responses normality is assumed, and is, therefore, not tested for. Since this is a total population study, it is important to show how the responses are distributed geographically (see table 5.2).

Table 5.2. Geographical dispersion of Swedish Golf Clubs

Part of Sweden	Number of golf clubs	Sample Selection	Number of responses	Number of valid responses	Valid responses in percent
South	76	75	27	24	32.0%
West	94	92	40	31	33.7%
East	97	96	42	31	32.3%
Stockholm	51	50	13	11	22.0%
Middle	83	82	31	21	25.6%
North	60	59	18	17	28.8%
Total	461	454	171	135	29.7%

As table 5.2 shows the responses are distributed somewhat evenly across the six regions, both total responses and valid responses. This minimises potential geographical bias.

The respondents were mostly the chairman of the board, as shown in table 5.3. The other respondents were either other members of the board or the club manager and equivalent roles. The responses from non-chairmen were deemed valid, since the respondents were considered to be authorised to answer.

Table 5.3. Respondents' role at the golf club

Respondent role	Number of respondents	Percent
Chairman	104	77.0%
Other	29	21.5%
No answer	2	1.5%
Total	135	100%

Thirteen of the respondents in the category of "other" are members of the board. The reason for the predominant answers from board members is that the email was foremost addressed to a member of the board with a clear reference that answers are wanted from

a board member. The respondents are predominantly male, with a high average age, as shown in table 5.4. This reflects the reality of the golf club industry.

Table 5.4. Respondents' sex and age

Sex	Number of respondents	Percent
Male	120	89%
Female	13	10%
No answer	2	1%
Total	135	100%

	Minimum	Maximum	Mean
Respondent age	34	74	59.5

5.1.2. Dependent variables

The dependent variables are, as stated before, *the number of members in relation to the maximum number allowed* or *the number of members in relation to total number of holes*, *member trend*, *number of sponsors*, *sponsor revenue*, *greenfee guests per hole*, and *greenfee* during high season. Table 5.5 shows an overview of the results from the survey; however, member trend will be displayed separately due to the nature of the question.

Table 5.5. Overview of dependent variables

	N	Minimum	Maximum	Mean	Std. Deviation
Members per hole	135	0	333	52.79	31.260
Greenfee guests per hole	124	15	667	244.23	141.383
Greenfee	135	100	895	398.11	136.009
Sponsor revenues	126	0	3200000	610860.32	651723.424
Number of sponsors	126	0	200	41.48	29.637
Valid N (listwise)	117				

The choice to use the dependent variable members per hole instead of members in relation to the maximum allowed has been made, due to that 78 out of 135 (57,8%) of the respondents answered that they do not have a limitation on the number of members. This could be due to the increased competition in the industry (Magnusson, 2013), which has made the restriction on members redundant for the clubs.

Table 5.6. Member trend

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Considerably lower	5	3.7	3.7	3.7
	Lower	58	43.0	43.3	47.0
	The same	33	24.4	24.6	71.6
	Higher	32	23.7	23.9	95.5
	Considerably higher	6	4.4	4.5	100
	Total	134	99.3	100	
Missing	System	1	.7		
Total		135	100		

Member trend is presented in table 5.6 to visualise how the golf clubs number of members have changed in comparison to three years ago. The table clearly shows that most clubs have experienced a change, mainly a decrease. This could be due to the tougher competition in the industry (Magnusson, 2013).

5.1.3. Independent variables

The three independent variables, in this study are the stakeholder management process, the stakeholder management strategy and the ethical identity. Below an overview of the question for all variables are presented as well as a Cronbach's alpha test. For the actual statements, see appendix 3.

5.1.3.1. Stakeholder management process

The stakeholder management process was measured through five seven-point Likert scale statements based on SGFs mission statement. In table 5.7 the descriptive statistics for these statements are presented.

Table 5.7. The stakeholder management process statements

	N	Minimum	Maximum	Mean	Std. Deviation
Q15	135	3	7	5.87	1.054
Q16	133	1	7	4.05	1.751
Q17	134	1	7	5.61	1.419
Q18	134	1	7	5.24	1.441
Q19	134	3	7	6.27	.935
Valid N (listwise)	130				

The Cronbach's alpha test measures the reliability of the chosen measures, and was, therefore, made to ensure that these five statements measure the same concept. The

result of the test was a Cronbach's alpha value of 0,675, which borderlines to what is accepted (Pallant, 2010; Bryman & Bell, 2011).

5.1.3.2. Stakeholder management strategy

The stakeholder management strategy was intended initially to be measured by three seven-point Likert scale statements as well as through a text analysis, where the respondents' description of their mission statement is compared to the SGFs mission statement and graded on a seven-point scale. The text analysis was deemed to be too difficult to conduct and would not give a fair value, due to the variety of answers, and is, therefore, omitted from the analysis. The descriptive statistics for the three statements used to measure stakeholder management strategy is presented in table 5.8.

Table 5.8. Stakeholder management strategy statements

	N	Minimum	Maximum	Mean	Std. Deviation
Q20	133	3	7	6.01	.973
Q21	135	2	7	5.92	1.051
Q22	135	1	7	5.16	1.263
Valid N (listwise)	133				

The Cronbach's alpha test on these statements gave a value of 0,760, which is within acceptable limits (Bryman & Bell, 2011; Pallant, 2010).

5.1.3.3. Ethical identity

The ethical identity was measured through two sets of three seven-point Likert scale statements; one measuring revealed ethics and the other applied ethics. The descriptive statistics for the two sets of statements are presented in table 5.9 and 5.10.

Table 5.9. Revealed ethics statements

	N	Minimum	Maximum	Mean	Std. Deviation
Q23	134	2	7	5.83	1.173
Q24	134	2	7	5.28	1.159
Q25	132	1	7	4.66	1.228
Valid N (listwise)	131				

The Cronbach's alpha value for the revealed ethics statements was 0,760, which is an acceptable value (Bryman & Bell, 2011; Pallant, 2010).

Table 5.10. Applied ethics statements

	N	Minimum	Maximum	Mean	Std. Deviation
Q12	135	3	7	6.28	.911
Q13	134	1	7	6.31	1.166
Q14	132	1	7	5.42	1.371
Valid N (listwise)	131				

The Cronbach's alpha value for the applied ethics statements was 0,681, which is just shy of the accepted value of 0,7 (Pallant, 2010; Bryman & Bell, 2011). However, when combining all six statements in the Cronbach's alpha test the value of 0,740 is given. This is a more appropriate value, since both sets combined measure the ethical identity.

5.1.3.4. Factor analysis

To ensure that the statements are accurately grouped statistically according to the theoretical operationalisation, a factor analysis is conducted. A factor analysis is a data reduction technique which aims at reducing a large amount of variables into smaller sets of components (Pallant, 2010). This is especially appropriate in this research, since the boundaries of the three concepts of stakeholder management are somewhat unclear.

The data set was verified to be suitable for a factor analysis, since the Kaiser-Meyer-Olkin Measure of Sampling Adequacy was 0,779, which is above the limit of 0,6, the Bartlett's Test of Sphericity value was significant (.000) and a sufficient amount of correlation coefficients were over .3 (Pallant, 2010).

The factor analysis showed three components with an eigenvalue over one (Pallant, 2010), which was in line with the theoretical conceptualisation. However, a slightly different grouping of the questions was identified through the analysis. The grouping of questions according to the factor analysis is displayed in table 5.11.

Table 5.11. New grouping of questions after factor analysis

	Component		
	1	2	3
Q15 Process	.758		
Q23 Revealed ethics	.698		
Q25 Revealed ethics	.668		
Q19 Process	.634		
Q16 Process	.538		
Q13 Applied ethics		.783	
Q18 Process		.746	
Q14 Applied ethics		.733	
Q17 Process		.676	
Q21 Strategy			.842
Q22 Strategy			.742
Q20 Strategy			.729

Component one clearly loads the questions regarding the stakeholder management process and is, therefore, classified as the process. When examining the two revealed ethics questions, one can make the judgement that these questions belong within the process component. These two questions revolve around communication, which is an activity in itself. Since the process is deemed as an activity, it is reasonable that these questions are regrouped as process statements. The Cronbach's alpha test for the process component gives a value of 0,718, which is an increase from the original composition.

Component two contains two questions related to ethics as well as two process questions, and the choice was made to classify this component as the ethical identity. This classification is reasonable, since the two process questions revolve around including the society and community in the sport, which could be seen as statements that measure the ethical stance. The Cronbach's alpha value for this component is 0,753, which is similar to the original value found. This new grouping change the dynamic of the ethical identity from a two part component into a unified concept, but still measures the strength of the ethical identify. Component three only loads the original strategy questions and has, therefore, not been changed. The Cronbach's alpha value remains at 0,760 as stated before.

Question 12 and 24 (see appendix 3) were excluded due to double loading. The reason for excluding the questions was because they double loaded with fairly equal value,

which made the choice of classification difficult. Double loading within factor analysis creates uncertainty in the observations. Question 12 double loaded on component one (process) and two (ethical identity). When examining the question, it is deemed that due to the formulation of the question, it measures both components. The question revolves around both the responsibility towards people and the environment, which shows the ethical stance and actively contributing to society. As stated before, activity can be seen as a process. After the examination, one can find a logical explanation for why the question double loads on these components and is, therefore, removed from the analysis. Question 24 double loaded on component one (process) and three (strategy). There is a logical explanation for the double loading due to the formulation of the question. The question firstly revolves around continuous communication, which is a process. Secondly the question revolves around the board rather than the golf club. Therefore, the statement is connected to strategy, since the board's main task concerns the strategy of the organisation. Hence, this question is also removed from the analysis.

Since it is deemed that the new grouping according to the factor analysis is logical and reasonable, and that the boundaries between the concepts are slightly unclear, the choice is made to use these new groupings in the further analysis. New variables for the stakeholder management process, ethical identity and stakeholder management strategy are made based on the factor scores.

5.1.4. Control variables

The descriptive statistics of the control variables respondents' role, gender and age are previously presented in section 5.1.1. In this section descriptive statistics of the remaining control variables are presented.

Geographical location is used as a dummy variable and the clubs are classified as either having a close proximity to a large city or not. As stated before, the clubs in the Stockholm, west and south areas of Sweden are classified as having a close proximity to a large city and are coded as zero. As seen in table 5.12, about half of the respondents are situated in the Stockholm, west or south area.

Table 5.12. Geographical location

	Frequency	Percent
Stockholm, West and South	66	48.9%
Other areas of Sweden	69	51.1%
Total	135	100,0%

The golf industry is an odd non-profit industry, since golf clubs can be managed as a limited liability company. Therefore, whether or not the clubs is perceived as a non-profit organisation is controlled for in the analysis. Those that do not perceive themselves as non-profit are coded as one. As seen in table 5.13, about ten percent of the respondents do not consider themselves as non-profit organisations.

Table 5.13. Non-profit organisation

	Frequency	Percent
Yes	117	86.7%
No	13	9.6%
No Answer	5	3.7%
Total	135	100%

The economic result of the golf club is used as a dummy variable. As seen in table 5.14, the dummy variable is divided into the categories negative and null/positive result, where null/positive is coded as one.

Table 5.14. Economic results for the years 2012 and 2011

	Result 2012: Frequency	Result 2012: Percent	Result 2011: Frequency	Result 2011: Percent
Negative	38	28.1%	28	20.7%
Null/Positive	96	71.1%	99	73.3%
No answer	1	0.7%	8	5.9%
Total	135	100%	135	100%

The organisational age of the club is based on the year the golf course was firstly playable. Amongst the respondents the organisational age has a wide range, as seen in table 5.15.

Table 5.15. Organisational age

	Number of answers	Minimum	Maximum	Mean
Organisational age	135	4	102	29.96

5.2. Pearson correlation matrix

Pearson correlation matrix provides correlation coefficients that indicate whether there is a relationship between two variables (Pallant, 2010). The correlation coefficient indicates whether the relationship is positive or negative and the numeric value shows the strength of the relationship. The correlation coefficients for all the variables in this study are presented in table 5.16. The matrix is also found in appendix 4 in a larger scale. The significant level used is 5 percent, to find indications of relationships.

Table 5.16. Correlation matrix

Variables	Mean	Std. Dev.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
1 Process	.000	1.000																	
2 Ethical identity	.000	1.000	.000																
3 Strategy	.000	1.000	.000	.000															
4 Members/hole	52.79	31.26	.193*	.021	.162														
5 Greenfee guests/hole	244.23	141.383	.197*	-.098	-.043	.115													
6 Greenfee	398.11	136.009	.311***	-.314***	-.019	.121	.336***												
7 Sponsor revenue	610860.32	651723.424	.254**	-.385***	-.041	.108	.236**	.524***											
8 Member trend	2.82	.988	.055	-.095	-.031	.026	.138	.105	.159										
9 Number of sponsors	41.48	29.7637	.090	.062	-.057	.130	.116	.215*	.326***	-.008									
10 Geographical location	.51	.502	-.101	.125	-.051	.028	-.257**	-.282***	-.181*	-.119	-.060								
11 Non-profit	.10	.301	.066	-.299***	.027	-.035	.340***	.050	.032	-.089	-.147	-.036							
12 Result 2012	.72	.452	-.021	-.062	-.118	-.054	.007	.005	-.011	.189*	.046	-.057	.085						
13 Result 2011	.78	.416	-.016	-.008	-.137	.030	.002	-.053	.098	.118	.115	-.009	.044	.368***					
14 Organisational age	29.96	18.166	.171	.009	.006	.162	.016	.293***	.341***	-.097	.216*	-.202*	-.121	-.016	.078				
15 Respondents role	.22	.414	-.047	-.090	.054	.161	.202*	.061	-.082	-.055	-.071	-.059	.312***	.161	.181*	.016			
16 Gender	.10	.298	-.006	.056	.107	-.032	.040	.086	-.140	-.225**	-.042	-.083	.158	.036	-.027	.003	.316***		
17 Respondent age	59.5	10.062	.154	.191*	-.143	.014	-.157	-.116	-.035	-.008	.090	.027	-.374***	-.082	.018	.013	-.398***	-.148	

Note:

*p < 0,05

**p < 0,01

***p < 0,001

The correlation matrix shows a positive relationship between the stakeholder management process and members per hole, greenfee guests per hole, greenfee and sponsor revenue. The matrix also shows a significant negative relationship between ethical identity and greenfee, sponsor revenue and the control variable non-profit as well as a positive relationship between ethical identity and respondent age.

Geographical location has a significant negative relationship between greenfee guests per hole, greenfee and sponsor revenue. Organisational age has a significant positive relationship between greenfee, sponsor revenue and number of sponsors as well as a negative relationship with geographical location.

The hypotheses will not be tested based on the correlation matrix, but instead on the basis of the multiple linear regression in the next section. The significance level for testing the hypotheses will be set at 5 percent.

5.3. Multiple linear regression

Multiple regression is a technique used to explore the relationship between one dependent variable and a number of independent variables (Pallant, 2010). It allows not only the exploration of correlations, but also the interrelations between the different variables. The justification for using this particular technique in this study is that it allows testing of the entire model as well as information of how each different variable contribute to the model. Another reason for using multiple regression is that the method allows the inclusion of control variables within the model (*ibid.*, 2010).

In this paper a multiple linear regression is applied, which allows for the independent and control variables to be entered simultaneously into the equation (Tabachnick & Fidell, 2006). The technique is not suitable for small samples with skewed scores. However, in this study the sample is of sufficient size and the scores not skewed, which makes it suitable. It is also important that multicollinearity and singularity are checked for. When there is a strong correlation between the different independent variables multicollinearity occurs (*ibid.*, 2006). In this research this is avoided by using factor scores instead of mean values, which eliminates the risk of multicollinearity between the independent variables. However, there could be multicollinearity between the independent and control variables and between the control variables themselves. All models pass the test of multicollinearity, since the Variance inflation factor (VIF) lies between 1,046 and 1,204.

Before testing of the hypotheses began, all control variables were controlled for and the once with little scientific and theoretical relevance were excluded from the analysis. The control variables left in the regression are; geographical location, whether the club is non-profit, the result of 2012 and 2011, and the organisational age. The once deemed irrelevant were respondents characteristics such as age, sex and role in the club.

When using multiple linear regression to test the model, three dependent variables, members per hole, member trend and number of sponsors, showed no significance and will not be presented in the continuation of this report. To see the result of these tests,

see appendix 5. However, the remaining three dependent variables showed interesting result and will be reported for.

The hypotheses tested are:

- *Hypothesis 1: The stronger the organisation's stakeholder management process is, the more it will positively affect non-financial outcome*
- *Hypothesis 2: The stronger the stakeholder management strategy is, the more it will positively affect non-financial outcome.*
- *Hypothesis 3: The stronger the ethical identity of the organisation is, the more it will positively affect non-financial outcome*
- *Hypothesis 4: Organisations that more strongly apply all three concepts of stakeholder management will have a larger positive effect on non-financial outcome*

5.3.1. Greenfee guests per hole

The result of the multiple linear regression conducted on the dependent variable greenfee guests per hole is presented in table 5.17. The choice to use the standardised Beta-value, instead of the unstandardised, is due to that the standardised Beta enables comparison, since each of the different variables are converted to the same scale (Pallant, 2010).

Table 5.17. Regression test on greenfee guests per hole

Greenfee guests per hole	Standardised Beta	t-value
Constant	287.038	7.007
Process	.159	1.631
Ethical identity	-.014	-.135
Strategy	-.055	-.571
Geographical location	-.224*	-2.217
Non-profit	.212*	2.088
Result 2012	.011	.110
Result 2011	-.095	-.933
Organisational age	-.024	-.240

Adjusted R²= .082

VIF value, highest = 1.204

F-value = 2.163*

*p < .05

**p < .01

***p < .001

To evaluate the model the adjusted R squared is checked. When testing the model on the dependent variable greenfee guests per hole, 8,2 percent of the variance is explained by the independent and control variables. When checking for the variables individual contribution, one can see that it is only the control variables geographical location and non-profit that make a unique statistically scientific contribution at the $p < .05$. This means that none of the independent variables stakeholder management process, ethical identity or stakeholder management strategy significantly contributes to the model, which means that hypotheses 1, 2 and 3 are not supported. However, the stakeholder management Process approaches significance at the $p < .1$ level, which is a weak indication of significance. The model including all of the independent and control variables is significant at $p < .05$. Hypothesis 4 states that there should be a positive relationship between the independent variables and greenfee guests per hole. However, only the stakeholder management process has a positive relationship, whereas the ethical identity and stakeholder management strategy has a negative relationship to greenfee guests per hole. Therefore, there is no support for hypothesis 4.

5.3.2. Greenfee

Table 5.18 shows the results from the multiple linear regression test on the dependent variable greenfee.

Table 5.18 Regression test on greenfee

Greenfee	Standardised Beta	t-value
Constant	354.013	10.763
Process	.204*	2.442
Ethical identity	-.245**	-2.851
Strategy	-.070	-.853
Geographical location	-.206*	-2.425
Non-profit	.006	.071
Result 2012	.093	1.052
Result 2011	-.038	-.435
Organisational age	.285***	3.355

Adjusted R²= .269

VIF value, highest = 1.199

F-value = 6.161***

* $p < .05$

** $p < .01$

*** $p < .001$

As shown in table 5.18 the variance of the dependent variable greenfee is to 26,9 percent explained by the independent and control variables. When looking at the variables separately, one can see that the stakeholder management process, ethical identity, geographical location and organisational age contribute statistically significantly. Due to the positive relationship between the stakeholder management process and greenfee, there is support for hypothesis 1 at the $p < .05$ level. However, there is no support for hypothesis 2 and 3, since the ethical identity and stakeholder management strategy has a negative relationship with greenfee, although ethical identity is showing significance at $p < .01$. The model including all the independent and control variables show a statistical significance at the $p < .001$ level, but there is no support for hypothesis 4 due to the lack of a positive relationships between all independent variables and greenfee.

5.3.3. Sponsor revenue

Table 5.19 shows the results from the multiple linear regression test on the dependent variable sponsor revenue.

Table 5.19 Regression test on sponsor revenue

Sponsor revenue	Standardised Beta	t-value
Constant	158130.498	.904
Process	.167*	1.982
Ethical identity	-.383***	-4.332
Strategy	-.002	-.029
Geographical location	-.048	-.541
Non-profit	-.105	-1.198
Result 2012	-.040	-.454
Result 2011	.124	1.403
Organisational age	.343***	3.903

Adjusted R²= .299

VIF value, highest = 1.189

F-value. = 6.611***

* $p < .05$

** $p < .01$

*** $p < .001$

As shown by the adjusted R squared, the variance in the dependent variable sponsor revenue is to 29,9 percent explained by the independent and control variables. Examining the independent and control variables individual significant contribution, table 5.19 show that the stakeholder management process and the ethical identity as

well as organisational age significantly contribute to the model. There is support for hypothesis 1 at the $p < .05$ level, since a positive relationship between the stakeholder management process and sponsor revenue exists. However, there is no support for hypothesis 2 and 3, since the relationship between ethical identity as well as stakeholder management strategy to sponsor revenue is negative. The relationship between ethical identity and sponsor revenue shows significance at the $p < .001$ level. The model also shows significance at $p < .001$ level, but due to the lack of a positive relationship between all independent variables and sponsor revenue, there is no support for hypothesis 4.

5.4. Summary

To test the hypotheses in this research a multiple linear regression technique has been chosen. This is suitable since the model consists of multiple independent and control variables that need to be tested simultaneously. Table 5.20 sums up the findings and shows the supported and non-supported hypotheses.

Table 5.20. Supported and non-supported hypotheses

	Hypothesis 1	Hypothesis 2	Hypothesis 3	Hypothesis 4
Members/hole	No support	No support	No support	No support
Greenfee guests/hole	No support	No support	No support	No support
Greenfee	Supported	No support	No support	No support
Sponsor revenue	Supported	No support	No support	No support
Member trend	No support	No support	No support	No support
Number of sponsors	No support	No support	No support	No support

Even though most hypotheses are not supported, many of the findings are of significance and should be of interest. Greenfee guests per hole, greenfee and sponsor revenue showed several significant results, just not in line with the research hypotheses.

6. Thesis conclusions

In this final section a summary of the dissertation and its findings are presented. This is followed by the empirical, methodological, theoretical and ethical contributions. Then a reflection of the findings and non-findings is made. The section ends with the limitations of this study as well as suggestions for future research.

6.1. Summary of the dissertation and its findings

This study aims at answering the research question; how do stakeholder management practices influence organisational outcome in non-profit organisations? Prior research has been used to conceptualise stakeholder management and three parts were identified; the stakeholder management process, the stakeholder management strategy and ethical identity. The results from the quantitative survey sent to Swedish golf clubs show that stakeholder management has some effects on the non-financial organisational outcome reputation. However, the parts of stakeholder management had different effect on the different dimensions of reputation. The stakeholder management process positively affects the following dimensions of reputation; quality and visibility. Quality was measured by greenfee and visibility by sponsor revenues. The stakeholder management strategy did not significantly affect any dimensions of reputation, which is a surprising finding. The organisations ethical identity had a significant negative relationship to the quality and visibility dimensions of reputation.

Stakeholder management as a whole did not affect the reputational dimensions trustworthiness, stakeholder satisfaction and legitimacy. Trustworthiness was measured by members per hole, stakeholder satisfaction by member trend and legitimacy by number of sponsors. However, stakeholder management as a whole had effect on attractiveness, quality and visibility, where the reputational dimension attractiveness was measured by greenfee guests per hole.

Stakeholder management's effects on attractiveness cannot, to a statistically significant level, be explained by any of the individual parts of stakeholder management, as seen in table 5.17. The effect is rather statistically explained by the geographical location and if the organisation considers itself non-profit or not. There is a statistically significant positive relationship to attractiveness if the organisation does not consider itself a non-profit organisation. There is also a statistically significant negative effect on

attractiveness if the club is not located in the regions with close proximity to the three large cities Stockholm, Göteborg and Malmö. However, the whole model with the independent and control variables included is significant at $p < .05$.

Stakeholder management's effects on quality can be explained to a statistically significant level by the stakeholder management process, the ethical identity, geographical location and organisational age, as seen in table 5.18. The stakeholder management process has a positive effect on quality; whereas ethical identity has a negative effect. This means that the less ethical the golf club is, the higher greenfee is charged at the golf club, which is the opposite relationship to what was hypothesised. The golf clubs with close proximity to Stockholm, Göteborg and Malmö take higher greenfee, as well as older golf clubs. The assumption that organisational age affects the reputation is, therefore, accurate. The model as a whole, including the independent and control variables, is significant at $p < .001$.

Stakeholder management's effect on visibility can be explained to a statistically significant level by the stakeholder management process, the ethical identity and organisational age. Both the process and the organisational age have positive effects on visibility, whereas ethical identity has a strong negative effect, as seen in table 5.19. Also here there is an opposite effect of what was hypothesised regarding ethical identity. The results show that the less ethical the golf club is the more sponsor revenues are received. The whole model is significant at the $p < .001$ level.

6.2. Empirical contributions

This study contributes to the research in the non-profit field, which has been less research than the for-profit field concerning stakeholder management (Coombs & Gilley, 2005; Laplume, Sonpar, & Litz, 2008). Stakeholder theory has been criticised for not being applicable to other organisations than large for-profit firms (Laplume, Sonpar, & Litz, 2008), and this study is a small step towards making stakeholder theory applicable for non-profit organisations.

6.3. Methodological contributions

Prior quantitative research concerning stakeholder management has to a large extent used data bases that compile information about public companies on different aspects connected to CSR (e.g. Hillman & Keim, 2001; Moore, 2001; Waddock & Graves,

1997). The problem with the use of these data bases is that studies are limited to companies included in the data bases. Another problem is that it can be questioned whether these data bases measure stakeholder management or not, especially since it is only applicable on a small percent of the total business sector (Laplume, Sonpar, & Litz, 2008). In this dissertation an alternative mean of measuring stakeholder management has been created, in order to address these issues, since no alternative measure of stakeholder management was found.

The methodological contribution of this study is, therefore, a different way of measuring the concept of stakeholder management, which is applicable on more types of organisations. This study has also found a way to quantify a process, which is usually best measured through qualitative methods. The process was measured through self-evaluation, using seven-point Likert scale statements regarding the degree of activity in the process.

When it comes to performance measures, they should be firm and industry specific (Richard, Devinney, Yip, & Johnson, 2009). This study contributes with performance measures, which are theoretically valid measures of reputation in the golf industry.

6.4. Theoretical contributions

The theoretical contribution of this dissertation is a new wider conceptualisation of the concept stakeholder management, incorporating not only stakeholder theory, but a wider range of prior research connected to a stakeholder approach. Due to the lack of a unified conceptualisation of stakeholder management (Tse, 2011), the conceptualisation created in this dissertation has incorporated stakeholder theory from both the normative and managerial branch. This is an attempt to converge the two branches, as Minoja (2012) suggests. It is also an attempt to conceptualise stakeholder management as a single strategic framework according to Freeman's and McVea's (2001) idea. Freeman and McVea (2001) also state that the stakeholder approach should be developed through studies on a specific industry, which is done in this dissertation, and not through abstract theory development. Another contribution is that the study is conducted in the non-profit sector.

The stakeholder management process has in previous studies been studied by qualitative methods as longitudinal case studies (Ackermann & Eden, 2011). Also several scientific

articles on the normative development of the theory regarding the stakeholder management process have been published (e.g. Achterkamp & Vos, 2007; Crane & Ruebottom, 2011). Prior studies have also developed models for identifying stakeholders in innovative projects (Vos & Achterkamp, 2006). This study, therefore, contributes theoretically to the theory of the stakeholder management process by statistically testing how the activity of the process affects the non-financial outcome reputation. The results of the study show that the stakeholder management process has a statistically positive effect on certain aspects of reputation in the studied population. The results show that the critique towards the theoretical stakeholder management process is not supported in practice, namely that the theory does not sufficiently identify the factual stakeholder (Laplume, Sonpar, & Litz, 2008). It rather supports Mitchell, *et al.* (1997) idea that managers have no problems with identifying the stakeholders that have power over the organisation. However, this is only supported if you assume that a positive effect on organisational outcome by the stakeholder management process is due to the correct identification and prioritisation of the stakeholders, and not other factors that are not tested for in this research.

According to prior theoretical scientific articles a stakeholder-oriented strategy is the only way to ensure long-time survival of the organisation (Freeman & McVea, 2001; Parmar, *et al.*, 2010). Therefore, a stakeholder-oriented strategy, that is a strong stakeholder management strategy, should theoretically enhance organisational outcome. However, previous research has shown that stakeholders do not affect the organisational strategy (Berman, Wicks, Kotha, & Jones, 1999). This despite that Frooman (1999) presents theoretical arguments to why organisational strategy is not separated from the organisation's stakeholders. This study contributes by showing that a strong stakeholder management strategy does not significantly affect non-financial outcome in the studied population. This supports Berman, *et al.* (1999) findings, since a more complex model that incorporates a wider range of variables did not show other results than in the aforementioned study.

Previous quantitative research on the organisational ethical identity's affect on organisational outcome has shown that it has a positive effect on organisational financial outcome (Berrone, Surroca, & Tribó, 2007). Previous qualitative research has indicated that a strong ethical identity only can be built if the organisation has a proactive stance, namely does not use social responsibility as a marketing tool (Fraj-

Andrés, López-Pérez, Melero-Polo, & Vásques-Carrasco, 2012). This study shows results that do not support previous findings, since the relationship found is that the stronger the ethical identity is, the less it positively affects the non-financial outcome reputation.

The articles that describe stakeholder management in terms used for the conceptualisation of stakeholder management in this study are foremost theoretical articles. The theoretical contribution of this study is, therefore, the testing of the stakeholder management concept in the terms of a process, strategy and ethical identity. However, one study that used stakeholder management in a similar way as in this study was a quantitative study by Greenley and Foxall (1997). This study showed a positive relation between organisational performance and multiple stakeholder-orientation. However, this relationship is moderated by external factors such as competitive hostility and market growth. The findings in this study do not support Greenley and Foxall's (1997) findings. However, the model in this study does not take into account eventual moderating factors.

To summarise, the results imply that the conceptualisation of stakeholder management in this study needs to be revised. Either stakeholder management only consists of two parts, a process and an ethical identity, where the parts have opposite effect on organisational performance or that the effects of stakeholder management are moderated by factors not included in this study. However, the conceptualisation in this dissertation needs to be tested in other contexts, to evaluate if and how the theoretical conceptualisation should be modified to best explain the effects on organisational outcome.

6.5. Ethical implications

The findings in this study have ethical implications on stakeholder theory and the stakeholder approach, if the negative relationship between ethical identity and organisational outcome would be found in other non-profit organisations or for-profit firms. The findings in this study clearly contradict the notion that all firms have to consider ethics in their business strategy (Berrone, Surroca, & Tribó, 2007) due to the increased transparency and scrutiny of everything an organisation does (Freeman & Moutchnik, 2013). However, since this is a study on a specific population, the model needs to be tested in other contexts, to see if there is a consistent negative relationship

between ethical identity and organisational outcome. If less ethical organisations would enhance organisational outcome, the key assumption of stakeholder theory, namely that the long-term survival of the firm depends on its ability to create value for numerous stakeholders (Minoja, 2012), would have to be questioned. The question is how an organisation can create value for stakeholders through a weak ethical stance. For stakeholder management to be successful and ensure long-term survival, the organisation needs to have the support of its stakeholders (*ibid.*, 2012). The question is if the findings in this study mean that the stakeholders support less ethical behaviour. This would contradict Freeman's idea that business and ethics are intertwined (Freeman & Moutchnik, 2013).

The findings could be explained by the choice to study a sport industry. Sport is a non-profit sector that has characteristics that other non-profit organisations do not share. The sport industry can be seen as hybrid organisations, namely as both for-profit and non-profit organisations. To explain this statement, the hockey and football industry will serve as examples. In both these industries, clubs have become more dependent on sponsor revenues, due to the extreme salaries the players receive. Hence, clubs are more dependent of generating revenues to be able to meet these costs. One could, therefore, argue that organisations become more creative when it comes to attracting sponsors, since there is competition over sponsor revenues. This might lead to the creation of sponsor deals that entice organisations to sponsor, not because of the willingness to do good, but rather due to receiving corporate benefits. Creative sponsor deals might not be considered entirely ethical.

In the golf industry it is not extreme salaries that are the issue, but rather the high costs of maintaining a high quality golf establishment. Due to the large costs and the high competition within the industry (Magnusson, 2013), clubs need to attract sponsors and, therefore, create sponsor packages that benefits the sponsoring organisations. This might explain the negative relationship between ethical identity and reputation in the golf industry. This relationship would probably not exist in purely charitable non-profit organisations such as Amnesty and the Red Cross.

6.6. Reflections of the findings and non-findings

The inspiration for this study came from Laplume, *et al.* (2008) review of the academic stakeholder theory literature between the years 1984 and 2007. This article clearly

showed the existing research gaps concerning stakeholder management. The research topic chosen was intended to develop the area of stakeholder management.

This study provided some interesting results; therefore, some potential explanations will now be discussed. That golf clubs that do not consider themselves non-profit organisations have more greenfee guests is not surprising. These clubs probably try to maximise revenues and can, therefore, be assumed to more actively try to maximise the number of greenfee guests over the break-even point. Those golf clubs that consider themselves non-profit organisations are probably more likely to not over-crowd the courses to ensure that members easily can book starting times.

Strategy had no found effect on reputation, which is hard to explain. However, a strategy is redundant if it is not acted upon. If a strategy is not formulated, the actions in the day-to-day operations can be seen as the proxy. Stakeholder management according to Freeman and McVea (2001) is a stable single strategic framework, where the stability stems from an active strategic process. Ackermann and Eden (2011) also state that in order to formulate the strategy, the process of identifying and prioritising stakeholder needs is the first step. Therefore, the stakeholder management process might represent the stakeholder strategy in action; whereas the strategy in itself only is a frame of mind or a direction of the organisation.

The negative relationship between ethical identity and organisational outcome is the most interesting result in this study. This relationship could possibly be explained from two perspectives. Firstly, people that are more ethical might scrutinise their own behaviour to a large extent and value their actions lower than those that are less ethical. Therefore, they would grade themselves lower in a self-evaluation survey. Secondly, those with less ethics might be a bit more creative. Since the negative relationship between ethical identity and reputation were in the areas visibility, measured by sponsor revenues, and quality, measured through greenfee, less ethical managers and board members would seek to increase their revenues through more creative means. They might take a high greenfee as long as they get away with it and put together attractive sponsor deals for companies wishing to take advantage of the taxation system, making their hobby tax-deductible. This second explanation is probably more likely, considering how the Swedish taxation system works.

The models including the trustworthiness, stakeholder satisfaction and legitimacy dimensions of reputation did not show any significance. The non-significance can be due to faulty choices of outcome measures. Trustworthiness was measured through members per hole, stakeholder satisfaction through member trend and legitimacy through number of sponsors. However, there might be other reasons for the lack of significance.

The golf industry is somewhat affected by the recession, at least when it comes to members, since it is a fairly expensive sport. The golf clubs have a relatively high average age among the members and the sport has shown declining member rates for the past seven years (Magnusson, 2013). The declining member rates can be explained by older members leaving and the inability to attract new members to the sport. The decline can also be explained by the increased competition within the industry (*ibid.*, 2013). All this can explain why a relationship between stakeholder management and members per hole as well as member trend was not found.

It has previously been theoretically argued in section 4.4.1.1 that the willingness to sponsor is connected to whether the organisation is perceived as legitimate or not. The sponsor puts his own reputation at stake when deciding to sponsor an organisation. This study did not find any relationship between stakeholder management and number of sponsors, which was the measure of the golf clubs' legitimacy. The reason for a lack of relationship can be due to the negative relationship found between ethical identity and sponsor revenue. Another reason can be due to the lack of a definition in the survey of what a sponsor is. Therefore, it is not clear how the respondents have answered this particular question. The open answers received in the survey indicated that there are several categories of sponsors, for example sponsors of specific competitions, corporate sponsor packages and course sponsors.

This study did not fully answer the research question, but instead raised new thoughts for future research. These are together with the limitations of this study presented in the section that follows.

6.7. Limitations and future research

This study contributes to the understanding of stakeholder management's effects on organisational outcome, but is not without limitations. Firstly, this study's results cannot

be generalised outside of the studied population. Future research should, therefore, be conducted on a larger scale, including either a wider range of sport organisations or non-profit organisations. This was not possible in this study due to the time constraint. The model should also be tested in other sectors besides the non-profit sector. Another possibility is for the model to be tested in other countries besides Sweden, to get a broader understanding of cultural differences concerning stakeholder management.

Secondly, this study could have benefited from using a two-step method, namely conducting interviews prior to creating the survey. Interviews could have led to a deeper understanding of which variables best represent the population and improved the quality of the questionnaire (Bryman & Bell, 2011). The two-step method could also have led to more significant results. This was not done in this study, due to the time constraint. Another limitation with the survey is that the questions are self-evaluation statements. There is no way of knowing if the respondents are answering truthfully and how the answers are affected by prior experience and the respondent's ability to be self-critical. However, since the respondents' were informed that the answers were to be handled confidentially, it increases the possibility for truthful answers.

Thirdly, the study could have benefited from having a longitudinal research design, rather than a cross-sectional. A qualitative longitudinal study would have contributed with a deeper understanding of the dynamics of stakeholder management in a specific population. However, longitudinal research is costly and time consuming, and was, therefore, not an option in this dissertation.

Fourthly, a limitation with the created model in this study is the absence of moderating factors. There could have been stronger relationships if a moderator was included in the model. One suggestion is adding environmental factors, such as competition in the industry, to the model.

Finally, the interesting finding concerning the relationship between ethical identity and non-financial outcome indicates that the concept of ethical identity needs to be studied further. A suggestion would be to test the model in purely charitable non-profit organisations.

6.8. Concluding comments

This study as well as prior studies clearly shows that stakeholder management is a complex concept. Therefore, the results of this study add to the already mixed results concerning the relationship between stakeholder management and organisational outcome. We as authors hope that this research will inspire others to try to make sense of the complexity of stakeholder management by testing and improving our model.

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Appendix 1: Articles used to identify the three concepts of stakeholder management

Authors	Process	Strategy	Ethical Identity
Achterkamp, M. C., & Vos, J. F. (2007)	X		
Ackermann, F., & Eden, C. (2011)	X	X	
Arendt, S., & Brettel, M. (2010)			X
Berman, S. L., <i>et al.</i> (1999)	X	X	
Berrone, P., Suroca, J., & Tribó, J. A. (2007)			X
Claydon, J. (2011)	X		
Crane, A., & Ruebottom, I. (2011)	X		
Fraj-Andrés, E., <i>et al.</i> (2012)			X
Freeman, E., & McVea, J. (2001)	X	X	X
Freeman, E., & Moutchnik, A. (2013)	X	X	X
Frooman, J. (1999)		X	
Godfrey, P. C. (2005)		X	X
Greenley, G. E., & Foxall, G. R. (1997)	X	X	
Hutt, R. W. (2010)	X		
Knox, S., & Gruar, C. (2007)	X	X	
Laplume, A., Sonpar, K., & Litz, R. A. (2008)	X	X	X
Mimoja, M. (2012)		X	X
Mitchell, R. K., Agle, B. R., & Wood, D. J. (1997)	X		
Russo, A., & Perini, F. (2010)		X	X
Sarstedt, M., & Schloderer, M. P. (2010)		X	X
Shropshire, C., & Hillman, A. J. (2007)		X	
Van Puyvelde, S., Caers, R., Du Bois, C., & Jegers, M. (2012)	X	X	
Vos, J. F., & Achterkamp, M. C. (2006)	X		
Total	14	14	10

Appendix 2: Survey Questions in Swedish

Forskningsprojekt: golfklubbers intressenthantering

Syftet med undersökningen

Vi är två studenter som studerar ekonomi på Högskolan Kristianstad. Denna enkät är en del av vår kandidatuppsats, där vi vill undersöka hur ideella föreningar hanterar sina intressenter. Intressenter är de som en organisation påverkar eller påverkas av, så som medlemmar, leverantörer, anställda, sponsorer, myndigheter och samhället i stort. Vi är intresserade av hur styrelsen ser på golfklubbens relation till samhället och kommunikation med intressenter. Vi är även intresserade av svar från de klubbar som drivs i aktiebolagsform och vill då ha svar från styrelse, VD eller ekonomiansvarig.

All information kommer att behandlas konfidentiellt.

Nedan kommer först några bakgrundsfrågor.

1. Din roll i styrelsen på golfklubben är:
Om du inte är styrelsemedlem, var god specificera din roll nedan:
2. Vilket år är du född?
3. Kön:

Bakgrundsfrågor om golfklubben

Frågorna nedan kommer främst att beröra uppgifter gällande förra säsongen, dvs. säsong 2012, då årets säsong (2013) precis inletts.

4. Anser ni er vara en ideell förening?
5. Hur många medlemmar hade golfklubben förra säsongen? Om du inte vet exakt antal, uppskatta ett ungefärligt antal.
6. Jämfört med antal medlemmar för tre år sedan, så hade golfklubben förra säsongen.....medlemmar?:
Svarsalternativ: Betydligt färre, färre, lika många, fler eller betydligt fler.
7. Golfklubben har stadgat att det maximala medlemsantalet är:
8. Hur många greenfeegäster hade ni förra säsongen? Om du inte vet exakt antal, uppskatta ett ungefärligt antal.
9. Hur många sponsorer har golfklubben total förra säsongen? Svara i antal företag/organisationer.
10. Hur mycket intäkter kom ifrån sponsorerna under förra säsongen? Svara avrundat till närmsta 1000-tal kronor.
11. Golfklubbens resultat var säsong 2012 och 2011?
Svarsalternativ: negativt, +/-noll eller positivt?

Golfklubbens relation till sina intressenter

Markera på skalan hur väl du som representant för golfklubben instämmer med följande påståenden: Sju punkts Likert skala: från Instämmer inte alls till Instämmer helt.

Som en påminnelse så menar vi att intressenter är de som en organisation påverkar eller påverkas av, så som medlemmar, leverantörer, anställda, sponsorer, myndigheter och samhället i stort.

12. Vi som golfklubb tar vårt ansvar för både människor och miljö och bidrar därför till närsamhället och samhället i stort, utifrån vår förmåga.
13. Golfklubben anser att det är vårt ansvar att utveckla golfen till en sport för alla, oavsett individens bakgrund och förmåga.
14. Golfklubben agerar utifrån intressenternas och samhällets värderingar och viljan att göra gott, inte utifrån att generera fördelar för golfklubben.
15. Golfklubben identifierar och analyserar löpande sina intressenters behov och prioriteringar, för att kunna erbjuda rätt tjänster och service.
16. Golfklubben arbetar aktivt för utvecklandet av elitspelare inom idrotten.
17. Golfklubben går ut aktivt i samhället där barn och ungdomar finns, för att visa att golf är en attraktiv, rolig och utvecklande sport.
18. Golfklubben informerar aktivt allmänheten om golfens fördelar, som en sport för alla.
19. Golfklubben sköter aktivt sina anläggningar ur ett miljöperspektiv och strävar efter ett hållbart nyttjande av naturresurser.
20. När vi fattar de dagliga besluten har vi i åtanke hur våra beslut kommer att påverka våra intressenter.
21. De mål vi strävar efter inom golfklubben är direkt knutna till våra intressenters behov.
22. När styrelsen sammanträder tillbringar vi mycket tid till att diskutera hur vi kan förbättra våra intressentrelationer.
23. Golfklubben uppdaterar sin hemsida kontinuerligt om allt som händer i klubben, både stort och smått.
24. Styrelsen kommunicerar kontinuerligt med klubbens intressenter på många olika sätt.
25. Golfklubben informerar intressenter kontinuerligt om klubbens värderingar, miljöarbete och policys.
26. Beskriv kortfattat golfklubbens verksamhetsidé?
27. Är du intresserad av att ta del av resultatet från denna undersökning? Uppge e-postadress, så skickar vi en kopia när rapporten är klar.

Appendix 3: Survey questions in English

Survey

We are two students that study economy at Högskolan Kristianstad. This survey is a part of our bachelor dissertation, where we want to examine how non-profit organisations manage their stakeholders. Stakeholder are those that an organisation affects or is affected by, for example members, suppliers, employees, sponsors, authorities and society at large. We are interested in seeing how the board sees the golf clubs relationship to society and its communication with stakeholders. We are also interested in answers from those golf clubs that are governed as limited liability companies, and would then like answers from the board, the CEO or CFO.

All information provided will be treated confidentially.

Below are firstly some background questions:

1. Your role on the Board is:

If not a member of the board, please specify your role below:

2. What year are you born?
3. Your Sex:

Background questions about the golf club

The questions below will primarily revolve last season, which is season 2012, since this year's season (2013) has just begun.

4. Do you consider yourself a non-profit organisation?
5. How many members did the golf club have last season? Estimate, if you do not know the exact number.
6. Compared to number of members three years ago, the golf club hadnumber of members last season?
Choice of answers: Considerably lower, lower, the same, higher, considerably higher
7. The golf club has by-lawed that the maximum number of members is:
8. How many greenfee guests did the club have last season? Estimate, if you do not know the exact number.
9. How many sponsors did the club have last season? Answer in number of organisations.
10. How much revenue did the sponsors generate last season? Answer rounded off to nearest thousand kronor.
11. The golf clubs result was season 2012 and 2011:
Choice of answers: Negative, null, positive.

The golf clubs relationship to its stakeholder

Mark on the scale how well you as a representative for the golf club agrees with the following statements:

Seven point Likert scale: from Strongly disagree to Strongly agree.

As a reminder, by stakeholder we mean those that an organisation affects or is affected by, for example members, suppliers, employees, sponsors, authorities and society at large.

12. We as a golf club take our responsibility to both people and environment and therefore contribute to society, to the best of our ability.
13. The golf club believes it to be our responsibility to develop golf into a sport for everyone, no matter individual background or ability.
14. The golf club acts on the behalf of its stakeholders' and society's values, because of the willingness to do good, not to generate benefits for the club.
15. The golf club continuously identifies and analysis the stakeholders needs and prioritise them to be able to offer the right services
16. The golf club actively works to develop professional athletes within the sport.
17. The golf club actively engages in society where children and adolescents are present, to show that golf is an attractive, fun and developing sport.
18. The golf club actively informs the public about the benefits of golf, as a sport for everyone.
19. The golf club actively manages its establishment with an environmental perspective and strives towards a sustainable use of natural resources.
20. When we make the day-to-day decisions, we bear in mind how our decisions will affect our stakeholders.
21. The goals we strive towards within the organisation are directly related to our stakeholders' needs.
22. The board has a large focus on how we can improve our stakeholder relationships.
23. The golf club continuously updates its web site regarding what happens in the club, both small and large events.
24. The board continuously communicates with the club's stakeholders in many different ways.
25. The golf club continuously informs its stakeholders about the club's values, environmental work and policies.
26. Shortly describe the clubs' mission statement.
27. Are you interested in taking part of the results of this study? Give us your email, and we will send you a copy when the report is finished.

NB: Be aware of that some nuances are lost in translation.

Appendix 4: Pearson's Correlation Matrix

Variables	Mean	Std. Dev.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1 Process	.000	1.000																
2 Ethical identity	.000	1.000	.000															
3 Strategy	.000	1.000	.000	.000														
4 Members/hole	52.79	31.26	.193*	.021	.162													
5 Greenfee guests/hole	244.23	141.383	.197*	-.098	-.043	.115												
6 Greenfee	398.11	136.009	.311***	-.314***	-.019	.121	.336***											
7 Sponsor revenue	610860.32	651723.424	.254**	-.385***	-.041	.108	.236**	.524***										
8 Member trend	2.82	.988	.055	-.095	-.031	.026	.138	.105	.159									
9 Number of sponsors	41.48	29.7637	.090	.062	-.057	.130	.116	.215*	.326***	-.008								
10 Geographical location	.51	.502	-.101	.125	-.051	.028	-.257**	-.282***	-.181*	-.119	-.060							
11 Non-profit	.10	.301	.066	-.299***	.027	-.035	.340***	.050	.032	-.089	-.147	-.036						
12 Result 2012	.72	.452	-.021	-.062	-.118	-.054	.007	.005	-.011	.189*	.046	-.057	.085					
13 Result 2011	.78	.416	-.016	-.008	-.137	.030	.002	-.053	.098	.118	.115	-.009	.044	.368***				
14 Organisational age	29.96	18.166	.171	.009	.006	.162	.016	.293***	.341***	-.097	.216*	-.202*	-.121	-.016	.078			
15 Respondents role	.22	.414	-.047	-.090	.054	.161	.202*	.061	-.082	-.055	-.071	-.059	.312***	.161	.181*	.016		
16 Gender	.10	.298	-.006	.056	.107	-.032	.040	.086	-.140	-.225**	-.042	-.083	.158	.036	-.027	.003	.316***	
17 Respondent age	59.5	10.062	.154	.191*	-.143	.014	-.157	-.116	-.035	-.008	.090	.027	-.374***	-.082	.018	.013	-.398***	-.148

Note:

*p < 0,05

**p < 0,01

***p < 0,001

Appendix 5: Multi linear regression with non-significance

Members per hole	Standardised Beta	t-value
Constant	41.296	4.090
Process	.213*	2.215
Ethical identity	-.011	-.111
Strategy	.151	1.588
Geographical location	.124	1.262
Non-profit	.003	.028
Result 2012	-.061	-.599
Result 2011	.064	.640
Organisational age	.126	1.294

Adjusted R²= .033
VIF value, highest = 1.199
F-value = 1.475

Member trend	Standardised Beta	t-value
Constant	2.814	9.271
Process	.081	.853
Ethical identity	-.108	-1.095
Strategy	.031	.333
Geographical location	-.155	-1.593
Non-profit	-.201*	-2.038
Result 2012	.153	1.514
Result 2011	.094	.943
Organisational age	-.141	-1.450

Adjusted R²= .043
VIF value, highest = 1.199
F-value = 1.624

Number of sponsors	Standardised Beta	t-value
Constant	30.159	2.985
Process	.011	.112
Ethical identity	.031	.296
Strategy	-.017	-.173
Geographical location	-.047	-.434
Non-profit	-.093	-.874
Result 2012	.016	.150
Result 2011	.076	.714
Organisational age	.199	1.885

Adjusted R²= -.006
VIF value, highest = 1.188
F-value= .919

Note: *p < .05 **p < .01 ***p < .001