

Stockholm School of Economics  
Department of Accounting  
Master thesis in Accounting and Financial Management  
Fall 2014

# MANAGEMENT CONTROL SYSTEMS FOR CORPORATE SPONSORSHIP

*A study of corporations' holistic management of sponsorship*

Sarah Ahnström♦ and Sofia Albertsson ♦♦

Corporate sponsorship continues to experience growth globally. The study investigates corporations' engagement in sports, culture and community related sponsorship from a management control perspective. Previous research on corporations' management of sponsorship addresses the use of individual control elements, but fails to acknowledge that control elements often interconnect in a control system. The study aims to address this gap by investigating how corporations manage sponsorship activities through the use of holistic management control systems (MCS). The analysis builds on a multiple case study, including six large Swedish companies, chosen for being active, front-tier sponsors in Swedish communities. Based on an abductive research approach, a theoretical MCS framework is developed by the authors. The holistic MCS consists of five control elements, where Merchant and Van der Stede's (2012) object-of-control framework (result, action, personnel and culture controls) is complemented with Malmi & Brown's (2008) organizational structure control. The findings show that various MCS configurations exist for sponsorship. Organizational structure controls and action controls are found to be the primary control elements, whereas result controls do not provide effective control due to the immeasurable nature of sponsorship effects. Personnel and culture controls are also of limited application in the sponsorship context, but it is found that an ownership culture based on personal influences may enhance control rather than damage it, contradicting previous research.

Tutor: Kalle Kraus

Date: December 8, 2014

♦21934@student.hhs.se ♦♦21965@student.hhs.se

Keywords: sponsorship management, sponsorship, sponsoring, management control systems, internal consistency

## **Acknowledgements**

We wish to thank the interviewees from the six case companies as well as Peter Larsson for contributing with their time and knowledge. We also thank Göran Tidström and Martin Carlsson-Wall for their enthusiasm about the topic and dedication in our process of ensuring the right interviews. Finally, we would like to give our gratitude to Kalle Kraus for his valuable support and guidance.

*Stockholm, December 2014*

Sarah Ahnström

Sofia Albertsson

## Table of content

<b>1</b>	<b>Introduction .....</b>	<b>5</b>
<b>2</b>	<b>Previous Research .....</b>	<b>7</b>
2.1	Introduction .....	7
2.2	Nature of sponsorship .....	8
2.3	Managerial aspects .....	10
2.4	Measurements of sponsorship effects .....	12
2.5	Summary of previous research.....	14
<b>3</b>	<b>Theoretical Framework .....</b>	<b>15</b>
3.1	The need for a holistic MCS framework to manage sponsorship .....	15
3.2	Overview of theoretical framework to be applied.....	16
3.3	Organizational structure control.....	16
3.4	Result controls.....	17
3.5	Action controls .....	18
3.6	Personnel controls .....	18
3.7	Cultural controls.....	18
3.8	Tightness of controls .....	18
3.9	Internal consistency and the concept of equifinality .....	19
3.10	The theoretical framework in summary .....	19
<b>4</b>	<b>Methodology.....</b>	<b>20</b>
4.1	Choosing a research methodology and design.....	20
4.2	Data collection process .....	21
4.3	Data analysis .....	22
4.4	Research quality .....	23
<b>5</b>	<b>Empirics.....</b>	<b>25</b>
5.1	Danske Bank .....	25
5.2	Handelsbanken .....	29
5.3	Swedbank .....	32
5.4	Electrolux .....	36
5.5	H&M .....	40
5.6	Skoda.....	45

<b>6</b>	<b>Analysis.....</b>	<b>51</b>
6.1	Introduction to analysis .....	51
6.2	The degree of sponsorship sophistication .....	53
6.3	Primary controls: organizational structure control and action controls .....	53
6.4	Complementary control: result controls.....	59
6.5	Complementary controls with one exception: personnel and culture controls .....	61
6.6	Importance of internal consistency to the success of various MCS configurations...	63
6.7	The study's contribution to management control literature in general .....	66
<b>7</b>	<b>Concluding Remarks.....</b>	<b>67</b>
7.1	Limitations and suggestions for future research .....	68
<b>8</b>	<b>Practical Implications .....</b>	<b>68</b>
<b>9</b>	<b>References.....</b>	<b>70</b>
9.1	Conducted interviews.....	70
9.2	Internal documents .....	71
9.3	Public company documents .....	71
9.4	Online sources .....	71
9.5	Literature .....	71
<b>10</b>	<b>Appendix.....</b>	<b>74</b>
10.1	Appendix A – Interview guide.....	74
10.2	Appendix B – Description of case companies .....	75
10.3	Appendix C – Summary of empirical findings .....	77

# 1 Introduction

In the history of sponsorship, corporate sponsorship spending has experienced impressive growth (Thjömoe et al. 2002). The sponsorship of sports, events, arts and charity often constitute a major component of corporations' communication spending (Cornwell et al., 2009). On a global basis, sponsorship spending has increased by approximately five percent each year for the past five years and amounted to approximately 50 billion dollars in 2012.<sup>1</sup>

The more frequent practical use of corporate sponsorship has also brought light to the area of sponsorship research. A great deal of research has tried to gauge the effectiveness of sponsorship in a marketing context, including marketing sub-discipline areas of advertising, strategy and customer behavior (Crompton, 2004; Cornwell et al., 2005b; Olson, 2010). Others have tried to analyze the impact of sport sponsorship on the stock price of sponsoring firms (Cornwell et al., 2005a; Clark et al., 2009). While some have investigated sponsorship from a management perspective, this research can favorably be extended.

In the early days of sponsorship, it was often not differentiated from philanthropy (Crompton, 2004; Thjömoe et al., 2002; Dolphin, 2003). The decisions to support a particular sport organization or sporting event reflected the personal interest of senior management, rather than a careful assessment of what benefits the company could have accrued from an investments (Crompton, 2004; Thjömoe et al., 2002). Crompton (2004) referred to this as unprofessional sponsorship management. With time, sponsorship as an activity, and as a concept, has matured. More recent research has shown that as sponsorship has become a more mature concept, corporations place increased focus on receiving commercial returns from the activities (Crompton, 2004). Companies that are working with sponsorship tend to start out with philanthropic objectives, which over time progress to become of commercial nature. The progression moves via brand awareness and image enhancement objectives, toward sales increases (Crompton, 2004; Meenaghan, 1998). As sponsorship matures, one can anticipate more sophisticated control systems for managing the sponsor activities (Thjömoe et al., 2002; Cornwell and Maignan, 1998; Meenaghan, 1998).

Previous research has explored individual control elements of sponsorship management, such as corporations' objective for engaging in sponsorship activities or how corporations measure the effects of engaging in sponsorship activities (Crompton, 2004; Thjömoe et al., 2002). However, previous research fails to acknowledge that control elements often interconnect in a control system (Malmi and Brown, 2008; Merchant and Van der Stede, 2012; Sandelin, 2008). A holistic approach to management control, rather than studying the control elements on an individual basis, would increase the understanding of the simultaneous operation of multiple control practices in a corporation (Sandelin, 2008).

Copeland and Wendy (1996) touched upon a holistic view to sponsorship management when investigating the corporate perspective on sponsorship. They provided insights into the time frame and nature of corporations' sponsorship involvement, criteria used to select events, post-event evaluation methods and reasons for discontinuing past sponsorship. The findings provided new insights, but the study was limited to e-mail surveys sent out to Canadian corporations. Hence, Copeland and Wendy (1996) emphasized the need to perform a case study on the subject to gain further explanatory insight. Such a method, a multiple case study, is what this study will employ to investigate holistic views to sponsorship management.

Previous research on corporations' management of sponsorship addresses the use of individual control elements, but fails to acknowledge that control elements often interconnect in a control system. The study aims to address this gap by investigating how corporations manage sponsorship activities through the use of holistic MCS, resulting in the research question;

*How do corporations manage sponsorship activities through the use of management control systems?*

---

<sup>1</sup> IEG Sponsorship Report, 2013

To answer the research question, a multiple case study was conducted in order to capture companies with different sponsorship activities both in terms of type and size as configurations of management control systems (MCS) for management of sponsorship. The study is comprised of six large<sup>2</sup> Swedish companies; three financial services companies and three consumer goods companies. In order to gain a holistic perspective on MCS used for management of sponsorship, Merchant and Van der Stede's (2012) framework was applied, in combination with Malmi and Brown's (2008) organizational structure control. Hence, the framework applied in this paper consists of five control elements; result, action, personnel, cultural and organizational structure controls. The five control elements can be used to identify various MCS in the case companies that are in place to manage the sponsorship activities. However, in order to grasp how the MCS are used or affected by the nature of sponsorship, Sandelin's (2008) concept of internally consistent is introduced. The study by Sandelin (2008) finds that different MCS configuration can result in equally good results, referred to as 'equifinal' results, if the control elements in the MCS are internally consistent. Hence, the control elements attain the same objective. The theoretical concept does not serve as a framework for analysis per se in this paper, but rather as a way of structuring the discussion to whether there are several possible MCS for companies to use for managing sponsorship activities and still achieve equally good results.

The study contributes to the literature on management of sponsorship, as well as management control by identifying and describing the MCS used for managing sponsorship activities. Hence, it addresses a gap in the domain of management of sponsorship by studying sponsorship from a MCS perspective. Furthermore, this study contributes to the literature on management of sponsorship by taking a broader perspective and including the role of organizational structure control when managing sponsorship activities. Moreover, the study brings light to understanding MCS in a context where immensurability of results is prevailing.

The structure of the paper is as follows. In the next section, a literature review of previous research on management of sponsorship is presented, focusing on the three most prominent research streams. That is, the nature of sponsorship, the managerial aspects of sponsorship, and the measurements of sponsorship effects. Thus, the management of sponsorship serves as the domain theory of this paper. Thereafter, the theoretical framework is presented, which serves as the study's method theory and theoretical lens. In the fourth section, the study's methodology and research design will be presented, followed by a description of the data collection process and analysis as well as research quality. In fifth section, the empirical findings are presented for each case company and presented in accordance to the framework presented in section three. Further, the analysis of the MCS of management of sponsorship is presented. The analysis is structured in accordance to the control elements presented in the theoretical framework and concluded with a discussion regarding internal consistency in the MCS configurations. Finally, the concluding remarks of the study are presented, as well as its limitations, followed by the contribution to MCS literature and the practical implications.

---

<sup>2</sup> Publicly traded on Large Cap, NASDAQ OMX Stockholm, or equal size in terms of revenues.

## 2 Previous Research

*The aim of the study is to contribute to the research on sponsorship management by providing a holistic view of how corporations use MCS to manage their sponsorship activities. In the following section, the domain theory is presented, which constitutes of the previous research in the area of management of sponsorship. The previous research is thematically presented based on the most prevailing areas of research on management of sponsorship. The first two parts (2.1 and 2.2) aim to give the reader an understanding of the nature of corporate sponsorship, including a discussion regarding the definition of sponsorship. Thereafter, in 2.3, the managerial aspects of sponsorship management addressed in previous literature will be introduced. Further, in 2.4, the previous literature on the measurement and evaluation of sponsorship activities will be presented, followed by a short summary of the previous research on sponsorship management in 2.5.*

### 2.1 Introduction

In the history of sponsorship, it was often not differentiated from a philanthropic activity (Crompton, 2004; Thjömoe et al, 2002). The decisions to support a particular sport or sporting event often reflected the personal interest of senior management, rather than being based on the potential benefits that were likely to accrue to a company from such sponsorship (Crompton, 2004). Today, however, the growth rate of sponsorship has outpaced corporations' other investments in marketing communication or promotional tools (Crompton, 2004). One exemplifying factor, paving the path for sponsorship, is the fact that customers' are able to avoid traditional advertising (Harvey et al, 2006). Through history, sport has continued to be sponsors' dominant choice and practically no larger sport events or teams are run without funding from corporate sponsors (Verity, 2002). Several researchers describe maturity in corporate sponsorship (Crompton, 2004 Thjömoe et al, 2002; Cornwell and Maignan, 1998). It has moved away from being a short-term philanthropic activity to revolve around the commercial aspects much more as well as creating long-term strategic partnerships (Verity, 2002; Cornwell et al., 2005b). Crompton (2004) also describes a progression in the benefits that companies prioritize, moving from awareness to sales increases. As corporate sponsorship matures, it is also anticipated that companies will use more sophisticated control systems for managing the sponsor activities (Thjömoe et al, 2002; Cornwell and Maignan, 1998).

Conclusively, there is extensive research regarding the domain and the management of sponsorship, which will be presented in this chapter. The increased use of corporate sponsorship has most likely engaged researcher to further study the area. However, the thematically presented research streams also show a fragmented area, where few have taken a holistic view in understanding how the sponsorship activities are managed. The research streams are, thus, not collectively exhausting in understanding how companies manage their sponsorship activities. Previous research on management of sponsorship addresses the use of individual control elements, but does not acknowledge the control elements interconnection in a control system.

The next section will present the previous research in the area of sponsorship management. It will begin with a discussion in previous research regarding the definition of sponsorship as well as the nature of sponsorship. Thereafter, the previous research is presented in thematic order based on the most prominent areas found when conducting the literature review. The table below serves as an overview of the areas presented.

<b>Previous research</b>		
<b>Nature of Sponsorship</b>	<b>Managerial Aspects</b>	<b>Measurements of Effects</b>
- Definition of sponsorship	- Stages of sponsorship	- The most common measures
- Comparing to CSR etc.	- MCS in a sponsorship context	- Measurement problems
- Strategic use of sponsorship	- Delegation of decision-making	- Paradoxical satisfaction
- Characteristics of sponsorship	- Influences on managers	

*Table 1: Overview of the presented research streams in previous literature on management of sponsorship*

## 2.2 Nature of sponsorship

### 2.2.1 Definition of sponsorship

There is no single definition of sponsorship. Rather, several definitions of sponsorship have prevailed historically and its characteristics have been described and identified (Thjömöe et al, 2002). Cornwell and Maignan (1998) summarize previous literature on the subject into the definition that sponsorship foremost involves two main activities; (1) an exchange between a sponsor and a sponsee, whereby the latter receives a fee and the former obtains the right to associate itself with the activity sponsored and (2) the marketing of the association by the sponsor. Further, Cornwell and Maignan (1998) emphasize the need for both of these two activities, in order for the sponsorship fee to be a meaningful investment.

Crompton (2004) further builds on the logic of exchange between the sponsor and the sponsee arguing that the central concepts underlying sponsorship is exchange theory. In line with the definition by Cornwell and Maignan (1998), the exchange theory has two main precepts: 1) two or more parties exchange resources and 2) the resources offered by each party must be equally valued by the countering parties (Crompton, 2004). The latter is suggested to raise question to managers such as “What is in it for me?” and “How much will it cost me?” This implies a trade-off taken into consideration of managers between what will be gained and what will have to be given up. Crompton (2004) further describes that an underlying assumption of the exchange theory when applied to sponsorship is that the exchange has to be perceived as fair from both sides.

Based on an extensive case study that included 400 Norwegian companies, Thjömöe et al. (2002) find that the companies tend to agree more with a definition of sponsorship that is limited to a commercial perspective. The respondents were presented with two definitions of sponsorship, one philanthropic and one commercial: (1) sponsorship is the “giving of financial support to an individual, organization or activity to support its good work without regard to whether or not we receive publicity,” and (2) sponsorship is “support for an organization, event or individual in order to get the company’s or brand’s name in front of the public”. The agreement rate was much higher with the commercial definition, (2), than with the philanthropic definition, (1). It was also found that those few who agreed with (1) also agreed with (2). Hence, empirically, companies prefer a definition of sponsorship that is limited to a commercial perceptive.

Conclusively, there is no clear-cut definition of sponsorship. Previous research, though, emphasizes the commercial aspects of sponsorship, while not necessarily limiting the definition to the commercial intent. Likewise, the relationship between the sponsor and sponsee, focusing on the exchange between the two parties, is presented as a way to separate sponsorship from philanthropy.

### 2.2.2 Contrasting sponsorship to CSR and other communication tools

Several studies have touched upon the difficulty of separating and differentiating sponsorship from other promotional communication (such as advertising) or CSR activities.

For example, Cornwell and Maignan (1998) notice that sponsorship can be an excellent tool to develop a relationship with the public and that it may foster the creation of relationships with employees as well as with the community in which the sponsor operates, not only customers. Likewise, Plewa and Quester (2011) argue that the boundaries between sponsorship and philanthropy have become blurred in recent times as marketers discover the merits of cause-related marketing (that is, corporations’ giving that is tied to consumer purchasing) and cause sponsorship, despite the key difference of commercial intent presented in previous research between sponsoring and philanthropy.

Sponsorship is often considered a form of marketing communication (Harvey et al, 2006). While it is mostly separated from other communication tools, such as advertising or marketing, there is no clear line or general clarification of how sponsorship differentiates from for example advertising (Harvey et al, 2006), and thus, what this implies in terms of making sponsorship accountable (Harvey et al, 2006). Harvey et al. (2006) try to articulate a difference by separating advertising as something that changes a consumer’s perception of a specific product, while sponsorship changes the consumer’s perception of the sponsor.



### 2.2.3 Strategic use of sponsorship

There are several strategic advantages in engaging in sponsorship activities, whereof competitive advantage is the most prevailing in previous literature.

#### 2.2.3.1 *Competitive advantage*

The potential of creating competitive advantages based on sponsorship is evident, given that a company makes smart decisions and manages the sponsorship wisely. The case companies that were classified to have a professional handling of their sponsorship in Thjömoe et al.'s (2002) study agreed that sponsoring gave them a competitive advantage (the professional group spent larger amounts on sponsoring and attributed a larger portion of the communication/marketing budget to sponsoring).

Cousens et al. (2006) exemplify how partners in a sponsorship relationship can work towards creating competitive advantages. By moving beyond the monetary benefits in sponsorship, to also including value added benefits of strategic interaction, including “the exchange of assets such as human resource competencies, network associations, and legitimacy that offer advantages” (Cousens et al, 2006, p 9), the parties create benefits that are difficult for competitors to replicate. Transforming the sponsorship focus from financial resources to the ambition of achieving strategic objectives enlarges the advantages of sponsorship relationships.

Likewise, sponsorship can also give internal benefits for the sponsor organization. Plewa and Quester (2011) extensive literature review investigates the linkages of the two theoretical fields of sponsorship contributing to the corporate image and corporate social responsibility's role in creating a competitive advantage. The paper suggests that sport sponsorship can be used to establish and strengthen employee and customer perception of CSR, which in turn can lead to internal and external benefits for the sponsor organization (Plewa and Quester, 2011).

#### 2.2.3.2 *Characteristics of good sponsorship*

Even though sponsorship results are problematic to measure and follow up (see discussion under *Measurements of effects of sponsorship* below), some characteristics of sponsorship have been found to contribute to enlarged benefits.

The discussion on sponsorship definitions and the related exchange theory reveals the importance of considering the inter-organizational *relationships* between the sponsor and the sponsee. Choosing relationships wisely and managing the relationships can contribute with enlarged sponsorship effects (Cousens et al, 2006). Achieving strategic value from sponsorship relationships suggests “long-term, comprehensive and inclusive collaborative linkages between dyadic partners” (Cousens et al, 2006, p 2), as this should serve mutually beneficial objectives and embodiment of the parties' corporate images.

Cousens et al (2006) present a holistic framework designed to help actors choose appropriate engagements and to manage the relationship wisely. The framework consists of five phases through which sponsorship relations can, in iteration, progress; needs assessment, negotiation, management, evaluation, and re-negotiation. The phases include several management control aspects, such as goal setting, objectives, interactive communication, installing evaluation methods and so on, presenting clear linkages between the process behind sponsorship engagements and MCS frameworks such as Otley (1999) and Simons (1995).

Key elements for consideration in the phases of relationship building are (1) context (external, internal), (2) mutually derived benefits, and (3) varying strengths of relationships. By moving beyond notions of dyadic linkages, this meets the dynamic environment that requires non-uniform approaches to the selection of partners (Cousens et al, 2006). The second element's, *mutually derived benefits*, contribution to improved sponsorship effects, is further supported by Olson (2006) and his finding that improved “object equity” also benefits the “sponsor equity”, that is, it is beneficial for both parties to generate mutual benefits in the sponsorship engagement.

Likewise, to improve sponsor equity, the *fit* in the sponsorship is essential (Olson, 2010). A fit in brand image, values, beliefs, and strategies enlarge the benefits that become achievable by both parties

in the sponsorship. Olson (2010) advises sponsorship managers to research and pre-test potential objects before initiating a sponsorship engagement, as a careful selection of engagements will optimize sponsor equity. In line with his own research, he suggests to test against the factors *fit perception*, *pre-attitude* and *involvement levels of key audience*, for instance using the model he developed and tested in his paper (Olson, 2010).

## 2.3 Managerial aspects

In this part, the managerial aspects of management of sponsorship will be addressed. The multi-level framework of Meenaghan (1991) on the progression of a company's sponsorship activities is presented, as well as factors influencing the management of sponsorship activities.

### 2.3.1 Stages of sponsorship in a company

Meenaghan (1991) presents a multi-level framework on the progression of a company's sponsorship activities. It is explained that the typical progression of a sponsoring company can be illustrated by three stages of sponsorship goals and participation (Meenaghan, 1991). It is proposed that "companies at the first level of sponsorship participation would be likely to define sponsorship strictly as a mean to increase company or brand awareness, while those at the higher levels have developed more sophisticated definitions that include goals such as improved credibility, image, and relationship-building" (Thjömoe et al, 2002, p 7).

The first level is simply a donor giving money to a sponsor object in order to gain attention. There are no sophisticated goals and object selection criteria in place. In the second stage, the sponsor develops more specific goals and becomes more interested in receiving a return on its investment. In the third stage, which is the most sophisticated level, the company takes on the role of an 'impresario', implying high involvement and control of activities (Meenaghan, 1991). As companies move up in progression, their sponsorship goal setting, coordination, and effect measurement increase in sophistication (Thjömoe et al, 2002).

As discussed in section 3.2.3.1, *Characteristics of good sponsorship*, the phases of relationship building (Cousens et al, 2006) include several management control aspects, such as goal setting, objectives, interactive communication, installing evaluation methods and so on. These aspects present clear linkages between the process behind sponsorship engagements and MCS frameworks, such as the ones presented by Otley (1999) and Simons (1995).

### 2.3.2 MCS in a sponsorship context

Previous literature has outlined many of the issues with the management of sponsorship (Thjömoe et al., 2002). A study by Thjömoe et al. (2002) rather aimed to understand how companies actually plan, implement and monitor their sponsorship activities in an integrated manner. The study conclude that companies that have developed sponsorship goals can be argued to be in the third stage in the framework presented by Meenaghan (1991). There is, however, less evidence that the companies follow through on their goals with careful planning, coordination and research. It is found that the companies do not have especially formalized management practices when it comes to decision-making surrounding sponsorship (Thjömoe et al, 2002). However, the study by Copeland and Wendy (1996) indicated that sponsor companies are aware of the need to coordinate their sponsorship activities within the greater corporate framework and that formalization processes are needed in terms of how they select sponsees as well as how they support sponsorship in terms of marketing efforts, for example.

Previous research has not fully established the extent to which different sponsorship activities should be managed differently. However, the study by Olson (2010) investigates management of sponsorship in different contexts. Based on a study that compares sports and cultural sponsorship, he finds that different sponsorship contexts can be managed using the same management and evaluation model. His study serves as a good starting point for allocation of resources to various sponsorships, but more research is needed on the area (Olson, 2010). The section, *Measurement of sponsorship effects*, below extends this discussion.

### 2.3.2.1 *Sponsorship objectives*

Previous literature has categorized companies' management of sponsorship in two clusters based on the decision-making managers' objectives for engaging in sponsorship activities; a professional and an unprofessional cluster (Thjömoe et al., 2002). Professional sponsorship management is characterized by the fact that the managers are more likely to sponsor because they want to, for example, improve the awareness of the company brand, improve the relationship with customers or other stakeholders, or to increase sales. The unprofessional group is, on the contrary, more likely to sponsor because of top management's interest in an event, individual or organization. The latter cluster was also less inclined to agree that the sponsorship decisions were strongly influenced by the marketing department or the public affair department (Thjömoe et al., 2002).

### 2.3.2.2 *Sponsorship responsibility in the organizational structure*

Unsurprisingly, previous research finds that the marketing department most often has the leading responsibility for the sponsorship decisions (Thjömoe et al, 2002; Copeland and Wendy, 1996). If that is not the case, it is often the national headquarters, sales departments or public relations departments that are responsible (Thjömoe et al, 2002; Copeland and Wendy, 1996). Theoretically, sponsorship is believed to be more effective when it is coordinated with other marketing activities (Thjömoe et al, 2002; Meenaghan 1991). However, there are often several departments involved in the sponsorship activities, depending on the objective of the sponsorship (Meenaghan, 1991). For larger companies, there might be several groups responsible for different sponsorship activities, due to the different goals and targets for each activity (Thjömoe et al, 2002). Overall, few companies have specific event marketing personnel in charge of sponsorship initiatives (Copeland and Wendy, 1996). It can be explained by the fact that sponsorship often represents only a modest portion of corporate advertising spending (Copeland and Wendy, 1996; Meenaghan, 1991).

### 2.3.3 **Contextual influences on sponsorship decisions**

Sponsorship is often described as a strategic activity and is thus affected by both competitive and institutional factors (Berrett and Slack, 1999). The institutional pressure is, for example, stated to be one of the most influential factors in companies' sponsorship decision-making (Berrett and Slack, 1999). The study by Berrett and Slack (1999) explore the influence of competitive and institutional pressure on individuals who make decisions about the company's sport sponsorship in 28 Canadian companies. The study showed that influences outside the immediate control of the companies affected their sponsorship activities. The sponsorship activities of the companies in the study were influenced by the institutional pressure in four different ways; (1) the actions of companies in the same geographic area, (2) the desire to gain institutional legitimacy and therefore mimicking the actions of other organizations, (3) the input of influential managers who were connected formally or informally with other organizations, that is, the managers' personal networks, and (4) the occupational training of individuals in certain industries affected their choice of promotional activities. There was however little support for the influence of external consultants. Additionally, some companies were influenced by companies in another industry but with their headquarters in the same city. The managers felt obliged to act according to the norms of the surrounding society, for instance to create a sense of civic pride (Berrett and Slack, 1999).

Further, the companies were found to respond to competitive pressure as well. The findings indicate that rival companies' activities influence the companies' sponsorship decisions, especially in highly concentrated industries (Berrett and Slack, 1999).

Additional factors influencing managers can be described as the sponsorship bias and the way the managers respond to opportunity costs. The study made by Chenhall and Morris (1991) addresses how managers respond to opportunity costs, i.e. the cost that arises from alternative use of existing assets when managing sponsorship activities. Chenhall and Morris (1991) state that inappropriate treatment of opportunity costs is an incorrect assessment of economic consequences with regards to resource allocation decisions. The research paper identifies two conditional factors which potentially influence the managers' response to opportunity cost information; managers' cognitive style and whether or not managers sponsor a sponsorship activity.

In the study it was shown that some managers did not include the opportunity costs in the decision, rather they focused on the direct relationship between the expenditure and the value of the sponsorship activity. Further, the study showed that a sponsorship bias can occur if a manager has already committed him/herself to a project and he/she is likely to maintain the commitment even when he/she is faced with negative signals (Chenhall and Morris, 1991).

Firstly, the formal systems for authorization of budgeting procedures must be designed to correct those managers who make unbeneficial resource allocation decisions (Chenhall and Morris, 1991). Secondly, the formal organizational structures and responsibilities must be in line to handle the sponsorship bias (Chenhall and Morris, 1991). Chenhall and Morris (1991) enhance that it is preferable to have a manager “owning” the project. However, the potential to ignore relevant costs may result in diminished economic returns.

## 2.4 Measurements of sponsorship effects

It is a common view in theory that companies tend to not evaluate sponsorship effects. When they do, the evaluation fails to hold a high-quality standard. The problem mainly lies with the lacking knowledge of *how* to measure the effects (Harvey et al. (2006); Olson, 2010; 2006; Crompton, 2004; Thjömoe, 2002; Cousens et al., 2006). Thjömoe et al.’s (2002) findings give rise to a quite pessimistic truth that most companies are simply not able to assess the sponsorship effects through any measure, including gut instinct. Likewise, Thjömoe et al. (2002) find that only a small fraction of the companies chose an appropriate measure to determine whether they achieve their stated sponsorship goals or not. These results are in line with other literature on the area (Helgesen, 1992; Cornwell and Maignan, 1998). For example, Harvey et al. (2006) state that “despite all of the indicators pointing to the need for a clear understanding of the business value of sponsorships, marketers today remain unsure of how sponsorship works and how to properly measure its business value” (p. 399). Clearly, companies have difficulties in determining the sponsorship performance, which occasionally has the effect that sponsorship is sometimes dropped because the companies simply do not measure the value (Crompton, 2004).

Crompton (2004) further highlights the importance of evaluating the sponsorship effects. It is important as it answers questions like “what did we achieve with the sponsorship in relation to our objectives?” and thus the evaluation will be highly affected by the definition of the sponsorship objective. Further, the study by Crompton (2004) describes that as sponsorship has matured, there has been a progression in benefits companies prioritize, moving away from awareness through image enhancement, demonstration platform, hospitality opportunities and product trial to sales increases. Therefore, the sponsor’s focus has shifted from evaluating the sponsoring effect on media exposure, awareness and image to the customers’ ‘intent to purchase’, product trial and sales increase (Crompton, 2004). However, the author also highlights several weaknesses in the measurement used by companies to capture the sponsorship effectiveness; “there is a tendency to measure what is easy, namely visibility, rather than what is important, namely impact” (Crompton, 2004, p. 273).

While increased sales are shown to be a desired sponsorship effect, research has shown the difficulty in measuring the direct sponsorship effect on sales (Crompton, 2004). Crompton (2004) concludes that the sponsorship’s effect on sales can be expressed in foremost three ways: (1) increased traffic in retail points of sale, (2) number of new sales leads created and (3) actual increase in sales associated with sponsorship.

In the study by Copeland and Wendy (1996), the findings show that national media coverage was most valued by those sponsoring elite and professional sports, while community relations criteria were most valued by those sponsoring grass root activities. A majority of the companies in the study indicated that awareness, exposure and media coverage were key factors in determining whether or not a sponsorship was successful. Moreover, a majority of the companies cited sales as being one of the three most important indicators of sponsorship success, while only one third of the respondents considered involvement and feedback of dealers and trade partners as the most important determinant of success. Just a small fraction of the companies referred to the enhancement of company image as an important evaluation criterion.

#### 2.4.1 The most common measure and its weakness

The previous section introduced companies' difficulty in measuring the sponsorship effects presented in previous research. However, it is also shown that several companies try to measure the sponsorship effect, but with various success.

One of the most common performance measures is exposure time of the sponsor's logo, sometimes referred to as brand exposure (Olson, 2010; Meenaghan, 2001; Thjömoe et al., 2002). Further, media coverage is shown to be a common measurement used by companies (Thjömoe et al., 2002). However, authors agree that media coverage is a weak measurement for determining goal attainment (Olson, 2010; Meenaghan, 2001); "[The measure is] clearly inappropriate for evaluating high-level sponsorship effects such as attitude and/or behavioral change" (Olson, 2010, p 181).

Meanwhile, *favorable attitudinal change* is often regarded as the most important sponsorship effect (Olson, 2010; Martensen et al., 2007; Speed and Thompson, 2000; Verity, 2002), making the challenges explicit.

#### 2.4.2 The underlying problems in measuring the effects of sponsorship

Previous research has pointed out the importance of measuring and evaluating sponsorship activities. Likewise, the difficulty in measuring the sponsorship effects is highlighted by many. This section aims to bring further light on the underlying problems in measuring the sponsorship effects based on the findings of previous literature.

As already established above, previous research indicates that companies lack knowledge in how to measure and evaluate sponsorship effects. One first explanation can be found in the results in Harvey et al. (2006), suggesting that the relationship between sponsorship and objectives tend to be indirect, which makes it difficult to identify appropriate measurements. Furthermore, the extensive case study carried out by Thjömoe et al. (2002) showed that, overall, companies do not measure sponsorship effects because they do not have the budget to do it (Thjömoe et al., 2002). Thjömoe et al. (2002), also discuss measurement practices when the underlying reason for a sponsorship engagement is based on a personal interest from, for instance, an executive, as opposed to a strategic approach to sponsorship. The underlying reason for the lack of evaluation in such cases is presented as the managers' reluctance to spending resources and capital on evaluating personal engagements against the less relevant commercial objectives;

*"Routine measurement of communication effectiveness would therefore be a clear indicator of well-integrated sponsorship strategies and goals." (Thjömoe et al, 2002 p 8)*

As discussed above, Olson's (2010) study is based on the idea that one reason for the problem in measuring effects of high-level sponsorship is that the type of sponsor and/or types of sponsee affects the measurement. Hence, potentially, the two sponsorship contexts *sports* and *culture* cannot be evaluated using the same evaluation model. However, Olson (2010) finds the model working almost equally well in both sports and cultural contexts, suggesting that the management of both types of sponsorships can be similar. As performance measurements of sponsorship activities are found to be of interest for managers (Thjömoe et al., 2002), the use of a common model (such as the one presented by Olson, 2010) for all sponsorship should provide a good starting point for better allocation of resources to various sponsorships (Olson, 2010).

#### 2.4.3 Paradoxical satisfaction despite lack of knowledge

The general lack of confidence among companies regarding *how* to measure and evaluate sponsorship effects is central to companies' limited ability to motivate their engagements in sponsorships. In the study by Thjömoe et al. (2002), only 30% of respondents out of the 400 case companies claimed that they sponsor at all. The two main reasons for companies choosing not to sponsor were that there is no effective way to measure results (Thjömoe et al., 2002). What is a paradox finding, however, is how Thjömoe et al. (2002) found that most companies in the study claim that they were "fairly satisfied with the results of their sponsorship even if they are not sure of what those results are" (Thjömoe et al., 2002, p.12) or whether they actually achieve their sponsorship goals. Nevertheless, the companies

show an interest to become more professional in their management of sponsorship, but are waiting for more effective and efficient ways to research sponsorship effects (Thjömoe et al., 2002).

## **2.5 Summary of previous research**

This section has presented the previous research on the management of sponsorship domain. The previous research serves as the domain theory of this paper. The previous research was presented thematically based on the most prevailing areas of management of sponsorship.

Firstly, a broad introduction to the nature of sponsorship was given. Thereafter, the managerial aspects of management of sponsorship were addressed. The multi-level framework of Meenaghan (1991) on the progression of a company's sponsorship activities was presented, as well as factors influencing the management of sponsorship activities. Thirdly and lastly, the research stream of measurement of sponsorship effects was presented, highlighting the potential issues in measuring effects, as well as the most common measurements used. To conclude, it is shown that there is extensive research on the area regarding sponsorship and management of sponsorship. The increased use of corporate sponsorship has most likely engaged researcher to further study the area. However, the research streams presented in the sections also show a fragmented area, where few have taken a holistic view in understanding how sponsorship activities are managed.

In line with early research on management control (Machintosh and Daft, 1987; Hofstede 1978), researchers in the area of management of sponsorship have studied control elements such as performance measurements and goal setting. Few have, however, studied the linkages between them. Therefore, in order to fully understand how the case companies align the employees' behavior to reach the common sponsorship objective, a broader stance has to be taken in order to study the spectra of control elements in place, aiming for a holistic and comprehensive view.

The next section will, therefore, present the theoretical framework of this paper, through which the aim is to understand how the case companies use a configuration of control elements to design a MCS in order to manage their sponsorship activities.

### 3 Theoretical Framework

*The preceding section introduced previous research on the area of management of sponsorship, which constitutes the paper's domain theory. This section introduces the paper's method theory, or the theoretical lenses, that will be used to provide further insight into corporations' management of sponsorship activities. The section is structured as follows. Firstly, the need for a holistic MCS is motivated (3.1), followed by a summary of the theoretical framework (3.2). Thereafter, each control element is described, starting with organizational structure control (3.3) and followed by Merchant and Van der Stede's (2012) four controls (3.4 through 3.7). These five controls constitute the theoretical framework. This section also introduces concepts that will be used in the analysis. Merchant and Van der Stede's (2012) concept of "control tightness" is introduced (3.8), followed by an overview of the concepts of Sandelin's (2008) internal consistency and equifinality (3.9). The framework used in this paper is summarized in section 3.10.*

#### 3.1 The need for a holistic MCS framework to manage sponsorship

The increased use of corporate sponsorship has brought light to the area of sponsorship research. Evidently, there is extensive research in the area. Shown by the thematically presented research section, the research area of management of sponsorship is, however, prevalingly fragmented. Few researchers have tried to gain a comprehensive picture of how companies manage their sponsorship activities. Much like the early research on management control (Machintosh and Daft, 1987; Hofstede 1978), the research on management of sponsorship often focuses on cybernetic controls such as setting objectives and measuring performance.

More sophisticated control systems for managing sponsorship activities are anticipated as corporate sponsorship matures (Thjömöe et al., 2002; Cornwell and Maignan, 1998). Especially, since the objective is moving towards an increased focus on the commercial intent of sponsorship, rather than philanthropy (Crompton, 2004). The expected sophistication is in line with general control research, as controls are widely recognized as inevitable features of human organizations, due to the need of aligning human efforts with the company's goals (Simons, 1987).

However, the previous literature on management of sponsorship has highlighted potential threats to traditional formal control systems, such as the control elements of Otley's (1999) framework, due to the described immeasurability of the sponsorship effects (Harvey et al., 2006). Hence, this paper aims to take a holistic approach when analyzing the control elements used by the case companies. The aim is to gain a comprehensive picture of the MCS used to manage sponsorship activities, and thus beyond the means of result controls. Further, previous research on MCS has further shown that control elements are highly interlinked (Malmi and Brown, 2008; Sandelin, 2008; Merchant and Van der Stede, 2012). In order to truly understand how a company uses management control to align the employees' behavior with a common goal, the linkages between the control elements need to be understood.

As described below, Merchant and Van der Stede's (2012) object-of-control framework, in combination with organizational structure control, will be applied. It can be argued that the control elements in the framework by Merchant and Van der Stede (2012) are foremost of formal character. However, the framework also includes 'softer' control elements such as cultural and personnel controls. These can be of both formal and informal nature (for example a code of conduct is a formal document, whereas role models are informal controls). Likewise, while result controls are mainly of formal character, follow-up based on gut feeling constitutes an informal control. The combination of formal and informal controls, which will be considered in this paper's theoretical framework, is suitable when investigating a domain characterized by a threat of immeasurability of the sponsorship effects, as argued by previous researchers. The framework is presented below.

### 3.2 Overview of theoretical framework to be applied

In conclusion, the paper’s theoretical framework constitutes of five control elements, as well as the concept of internal consistency. Table 2 gives an overview of the theoretical framework used in this paper. Together with organizational structure, Merchant and Van der Stede’s (2012) four control elements – result, action, personnel and culture controls – make up the five control elements. This package of control elements is considered to enable a holistic analysis of companies’ sponsorship management, and thus applicable to answer the research question.

Theoretical framework				
Organizational Structure	Result Controls	Action Controls	Personnel Controls	Cultural Controls
- Centralization/decentralization	- Objectives	- Behavioral constraints	- Selection and placement	- Codes of conduct
- Functional specialization	- Measurements	- Preaction reviews	- Training and job design	- Socialization
- Vertical or horizontal integration	- Targets	- Action accountability	- Allocation of resources	- Management communication
- Span or control	- Rewards	- Redundancy	etc.	etc.

Internal consistency between control elements?

Table 2: An overview of the theoretical framework used in this paper

To support an analysis of the holistic approach to sponsorship management, and thereby the interconnections between the control elements, the concepts of equifinality and internal consistency will be applied. These will help to shed light on how different control system configurations can potentially achieve equally good results.

### 3.3 Organizational structure control

The organizational structure is the first control element and serves as a complement to the framework of Merchant and Van der Stede (2012). The organizational structure refers to the way the organization is set up in terms of the employees’ roles and the reporting lines, as well as how the responsibilities are divided within the organization (Malmi and Brown, 2008). It is included as a control element, as the organizational structure is something that managers can change and modify in the process of control (Malmi and Brown, 2008).

There are several structural dimensions of an organization that can affect the process of control (Flamholtz, 1983). Flamholtz (1983) describes four different dimensions; the degree of centralization/decentralization, functional specialization, the degree of vertical or horizontal integration and the span or control. For example, functional specialization can contribute to reduce variability of behavior, while centralization can contribute to control by direct influence over the decision-making process (Flamholtz, 1983).

Including organizational structure to the framework, therefore, contributes to the understanding of the delegation of decision-making authority and the division of responsibilities in management of sponsorship. While previous literature on control systems often overlooks the organizational structure as a control (Flamholtz, 1996), it has been included to give further insight into the holistic perspective on management of sponsorship. This is in line with the framework of Malmi and Brown (2008) that highlights that the organizational structure is linked to other control elements.

#### The control elements of Merchant and Van der Stede’s framework

In addition to the organizational structure, the four control elements of Merchant and Van der Stede’s (2012) framework are also included. The framework is suited for analyzing management of sponsorship, as it takes a broad perspective on MCS (Merchant and Van der Stede, 2012). It builds on the control elements outlined in Merchant (1982), as well as it includes more ‘softer’ control elements, such as cultural control (Merchant and Van der Stede, 2012). Taking a holistic view plays an important role in understanding how the control elements are interlinked, as well as understanding how a weakness in one area can be balanced by a strength somewhere else (Otley, 1999; Sandelin,



2008; Malmi and Brown, 2008). This is especially relevant as there are several managerial issues outlined in the previous research on management of sponsorship. In order to fully grasp how the case companies handle the potential issues, a broad perspective on MCS is inevitable.

The benefits from a MCS can be described as the increased likelihood of achieving the organization's objectives (Merchant and Van der Stede, 2012). An effective MCS constitutes of *tight* controls, which demands the management team's understanding of how each of the four different controls contribute to the achievement of the organization's objective (Merchant and Van der Stede, 2012). The tightness of a MCS is defined as a '*high degree of assurance that employees will behave in the organization's best interest*' (Merchant and Van der Stede, 2012, p. 131).

### 3.4 Result controls

Result controls are constructed to enhance the employees' accountability for the consequences (results) of their actions. However, the employees are empowered, not constrained, to take whatever actions they believe are the best to produce the desired result (Merchant and Van der Stede, 2012). There are four elements of result controls; the performance dimensions (objectives), measuring of the performance dimensions (measurements), setting performance targets (targets) and providing rewards and punishments (rewards) (Merchant and Van der Stede, 2012). The four elements are presented separately below. Result controls are especially common to control the behavior of professional employees and managers, but also other people with decision authority (Merchant and Van der Stede, 2012).

#### *Objectives*

The objective defines the acceptable outcomes and results (Otley, 1999). Therefore, it has to be clearly defined and congruent with the organization's objectives (Merchant and Van der Stede, 2012). The objective is often a central element in performance measures and controls. If it is unclear or undefined the employees may be encouraged to do the wrong things (Merchant and Van der Stede, 2012).

#### *Measurements*

The performance measures have to be congruent with the desired result, the objective (Merchant and Van der Stede, 2012). The measurement can be objective or subjective, as well as financial or non-financial (Merchant and Van der Stede, 2012). Financial performance is a common measurement of performance, but performance measurements are not limited to quantitative characteristics. Many of the measurements may be non-financial or qualitative (Otley, 1999). Further, the performance that is believed to be important may not be possible to measure, if for example, the measurement available is inadequate (Otley, 1999). Likewise, while quantitative measures and defined target setting is often emphasized, they are not universally desirable (Otley, 1999).

#### *Targets*

Targets are important as it allows the employees to interpret or assess their own performance in order to know if they reached the target or not. Therefore, it may also have a motivational effect on the employees (Merchant and Van der Stede, 2012).

#### *Rewards and incentives*

The last component of an efficient result control system is rewards or incentives contracts (Merchant and Van der Stede, 2012). The rewards (or punishments) are linked to the structure of the organization and process of accountability (Otley, 1999). The rewards can be financial rewards, but also of non-monetary type including job security, promotions, autonomy, recognition etc. To avoid short-termism, it has to be linked to the long-term value creation (Merchant and Van der Stede, 2012).

#### *Conditions to achieve effective result controls*

There are certain conditions and factors that need to be fulfilled in order for the result controls to work effectively. For example, managers' knowledge of the desired results, ability to influence the desired

results, and ability to measure controllable results effectively. Further, the precisions and objectivity in measuring (should not be influenced by person's feelings or interpretations), the timeliness (lag between performance and measuring), the understandability (the employees have to understand what they are accounted for) and the cost efficiency of the measurement (Merchant and Van der Stede, 2012).

### **3.5 Action controls**

Actions controls ensure that the employees perform (or do not perform) actions that are desired (or harmful) to the organization (Malmi and Brown, 2008). The limitations of these controls are that managers need to know what actions are desirable or undesirable and have the ability to make sure that the actions do or do not occur (Merchant and Van der Stede, 2012).

Action controls can take four basic forms; behavioral constraints, preaction reviews, action accountability and redundancy (Merchant and Van der Stede, 2012). *Behavioral constraints* make it more difficult for the employees to do things they should not do, such as limiting the access (physical constraints) or restrictions of decision-making authority and separation of duties (administrative constraints). *Preaction reviews* include the controlling of action plans, such as reviews of budgeting processes. *Action accountability* is about making the employees accountable for their actions. To enforce such a thing, administrative modes of communication (for example codes of conduct, checklists or policies and procedures) and/or communication face-to-face can be required. There are some individuals that are held accountable for their actions that involve professional judgment and the desirability of the actions cannot be clearly defined in advance. *Redundancy* is to assign more employees or equipment than necessary on a task in order to have a backup (Merchant and Van der Stede, 2012).

### **3.6 Personnel controls**

Personnel controls increase the tendency of employees performing the desired task satisfactory on their own, because of the employees' characteristics and their own satisfaction in performing the task well (Merchant and Van der Stede, 2012). The personnel controls can be ensured by the use of selection and placement, training or job design and allocation of necessary resources (Merchant and Van der Stede, 2012). The selection and placement of employees are vital, as the company will have to pay if they hire someone of 'poor fit'. The training can constitute of both formal education programs, as well as more informally ones, such as through the use of employee mentoring. Likewise, the job design has to give the employee the possibility to succeed by allocating the resources needed and not assigning too many assignments or accounts (Merchant and Van der Stede, 2012).

### **3.7 Cultural controls**

Cultural controls shape the organizational behavioral values and norms (Merchant and Van der Stede, 2012). The aim is to have the employees work synergistic together, as well as to monitor and influence each other (Merchant and van der Stede, 2012). Organizational culture can, however, be shaped in many ways. For example, through codes of conduct, group rewards, socialization of employees, the physical arrangement of the office, the tone of the top management or deliberately recruit individuals that have particular types of values (Merchant and Van der Stede, 2012; Malmi and Brown, 2008). Simons (1995) refers to these value-based (formal) controls as belief systems, where managers for example articulate the values that they want the employees to embrace and use as a guide of behavior. In that sense, the value of behavior is institutionalized through the belief systems (Malmi and Brown, 2008).

### **3.8 Tightness of controls**

To conclude, it is rarely enough with only one control type to achieve a tight control system. Most often, organizations have to use multiple control types and align them with each other in order to achieve tight control (Merchant and Van der Stede). For example, few organizations have a strong enough culture to achieve a tight MCS only through the use of personnel and cultural controls

(Merchant and Van der Stede, 2012). The appropriateness of each control type depends on the organization and its conditions (Merchant and Van der Stede, 2012).

### **3.9 Internal consistency and the concept of equifinality**

As described previously, different control elements can be configured to form MCS in different ways. While it is not the aim of the thesis to analyze the effectiveness of different configurations, it is relevant to further study the linkages between the different control elements in the MCS of the case companies. This section, therefore, introduces the concept of internal consistency in MCS as well as the concept of equifinal configuration and results. The concepts are relevant when comparing the different case companies' MCS as it is argued that different configurations of controls can result in 'equifinal' results, that is, equally good results, if there are internal consistency among the control elements (Sandelin, 2008).

The study by Sandelin (2008) uses the framework by Merchant and Van der Stede (2012), described above, to investigate management control practices as a package with an additional focus on the coupling among cultural, personnel, actions and results controls. The control packages were evaluated against the overall goal attainment in order to determine the equifinality of the control packages (Sandelin, 2008). The concept of equifinality of the control packages implies the same overall goal attainment may be achieved by different MCS packages containing different control types.

It is argued that, if informal cultural, personnel and action controls are internally consistent, and hence functional, they form a substitute for the need to adopt more formal control systems (Sandelin, 2008). The substitution effect may occur on a more comprehensive level between control package elements or sub-systems such as cultural, personnel, action and results controls (Sandelin, 2008). The appropriateness of informal control practices is argued to be conditional on operational complexity.

The concept of internal consistency has remained a black box despite that previous literature emphasizes on its importance in explaining the functionality of different organizational configurations (Sandelin, 2008). There are, however, two main logics presented in previous research. Firstly, Albernethy and Chua (1996) have described control systems in MCS packages as internally consistent when 'they are designed to achieve similar ends' (p. 573). That is, the controls contribute independently, but the goal-consistent design of the control elements creates internal consistency (Albernethy and Chua, 1996). Secondly, and on the contrary, Sandelin (2008) takes a slightly different stand on internal consistency. Sandelin's (2008) findings rather suggest that internal consistency is achieved in the control system by 'prioritizing a certain control form' (p.338). Thus, the design of the complementary or secondary modes is based on the primary mode of control (Sandelin, 2008). Both studies, however, emphasize that a MCS is based on several control elements and that one is not sufficient.

Hence, in this paper, the framework by Merchant and Van der Stede (2012), described above and used in the study by Sandelin (2008), will be complemented by a fifth control element of organizational structure to investigate management control practices with an additional focus on the coupling among cultural, personnel, actions and results controls as well as organizational structure.

### **3.10 The theoretical framework in summary**

Malmi and Brown's (2008) organizational structure control together with Merchant and Van der Stede's (2012) framework are used to identify the MCS used in the case companies to manage their sponsorship activities. Merchant and Van der Stede (2012) take a broad perspective on MCS, including action, personnel and cultural controls on top of result controls. Additionally, organizational structure is added as a control element, given how the empirics clearly show its relevance. This framework of control elements is considered to enable a holistic analysis of companies' sponsorship management, and thus applicable to answer the research question.

To support an analysis of the holistic approach to sponsorship management, and thereby the interconnections between the control elements, Sandelin's (2008) concepts of equifinality and internal consistency will serve as a basis of discussion.

## 4 Methodology

*This section introduces the methodology used in this study. Firstly, the empirical design and research approach will be presented, as well as a motivation for the selection of cases (4.1). Thereafter, the data collection process will be presented (4.2), followed by a description of how the data analysis was performed (4.3). Lastly, a discussion regarding the research quality in terms of reliability and validity will be presented (4.4).*

### 4.1 Choosing a research methodology and design

The research design in this paper is a multiple case study, where six large, Stockholm-based corporations are included. The primary data source consists of 23 semi-structured interviews.

#### 4.1.1 Empirical design

A research design can be defined as a logical plan of how to get from here to there. That is, the logic that links the data to be collected to the initial question of study (Yin, 2014). Likewise, a case study is preferable when the aim is to reach a convincing understanding rather than the exact truth and also include, for example, the interviewees' perception (Merriam, 1994). This is especially interesting in the domain of sponsorship management, as previous research is pointing towards a shift from philanthropic and personal engagements in the sponsorship management towards a higher degree of formalization and sophistication (Crompton, 2004; Thjömöe et al., 2002). In order to understand the contemporary phenomena of sponsorship management, as well as understanding the development, a case study seems as an appropriate empirical method (Eisenhardt, 1989). Case studies often raise questions of more explanatory character, such as how and why, as such questions deal with the operational links that needs to be traced over time, rather than incidences (Yin, 2014). As there is little research within management of sponsorship, a broad and open-ended research question is applicable and used (Eisenhardt and Graebner, 2007).

Further, a multiple case study is conducted as it enables us to draw a single set of cross-case conclusions, as well as it allows for identification of patterns (Yin, 2014; Eisenhardt, 1989). However, it is also recognizes that it may not bring as much depth as a single case-study (Eisenhardt and Graebner, 2007). Likewise, the multiple case study is chosen as it typically generates more generalizable theory than a single case study (Eisenhardt and Graebner, 2007). By choosing a multiple case study, the findings of this paper should be strengthened and some of the fears about the uniqueness or conditions surrounding a specific case should be avoided (Yin, 2014; Eisenhardt and Graebner, 2007; Eisenhardt, 1989). However, a multiple case study can require extensive resources and time beyond the means of a student or researcher (Yin, 2014). Likewise, the choice of a multiple case study also raises the importance of using replication for the multiple cases (Eisenhardt, 1989). The rationale behind the choice is also based on the hypnotizing that different types of conditions exist in sponsorship management and that it is desirable to have cases covering the different types (Yin, 2014; Eisenhardt and Graebner, 2007). As an initial hypothesis, Yin (2014) recommends two to ten cases dependent on whether a literal or theoretical replication is pursued. That is, whether similar results are predicted or contrasting results but with reasons that are anticipated. Further, Yin (2014) recommends six to ten cases in order to provide compelling support for the initial set of propositions and to enable to pursue a theoretical replication. This is further in line with Eisenhardt's (1989) recommendation of four to six cases to handle the trade-off between building theory and receiving a too large amount of empirical data. On such basis, this study is based on six cases.

#### 4.1.2 Research approach

There are two main types of approaches to research. The inductive approach, such as the grounded theory (Yin, 2014), implies building new theory from the data collected, whereas the deductive approach uses the data collected to test existing theory (Eisenhardt and Graebner, 2007). The starting point for this research was the intersection between sponsorship and management control systems, a domain with little previous research. While excluding the possible research area of management control systems in organizations engaging in activities that are difficult to measure, the research took

off in the domain of sponsorship management. This domain focuses on the gap in previous research on sponsorship, that is, the lack of a holistic view in how sponsorship is managed in organizations, and gives better circumstances to explore why organizations' management of such sponsorship might differ.

Due to the little prior research on the domain of sponsorship management, a deductive approach was unfeasible. Therefore, an inductive research approach served as the starting point. However, the precise boundaries of the case study and the exact framing of the research domain developed alongside the data collection phase, as the information received during the data collection was impossible to foresee (Merriam, 1994). Thus, an abductive approach evolutionary used that allowed for testing of the domain theory and findings, while developing the theory applied to the case companies (Yin, 2014). Likewise, a qualitative approach is described as something that is developed along the way and where data collection and analysis are made in parallel in a dynamic process (Merriam, 1994), which is in line with Eisenhardt's (1989) description of the case study process as highly interactive and tightly linked to the data.

#### **4.1.3 Selecting the cases**

A multiple case study demands that each case is carefully selected so that it either predicts similar results or predicts contrasting results but for an anticipated reason (Yin, 2014). Thus, while cases can be chosen randomly, it is neither necessary nor preferable (Eisenhardt, 1989). In this study, the logic of the choice of corporations was to obtain a variety both in terms of organizations and in terms of choice of sponsorship, rather than to enable an observation of a representative sample (Berrett and Slack, 1999; Eisenhardt and Graebner, 2007). Selecting cases on neither theory nor hypothesis retain theoretical flexibility (Eisenhardt, 1989). The focus was to select companies that are active sponsors, had a connection to Stockholm (preferably Stockholm-based or with the headquarters in Stockholm) and were considered large companies (where direct supervision is not possible). As a larger number of people in an organization demand a greater need of control mechanism, it is highly relevant to look at large companies (Flamholtz, 1996). To ensure that different types of organizations were included in the study in terms of ordinary business and organizational structure, three financial services companies as well as three consumer good companies were selected.

In Appendix B, there are short descriptions regarding each case company.

## **4.2 Data collection process**

The following part will cover information on how the data was retrieved, the planning process, and the conduction of the semi-structured interviews.

### **4.2.1 Conducting semi-structured interview**

Previous research indicates that different departments at companies handle sponsoring activities. Most often, it is the marketing department that is in charge for the sponsoring activities. However, the previous research also indicates that, occasionally, it is the public affairs department or the sales department (Thjömoe et al., 2002). Sponsoring can also be decided upon in several levels of the organization (Thjömoe et al., 2002). Therefore, due to the buoyant nature of the responsible role (if one exist), the interview selection was based on the interviewee's insight in the sponsoring activities of the company and not due to a certain role in the organization. As previous literature suggests, there is often no employee separately devoted to the management of sponsoring activities (Thjömoe et al., 2002). In order to gain a comprehensive picture of the organizations, the selection of interviewees was done with the aim to capture both the vertical and horizontal span.

The interviews were based on interview questionnaire, which consisted of eight different modules (Appendix A). The interview questionnaire was used as a guide during the interviews, where applicable questions in consideration to the interviewee were asked (Merriam, 1994). The interview type of a semi-structured one was used as it was important to be able to develop upon the situation as it developed, the interviewee's own picture of the situation and act upon new ideas that alerted during each interview (Merriam, 1994). This was especially important as the interviewees in this study all had

different formal positions and roles in relation to sponsorship management. The interview duration ranged from 35 minutes to 90 minutes, with an average duration of 65 minutes, and the interviews were performed from September to November 2014.

A majority of the interviews (20) were performed face-to-face. However, due to some constraints in the interviewees' time schedules or current location, four interviews were performed over the telephone. Three to five interviews were performed at each case company, which was considered to be a preferable amount in terms of reaching empirical saturation and thus gain enough depth and insight into the case companies (Eisenhardt, 1989). Two of the 23 interviewees were not employees at one of the case companies, but rather to gain further insight into the general context of corporate sponsorship. One of the interviews was performed in a pair of interviewees. 19 of the interviews were recorded to enable transcription afterward to ensure that all information was transmitted. In three of the interviews, the interviewees asked specifically not to get audio recorded, which was respected. In one of the telephone interviews, technical difficulties limited the possibility to record the interviews. In all 23 interviews, notes were taken by one of the researchers during the interview, while the other researcher was in charge of asking the questions. For the four interviews, which were not audio recorded, the notes taken during the interview were looked over immediately after the interview by both researchers to ensure that all information was included. The interviewees were all available for follow-up questions and confirmations, which was used throughout the process.

All audio recording of the interviews were transcribed into Word before coded into Excel-sheets. As all interviews were performed in Swedish (due to it being the native language of both the researchers as well as all of the interviewees), the transcribing into Word was made in Swedish. The translation was done when coding the empirical data into Excel (the chosen program for coding the data). For the four interviews where only notes were taken, the notes served as the basis of coding.

#### **4.2.2 Additional sources of data**

The primary source of data was the semi-structured interviews. Due to the limited extent of explicit written documents regarding the area of sponsoring policies, as well as the hesitance in sharing internal documents, the researchers used a limited amount of secondary data. With that said, secondary data was collected through three types of data. Firstly, public information produced by the case companies, such as annual reports or information regarding the sponsoring activities and organizational structure on their websites has been used. Secondly, two of the interviewees brought documents in conjunction with the interviews regarding guidelines for sponsoring activities or presenting data of sponsorship activities. Thirdly, an image on paper was drawn in order to illustrate a complex organizational structure. The image was preserved through conversion to digital format by copying the information into a PowerPoint-picture, and presented in Appendix B.

### **4.3 Data analysis**

The chosen abductive approach implies that the analysis of data was made in parallel to data collection. As the analysis starts in parallel to the data collection, it is possible to grasp if there is a need for further interviews across the case companies.

Described by Eisenhardt (1989), a multiple case study raises the importance of using replication for the cases. Therefore, consistency in the data collection and categorization needs to be ensured, wherefore the same plan was followed for all case companies. As a starting point for analysis, a short description of each case was written as a first orientation. This description was continually checked and modified as the data was collected and coded (Flick, 2011). As the data was collected, it was coded into sheets in Excel. One excel sheet per company was used, as the aim was to examine the results for each individual case. Thereafter, the aim was to observe patterns of results across the cases, referred to as cross-case synthesis by Yin (2014).

The aim of coding was to break down the data into analyzable elements. No prepackaged software, such as NVivo, was used, as Excel served its purpose when coding the transcribed interviews. Further, coding was performed as it enables a constant comparison of phenomena, cases and concepts (Flick, 2011).

As a starting point, open coding was used, which aims to express the data and phenomena in the form of concepts ('codes') (Flick, 2011). Thereafter, the data was segmented for each case company (and interviewee) in order to gain a deeper understanding of the text (Flick, 2011). Short sequences of words, expressions and quotes were classified into themes. For each case company, linkages between the identified themes were constantly trying to be identified and classified, which Flick (2011) refers to as axial coding. That was made in order to outline the possible relationships between the phenomena and the concepts. Towards the end of the research, selective coding was used where the focus was on elaboration potential concepts and core variables resulting in a central phenomenon (Flick, 2011). The procedure of interpretation of the data and integration of additional material were performed until theoretical saturation had been reached and that the researchers felt that, for example, enrichments of categories no longer provided new knowledge (Flick, 2011).

#### **4.4 Research quality**

The research quality can be discussed in terms of reliability and validity (Merriam, 1994). The discussion regarding the reliability and validity of a qualitative research is difficult if one looks at the study as a whole. Instead, the different components and instrument used should be analyzed to ensure that the results are both reliable and valid (Merriam, 1994).

##### **4.4.1 Reliability**

Reliability concerns to what extent the results of the research can be repeated (Merriam, 1994). This is a constant issue for, especially, social science since the human behavior is in continuous change (Merriam, 1994). The qualitative research is based on the assumptions that the reality is holistic, multi-dimensional and in continuous transformation (Merriam, 1994). That is, it is not a fixed or stable state. Hence, the aspects of transparency and replication in the research approach become important (Yin, 2014; Merriam, 2014).

This method section previously presented aims to provide clarity for the reader, and thus transparency, into how this research has been conducted. However, the abductive nature of the process somewhat limits the possibility for full disclosure of every (small) step. Likewise, the context of this research is continuously changing. In order to overcome the potential weakness in reliability due to the changing context, the research has been documented carefully throughout the process of this study. All audio files, transcription documents as well as the notes from all interviews have been saved in a systematic manner.

Multiple case studies imply a need of replication in the process of data collection and analysis in order to be able to draw comparisons and conclusions based on the several cases at hand (Yin, 2014). Achievement of this has been aimed for through the use of semi-structured interviews (that is, handling the data collection in a similar manner for all case companies) as well as using the same process of coding the data for all case companies.

Several methods for data collection and analysis and sources, referred to as 'triangulation', are highlighted as important to ensure the reliability (Merriam, 1994; Yin, 2014; Eisenhardt, 1989). Despite this, the following limitations have been considered. Firstly, there is a limited use of secondary modes of information, as semi-structured interviews were the primary method of data collection. To bring further reliance on the results of the study, a greater amount of internal documents from all levels of the case companies regarding their sponsorship activities could have contribute to further insight as well as for confirmatory purpose to what have been said during the interviews. Several of the case companies were hesitant in handing out the internal documents, and thus, the content of such documents has only been received in oral form during the interviewees. Secondly, the case companies in this study are all complex organizations. Thus, it can be argued that more interviews always bring additional insights. However, several employees were interviewed with different roles and in different parts and levels in the organization for all case companies. The last interviews in each case company provided only more details of the insights already gathered. Hence, it was concluded that no more fundamental new information would be given.

#### 4.4.2 Validity

The validity of the study refers to how well the findings correspond to the reality, and can easiest be discussed when split into three parts; internal, constructed and external validity (Merriam, 1994).

The internal validity refers to the interpretations that the researchers have made. Thus, it concerns the objectivity, which is the credibility of the causal relationships between independent and dependent variables inferred from the data (Merriam, 1994; Modell, 1995). Thereby, it concerns the phase of data analysis (Yin, 2014). The ambition to ensure objectivity has been managed by recording and transcribing the interviewees, as well as to a large extent asking similar questions to several interviewees (based on prepared interview questionnaire) for confirmatory purposes. Likewise, notes have been taken during the interviews. When compiling the empirics, all quotes from interviewees presented in the empirics have been confirmed and discussed. This was done to ensure that the quotes portrayed a truthful picture and had not been taken out of context or been affected by the researchers' values and associations.

The construct validity refers to the accuracy in which a case study's measures reflect the concepts being studied (Yin, 2014; Modell, 1995). A possible limitation in the study, with regards to the constructed validity, is the limited use of triangulation in the data collection (Modell, 1995; Eisenhardt, 1989). The study has foremost made use of one primary source of data; interviews. However, in an attempt to strengthen the construct validity, the empirical findings have been presented in a structured manner in line with the theoretical framework, referred to as a chain of evidence by Yin (2014).

External validity, which can also be referred to as analytical validity, is the extent to which the results from one specific research are attributable to other situations than the one researched (Merriam, 1994; Yin, 2014). Thus, it involves the generalizability. Merriam (1994) also emphasizes that the foundation for external validity is based on that internal validity exists. Hence, that the research results are meaningful and valid in the situation for which they were studied.

A case study cannot be said to be statistically generalizable (Yin, 2014). However, it serves to purpose of expanding and generalizing theories, and thus it can be analytically generalizable (Yin, 2014). Case study theory building is a bottom-up approach, which implies that the data in itself generates the generalization of theory (Eisenhardt, 1989). The risks are, though, that the phenomenon is specific to a unique case or that the researcher is unable to raise the level of generality of theory (Eisenhardt, 1989). Merriam (1994) describes a multiple-case study as a way of increasing the external validity, due to how cross-case analysis is possible. This rests on the need for replication of, for example, selection of cases to be possible. It is further enhanced by the fact that semi-structured questions are prepared, and that certain approaches in terms of coding and analysis are set in advance. In that sense, this multiple case study approach minimizes the risk of facing an idiosyncratic phenomenon.

Likewise, a rich amount of empirical data has been incorporated for the purpose of giving the reader a vast amount of information to ensure that the one interested in transferring the result to another application have a base for his/her own judgments. This is suggested by Merriam (1994) to further strengthen the generalizability.

Moreover, the possibility to act as two researchers should, according to Eisenhardt (1989), enhance the creative potential of the study (as the different researchers bring complementary insights and perspectives) and the convergence of observations (as it builds more confidence in the findings).



## 5 Empirics

*This section describes how the selected case companies work with management control of their sponsorship activities. Each company is described one at a time, and the information for each company is structured according to the five control elements presented in the theoretical framework; organizational structure control, result control, action control, personnel control and cultural controls. Before the controls are described, however, a brief overview of each company's sponsorship activities and sponsorship strategy is presented. This empirical section thereby aims to present the holistic set of management control components the companies use in their management of sponsorship.*

All case companies have explained that the total amount spent on sponsorship, as well as sponsorship spending in relation to total spending or total marketing spending is of confidential nature. Therefore, no such data will be presented about the case companies. The overall indication is, however, that sponsorship constitutes “a relatively small proportion” of the overall budget. The amounts invested into sponsorship are, however, larger than simply the direct costs. The firms also invest, for example, time (and hence salaries), knowledge and networks into sponsorship.

The empirical findings are summarized in a table in the Appendix C.

### 5.1 Danske Bank

#### 5.1.1 Overview of the company's approach to sponsorships

##### 5.1.1.1 *Brief overview of engagements*

Most of Danske Bank's sponsorship activities are managed in a decentralized manner under the responsibility of each local office. Centrally, only few sponsorship engagements exist, but the bank is moving towards reducing the amounts spent on local sponsorship, in favor of increasing the number and size of central engagements.

Locally, sponsorship often relates to sports, and may include sponsoring of teams, organizations, arenas etc. Centrally, sponsorship focuses more on culture than sports. The Swedish headquarter has sponsored the Vadstena Academy for over 20 years, a preeminent music academy with training and performances. A centrally managed sponsorship is also the support to Linköping ice hockey organization, which is sponsored due to the banks heritage in the city (Swedish branch originated from Linköping).

The bank has community engagements both at the central and local level. Activities such as ‘Matte Center’ and ‘Mitt Liv’ continue to engage society and the bank's employees year after year. These activities are managed by the corporate responsibility manager at the Communications department, and are budgeted in the corporate responsibility account. Likewise, offices' community engagements are separated from sponsorships. It is the purpose of this paper to analyze the management of sponsorship, which is why these engagements are excluded from the paper.

##### 5.1.1.2 *Sponsorship strategy*

No formal sponsorship strategy exists at neither central nor local level. Rather, the central sponsorship activities are inspired by the strategy for the bank's corporate responsibility, which is set by the Communications department, as well as the Group's<sup>3</sup> sponsoring policy. From these policies, Danske Bank has extracted four buzzwords which guide the direction for sponsorship; youth, education, innovation and growth. The local offices are not guided by either a formal or informal strategy. They direct their sponsorship on what the local community is in need of and where the bank sees an opportunity to build awareness of the brand.

Cohesiveness has naturally been difficult to achieve considering the decentralized decision-making authority and lack of control under which sponsorship has operated. Danske Bank sees increasing

---

<sup>3</sup> The Group's headquarter is located in Denmark. All interviewees have been performed at the Swedish branch.

value in having a holistic approach to the sponsorship, and wants to achieve this by engaging in sponsorship that can be related to the operations of the bank. The upcoming formalized strategy is expected to mirror this, as focus likely will shift away from sports towards innovation and growth.

*“The market for sports sponsorship is overcrowded, which makes it difficult to distinguish our brand and get any associations to our brand.”<sup>4</sup>*

The ambition of cohesiveness is supported by the bank’s long-term perspective to its engagements. Even though, the bank does not commit itself through contracts for more than three years centrally and one year locally, the ambition is to extend the contracts and build long-term relationships.

Danske Bank works with various set-ups of sponsorship activities depending on each engagement. Centrally, distance is taken from purely financial set-ups. Rather, they wish to interact with customers through activation and events. Locally, financial and activation set-up are both deemed suitable. The exchange of networks, knowledge, and personnel is also welcomed set-ups.

### 5.1.1.3 *Organizational structure control*

Danske Bank has its Group headquarter in Copenhagen, Denmark. Danske Bank Sweden constitutes the primary organization for the purpose of this study, and has a Swedish headquarter located in Stockholm, Sweden. Danske Bank was established in Sweden in 1997, but did not operate under a common brand until 2011. The Group has a divisionalized, cross-country organizational structure.

The Group headquarters, the Swedish headquarter and the local offices operate their sponsorship activities independently. The Group headquarters does not force any direction or choices on to the Swedish headquarter. Likewise, the Swedish headquarter does not guide local offices’ sponsorship activities and has little insight into the activities, except for the budget. The offices are free to spend the assigned sponsorship funds wherever they see fit.

Danske Bank does not have a specific role with sponsorship responsibility, not at the local or central levels. Centrally, the CEO has the overall decision-making authority, with the board often being involved in the decision process. The Communications department is involved if the board requests evaluation material as foundation for a decision.

As there is no designated role with overall sponsorship responsibility, there are several employees involved in sponsorship activities. The Head of Communications has a coordinating role between cross-division activities. The executive vice president is the person in charge over office managers, which mean he negotiates the budgets with the offices, and office managers reach out to him with sponsorship-related questions. He may direct the managers onward, either to one of the above-mentioned employees or even to specific operating divisions when relevant. Locally, the office manager makes sponsorship decisions.

As the organization has moved to a shared brand, the organization is moving towards a more central structure. However, the management of sponsorship is expressed as;

*“When we rebranded our operations, our sponsorship activities lagged behind. So they are still operated through a legacy of what it has been like. We do not feel, however, that the funds we invest in local sponsorship activities give a hands-on effect, even though they surely bring some benefits. Based on this, we will reduce local sponsorship budgets and expand our central activities.”<sup>5</sup>*

## 5.1.2 **Result controls**

### 5.1.2.1 *Objectives*

Danske Banks’ sponsorship activities, both centrally and locally, serve the objective of building the brand through brand awareness and positioning. Indirectly, there is a clear commercial objective of

---

<sup>4</sup> Head of Staff and acting Head of Communications, Danske Bank Sverige

<sup>5</sup> Head of Staff and acting Head of Communications, Danske Bank Sverige

increased sales, which is broken down to components such as customer satisfaction, customer acquisitions, nourishment of relationships and employee satisfaction.

While the local sponsorship activities also have a commercial objective, there is not always the same expectation on return from the sponsorship activity due to the small size of the sponsorship amount. The line between sponsorship activity and community engagements, locally, is thus expressed as sometimes blurred.

#### 5.1.2.2 *Measurement*

Brand awareness and associations constitute the primary objective, and related indicators, such as brand values and media coverage, are measured centrally on a monthly basis. When headquarters gets momentum in the new central engagements, the development in these indicators will be monitored. These measurement outcomes are not communicated downward in the organization.

Danske Bank currently does not have a control system for measurement and follow-up. This is confirmed for both central and local sponsorships;

*“There is no demand on measurability on sponsorship effects, and there are no check-lists. We do not attempt to measure any effects on financial measures, and will not attempt to do so even after we have constructed a more formalized evaluation approach to our sponsorship activities.”<sup>6</sup>*

The difficulty in measuring the sponsorship effect on, for example, sales are acknowledged. Especially, the potential time lag between an activity and subsequent sales is highlighted as well as the fact that the sponsorship activity often can only partly explain the sales. For example;

*“Sponsorship will never be an exact science with numbers that you can follow-up on. But most of the time you have a feeling for whether something is good or bad.”<sup>7</sup>*

Even if outcomes are considered using soft indications, the costs are controlled in a stricter manner through the budget.

#### 5.1.2.3 *Targets and evaluation*

As the objectives are not, in general, translated into measures, no performance targets are defined. The outcomes of central activities are, however, discussed by the board. These dialogues include questions such as “did we achieve what we wanted from this engagement?” and serve as the foundation for decisions regarding the engagements.

Offices are responsible to carry out evaluations to the best of their abilities. From the central department, they do not request any information from the offices regarding sponsorship. Locally, follow-ups on events are made through phone calls to participating customers. No structured documentation is kept related to events or follow-ups. Taken into consideration when evaluating activities are, for example, the sponsee’s fit with the bank, as well as the internal commitment and ownership. Likewise, it is mentioned that sponsorships often develops into relationships, wherefore terminating a sponsorship has to be done with caution.

### 5.1.3 **Action controls**

#### 5.1.3.1 *Action accountability*

Danske Bank does not have a sponsorship policy, but are currently developing one. Not centrally, nor locally are the decisions and actions guided by any administrative action controls. The new policy aims to streamline sponsorship activities by engaging in those that can be related to the bank’s operations, primarily focusing on the areas of innovation and growth.

---

<sup>6</sup> Head of Staff and acting Head of Communications, Danske Bank Sverige

<sup>7</sup> CEO, Danske Bank Sverige

Historically, a majority of the total sponsorship budget has been allocated to the local level. However, the total sponsorship budget in Danske Bank is reallocated to achieve a better balance between central and local engagements.

Danske Bank does not track its sponsor activities in a formal way. Rather, the central department each year puts together an informal list of all offices activities. The list is collected from the reported budget material. The list is simply an administrative task and does not serve as a basis for any corrective action or any other practical implication.

#### 5.1.3.2 *Behavioral constraints*

With its decentralized structure for management of sponsorship, the local offices face no restrictions other than the budget control. The only influence from the Group is that the Swedish branch should not directly contradict strategies and policies at the Group headquarters. For example, if Denmark decides that sports sponsorship should diminish, Sweden cannot increase its sports sponsorships.

#### 5.1.3.3 *Preaction reviews*

As previously mentioned, the budget is used, and the central department sets each office sponsorship amount for the coming year. The headquarters and the local offices have individual budgets, and sponsorship spending is attributed to the marketing account. Budget amounts are determined annually, and on a quarterly basis, a budget follow-up takes place (not specific to sponsorship).

Annually, the person in charge over offices meets the offices for budget follow-ups. In this dialogue, sponsorships may become a topic of discussion. Theoretically, it is wished for that these dialogues include evaluations of what activities an office should keep for the next year, but in practice, these dialogues do not seem to take place. Additionally, there are no sanctions or rewards tied to the budget evaluation.

Centrally, the planning process often includes building and evaluating a business case of potential entrants to the sponsorship portfolio. Discussion and planning regarding the set-up and collaboration with the sponsee also receives some work before rolling out an engagement. This process is, however, not formalized, but something the company carries out in consideration of available time and depending on each scenario. At a local level, the planning is less extensive.

#### 5.1.4 **Personnel controls**

It is mentioned by the interviewees that the responsibility of a (central) sponsorship activity often is given to a certain employee, where it is mentioned that commitment from employees is a key decision driver for activities.

#### 5.1.5 **Cultural controls**

Danske Bank Sweden has a history in being an individual province bank, and even though it has become increasingly centralized, decentralization is described as the history and culture of the company.

However, the bank engages in a planned socialization activity during the annual manager conferences, where all office managers meet for presentations and dialogue. On these conferences, larger sponsorship and corporate responsibility projects are given room to inform the organization about the progress and outlook of the projects. The managers are expected to carry the information with them out in the organization.

#### 5.1.6 **Overall company summary**

Danske Bank engages in both central and local sponsorship activities, where the local offices have autonomy in taking sponsorship decisions within the budgeted sponsorship cost. There is no formal strategy or policy for sponsorship in place. However, Danske Bank is currently developing a policy for sponsorship.

## 5.2 Handelsbanken

### 5.2.1 Overview of the company's approach to sponsorships

#### 5.2.1.1 *Brief overview of engagements and sponsorship strategy*

As the organizational structure is decentralized, the local office managers (referred to as 'branch' in Handelsbanken) have the mandate to take decisions (also regarding sponsorship). However, the top management and central departments up the rules and guidelines. Therefore, Handelsbanken does not have any sponsoring engagement centrally. All sponsoring is made on a local basis and is often limited to the geographical area of the local office. Occasionally, several offices pair up to enter larger sponsoring engagements, but such decision is still made from the local office managers' position.

The local sponsorship engagements are often simple in nature in terms of contracts and expected performance. There are local deviations, but sports in general are in focus and imply activities such as the exposure of the Handelsbanken logo on an ice hockey rink against a yearly fee, or interactions with potential customers during an event. Also, decisions regarding donation or such for a good cause or unitary catastrophes are fully decentralized to the local offices. There is some deviation to the decentralized model in terms of community beneficial engagements.

#### 5.2.1.2 *Sponsorship strategy*

Overall, sponsoring is to gain local exposure; to be seen, and to be present where the banks customers are. For example, the local office manager in Emmaboda describes that for him it is 'natural' to be a local sponsor and be present where there are families. However, the local sponsoring activities sometimes have a component of being a good local citizen;

*"You want to take your social responsibility."*<sup>8</sup>

Another aspect is being recognized in the local community. For example, one office manager pays for a small advertisement with some information in the local newspaper. There, the use of sponsoring as building relationships is emphasized;

*"Building relationships are extremely important, especially in a small local community. We are seen everywhere. It is very, very, very much about building relationship. To have the local inhabitants knowing whom the office manager is. And if they [a local inhabitant] need a loan for example, they will come to our office."*<sup>9</sup>

### 5.2.2 Organizational structure control

The organizational structure is highly decentralized, and the decision-mandate is to a large extent delegated to the local office managers. The central communication department is in charge of the market communications, which also implies sponsoring guidelines. However, for example, no advertisement is made centrally, and there are in general limited activities made from a central level. The 463 local offices in Sweden have the responsibility for sponsoring engagements. The local office managers report to the regional offices. As long as the local office manager shows profitability, the discussion regarding the specific cost structure will be limited. Only if the local office performed badly and have a large sponsoring agreement, the regional manager would question it.

The board of the local offices could come with input regarding sponsoring to the local office manager, but does not have the mandate to stop the manager from entering into a sponsoring engagement.

---

<sup>8</sup> Office manager Emmaboda, Handelsbanken

<sup>9</sup> Office manager Emmaboda, Handelsbanken

### 5.2.3 Result controls

#### 5.2.3.1 Objective

The overall target for the local offices, as well as the bank in general, is to have the lowest cost to revenue ratio as possible. There is no overall objective for sponsoring engagements centrally and the local objectives may differ. Also within one local office, the objective with sponsoring engagements can differ dependent on the engagement. The local office of Emmaboda can be used as an example, where they sponsor the football and orientation club with the aim to have as many young people involved and active as possible at the same time as Handelsbanken's logo is shown. In terms of the local office's sponsoring of the golf club, it is rather to be able to have customer activities there. The objective is on one side to be present with the logo and gain exposure, while on the other hand contribute to the local community and occasionally to strengthen the connection to already existing customers.

#### 5.2.3.2 Measurement and evaluation

There is no formal measurement system or follow-up from the top management, central department or the regional head offices for which sponsorship engagements each local office has entered into. Rather it is the local office manager who performs an evaluation. From the perspective of a local office, the local office manager takes the amount of the sponsorship engagement in comparison to the exposure received. However, it is foremost based on personal judgment. The local characteristics of the sponsoring engagements occasionally implies a compensability of the sponsoring effect despite formal measuring systems, such as the manager knowing by heart were he or she have first have gained contact with the prospect. The overall measurement ratio for the bank as well as the individual offices is cost divided by revenue, which implies a focus on 'efficiency in using resources'<sup>10</sup>, which the interviewees also refers back to when discussing sponsorship.

### 5.2.4 Action controls

The local office managers have the decision mandate of choice of sponsoring. It is limited by the managers' own 'reasonability'. Likewise, they have a certain degree of freedom in the overall spending on sponsorship, as it is not a fixed amount that is budgeted for. However, at the same time, the local manager is responsible for the profitability of the local office and evaluated on the measurement ratio cost to revenue.

#### 5.2.4.1 Action accountability

There are guidelines for the central department regarding brand exposure in general, which is also applicable to sponsorship. It is described that the local office manager is expected to limit his/her activities to his/her limited local area, referred to as 'around the church spire'. Centrally, as in any decision, the office managers 'common sense' is emphasized as key for ensuring that the engagement that they enter are relevant to the region and the office. The local office has the mandate to make the decision. Decentralization is mentioned as;

*"It is so grounded in our culture."*<sup>11</sup>

Likewise, one local office manager described it as;

*"We never get any boundaries to retain to."*<sup>12</sup>

There are, however, three pillars in the foundation of the decentralized structure; the book 'Our Way'<sup>13</sup>, which are described as a document describing the values and culture, education for all new employees on how Handelsbanken works and the decentralized structure and finally the managers role as cultural proliferators.

---

<sup>10</sup> Confirmed by two of the employees

<sup>11</sup> Head of Group External Communications, Handelsbanken

<sup>12</sup> Office manager Emmaboda, Handelsbanken

<sup>13</sup> In Swedish; 'Mål och medel', referred to as a 'cultural bible'

The bank works with values and let the local offices grow within the boundaries of their church tower and the values. There are approximately 20 policy documents in total, which guides the bank's operations.

#### 5.2.4.2 **Behavioral constraints**

The choice of sponsoring engagement is based on the local office managers' objective and use of sponsoring. Likewise, they can choose not to enter any sponsorship engagement at all, which is the case in certain areas. One local office manager mentions the element of the bank to be each local office managers' own cost-consciousness, as well as the importance of supporting the local community rather than larger sports clubs;

*"We should put the money on the youth and get the local community going. Not on Linköping's team, nor the national team. Sponsoring will never be done centrally."*<sup>14</sup>

The local office managers are in charge of the local sponsoring projects. One local office manager describes the importance of personal engagement in order to run a sponsorship activity either from him/her or his/her employees. It is often the one who is most interested of the sport activity, for example, who will also run the activity. In terms of the more societal commitments like educating youth in household economics, it is the central functions that are responsible for that. From a central perspective, it is believed that the local office managers 'are' Handelsbanken.

#### 5.2.4.3 **Preaction reviews**

If a local office chooses to engage in sponsoring, the expense is part of their overall marketing expenses. There are no guidelines in terms of the size of the overall expense, but based on the local office managers own reasonability. Likewise, one local office manager mentioned that he tries to spread out the sponsorship on the sports in the local area and that the amount he spent on sponsoring is based on his own judgment;

*"I sponsor an approximate amount every year, which I feel comfortable with."*<sup>15</sup>

Only if the overall results of the local office will be unsatisfactory, the regional manager will discuss the different cost components.

#### 5.2.5 **Personnel controls**

In general, the employee turnover is low at Handelsbanken. The effect of this is described by one of the interviewees;

*"I started in the bank when I was 20 years and worked with someone who had been at the same office in 41 years when she retired. You get fostered by the ones you work with."*<sup>16</sup>

Further, the recruitment process of new employees focuses on the alignment between the bank's values and the applicant. Lastly, a lot of the recruitment of managers is made internally.

#### 5.2.6 **Cultural controls**

The managers are described as important profilers of culture and spreading that culture is said to be part of their responsibilities. As previously described, 'Our Way' is referred to as the cultural bible and described as used in the daily operations in all levels.

#### 5.2.7 **Overall company summary**

In line with Handelsbanken's overall organizational structure, the decision-making authority regarding sponsorship activities is delegated to the local office managers. There is no official sponsoring policy

---

<sup>14</sup> Office manager Emmaboda, Handelsbanken

<sup>15</sup> Office manager Emmaboda, Handelsbanken

<sup>16</sup> Office manager Emmaboda, Handelsbanken

in place, but general guidelines to how the logo and brand of Handelsbanken should be used. The characteristics of the sponsorship activities differ depending on the local office.

## 5.3 Swedbank

### 5.3.1 Overview of the company's approach to sponsorship

#### 5.3.1.1 *Brief overview of engagements*

Swedbank has three overall hierarchical levels in the company; group, region and local levels. The vast majority of sponsorships are located on either group or local level.

The company has three main, central sponsorship engagements. These are the Friends Arena, which is the Swedish national arena, the anti-bullying Foundation Friends, as well as the Swedish Soccer Federation. Examples of smaller, centrally located engagements are the Sports Gala, Melodifestivalen and some ad hoc cultural sponsorship engagements.

Currently, the bank has around 500 local engagements around the country. They have extensive presence in football clubs, but also in other sports, where the focus lies with youth teams. It also owns a number of stadiums around Sweden. Swedbank is often also the bank of the organizations or stadiums they sponsor. Further, Swedbank engages significantly in community engagements. Several smaller engagements exist both centrally and locally, and they often relate to either the operations of the bank or to one of the sponsorship engagements. On a larger scale, missions such as Unga Jobb, an internship program for unemployed youths, and Stella, a mentorship program for young women, receive a lot of attention throughout the bank.

#### 5.3.1.2 *Sponsorship strategy*

Swedbank aims to have a coherent sponsorship portfolio, where engagements relate to the desired images of Swedbank as “the sports bank” as well as “the people’s bank”. This is translated into the three categories of sport, community and culture. Soccer engagements are aligned in age groups with the youth focus in the operations of the Friends Foundation. The larger soccer engagements are, furthermore, aligned with supporting engagements such as the initiative against spectator violence, “Stå upp för fotbollen”. Through its local sponsorship presence, where it reaches out to more than half all sports organizations in Sweden, they also reach out to the broad audience of *people* in Sweden.

The strategy delimits activities from individuals or elite levels of sports, as it is considered to not be in line with the group association of the brand, while also carrying additional risks. Further, closeness to the bank’s operations is also a preference, even though it is not as strictly considered a guideline.

The bank has slimmed down its group sponsorship portfolio from 1000 engagements to half in five years in order to achieve a greater coherence, with a focus on a long-term approach. For example, one explanation is;

*“The time and resources available to sponsorship is of course not infinite, so some competition exists between engagements. The most efficient management of sponsorship is found with the offices that understand how engagements relate to each other and to our operations.”<sup>17</sup>*

Swedbank is introducing the concept of a “social strategy” in the bank, where they start considering sponsorship, CSR and community engagements as increasingly coupled concepts;

*“Sponsorship will not exist in its traditional form in five years. It is not about handing out money anymore, it is about building win-win relationships.”<sup>18</sup>*

---

<sup>17</sup> Project manager Unga Jobb, Swedbank

<sup>18</sup> Chief Officer of Group Marketing and Branding, Swedbank



### 5.3.2 Organizational structure control

Swedbank has three overall hierarchical levels in the company; group, regional and local levels. The vast majority of sponsorships are located on either group or local level. There are 9 regions (6 regions on the Swedish market, and one region per Baltic country), and the local level constitutes the local offices (approximately 300 in Sweden and 200 in the Baltics). Swedbank furthermore has close cooperation with approximately 60 savings banks that operate under individual names but with a partially shared brand. The Savings banks have an important role in the development of the bank's culture.

Swedbank's headquarters takes a ruling role in the Group's sponsorship activities. Strategies and policies are defined centrally, and the management of nation-wide activities is carried out centrally. Local offices are responsible for the management of their own activities and set the amounts in the budget spent on sponsorship. The regional divisions, however, support offices to extract the full potential out of sponsorship contracts.

The Marketing department carries responsibility for sponsorships, whereas the Public Affairs department is responsible for the community engagements. In the development of Swedbank's social strategy, sponsorship and community engagements become increasingly integrated, but while the concepts meet in informal dialogues, they are operationally kept apart;

*"In practice, no confusion exists regarding what responsibilities and decisions land on the table of Branding and Sponsorship, or what lands on the table of Public Affairs."*<sup>19</sup>

Swedbank has roles with formal and informal involvement in sponsorship and community engagements. The Chief of Marketing and the Head of Public Affairs are accountable for the Group's sponsorship and community engagements, respectively. Both departments have other employees who share the operational coordination and management of sponsorships. For instance, a full time employee under Public Affairs is assigned to the management of Unga Jobb, a role which entails the communication and coordination of the engagement, as well as teaching the organization how to operationalize Unga Jobb at each office. Furthermore, a Sponsorship Board exists, which meets if the bank considers new engagements of amounts larger than 1 MSEK. At a regional level, both engagements are managed by the same role, and this role is the support to all offices in these activities. The Office Manager of each office is accountable for the office's activities. Due to a personal interest, the CEO also invests extensive efforts to community engagements;

*"If our CEO was to leave his position, the community engagements are likely to lose some anchoring in the Board, but the local offices have truly operationalized, for example, Unga Jobb, that I feel confident it would live on."*<sup>20</sup>

### 5.3.3 Result controls

Central and local engagements also see somewhat different approaches to the measurement and evaluation of what results the sponsorship activities actually achieve.

#### 1.1.1.1 Objectives

Swedbank's sponsorship objectives are the same for both central and local engagements;

*"Our primary objective for all sponsorship is of course to generate sales – be profitable and create returns to our owners. We are hoping to achieve this indirectly by building trust from our customers and society, where we show that we are a good bank."*<sup>21</sup>

As indicated by the quote, Swedbank wants to create an association of trust to its brand. It is explained that all money that goes into sponsorship is aimed to make a difference in society, where the best scenario is when a significant effects can be achieved through a small input from the bank. For

---

<sup>19</sup> Head of Group Public Affairs, Swedbank

<sup>20</sup> Project manager Unga Jobb, Swedbank

<sup>21</sup> Head of Group Brand Engagement, Swedbank

example, Unga Jobb foremost focuses on the objective of creating internship positions for young adults, but parallel to this are the more informal objectives of positive publicity, establishing contacts in the local communities, as well as profits from subsequent sales.

Overall, Swedbank' brand is said to be established on the market, which is why general association rights and brand exposure is not an objective to Swedbank.

*“Rather, we want to reduce exposure and have better control over what situations our brand is associated with. We want less general, and more specific, awareness.”<sup>22</sup>*

A sign on the wall is hence of no interest, but the sponsorship is for the rights to meet customers. Further, the objectives for the local offices have a commercial intent. For example, expressed as;

*“Each decision at the local offices is a business decision.”<sup>23</sup>*

### 5.3.3.1 **Measurement**

While the objective of sponsorship is to generate sales, Swedbank does not attempt to measure a direct effect on sales at a central level. Instead, the return to the bank is estimated to be positive or negative through an overall assessment. The link to sales is considered indirect by the nature of sponsorship. It is, however, pointed out that business results from corporate clients, compared to private customers, are somewhat easier to link to certain events due to the more active relationship.

Also on a local level, new activities are only approved after a return on investment evaluation is carried out, and in the follow-up evaluation, a financial assessment is made at a relatively detailed level. Sponsorship and networking activities are separated in the local evaluation procedures, where estimates of generated gains are compared to the respective costs<sup>24</sup>. In contrast, it is said from the central department that;

*“Unfortunately, [we] do not make a business case out of the decisions. We make no attempt to estimate what we can expect in return from a certain investment. The decision is based on the absolute cost number.”<sup>25</sup>*

Measurement is considered important, and Swedbank sees that;

*“...both the brain and the heart need to be involved in order to receive a full picture of sponsorship effects.”<sup>26</sup>*

Swedbank operates few quantitative measures, but the bank does take help from external sources, to centrally monitor its brand value through media coverage and brand associations.

### 5.3.3.2 **Targets and evaluations**

Sponsorship is measured more actively than community engagements (due to the difference in the expectancy of a return to the bank). However, Unga Jobb has translated its objective into a target number of new positions each year. The target level is determined by the Group board and the project manager, and is based on the previous year's outcome and a feel for increased or decreased emphasis on the project during the upcoming specific year. Likewise;

*“...without the financial outcome, it would be difficult to run Unga Jobb year after year, because it is important that employees feel that the project ‘is close to me and my reward’ in order for the project to move forward in a desired direction.”<sup>27</sup>*

A dialogue-based evaluation approach is commonly used both centrally and locally to the assessment of more commercial objectives of sponsorship. Internally, dialogues related to sponsorship are

---

<sup>22</sup> Chief Officer of Group Marketing and Branding, Swedbank

<sup>23</sup> Chief Officer of Group Marketing and Branding, Swedbank

<sup>24</sup> An example of the classification of cost between sponsorship and networking is how the rent for a spectator box at an arena during a game is treated as a sponsorship cost, whereas the specific event costs are networking costs.

<sup>25</sup> Chief Officer of Group Marketing and Branding, Swedbank

<sup>26</sup> Project manager Unga Jobb, Swedbank

<sup>27</sup> Project manager Unga Jobb, Swedbank

scheduled twice a year between the headquarters and the offices and regions. The managers are asked about two explicit objectives - whether they “experience that sponsorship engagements generate new business” and whether the engagements “make a difference in society”. Likewise, the central engagements Friends Arena and Swedish soccer federation sees no formal evaluation but is based solely on a dialogue. Nevertheless, these softer result dialogues serve as factors in deciding whether to extend an engagement.

The degree to which external follow-ups are formalized depends on the characteristics and size of each engagement. Local representatives often follow up events immediately after the each event, through phone calls or a survey based evaluation process where both customers and employees are asked to evaluate an event.

#### **5.3.4 Action controls**

Even though decision-making authority is largely decentralized in Swedbank, the employees are guided in behavior and action through different control elements.

##### **5.3.4.1 Action accountability**

Swedbank has a sponsorship policy, which is developed by the Marketing department in collaboration with different levels of the group through dialogue. The policy is formulized in documents with clear directions for sponsorships. Sponsorships should fit within the frames of three categories; sport, community and culture. Within these categories, an activity needs to be in line with the values of Swedbank’s brand, including values such as *proximity* (for example local presence), *group* (for example soccer rather than tennis), and *safety* (for example not motorsport). Closeness to the bank’s operations is also a preference, even though it is not as strictly considered a guideline.

Local deviations from the policy are accepted under the condition that another activity would be more suitable in the given community. Swedbank acknowledges that a strict central strategy risks forcing down activities that do not fit a given community, and allows for certain deviations. Local deviations are, though, few and have to be communicated and approved by the central Marketing department.

Other examples of formal procedures documents are in regard to the enrollment and anchoring of Unga Jobb around offices. The task list covers specific steps needed to roll out Unga Jobb in a successful manner. Each task list was tailored to each local area and included for instance “I need to meet with the head of the municipality’s employment office”.

##### **5.3.4.2 Preaction reviews**

Every engagement is reported to the central Marketing department, regardless of size, once a year. The sponsorship activities are entered into a reporting tool and the compiled findings are also published annually in a report. Likewise, during the budgeting process, the local office’s suggestion on future expenditure on sponsorship is reviewed.

#### **5.3.5 Personnel controls**

While foremost the Marketing department or the local offices handle the sponsorship activities, there are certain activities that have a full-time employee connected to them, such as Unga Jobb. Likewise, the devotion from the CEO is mentioned as a contributor to the enrollment of Unga Jobb.

#### **5.3.6 Cultural controls**

Swedbank originates in the Savings banks, a province bank, which still today constitutes Swedbank’s majority owner. The Savings bank is explained by the employees to have a history of being a community actor, and is even by law (Sparbankslagen) required to contribute to society.

Further, the importance the of employee commitment to sponsorship activities as well as the role of ‘ownership’ of the activity is emphasizes, which is said to be best achieved by placing activities at a local level.

### 5.3.7 Overall company summary

Swedbank has a sponsorship strategy and policy in place, which guides both central and local sponsorship activities. Objectives are primarily of a commercial nature, but are increasingly becoming integrated with a desire to contribute to the society in the sponsorship engagements. Measurements and evaluations are foremost done based on media value, customer and employee satisfaction through surveys as well as through dialogue. All sponsorship activities are reported to the central Marketing department, which compile an annual report over all sponsorship activities.

## 5.4 Electrolux

### 5.4.1 Overview of the company's approach to sponsorships

#### 5.4.1.1 Brief overview of engagements and the sponsorship strategy

Electrolux has several sponsoring engagement foremost in line with their ordinary business. On a European basis (EMEA), the initiative to sponsor Taste Festival is one of the largest on-going commitments (and one of few on EMEA level). It is in turn delegated to the local offices (on a national basis) to activate. Additionally, Electrolux sponsor what they refer to as 'opinion leaders', successful chefs, with products. These engagements are both on sector level (regions such as EMEA) and local level (for example Sweden) dependent on who 'owns the relation', that is, who benefits most from the sponsoring. Electrolux also sponsors the World Championship in skiing in Falun, which is one of few examples of a sponsorship activity outside their ordinary business.

The business unit Professional Appliances (who has its headquarters in Italy) has in the Nordic countries focused on sponsoring the national chefs' teams in Sweden, Norway, Finland and Switzerland. The aim is to build a relationship to what they refer to as 'up and coming' chefs with the ambition that they will start their own restaurant in the future. Since 2008, the team is also practicing in the demo kitchen in the group's headquarters in Stockholm. Likewise, the Nordic division of Professional Appliances sponsors 'Chef of the Year' [Årets Kock], where they foremost contribute with the kitchen where the participants cook, but also financially. Moreover, they also have sponsoring engagements with the junior national chefs' team as well as the national pastry chef team in Sweden.

The Nordic region is also involved in more local sponsoring, which they have chosen to refer to as 'support' as there are no formal sponsorship agreements. Rather, it is more local decisions through the retailers or due to the presence of a factory. One example of this is the arena in Allingsås where Electrolux has a strong presence and history and a local initiative was made to support a good cause.

There is a shift towards more alignment in the strategies between Electrolux's different markets due to new global roles, such as the global Chief Marketing Officer, which has not existed previously. For example;

*"...every sponsoring engagement has to support our long-term business strategy...and that is about that we want to build stronger brands, a stronger business, we want to earn money, we want to increase our revenue and we want to grow..."<sup>28</sup>*

Further, there is an emphasize on activating the sponsoring engagements as well as using the engagements to interact with customers, in contrast to, for example, putting the logo on a football field.

#### 5.4.2 Organizational structure control

Electrolux has strong business areas, which to a great extent make their own decisions regarding their marketing budget, and thus their sponsoring budget. However, the shift in sponsoring strategy towards 'fashion, food and lifestyle, is in line with an increasingly centrally controlled organization. The line between the strong areas and the centralized organization is exemplified as;

---

<sup>28</sup> VP Global Social Media and PR, Electrolux

*“Europe is very much in charge of its own marketing budget and its own sponsoring engagement and such. But everyone is of course in the loop and is there as a support and helps to coordinate.”<sup>29</sup>*

In general, the marketing manager at each level in the organization is responsible also for the sponsoring engagements. In regards to Sweden, it can therefore be managed at four different levels in the organization; on a global level, in EMEA, in the Nordic cluster and in Sweden. The global manager, Head of Social Media and PR, Mattias Rådström, is responsible for global initiatives regarding sponsoring engagements and he reports to the Group’s marketing director, MaryKay Kopf. Any external requests are in general transferred to the person responsible for that area, for example EMEA or Sweden. There are limitations to the autonomy in decision-making in terms of large sponsoring engagements, where a confirmation from either regional manager or global manager is needed;

*“If it is large investments, it often has to be confirmed higher up in the hierarchy. It depends on the size of the sponsoring commitment.”<sup>30</sup>*

One of the interviewees in EMEA mentions that the marketing manager in Sweden for example always should inform him of his sponsoring engagements, but that this is seldom done in practice. Rather, in terms of large commitment they have to get a formal confirmation since a large amount of cash is tied up and to ensure that the unit is following the European strategy fully.

The organizational structure of the professional appliance business area is slightly different than the geographically divided business regions. The professional appliance’s headquarter is located in Italy, and decisions regarding the global sponsoring engagements are therefore made in Italy. In terms of the Nordic region, the Nordic cluster is based in Stockholm and thus, the sponsoring engagement regarding the Nordic market is taken there. It is also described that local sponsoring engagements are common where the company has their operations or factories and that these types of engagements are handled locally as well;

*“Of course, if it is very local decisions regarding the support of the local community in a very specific area of our operations, that decision can be made.”<sup>31</sup>*

An example of such local sponsoring engagements can be found in Ljungby, where Electrolux has one of their few Swedish factories and where the factory manager on his own has decided to sponsor the local hockey team. Likewise, Electrolux foremost sells its products to retailers and not directly to the end customer and therefore separates local support to retailers with sponsoring engagements, which is referred to as collaborations. For example, the Swedish organization could financially support activities that the local retailer has decided on for a good cause and to strengthen the relation locally. However, it is often in regard to small amounts.

### 5.4.3 Result controls

#### 5.4.3.1 Objectives/Performance dimensions

Electrolux enters sponsoring engagements that supports their business and thus relates to the area of fashion, food and lifestyle, in all levels of their organization. In some examples, the sponsoring activities are decided upon on an EMEA level, for example the Taste Festivals, but delegated to the national levels to activate, for example Taste Festival Stockholm. There are some deviations in the characteristics of the sponsoring engagements, but the key factor is the company uses the company’s products in a way that is either interactive with or shown to potential customers or opinion leaders. In regards to the local sponsoring engagements, there are deviations, such as the one in Ljungby, where they sponsor the local hockey team. There are no guidelines or recommendations for the very local decision. Additionally, the sponsorship of the World Championship in skiing in Falun is a result of a request from Electrolux’s owner. As Electrolux currently focuses on sponsoring within the area of

---

<sup>29</sup> VP Global Social Media and PR, Electrolux

<sup>30</sup> VP Global Social Media and PR, Electrolux

<sup>31</sup> VP Global Social Media and PR, Electrolux

fashion, food and lifestyle, the aim is to relate the sponsoring engagement to the overall business of the company and build the brand. In terms of the development of the company's sponsoring engagements, there has been a shift in focus, which by some of the interviewees is referred to as 'a formalization';

*"...I think that during the last couple of years, we have become more focused on the areas lifestyle, fashion and, foremost, food. And that has been related to that we during the last years have become more focused on and put more resources on building strong brands."<sup>32</sup>*

Likewise;

*"It has to do with the fact that we today have a greater understanding for brand related questions, I would say. It is a more sophisticated marketing organization today than it was in this company for ten years ago. The greatest difference is that you do not take as easy on these questions any more. You have a more rigorous evaluation of these types of proposals... We have a much more centrally controlled and transparent processes today where we know demand a greater understanding for the strategy."<sup>33</sup>*

There are examples of sponsorship activities where Electrolux has chosen not to renew sponsorship contracts. For example, one sponsoring activity was deselected as the new management team with a different view of the use of sponsorship started. They did not believe that the activity was in line with the overall company strategy. The reason for entering the sponsoring engagement originally was more based on a personal interest rather than strategic fit. Likewise, the previous sponsoring activities on the Nordic level are described to have been more 'passive'. For example, employees were invited to go to the events, while the organization today works more actively to invite customers instead.

#### 5.4.3.2 *Measurements*

There is no global template to use for measuring the effects of sponsoring activities, but in general both quantitative and qualitative measures are taken into consideration. The most common measurement used is 'PR-value', or media value, where the coverage is multiplied by a fixed multiple to calculate the value of the 'free' media exposure. The measurement is performed or acquired externally by the Marketing department at the level of the sponsorship activity, such as on regional or local level. In terms of events, the company measures the number of visitors, how many of them that cook with the chef, how many that is reached by the social media posts, how many that streams the video, how many that sign up for a follow-up. However, in terms of the return on investments, little is measured specifically for sponsorship activities. Such measurements are foremost performed for marketing in general, for example looking at the return on investments as a value of equivalent advertising spent. There are also more qualitative measures such as 'who do we reach out to' and why the investment is done. The actual leads that led to sales are described as difficult to measure. The difficulty in measuring is partly explained by the lack of information regarding who the customer is, which results in;

*"Yes, there is less fact-based decisions when it comes to marketing investments. It is rather based on experience and knowledge and parallels to what you have done before."<sup>34</sup>*

On a more regional level, there are examples where actual sales generated from the sponsoring is measured. In terms of the professional appliances unit in the Nordic region, the unit sponsors for example the national chefs' team [kocklandslaget]. The marketing manager of Professional Appliances in the Nordic region, Marcus Örnmark, gathers every year's sales from built relationships in an excel-sheet, which he looks over approximately once a year. As the other levels, the Nordic region also measures the number of leads for example, but mention the difficulty in connecting the leads to actual sales due to the need to gather that information from the retailers and sometimes the time lag between event and actual sell. Additionally, the complexity in connected sales to a certain event or relationship building engagement is mentioned. For example, the Nordic region does not yet measure the effects of

---

<sup>32</sup> VP Global Social Media and PR, Electrolux

<sup>33</sup> SVP Marketing and Brands EMEA, Electrolux

<sup>34</sup> SVP Marketing and Brands EMEA, Electrolux

sponsorship of the junior pastry team as the two-year sponsorship activity is considered new and there has not yet been any ‘activation’.

#### 5.4.3.3 *Setting targets*

Electrolux formulates a set of targets for all larger sponsorship, which state that ‘this is what we want from this sponsorship activity’. Though, the target in itself differs from country to country and sponsorship activity to sponsorship activity. The measurement and evaluation is then based on the set targets. In terms of local sponsorship activities, there is not as much focus on neither a target nor a measurement and evaluation. The target then is rather to take an active role in the (very) local community.

#### 5.4.3.4 *Rewards or punishments*

The sponsorship activities are integrated in the Marketing departments and its overall strategy. The sponsorship activities are one of several activities, which are a part of strengthening the brand.

Further, there is a long-termism involved in the sponsorship activities affecting the results of not reaching targets. For example, the Marketing manager of Professional Appliances in the Nordic region states that he would not necessarily end a sponsorship activity because of one bad year, but rather reflect on what Electrolux can do better next year to enhance the partnership.

### 5.4.4 **Action controls**

#### 5.4.4.1 *Action accountability*

There are general global guidelines regarding sponsorship activities. However, they are described to be of a too general character to guide the organization in sponsorship activities;

*“Since we do as little sponsorship activities as we do, there are no really policies for it or processes where we accept all large initiatives. I cannot say that there is a special sponsorship policy document.”<sup>35</sup>*

Thus, there are no specifically designed processes for handling sponsorship proposals. However, there is, described as, clear evaluation process for all requests and ideas regarding marketing investments. Sponsorship activities are described as just one of many things on the employees’ agendas, and rather an understanding for the company’s strategy and what is ‘on strategy’ and ‘on brand’ are considered to be the best guideline.

The person accountable for the sponsorship activities and the decisions concerning such is the marketing manager in the level of the organization as the sponsorship activity. However, in terms of handling sponsorship requests, all of the interviewees state that they feel comfortable making decisions in the moment, and in other cases the person guides the request to the right level in the organization. For example;

*“...if it is a request regarding the Swedish market, I will send it directly to our marketing manager in Sweden. If it is a European activity, I will send it to our marketing manager in Europe and so on. And then, I can say that I have a trained eye for what is within the operations of Electrolux and not. So of course, I can also be the person that says ‘Thanks, but no thanks’ right away...”<sup>36</sup>*

#### 5.4.4.2 *Behavioral constraints*

The sponsoring engagements are not considered to be large enough to have a position for sponsoring in specific. There are, though, event-groups in the marketing departments at all levels of the organizations, which plans, coordinates and activates the sponsoring engagements. The engagements are perceived as fully integrated in the company and its marketing department and the discussion

---

<sup>35</sup> SVP Marketing and Brands EMEA, Electrolux

<sup>36</sup> VP Global Social Media and PR, Electrolux

regarding sponsoring takes place in all levels of the company. The decision regarding which level of the organization is in charge of the sponsorship activity depends on which level in the organization the sponsorship activity is.

The budget set for marketing activities and sponsorship engagements in specific sets the limits to what the marketing manager at each level in the organization can make decisions about. Within that limit, the marketing manager has the decision-making authority. If a sponsorship activity costs more than what the marketing manager has budgeted for, he or she has to turn to national, regional or global marketing manager.

#### **5.4.4.3 *Preaction reviews***

The contract length of the different sponsorship activities differ, as large engagements are perceived to take more time and demand more resources to see returns. Therefore, in general, longer contracts are preferred. The contract for Nordic region's sponsoring of 'Chef of the Year' for example is three years, as well as the Taste Festivals<sup>37</sup>.

Likewise, sponsorship activities are budgeted for under the relationship building marketing, while support of different kind is part of the sales promotion. The sponsorship activities are often considered larger investments and therefore have to be included in the yearly budgeting discussions. The discussion regarding the size of the upcoming years' sponsorship budget is based on the previous years' level as well as national and regional factors.

#### **5.4.5 *Personnel controls***

The Marketing department at each level is responsible for the sponsorship activities at its own level, for example EMEA, the Nordic region or in Sweden. Likewise, each Marketing department has an event-group, which activates and coordinates and the sponsoring. Thus, the sponsorship activities are closely integrated to the other marketing initiatives in Electrolux. The alignment of sponsorship activities set and communicated by the Chief Officer Marketing.

#### **5.4.6 *Culture controls***

Electrolux explain that the employee who "owns" a relationship is likely to become the person responsible for a sponsorship activity. It is considered valuable to have a personal connection with the sponsor, and beneficial to internally have clear and committed 'owners' of activities.

#### **5.4.7 *Overall company summary***

Electrolux foremost engages in sponsorship activities in food, fashion and lifestyle. There is a general policy in place, but foremost it is about the strategy of sponsoring activities, which is closely related to the company's ordinary business. The sponsorship activities are highly integrated in the Marketing department at each level.

### **5.5 *H&M***

#### **5.5.1 *Overview of the company's approach to sponsorships***

##### **5.5.1.1 *Brief overview of engagements and sponsorship strategy***

H&M's sponsorship activities can be divided into three main categories. Firstly, H&M's is engaged in sponsorship activities in the area of horse riding where the company sponsors Malin Bayard since 1993, Peder Fredricsson and horse events such as Sweden International Horse Show, Gothenburg Horse Show since 2004. Secondly, in connection to H&M's recently developed sport collection released in 2013, H&M sponsors tennis player Tomas Berdych as well as the two tennis events Swedish Open in Båstad and Stockholm Open. Likewise, H&M sponsors the Swedish Olympic Committee. Regarding Tomas Berdych and the Swedish Olympic Committee, H&M develops specific

---

<sup>37</sup> Confirmed by two of the interviewees



cloths for Tomas Berdych and the Olympic athletes in collaboration with them. Thirdly, H&M is engaged in community engagements which the company divides into three categories; customer engagement charity, community development and value investments. Examples of community engagements are the project All For Children in collaboration with UNICEF in India, Water Aid and “rounding up”-campaigns where the customers can choose to “round up” the paid amount and where the access money goes to a good cause. H&M has sponsored WaterAid since 2002 and UNICEF since 2004.<sup>38</sup>

#### 5.5.1.2 Sponsorship strategy

H&M does not have an overall strategy for sponsoring, but are currently developing one. For example;

*“We are awaiting our sponsoring strategy. The fact that we do not know when we should say yes or no to is partly the reason why we have to get a sponsorship strategy. Also, to be able to show credibility and create trustworthiness when we say yes or no, both internally and externally; Why do we enter an agreement with him but not with her? So we need to have a strategy.”<sup>39</sup>*

The company’s sponsorship activities have developed from being focused on horse riding to working with sponsoring in relation to H&M’s own products, and the community investments and engagements are closely related to its value chain. Likewise, the overall amount that the company allocates to sponsoring has increased as a result of the new sponsoring activities on top of the previous focus on horse riding.

#### 5.5.2 Organizational structure control

The organizational structure of H&M is based on matrix organization with Sales functions divided per country and the eleven group functions/central departments (Finance/accounting, Sales & Marketing, Buying, Production, Expiration, Communication & Press, HR, Sustainability, Security, IT and Logistics). All of the eleven group functions as well as the Sales function per country report up to the CFO and Managing Director. Thus, the Swedish office is separated from the group and gets support from the global marketing- and sustainability departments as the other local (national) sales offices.

The decisions made regarding sponsorship activities are in general made at the central departments and the organization’s decisions are in that sense describe as centrally controlled. H&M has historically been careful in entering local engagements, exemplified as logos on sport teams’ shirts. The local offices can come up with initiatives or suggestions occasionally, but in general the central departments are restrictive. To enter an agreement regarding sponsoring, it has to be beneficial globally as well as locally, which limits the number of local initiatives. The local offices have to follow the same path as the global level;

*“...due to the fact that we are so large, we do very few things that are specific to a country. Then, from a sponsoring perspective you might think that we do...but no, everyone that, you know, this is like the central river that works towards all of our markets.”<sup>40</sup>*

H&M has a formally responsible employee for sponsoring, which has the role of ‘Head of Sponsoring and Consumer Engagement Charity’. However, when entering a long-term agreement with a partner, the top management has to be involved, regardless of the amount. The position is formally among the ‘planning group’ in the Marketing department. H&M has recently re-arranged the structure recently so that the community engagements which refers to and engages the customer (consumer engagement charity) is separated from the sustainability department and instead handled by the marketing department and under the responsibility of Head of Sponsoring and Customer Engagement Charity.

---

<sup>38</sup> The owner family has also started a foundation - H&M Conscious Foundation, which is a separate non-profit organization that complement H&M’s sustainability work with strategic philanthropic programs. The foundation work along side three focus areas voted as the most important one by the customers and public during 2013, through for example ‘Conscious Actions’. H&M Conscious Foundation made an investment/donation of approximately 1.1 million Euros last year and the customer (through for example rounding-up campaigns) reached a similar amount. Total community investment/donation from H&M reached approximately 3.4 million Euros last year.

<sup>39</sup> Head of Consumer Engagement and Sponsorship at Group level, H&M

<sup>40</sup> Head of Consumer Engagement and Sponsorship at Group level, H&M

In terms of H&M sponsoring of the horse cavalry and events, it is handled separately from H&M's ordinary business and sponsoring and societal engagements. In terms of H&M's community engagements, sustainability issues are to be addressed by all departments. However, the central sustainability department supports all functions with issues regarding that area, as well as looking into more long-term issues.

The sponsorship activities are decided upon centrally, but there are some examples of exploring local possibilities. For example, Tomas Berdych has done local events in connection to tournaments around the world in order to bring light to the sport wear assortment when it was suited and it exemplifies how H&M works with bringing global sponsorship activities to the local level.

### 5.5.3 Result controls

#### 5.5.3.1 Objectives

H&M's objective with engaging in sponsorship differs depending on the purpose of the specific sponsorship activities. The overall objective of the sponsoring activities is to generate sales;

*"Everything boils down to the fact that it should be able to sell in the store."<sup>41</sup>*

The difficulty in separating the sales effect attributable to the sponsorship activities, specifically in relation to the H&M brand in general, implies difficulties in measuring the sales generated by the sponsorship activities. Moreover, the sponsorship activities are to strengthening the company brand in general and occasionally about strengthening specific products (such is the case for the sport collection). The sponsoring of Tomas Berdych and Swedish Olympic Committee is mentioned to also focus on gaining credibility and trustworthiness of the sport collection, since H&M is new on the sport clothing market. The credibility is described both in terms of communication to the potential customers as well as in the actual design and production of the sportswear collection. The latter put emphasis on the feedback received from the sponsees as a result of the focus on the function of the sport wear alongside the design. In terms of the sponsorship with Tomas Berdych and the Swedish Olympic Committee, the sponsoring engagements are made instead of more traditional marketing such as advertising.

#### 5.5.3.2 Measurements

The marketing department receives feedback from their own sales channels, which are the local (national) sales offices. However, the direct sales effects of the sport sponsorship activities are not measured separately. The department for Communication and Press acquires data regarding the number of people reached, the 'spread', which is specified to be the media coverage is monitored and measured. The information is communicated and handled by the Head of Sponsoring and Consumer Engagement Charity at the Marketing department. The media value is said to be the foremost used measurement. The 'media value' is calculated by multiplying the media coverage with multiples/fixed quote to receive a financial estimate for the 'free' publicity received. While the interviewees express the difficulty in measuring the specific sales effect due to the sponsorship activities, it is also mentioned that the 'emotion' or gut feeling regarding the outcome plays a part. Likewise, that they feel comfortable with the fact that the company receives more in return than the sponsorship expenses. For example;

*"It feels much like 'emotion' is very central."<sup>42</sup>*

*"...feels safe that they get more back than what they pay for the engagements."<sup>43</sup>*

There is also another side to the sponsorship activities. Regarding the collections that are developed to and in collaboration with the Swedish Olympic Committee, the procurement department receives feedback through sent out surveys. The surveys are sent out after the events on which the sportswear

---

<sup>41</sup> Project manager of sponsoring in the Procurement department, H&M

<sup>42</sup> Project manager of sponsoring in the Procurement department, H&M

<sup>43</sup> Project manager of sponsoring in the Procurement department, H&M

collections were used, such as in Sotji. Thus, the procurement department is measured on the successfulness of developing the collection. A similar feedback is received from Tomas Berdych, but through on-going discussions. Moreover, it is emphasized that the procurement department is also measured on more qualitative factors, such as the press reception of the clothes for the opening ceremony at the Olympic games.

### 5.5.3.3 *Setting targets*

There are no set targets in terms of sales numbers for the Marketing department or Procurement department for the sponsorship activities. Likewise, it is stated that the exchange between the sponsor and sponsee has to have a greater value than just the financial side of it;

*“The key to a great collaboration is that there is a greater value to it than just the financial, from both sides. It has to have something more.”<sup>44</sup>*

In regards to the entered sponsorship activities with Tomas Berdych and the Swedish Olympic Committee, the contract for the latter, for example, specify the number of times each year H&M can expect to meet up with the R&D group in order to gain feedback on and discuss the collection.

As it is indicated that the direct product sales generated from the sponsorship activities are difficult to measure, the measurement of media value is compared to the cost of the sponsoring activities in order to estimate the profitability. It is described as the target to reach with the sponsoring. The amount of media value from a sponsorship activity thus indicates the success of the ‘spread’. Further, the focus on reaching a certain level of media coverage is further emphasized by the design of the contracts of Tomas Berdych and the Swedish Olympic Committee, where there the total commission to the sponsees are based on the sponsees performance during tournaments or the number of Olympic medals, as it is stated that such media exposure increase the value for H&M.

None of the interviewees indicate that there is a specific consequence of the outcomes when managing the sponsorship activities.

### 5.5.4 **Action controls**

#### 5.5.4.1 *Action accountability*

There is no policy in place for sponsoring engagements but there is one under development and that sponsoring is connected to them marketing their assortment;

*“No, and due to the fact that it is not completed yet, it is in the development stage, I cannot confide anything.”<sup>45</sup>*

However, all partners, which H&M enters into a partnership agreement with, have to sign a Code of Ethics which is handled by the sustainability department. Likewise, there are formal due diligence processes of all non-profit as well as commercial partners that are handled by the legal department before entering a contract. The sustainability department helps to make sure that it is a trustworthy partner or organization, where they look at aspects such as their economy, their capacity, their ability as a partner and if there are any risks involved with entering an agreement with the partner. Though, it is described that the sustainability department has, so far, only done such checks for potential partners for the customer engagement charity for the Marketing department and not for potential sponsoring partners. This is explained by that the partnerships that are considered sponsoring have neither reach the area of local community nor social responsibility, wherefore the sustainability department has not been involved.

In terms of the community engagements, the sustainability department has a written document with a ‘step-by-step’-manual of how to initiate a collaboration or partnership, which has been sent out to all of the local offices. On top of that there are other factors that are taken into consideration such as anti-corruption or that the organization is believed of going concern.

---

<sup>44</sup> Head of Consumer Engagement and Sponsorship at Group level, H&M

<sup>45</sup> Head of Consumer Engagement and Sponsorship at Group level, H&M

#### 5.5.4.2 *Behavioral Constraints*

The sponsorship activities concerning horse riding is separated from the rest of H&M's on-going business and two persons are dedicated to managing these activities. If needed, such as before or during Sweden International Horse Show and Gothenburg Horse show, staff from the marketing department for example helps out.

While the decisions regarding concepts is taken in discussion groups where representatives from all departments are presents, and thus also Head of Sponsoring and Customer Engagement Charity, the contact for both Tomas Berdych and the Swedish Olympic Committee is delegated to one person at the procurement department and their project manager of sponsoring. The contact with the manager of the sportswear at the Swedish Olympic Committee is described to be on a 'daily basis', while meetings with the R&D-group (consisting of athletes participating in the Olympics) is contracted to be four times a year. The contact with Tomas Berdych is described to be as frequent as needed and not something that is as formalized. Rather it is driven by the manager of sponsoring at the procurement department's responsibility to ensure that the collection turns out as intended:

*"Since I am responsible for the fact that it [the sportswear] has to look good, I feel like I have to meet up with him before every collection for example, in a meeting room and on the tennis court. So, I have a pretty buoyant role and it is, therefore, sometimes difficult to explain to people what it is exactly this I do, because nothing like this has existed before."*<sup>46</sup>

However, it is stated that sponsorship activity with Tomas Berdych has evolved to a relationship<sup>47</sup>. The choice of sponsoring Tomas Berdych is based on a recommendation from the former tennis player Tomas Johansson, which was and is hired as a consultant for H&M. The contact person for Tomas Berdych often involves Tomas Johansson in the discussions with Tomas Berdych, but Tomas Johansson has no formal responsibilities for the contact between the two.

#### 5.5.4.3 *Preaction reviews*

Regarding the sport collections, there are meetings every other week with the project managers from the Marketing-, PR- and Procurement department involved in the collection, where they also discuss the on-going sponsorship activities of Tomas Berdych and the Swedish Olympic Committee and potential future ones. Regarding the development of the sport collection for Tomas Berdych and the Swedish Olympic Committee, the feedback from the design and function is received throughout the year. Head of Sponsoring and Customer Engagement Charity looks over the publicity resulting from the sponsorship activities, as mentioned before.

It is expressed by the interviewees that there is a cost limit, but that focus is on having H&M exposed on the sport arenas in a professional fashion. In general, the sponsoring expenses are expensed as a marketing cost. Other more product-specific sponsoring activities are rather expensed from the specific clothing collection.

#### 5.5.5 **Personnel controls**

As sponsoring of tennis was new to H&M, a former tennis player was hired as a consultant to scout a suitable tennis player to sponsor. Likewise, the former tennis player informs H&M regarding tennis in general. Moreover, he serves as a support both in contact with Tomas Berdych and in general to the contact person of the sponsees, the project manager at the Procurement department.

#### 5.5.6 **Cultural controls**

H&M is described to have a focus on the individual's own responsibility and "heart". And in terms of the guidelines for the local initiatives in national/local societal engagements:

*"It is open, we have a fairly strong organizational culture that kind of is individual responsibility in some way and heart in focus, which makes them make decisions on their own based on that."*

---

<sup>46</sup> Project manager of sponsoring in the Procurement department, H&M

<sup>47</sup> Confirmed by two of the employees

*They have their objectives on their market and what they want to achieve during one year, but we have this recommendation then on what they should think of in each step and what our customers have said is important and what initiatives that are not okay to support. For example, we do not support religious or political organizations.*<sup>48</sup>

When developing new concepts, representatives from all departments meet up to discuss, and thus is also the case in terms of the sport collection for example and the sponsoring in connection to it.

### 5.5.7 Overall company summary

H&M does currently not have a policy or formal strategy in place for sponsorship activities. Hence, there is a policy under development. While H&M historically has been very restrictive in engaging in sponsorship activities (the horse riding being the exception), the company is now engaging in sponsorship in order to gain knowledge about function and design of sportswear as well as create credibility on the market as a sportswear brand. All sponsorship activities are managed centrally, and thus local activities limited. Further, the company is involved in many projects regarding community investments. However, those projects are foremost handled by the sustainability department and separated from the commercial sponsorships organizational.

## 5.6 Skoda

### 5.6.1 Overview of the company's approach to sponsorships

#### 5.6.1.1 Brief overview of engagements

Skoda engages in sponsorship activities on all levels of the organization, from the individual car resellers up to the international headquarters in the Czech Republic.

Skoda Auto (global headquarters) sponsors with a global reach. The engagement with the International Ice Hockey Federation (including the Ice hockey World Cup) is listed in the Guinness World Record book for the longest sponsorship engagement between a company and a world cup (continuous engagement since 1994). Skoda Auto also sponsors the internationally covered bicycle race Tour de France.

In Sweden, Skoda Sverige focuses on the Swedish market. The largest engagements include the Swedish national ice hockey team, 'Tre Kronor', as well as the recreational bicycle ride, 'Vätternrundan'. In addition to these nation-wide sponsorships, it also has agreements with the local resellers to provide financial support to their local engagements. Skoda furthermore created 'Hockeyfonden', which aims to support Swedish youth teams through ear-marked monetary donations.

Skoda Stockholm, acts as a coordinating organ for the four Stockholm-based resellers, engages in a number of local hockey organizations, including both the elite- and youth teams (for example Djurgården). Each of the four local resellers in the Stockholm region also has their own sponsorship engagements. These may include hockey organizations for the specific area of Stockholm, but engagements are also visible in for example local Soccer organizations and Solvalla Horse Racing.

The sponsorship can both be of financial nature and through product sponsoring, in return for a commercial purpose. For instance, the engagement with the local hockey organization in Södertälje (SKK) has no financial means. Instead, Skoda provides cars to teams and individuals for a certain value per year, while in return receiving the right to be present with show cars during games, getting access to registers of members and other sponsors for sending put campaigns, having the youth teams help with handing out promotional flyers as well as arranging events both at arenas and at Skoda's own premises.

---

<sup>48</sup> Social Sustainability Coordinator at Group level, H&M

### 5.6.1.2 Sponsorship strategy

Skoda places its full sponsorship focus on sports. Except for how sports regarded the traditional way of thinking of sponsorship, Skoda also explicates one of the strengths of sport sponsorship;

*“We are all drowning in information today, and sport constitutes a more personal communication channel where we are able to reach customers in their normal habitat. Can we have an exchange with them while they eat a hot dog and cheer on their son playing ice hockey, then we are already building a personal relationship, which is so important in order to generate sales today.”<sup>49</sup>*

An international sponsorship strategy was formulated centrally several years back, and has since prevailed without modification. The strategy consists of three focus areas for the sponsorships; ice hockey, bicycling, and motorsport. The focus areas are chosen, and have remained in the strategy. Each focus area has a historical foundation related to Skoda. For instance, Skoda initially started out by producing bicycles in 1895, and the Czech Republic, Skoda’s country of origin, is expressed as the nation that loves ice hockey.

The chosen sports are “everyman’s sports” and to some extent popular movements, implying a wide audience, which is in line with Skoda’s wide set of customers. The sports also complement each other by providing full-year coverage with its seasons – hockey being large in the winter, while bicycling and motorsports is larger during the rest of the year. Furthermore, motorsport has strong associations with high performance and safety in cars, which is why the sponsorship naturally serves as a platform for both product development and a market place. Skoda aims to achieve a consistency in its engagements, practically implying a holistic representation in each field.

*“We are the only car brand on the Swedish ice hockey market, we sponsor from grass-root level to the elite, and everyone knows we sponsor ice hockey.”<sup>50</sup>*

Consistency in the type of sponsorship activities is believed to communicate clear values about the company, and Skoda explains it helps the company become more efficient in its sponsorship;

*“Since we now have all-around brand awareness in ice hockey, we can reduce spending on signs on the hockey rim and focus our resources on interaction with customers.”<sup>51</sup>*

Likewise, local adoption to the sponsorship activities is used;

*“We gave motorsport a try, but found that it does not receive nearly enough media attention in Sweden. We are currently broadening our sponsorship engagements to include the bicycle market. Skoda is approaching our 120 years anniversary as a company, so we are hoping to gain a competitive advantage by from our role as one of the oldest car manufacturers in the world and we see sponsorship as a great tool to increase the spread of this knowledge.”<sup>52</sup>*

### 5.6.2 Organizational structure control

The Skoda headquarter is located in The Czech Republic. Skoda Sverige is a coordination unit in Sweden which manages the relationship with the Group headquarter. Skoda Stockholm is coordinating unit for the local resellers in Stockholm. The 70 resellers are the uttermost local level in the organization.

The Group headquarter defines the sponsorship policy that all units are, to a large extent, expected to comply with. The Group headquarters in Czech Republic also follows up on every nation, that is, Skoda Sverige. Skoda Sverige does, in turn, follow up on the reseller (for example Skoda Stockholm). The dialogue between all levels is active and frequent. The dialogue follows the structure of the clear hierarchy.

---

<sup>49</sup> Brand Manager, Skoda at Din Bil Sverige

<sup>50</sup> Sales Manager, Skoda Stockholm

<sup>51</sup> Sales Manager, Skoda Stockholm

<sup>52</sup> Sales Manager, Skoda Stockholm

Sponsorship is part of Skoda's marketing communication mix and is hence budgeted under marketing. No clear sponsorship manager exists at any level of Skoda within Sweden. At Skoda Sverige (centrally), the PR manager has a coordinating responsibility for all resellers' sponsorships, as well as the responsibility for the engagements that are managed at headquarter due to their regional reach. In larger decisions, for example in terms of amounts or sidesteps from the strategy, the board and CEO will also become involved. Locally, the sales manager carries the primary responsibility for sponsorship, with the brand manager having the final say as he signs all contracts.

As described previously, each organizational level activates and manages its own sponsorship engagements. The engagements are managed locally, which can imply reseller, local or regional level depending on what audience range the engagement has. The responsibilities of managing sponsorships include planning, activation, evaluation, and dialogues with sponsees and reporting. Each sponsorship engagement has an "owner" among the employees, who will be responsible for managing the activity.

Within the Group, Skoda applies a financial arrangement to align engagements and support financially sound sponsorships. That is, Skoda Sverige supports its resellers' (for example Skoda Stockholm) sponsorship activities. Skoda Sverige will in turn be remunerated from the headquarters for the sponsorship support it has given. The headquarters will, however, also critically examine where the resources have allocated and that support for why each engagement is commercially sound and in line with the strategy.

The Group headquarter sponsors the ice hockey world cup, but if the world cup is hosted in Sweden, it is not the Group headquarter that is responsible for the activation. Skoda Sverige is then responsible, and gets further assistance from the local resellers which may experience direct benefits from the engagement. Each participating unit pays its own costs.

The recommended focus sports dominate Skoda's sponsorships globally, but national and local adoptions and deviations can be accepted.

*"All business takes place on the local level, which is why local adoptions and some deviations cannot be declined."*<sup>53</sup>

Out of the three focus sports, a local player may adopt its sponsorship to fit the local context by only sponsoring a locally popular sport and nothing in the other sports. Decisions of that kind can be made without consulting higher levels of the organization.

### 5.6.3 Result controls

#### 5.6.3.1 Objectives

Skoda has a commercial approach to its sponsorship engagements. Each invested resource should create potential sales opportunities, but the horizon for an actual transaction may be well into the future. The objectives for large engagements are always explicit, whereas small engagements may be used to try out a new relationship or test the potential of a new sponsorship set-up.

The relationship between sponsorship and generation of sales tends to be indirect. Hence, sponsorship objectives are broken down to components that are directly related to the engagements. These objectives serve as the foundation for contract formulation and follow-up activities. The sub-objectives include meeting customers, activating the customers through interaction with Skoda cars, creating brand awareness, as well as communicating certain values to create brand associations.

The objectives are adapted to each engagement as the engagements vary in nature. Today, most ice hockey engagements are focused on relationship building due to the established brand awareness, whereas the bicycle sponsorship will combine both objectives, as the brand is not yet established in that market place. It should also be noted that while local resellers employ the full range of objectives described above, Skoda Sverige's direct sponsorship objective is to support the resellers on the road to selling cars. Since Skoda Sverige has no immediate customers, they engage in sponsoring to enhance the overall brand and to create sales opportunities for the local resellers.

---

<sup>53</sup> PR and Sponsoring Manager, Skoda Sverige

This highly commercial motivation behind sponsorship naturally results in a sponsorship audience of current and potential Skoda customers, that is, current and potential car buyers.

#### 5.6.3.2 *Measurement*

Skoda aims in deriving sales from specific events. For example, Skoda continuously works offer-based in the sponsorships, where a sale based on an offer can be derived to the particular event during which that offer was given out. It is of uttermost importance to enter codes and offers, along with subsequent sales, into the Group's CRM system correctly, as the higher levels of the organization will monitor this data when deciding the amount by which the reseller will be reimbursed in line with the Group's financial arrangement.

In addition, media coverage is measured by external sources. Media coverage is also a decision driver for Skoda before even engaging in a sponsorship – then in the form of how much attention does a particular sport or event get in media. Further, quantitative measures are used with a direct relationship to sponsorship are number of visitors, number of test sittings in the car, number of test drives, and number of leads. These are all monitored per event. A qualitative evaluation is carried out regarding the positioning of the car in the arena – “Is the car positioned in relation to where spectators move about?”

Furthermore, another major objective is the nourishment of relationships. This is evaluated using gut feeling and through an open dialogue internally as well as with the sponsee. Gut feeling is similarly used when a judgment call needs to be made regarding how long an engagement can be continue before the returns are clear, that is, when is poor returns explained by a start-up period or simply a poorly fitted sponsorship? Even though Skoda are able to measure some sales effects in their follow-up, a task which most companies deem impossible, Skoda still identifies numerous challenges in the measurement of sponsorship.

#### 5.6.3.3 *Targets and evaluation*

Even though an extensive set of measures are monitored, targets are rare. Minimum achievement levels are defined in contracts, such as “Skoda has the right to 5 networking events during a season”. Due to the extensive history of sponsorships, as well as long-lasting relationships with particular sponsees, Skoda express that their experience implies that they know what they can get from an event already before they decide whether to accept it.

A dialogue-based evaluation approach is commonly used both centrally and locally to assess sponsorship outcomes, and follow-up is made both internally and externally. The unit of the organization carrying the management responsibility for an engagement is also responsible to carry out the follow-up procedure. Skoda Stockholm explains that they have weekly office meetings, which includes an update on the sponsorship engagements. However, this process differs between resellers. The brand manager of Skoda Stockholm, who carries the overall responsibility in Stockholm, raises crucial questions about all engagements at least annually. It is considered necessary that the resources go to the most appropriate sponsorships. It is a trade-off between all engagements, and if we keep supporting a less beneficial arrangement, they simply do miss out on benefits – “Why are we here? Is there something else we should sponsor instead?”

The majority of sponsorship evaluations and decisions on how to proceed are made in relation to the budgeting process. In general, Skoda measures and follows up continuously after each event, often through phone calls to prioritized leads. However, smaller sponsorship activities such as a youth team will not face measurement follow-up, but just seeing that the players have the brand on the uniform is enough.

#### 5.6.4 *Action controls*

##### 5.6.4.1 *Action accountability*

Skoda's sponsorship strategy, as defined by the Czech headquarters, is communicated throughout the company in various ways. The company has a strategic market plan, which specifies how everyone



should relate to the brand as well as what initiatives are supported. This document presents the global recommendation of the three focus areas of sponsorship engagements (ice hockey, bicycle, motorsport), and it expresses the desire for consistency in how the brand is communicated and utilized. It is formulated as a recommendation, but it is firmly complied with throughout the organization. All levels of the organization have access to this document. The guidelines and the policy are also a natural topic of discussion in meetings at all levels of the organization, both among resellers and on the board at national level.

There is a financial sponsorship arrangement between higher and lower level of the Skoda organization, which is controlled through an explicit guideline that includes a set out process for initiating new sponsorships, as well as a check-list regarding the arrangement of the sponsorship. This policy is also designed by the headquarters, is applied globally and serves the purpose of a quality assurance measures. The policy is of technical nature with several, detailed demands and some targets that need to be fulfilled in order to achieve financial support. Requirements may for instance include “access to the sponsee’s membership register for campaign messages” and “access to the arena with a Skoda car during at least five games in one season”.

#### 5.6.4.2 *Behavioral constraints*

Skoda has autonomous local units who are free to their independent decisions. Higher units, such as the Board and the CEO, are involved when amounts are of higher range or if engagements constitute large, new investments for the market (such as Vätternrundan). Accountability is assigned where it is most suitable, in terms of what unit is operationally closest to engagements. Even though the decision-making authority is decentralized with full local mandates, within the budget limitations, Skoda’s financial arrangement incentivizes companies to act in line with the policy and the preferences of the Global headquarter. The resellers may sidestep the policy on their own, but will then not receive financial support.

Despite the local decision-making authority, Skoda Sverige and the Group headquarters monitor the activities of local units. The reporting goes from the lower levels to the higher levels in the organization, through the hierarchical steps. The assessments based on monitoring are made on a comparative basis, as performance targets are rarely defined. No connectivity between outcome and subsequent rewards or punishments seems to be in place. Typically, total volumes of leads, test sittings in cars, sold cars, how many players in an organization drives Skoda, and visits to the reseller’s premises are measured. A list of the engagements to which the budget is distributed is also reported. Through dialogue with resellers, Skoda Sverige tracks a general feeling of the outcome. Leads are also supposed to be entered into the technical sales system, which the central office has access to and monitor. Cost control is also carried out via the budget. Once every season, a structured follow-up between Skoda Sverige and the resellers take place. If engagements are made in collaboration, the planned follow-ups take place at a minimum twice - before and after the event.

#### 5.6.4.3 *Preaction reviews*

##### *Budget*

Sponsorship is part of the marketing account in the budget. It is explained that the sponsorship in itself does not constitute a large marketing spending, but the large costs constitute advertising, both the advertising accompanying sponsorships as well as advertising in general.

Skoda Sverige and each reseller have their individual budgets. The board of the reseller as well as the CFO of Skoda Sverige is involved in the budgeting process. The pool of resources available for sponsorship is determined annually in the budgeting process. Budget revisions for the reseller (for example Skoda Stockholm) are made on a monthly basis based on decisions from Skoda Sverige, where adjustments are made depending on changes in the market’s macro environment and the development of Skoda’s sales volumes. Resellers likewise follow up on whether spending is in line with the budget on a monthly basis, but the consequences of breaching a budget remains unknown. Costs for sponsorships that continue throughout the whole year, such as the support for a hockey organization, are allocated over all months.

As the year progresses, there is some flexibility regarding the allocation of resources between engagements. Naturally, Skoda Sverige's total sponsorship budget is significantly larger than each reseller's budgeted amount and the budget amount includes both the regionally managed sponsorship activities, as well as the financial support it provides to reseller's sponsorship arrangements (which often is a 50 percent support of the contracted sponsorship value). There is a competition for resources between engagements. This is evident in how bicycling has been declined priority over ice hockey in recent years. Sweden was the host of the Ice Hockey World Cup 2013, which has required a lot of resources from the Swedish HQ and from some local resellers. Hence, no resources have remained in the sponsorship budget to invest in for example bicycling.

### *Planning*

Planning of an engagement is considered important by Skoda Stockholm. Before accepting an engagement, Skoda wants an explicit plan of how it will be operationalized and how the objectives will be achieved. A professional counterpart and answers to questions such as "How will we be able to engage with members and other sponsors?" and "Where can events be hosted?" are of importance to accepting a sponsorship. Larger engagements often face more active and formalized control. The evaluation is based on a business case, including a cost-benefit analysis and the evaluation of different options in comparison to each other.

The process of receiving financial support from the higher units is that a reseller negotiates a proposal together with a potential sponsee, following the process directions described in the policy. The reseller then reaches out to the Skoda Sverige and they discuss to what extent the proposal fulfills the criteria in relation to the proposed contractual amount. Contracts are used as control tools by defining the rights Skoda owns and the responsibilities of the sponsee. Contracts include details specifications of access rights to registers, minimum achievement levels, such as "Skoda has the right to 5 networking events during a season". Directions for the contract design are specified in the policy, and Skoda Sverige approves a contract if the reseller wants to receive financial back up on the engagement.

#### **5.6.5 Personnel controls**

Sponsorship is deeply integrated with the companies' marketing and sales activities. Further, Skoda Sverige encourages the local offices to take initiatives to new engagements.

#### **5.6.6 Cultural controls**

Skoda Sverige sees a clear advantage of each sponsorship engagement being initiated at the lower levels of the organization, that is, by those who are expected to operationalize and control the engagements. An active dialogue with each sponsee and a commitment with clear ownership for each engagement are keys to fully extracting the potential from each sponsorship activity.

*"This is naturally achieved if the resellers operationalize engagements they have initiated themselves, compared to if the central organs force down engagements. Furthermore, the fit between the local need and the sponsorship engagement is reasonably also larger if the local unit themselves discovers the need for sponsorship."<sup>54</sup>*

It is also considered acceptable that a personal driver underlies engagements, as long as it contributes to a greater commitment from the employee and that Skoda get something in return. For example;

*"Balance the personal drivers with routines and process so all decisions are appropriate and possible to motivate."<sup>55</sup>*

The set out direction for sponsorship, the focus areas, ice hockey, bicycling and motorsport, are anchored in the company's history. The managerial distance in Skoda is relatively low, where the employees communicate informally between levels and carry out rather frequent dialogues.

---

<sup>54</sup> PR and Sponsoring Manager, Skoda Sverige

<sup>55</sup> PR and Sponsoring Manager, Skoda Sverige

### 5.6.7 Overall company summary

Skoda has delegated the decision-making authority down in the organization, but streamlines all decisions around a sponsorship strategy and policy, primarily through budgetary controls and monitoring from the top. The objectives are of commercial nature, and creative set-up of engagements enables Skoda to measure financial and non-financial indicators.

## 6 Analysis

*Following the introduction to the analysis (6.1), the analysis is structured along six sections, where each section is concluded by a summary of the part's contribution to the research. Firstly, an overall assessment of the level of sophistication in the companies' sponsorship MCS is made (6.2). Secondly, organizational structure control and action control are discussed as the most common primary modes of control (6.3). Thirdly, it is discussed why result controls fail to operate as tight controls in the sponsorship context (6.4). The fourth section analyzes the roles of personnel and culture control in sponsorship management, where the importance of an ownership culture to some extent contradicts previous research (6.5). The fifth section will analyze the different MCS configurations through the lens of internal consistency, where interconnections between control elements will be analyzed (6.6). Lastly, the study's contributions to the MCS literature are presented (6.7).*

### 6.1 Introduction to analysis

#### 6.1.1 Background to analysis

Previous research on management of sponsorship addresses the use of individual control elements, but fails to acknowledge that control elements often interconnect with each other in a control system. This paper addresses this gap by investigating holistic approaches to the management of sponsorship.

This section analyses the empirics from the six case companies, with the aim of answering the paper's research question; *How do corporations manage sponsorship activities through the use of management control systems?* A first step toward answering the question is presented in the previous empirics section, where the companies' control elements were described. These findings are summarized in a table in the Appendix. This section will complement these descriptive findings through an analysis of the control elements' individual roles and their interconnections in a holistic approach to the management of sponsorship

#### 6.1.2 Commercial intent as a common sponsorship objective

MCS are recognized as inevitable features of organizations as they direct the employees' efforts toward the organizational objectives (Simons, 1987). Hence, in management of sponsorship, the first step is to understand the objective of sponsorship. In order to avoid overcomplicating the discussion, the perspective is raised from the specific objectives of increased sales (Skoda and Swedbank), brand awareness (Danske Bank and Handelsbanken), and product development (H&M and Electrolux), to consideration of a common objective for all companies. The empirics indicate that the smallest common denominator is the *commercial intent* of all sponsorship activities. This sponsorship objective is a characteristic of 'professional sponsorship management' by Thjömoe et al. (2002).

This common objective also finds support in previous sponsorship literature. In sponsorship, the concept of an exchange between the sponsor and sponsee is central (Crompton, 2004; Cornwell and Maignan, 1998), and has become the main highlight for sponsorship activities to be meaningful investment for the corporation. The empirical finding of a common commercial intent among the case companies is in line with Thjömoe et al.'s (2002) study, which showed that companies tend to agree with the commercial definition of sponsorship rather than a philanthropic definition.

### 6.1.3 Different configurations

A MCS for sponsorship serves the purpose of aligning the employees' behavior toward the common goal of a commercial return on sponsorship. The empirics clearly show that different forms and combinations of controls are used to manage sponsorship. In line with previous research (Sandelin, 2008; Malmi and Brown, 2008; Abernethy and Chua, 1996), it was found that the control elements in the case companies are interconnected. These different set-ups of control elements will be referred to as *configurations*. The effectiveness of a MCS is described by Merchant and Van der Stede (2012) as *MCS tightness* – a tight MCS is more effective than a loose MCS in assuring that employees act in the interest of the organization (Merchant and Van der Stede, 2012). The control packages are analyzed and thus evaluated against the overall goal attainment (Sandelin, 2008). The aim of the discussion is to bring further insight into whether and how different MCS configurations achieve goal attainment.

### 6.1.4 The structure of the analysis<sup>56</sup>

As the analysis will describe in more detail, the scene for sponsorship management will be defined through an overall assessment based on Meenaghan's (1991) three stages of sophistication in sponsorship goals and participation. When the overall feel for the companies' approaches are determined, the primary and complementary modes of controls are discussed in order to provide further depth into why the companies manage sponsorship the way they do. An overview of the MCS configurations that are to be discussed are presented in table 3.

It becomes clear that the practically applied primary controls are not in line with those that literature suggests are the most influential controls. Given the commercial intent of sponsorship, performance measurement literature suggests that result controls should play an important role in the control system (Otley, 1999). It is argued that result controls should serve as tools to help the company determine the value of the generated return. However, the nature of sponsorship restricts its measurability (Crompton, 2004), and the empirics show that not only measurability, but also other result controls, are of limited effectiveness for sponsorship. Instead, it is found that organizational structure control and action controls serve as primary controls to sponsorship management.

However, the organizational structure control and action controls are not exhaustive in explaining how sponsorship is managed. It is found that personal interests in sponsorship, a factor commonly portrayed as a threat to the control of sponsorship, can also bring significant benefits to the management through an ownership culture. Another aspect is found in Handelsbanken, which is unique to employ cultural controls as an additional primary control to organizational structure control. These cultural factors will also be elaborated on.

Lastly, the analysis will be wrapped up through the lens of internal consistency. The discussion highlights central interconnections between control elements and how different configurations can serve the purpose of aligning behavior to support the achievement of a commercial intent in sponsorship. As discussed in section 3.9, previous research gives account for two logics of internal consistency (Abernethy and Chua, 1996; Sandelin, 2008). The analysis has been made based on both of these perspectives. It became evident that the logic of Sandelin (2008), and not Abernethy and Chua (1996), is prevalent in each of the case companies. This is why only Sandelin's (2008) view is discussed further in the study.

---

<sup>56</sup> While the case companies evenly represent the financial services industry and the consumer goods industry, the empirics show no evidence of differences in how the companies manage their sponsorship activities depending on the industry group. Therefore, the analysis includes no discussion based on the industry groups.

<b>MCS configurations</b>		
	<b>Primary mode of control</b>	<b>Complementary mode of control</b>
<b>Danske bank</b>	Organizational structure + Action	Result + Culture + Personnel
<b>Swedbank</b>	Organizational structure + Action	Result + Culture + Personnel
<b>Electrolux</b>	Organizational structure + Action	Result + Culture + Personnel
<b>H&amp;M</b>	Organizational structure + Action	Result + Culture + Personnel
<b>Skoda</b>	Organizational structure + Action	Result + Culture + Personnel
<b>Handelsbanken</b>	Organizational structure + Culture	Result + Action + Personnel

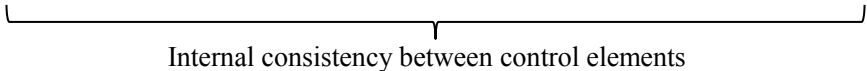

  
Internal consistency between control elements

Table 3: An overview of the MCS configurations that are discussed in the analysis.

## 6.2 The degree of sponsorship sophistication

The findings of this study indicate that companies manage their sponsorship differently depending on a number of factors. Fundamentally, the management follows the logic of Meenaghan's (1991) three stages of sophistication in sponsorship goals and participation. However, in contrast to Meenaghan (1991), the majority of the case companies operate in line with all three stages simultaneously, rather than progressing the whole company's sponsorship management toward higher sophistication over time. The empirically derived factors that impact the management's sophistication level are the nature of each activity, the size of the commitment, and the level in the organization that manages the sponsorship activity. Even though the empirics do not show clear-cut scenarios for these factors, generalized examples can illustrate the idea. A locally managed engagement with a lower financial commitment tends to have a philanthropic objective and is, therefore, managed in a less sophisticated manner. A centrally managed engagement is often well fitted with the company's operations and has a commercial intent, which in turn is followed up more thoroughly due to the greater amount of resources available in the process.

Even though the case companies are of large scale and have engaged in sponsorship for a long time, they do not solely engage in sponsorship as an "impresario", but also as a "donor" and "investor", which contradicts Meenaghan's (1991) expectations for companies of the kind. Based on this, it seems more fruitful to analyze the companies sponsorship MCS through another lens than the MCS's level of sophistication. Instead, Sandelin's (2008) finding about how primary controls, with the support of complementary controls, will be used in the thematic analysis of the empirics.

## 6.3 Primary controls: organizational structure control and action controls

### 6.3.1 Organizational structure control as a primary mode of control

The empirics leave no doubt to the fact that the organizational structures of the companies serve as a control for managing sponsorship activities. By showing that the decision-making authority of sponsorship is aligned to hierarchical levels, that is, in line with how the rest of the company's business is managed, it was found that organizational structure is a key control element in the management of sponsorship. Previous research does not acknowledge organizational structure as a control element for the management of sponsorship, but the empirics of this study clearly shows otherwise, which is in line with general MSC research (cf. Malmi and Brown, 2008). Hence, this finding reinforces the need to take a holistic approach to the management of sponsorship, which is the research gap this paper addresses.

### 6.3.1.1 *Literature background*

Sponsorship literature hardly acknowledges organizational structure as control element for sponsorship. Literature shows that sponsorship often is managed by and integrated in the marketing department (Farrelly et al., 1997), which still leaves room to discuss at what hierarchical level the management takes place. Furthermore, this research tends to carry such a discussion forward in a strategic and marketing related direction (Crompton, 2004; Thjömöe et al., 2002; Cornwell et al., 2005b), rather than how the structure and allocation of authority impacts the control system. Farrelly et al. (1997) confirm that the role of sponsorship in the organizational hierarchy needs to be researched.

On the other hand, the general management control literature, which is not specific to sponsorship, acknowledges how the design and use of MCS is impacted by the organizational structure of the company. Malmi & Brown (2008) argues that organizational structure should be considered a control element rather than a contextual factor due to the fact that managers can influence the structure. As a control tool, organizational structure directs employee behavior by encouraging certain types of contact and relationships (Malmi & Brown, 2008). More specifically, the organizational structure can impact the MCS design in several ways. Decision-making authority can be local or central, giving rise to a tension that needs to be managed in order to create motivation at all levels of the organization (Busco et al, 2008). Furthermore, information systems that integrate the whole organization are needed. An information loop with information traveling both upwards and downwards in the organization enhances an organization's learning culture and engages the organization around objectives, which are both operationally and strategically anchored (Otley, 1999). Neither Merchant and Van der Stede (2012) nor Otley (1999) acknowledge organizational structure as a control element.

The empirics support that a combination of Merchant and Van der Stede's four controls, in combination with the organizational structure control from Malmi and Brown (2008), may serve as a foundation for managing sponsorship in a holistic manner. The abductive research approach allowed for revision of the paper's theoretical framework to include this critical control element, which was considered necessary, given the empirics' clear evidence of its impact on the holistic control perspective.

#### *How the inclusion of organizational structure control reinforces the papers' research gap*

This paper aims to address the lack of research on a holistic approach to the management of sponsorship. As presented in the section on previous research, research on individual control elements has been done, but no one has raised the perspective to actually study how these control elements interconnect in a holistic manner.

In light of this gap, previous research has also failed to acknowledge what the findings of this study are clear about; the importance of organizational structure as an element for sponsorship. The failure to acknowledge organizational structure as a key control element for sponsorship is a second gap in research that this study provides new insight to.

### 6.3.1.2 *Decision-making authority in line with company's organizational structure*

The empirics show that sponsorship seems to be managed in line with how the company manages the rest of its operations, and more specifically. The decision-making authority related to sponsorship is allocated to the same levels where the company allocates other business related decision rights – if a company has a decentralized organizational structure, sponsorship management tends to be decentralized too and vice versa.

The empirics show that sponsorship is part of most companies' marketing activities, derived from the fact that sponsorship costs are attributed to the marketing budget for all companies. The empirics also show that when explicit roles with sponsorship responsibility exist, these belong to the marketing department (for example H&M and Swedbank). The management of sponsorship seems to be controlled in the same way as companies would handle for example budgets and decision-making authority in other marketing activities.

The companies' "allocations of sponsorship decision-making authority" and the "organization structures" have been studied. When independently classifying the companies within the two categories, three authority alternatives and three organizational structures become apparent among the companies; decentralized, centralized as well as hybrid set-ups. These classifications are presented in table 4, and when studying the results, it is evident that the companies have aligned their sponsorship management mandates with how the rest of the business is operated. The organizational structures impose control of the set-up of the management of sponsorship.

<b>Organizational Structure Control</b>		
	<b>Allocation of sponsorship decision-making authority</b>	<b>Organizational structure</b>
<b>H&amp;M</b>	Centralized	Centralized
<b>Electrolux</b>	Hybrid	Hybrid
<b>Skoda</b>	Hybrid	Hybrid
<b>Swedbank</b>	Hybrid	Hybrid
<b>Handelsbanken</b>	Decentralized	Decentralized
<b>Danske bank</b>	<i>Decentralized</i>	<i>Centralized</i>

Table 4: Comparison between the companies' allocation of sponsorship decision-making authority, and the companies' organizational structure.

To exemplify these findings, Handelsbanken delegates every business decision to each office manager, and has naturally also delegated the sponsorship responsibilities. Skoda, on the other hand, has an active dialogue between all levels of the organization. While the top of the organization for example sets guidelines for each division's budget, the local divisions simultaneously have a say in each adjustment. Likewise, the headquarters keep track of that all local engagements are in line with, or otherwise approved, with the central sponsorship policy, but the local divisions are simultaneously allowed to make independent decisions and local adaptations. In structural and hierarchical terms, sponsorship management in the companies is similar to how the company runs the remainder of its business. The design and use of MCS for the sponsorship engagements do, however, look different depending on what hierarchical levels in the organization hold the management mandates.

Danske Bank is the only company that, at this point in time, does not have an alignment between the allocation of decision-making authority and the organizational structure. The management of sponsorship lagged behind in the transition of centralizing the brand and operations in 2011, and remains to be managed locally. As a result, sponsorship in Danske Bank faces freedom in all aspects except for the strict control the top management's exercises on the budget.

The finding that sponsorship can be managed at different levels in the organization is not surprising. Likewise, it is not unexpected that sponsorship is handled the same way as the company is operated as a whole. Nevertheless, this has not been concretized in previous literature on the management of sponsorship.

### 6.3.1.3 *How the MCS for sponsorship differs between the organizational settings*

Organizational structure is considered a primary control element, since the findings make it clear that other control elements are fitted to the organizational structure, rather than the opposite way around. Different organizational structure controls, be it decentralized, centralized or a hybrid set-up, will create different settings which other controls need to adapt to, which hence result in different MCS designs. How different organizational structure controls drive different MCS configurations will be illustrated below through a comparative and contrasting analysis of the empirical findings.

*A centralized organizational structure control with a decentralized allocation of sponsorship decision-making authority leads to greater focus of cost control and less measurements*

Case companies that delegate sponsorship decision-making authority, despite having a centralized organizational structure, have in general a greater focus on cost controls, where Danske Bank serves as the primary example. Likewise, as the sponsorship activities get smaller in terms of sponsorship fee (or the value of the products that are given) there is a decreasing focus on the measurement of the sponsorship effects. The objective is often a mix between having a commercial intent and philanthropy. The result controls impact is, thus, limited despite the decentralized decision-making, explained by the small size of the sponsorship activities.

*Sponsorship responsibility with roles outside marketing department*

Even though Swedbank, H&M, Skoda and Electrolux primarily delegate the management of sponsorship activities to the marketing departments throughout the organizations, there are also exceptions to what role carries the sponsorship responsibility. In Swedbank, the local offices have decision mandate to enter into sponsorship agreements. Thus, the local office managers are also responsible for the marketing of the individual office in the local community. The same is true for the most local sponsorship activities in Electrolux and Skoda, where engagements end up being handled by factory managers and sales personnel. Lastly, H&M has, as a result of their “product development” driven sponsorship involved the procurement department in the sponsorship activities.

*Organizational structure drives the complexity of a MCS*

Theoretically, decentralized organizations may drive more complex control systems, but the empirics show that this is not necessarily the case. The need for formalized monitoring (action control) is expected to increase when the distance between higher-levels of the organization and the operations increases, that is, when the organizational structure control is decentralized (Merchant and Van der Stede, 2012). Likewise, result controls are expected to play an important role when decisions are decentralized. When decisions are decentralized, result controls need to be in place to hold the managers who enjoy the decision authority accountable of the results of their decisions (Merchant and Van der Stede, 2012, p.15).

Two cases stand out with regards to the need for monitoring and result controls. H&M confirms these expectations. Its centralized organization control has little need to be supported by additional formalized and complex control elements, as the action control centralizes all decision-making authority. The MCS remains simple. Because everyone involved in sponsorship decisions sit under the same roof (behavioral controls, which is an action control) and deviations are detected more easily through increased direct supervision control, the need for coordination and monitoring is lower in a centralized organization.

On the contrary, Handelsbanken, which operates through a strictly decentralized organization, does not direct behavior primarily through result controls or exercise more formalized monitoring. Instead, the bank’s primary control is culture controls, and it only hold office managers accountable for their overall cost to revenue measure, but no accountability is assigned in direct relation to sponsorship. This finding contradicts the expectancy of rigid result and action controls for decentralized organizations. This finding will be elaborated on below.

#### **6.3.1.4 Concluding section for organizational structure control**

The study contributes to the research on management of sponsorship by acknowledging that the company’s organizational structure has a vital impact on the design of the other control elements in the company’s control system for sponsorship. Hence, organizational structure control is needed to portray a holistic view to the management of sponsorship. This has been agreed upon in general management control literature, but has not been covered of previous research on the management of sponsorship.

Different organizational structure controls drive different control system configurations. Centralized organizations (for example H&M) limit the need for other control elements as the local decision;



mandates are highly restricted. Decentralized organizations tend to place larger focus on cost control, accountability to employees outside the marketing department, less formalized follow-up and overall greater complexity. However, an exception to this is Handelsbanken, which in its fully decentralized organization takes a fundamentally different approach to its sponsorship management, even though also guided by organizational structure as the primary control (see discussion below).

### 6.3.2 Action control as a primary mode of control

As previously described, different set-ups and designs of control elements can be configured to form MCS in different ways. A majority (five) of the study's case companies use action controls as an additional primary control mode to shape the design of the control system. It is also shown that action controls are interlinked with organizational structure control, as the controls emphasize the allocation, and thus restriction, of decision-making authority (administrative constraints), as well as the designation of responsible roles. As defined by Merchant and Van der Stede (2012), different action controls exist. The empirics show support for the use of several of these action control types, and the case companies use them in different combinations. These will be discussed in this section in terms of how control elements 'prevent' or 'detect' control problems. Action controls that prevent control problems aim to direct behavior before side steps occur, while the detective controls aim to track whether there has been a side step (Merchant and Van der Stede, 2012).

#### 6.3.2.1 Action controls in the cases of Electrolux, Skoda and Swedbank – Sponsorship policies

Electrolux, Skoda and Swedbank all have clear sponsorship policies (action accountability) in place. They guide and limit employees' actions and decisions. Therefore, the policies, which are set by the top management, aim to assure that the commercial intent set by the top management is fulfilled to the extent possible, that is, by minimizing the risk of unprofessional sponsorship management (Crompton, 2004). The policies specify the processes and behavior within an organization (Malmi and Brown, 2008) and do, for example, facilitate control by reducing the variability of behavior (Simons, 1987). Hence, policies are preferred in a setting where standardization and routinization are desirable organizational attributes (Merchant and Van der Stede, 2012). While sponsorship activities have shown to vary extensively and since the case companies have sponsorship activities on several different levels in the organization, the policies tend to be both general and comprehensive (for example Electrolux, Swedbank). Furthermore, in order for a MCS to rely extensively on action accountability, the definition of the desired (or undesired) action must be complete (Merchant and Van der Stede, 2012). Electrolux, Skoda and Swedbank have all aimed to assure the commercial intent of sponsorship. This has also been done in the lower levels of the organization. Through enforcement of the sponsorship policy, the options of sponsorship activities are limited to either be in line with the ordinary business (Electrolux) or within defined focus areas in sports (Skoda and Swedbank). One example can be found in Skoda; "we are known as the hockey car".<sup>57</sup>

Evidently, the management teams of these three case companies try to ensure the commercial intent by communicating the preferred focus areas of the sponsorship activities through policies (action accountability).

There is an important distinction between detective-type and preventive-type action controls, where the latter prevents the undesired actions from even occurring (Merchant and Van der Stede, 2012). Action accountability controls are, in general, classified as detective, meaning that they are applied after the occurrence of a behavior (Merchant and Van der Stede, 2012). However, policies that are linked to expectations of rewards and punishments serve as an exception, and rather constitute preventive forms of control (Merchant and Van der Stede, 2012). Skoda's sponsorship policies hence constitute preventive controls, where the central Marketing department supports local sponsorship financially, if the activities are in accordance to the policy and are approved. Together, this set-up is a preventive form of control. However, the findings in this paper show that rewards or punishments are rarely connected directly to the sponsorship activities. Thus, the policies in the other companies are,

---

<sup>57</sup> Sales Manager, Skoda Stockholm

rather, forms of a detective controls, without rewards or punishment to further motivate the direction of the employees' behavior.

However, in the findings of this paper, the policies are often further enhanced by preaction reviews. In Swedbank, the examples of preaction reviews, designed to ensure policy fulfillment, are especially clear. For example, large sponsorship activities have to be presented to a Sponsorship Board, there are budget-discussions with the local offices twice a year, and the central Marketing department monitors the sponsorship activities on a yearly basis.

Conclusively, the policies (action accountability) serve as a basis for design of the other control elements in the case companies. Policies can be argued to be a detective-type of controls, and are potentially not an effective form of control on its own. While some case companies (for example Skoda) have tied rewards to the fulfillment of the policy and to goal attainment, it is rarely done. The findings show that the policies are preferably complemented with preaction reviews (preventive-type controls).

#### **6.3.2.2 Action controls in the cases of H&M and Danske Bank - Centralization and cost control**

While neither Danske Bank nor H&M have any policies in place to restrict the intent of the sponsorship activities, the direction of sponsorship is guided by other preventive controls. Both case companies use preventive controls, but different control elements. H&M has allocated all sponsorship decision-making authority centrally (administrative constraints and organizational structure control, as discussed above). In line with Flamholtz (1983), this indicates dominant use of direct supervision and direct influence as control elements. Danske Bank foremost uses cost control through budget reviews (administrative constraints and preaction reviews), which limits the rights of lower-level managers, as they may not exceed their sponsorship budget. These controls constitute preventive controls.

Both H&M and Danske Bank clearly limit the extent to which lower-level employees can make decisions regarding sponsorship, either through restrictive decision rights or cost control. In line with Merchant and Van der Stede (2012), restricting decision authority to higher organizational levels (meaning centralized decision-making) provide *tighter* control if it can be assumed that higher-level personnel will make more reliable decisions than lower-level personnel. Thus, it limits the risk of unprofessional sponsorship management and focuses the behavior on goal attainment. Furthermore, H&M can be considered to achieve somewhat tighter control than Danske Bank, as H&M has separated the sponsorship activities from community engagements to different departments, the marketing and sustainability departments, respectively (administrative constraints). This clear separation strengthens the employees' focus on the commercial intent of the sponsorship. In the marketing department, one employee is uttermost responsible for sponsorship.

Additionally, frequent and/or detailed budgeting processes (preaction reviews), which are the most used controls in Danske Bank, can also be tight controls (Merchant and Van der Stede, 2012). However, in the context of management of sponsorship, such control element foremost only limits the sponsorship spending, but does not necessarily assure commercial intent.

#### **6.3.2.3 Concluding section for action controls**

Conclusively, five of the case companies use action controls as an additional primary control (in combination with organizational structure control), and because they are used and designed differently, they provide different *tightness* in the MCS. H&M's restricted local decision-making in combination with the clear responsibility roles is an example of a tight control system. Danske Bank relies heavily on preaction reviews through cost control. The other case companies' use of policies is complemented by other preaction control elements.

### **6.3.3 Concluding section for the two main primary controls – organizational structure and action controls**

It is found that organizational structure plays a prevalent role in attaining the goal of commercial intent, and serves as an important control element in all companies. The design of the other control elements in the MCS is largely dependent on this control. The findings also show that case companies

that have similar organizational structures tend to have similar MCS configurations (Skoda, H&M and Swedbank). Action control is, in combination with the organizational structure control, the most influential control element in five out of six companies. Employee roles with sponsorship responsibility, cost controls and sponsorship policies have shown to be decisive in directing sponsorship behaviors towards a company's desired direction and the commercial intent. Primary controls (foremost the organizational structure and action controls) are supported by complementary control elements in a MCS, and how these configurations are designed is discussed in section 6.6 on internal consistency.

## **6.4 Complementary control: result controls**

### **6.4.1 Literature background**

Result controls empower employees to take the actions needed to produce the desired result (Merchant and Van der Stede, 2012). Merchant and Van der Stede (2012) present four elements of result controls; the performance dimension (objective), measuring of the performance dimensions (measurements), setting performance targets (targets) and providing rewards and punishments (rewards), which are also in line with the diagnostic framework by Otley (1999).

### **6.4.2 Measurement and follow-up processes in the companies**

Previous literature has emphasized the need for more sophisticated measurement of effects with regards to sponsorship. As corporate sponsorship matures, and thus becomes more sophisticated, previous research also anticipates more sophisticated measurement procedures (Thjömöe et al., 2002). The findings do not, however, support such anticipation entirely. All case companies try to ensure a commercial objective by measuring the sponsorship effects, but not so frequently in relation to sales. Rather, they use indirect measurements such as media coverage or brand associations. Few of the case companies believe that the sales effect of an individual sponsorship activity is possible to measure, supporting the findings of previous research of an indirect relationship between sponsorship and sales (Olson, 2010; Meenaghan, 2001; Thjömöe et al., 2002; Crompton, 2004).

As previously described, the degree of sophistication in sponsorship measurements varies, not only between the companies, but also within companies. The companies' measurements also reveal differences depending both on the type of sponsorship activity, and the hierarchical level in the organization with responsibility for the activity. In light of the commercial objectives and an overall desire to measure the achievement of these, three levels of measurements are evident in the empirics; (1) measuring the direct sales effect, (2) using approximations for the sales effect or other measurements in line with the commercial intent and (3) not measuring effects, but basing the evaluation on personal judgment.

Firstly, there are some examples where the sales effect of sponsorship is measured directly. Measurement of the direct sales effect is often done through the first two measurements as presented by Crompton (2004); (1) increased traffic in retail points of sale (H&M, Skoda), and (2) number of new sales leads created (Skoda, Electrolux, Swedbank). Naturally, this type of measurement is limited to activities enabling collection of the appropriate information. The exception is, once again, the local sponsorship activities where the manager builds relations during the sponsorship activities and thus knows by heart which relations generated what sales (for example Handelsbanken and Electrolux). Secondly, almost all of the case companies use measurements that provide an indication of the value of the return from an activity. For example, the companies use measurements such as media coverage, brand associations and range of audience reached. Lastly, the effects of some sponsorship activities are not measured at all. This is often the case for the small, local sponsorship activities, where the managers' own judgment is trusted instead, and the sponsorship per se may have more of a philanthropic characteristic.

While media coverage is determined in previous research to be the most common measurement (Thjömöe et al., 2002), it is argued to be a weak measurement for determining goal attainment (Olson, 2010; Meenaghan, 2001; Thjömöe et al., 2002). However, this does not necessarily mean that the media coverage measurement is not aligned with the overall sales objective, but rather that the

sponsorship effect on sales still remains unknown. Hence, whether such measurements contribute to the motivation of employees to behave according to the company's preference remains unclear.

The sponsorship activities are often an integrated part of the marketing departments (in Electrolux, H&M, Skoda, and Swedbank). The general finding is that quantitative and financial measurements are used for marketing effects, which includes sponsorship activities, but sponsorship does not tend to be assessed as thoroughly on a separate basis. More qualitative measurements are also paid attention to through dialogue, discussing for example if the right target group is reached.

To summarize how the case companies measure sponsorship effects, it is found that the level of sophistication differs between the case companies, and between the local and central sponsorship activities in the companies. Overall, media coverage is concluded to be the most commonly used measure. Likewise, the managers express an aim to measure sales, but acknowledge that sponsorship effects on sales most often cannot be separated clearly. Hence, the findings from the study are in line with the previous research as referred to above, despite the weaker indication than anticipated about sponsorship effect measurement being more sophisticated today compared to ten years ago.

#### 6.4.3 Conditions for tight result controls and the follow-up difficulties of sponsorship effects

Merchant and Van der Stede (2012) recognize certain conditions that need to be fulfilled in order for result controls to work effectively. The conditions of relevance in the sponsorship context will be discussed in order to gain explanatory insight into how the companies use measurements in their sponsorship management. Despite expectancy on more sophisticated result controls (Thjömöe et al., 2002), it is seen in the cases at hand that the nature of sponsorship imposes issues on implementing effective result controls, which confirms previous research.

There are a handful of conditions that need to be fulfilled in order for the result controls to work effectively (Merchant and Van der Stede, 2012), as previously presented in the theoretical framework. From the empirical findings, the conditions of (1) objectivity in measuring (measurement should not be influenced by persons' feelings or interpretations), (2) timeliness (the time lag between performance and measuring), (3) precision in measuring, and (4) understandability (the employees have to understand what they are accountable for).

The conditions can be used to evaluate the tightness of result controls in a sponsorship context. Firstly, the condition of objectivity is fulfilled in both the first and second empirically derived types of measures, that is, measurement of direct sales effect or of proxies such as media coverage. However, the objectivity issue in measuring sponsorship effects is foremost present in the smaller, local sponsorship activities, where the case companies have delegated the decision-making authority to lower-level employees. For these activities, achievement of previously determined objectives is mostly followed-up against the local manager's own judgment. Thus, the findings about *objectivity* are two-fold.

Secondly, the empirics support previous research of sponsorship management (Crompton, 2004) about how there is often a time lag between the sponsorship activity and the time of a subsequent sale. The timeliness refers to the delay between the employees' performance (the sponsorship activity) and the measurement of results (Merchant and Van der Stede, 2012). Thus, the condition of timeliness is not fulfilled. However, the lack of *timeliness* is overcome in the rare cases where managers can measure the sales effect directly.

Thirdly, as established by several of the interviewees, there is an indirect relationship between sponsorship activities and sales. Also, sponsorship is increasingly about building relationships and interacting with customers. A single sponsorship event can most often only partly explain why a specific transaction took place.<sup>58</sup> As a result of the time lag, the indirect relationship between sponsorship activities and subsequent sales, and the softer nature of sponsorship, the condition of *precision* of the sponsorship effects is rarely fulfilled.

---

<sup>58</sup> Confirmed by several interviewees

Fourth, with regards to understandability, literature suggests that objectives should be translated into targets, against which actual outcomes should be evaluated, and deviations lead to either rewards or penalties (Otley, 1999). Such a process theoretically makes it clear to the employee what, and what performance levels, he/she is accountable for, which will guide behavior. However, there is close to no empirical support for the translation of objectives into targets (except for Electrolux). Likewise, no connections prevail between sponsorship outcomes and rewards. Even though the clearly determined objectives help create understandability, it can be enhanced further through improvements in all result control components. The findings about *understandability* are hence two-fold.

Despite indications that the result control conditions are not fulfilled, the empirics simultaneously indicate that the companies are fairly satisfied with their sponsorship result controls. It was emphasized that relationships cannot be measured, and that it might even harm the commitment employees had for certain activities if numbers would have been imposed in the follow-up processes.<sup>59</sup> Gut feeling was seldom discussed as a weak form of result control by the interviewees, but rather as sufficient control. Additional result controls can hence disrupt the culture controls, indicating benefits of adapting the MCS configuration to each activity independently.

Potential explanations for why companies often tend to not use more sophisticated result controls can arguably be based on the inappropriateness to do so, due to timeliness and the relationship aspect, rather than on a lack of resources or a too complex relationship between input and output. The finding that companies are satisfied with their result controls and the sponsorship outcome, despite not knowing actually what the value of the effect is, confirms the paradox as described by Thjömoe et al. (2002).

#### 6.4.4 Concluding section for result controls

The soft and immeasurable nature of sponsorship indicates that the conditions put forward by Merchant and Van der Stede (2012) about result control tightness cannot always be achieved. Thus, the effectiveness of result controls in a sponsorship context is questionable. This confirms previous research about difficulties to in measuring sponsorship effects (Crompton, 2004; Olson, 2010; Thjömoe, 2002). However, the findings also expand knowledge by showing how gut feeling may be suitable control, and how the characteristics of result controls are of poor fit with the sponsorship context. The study shows that targets and reward linkages need to be improved, and that a greater number of Merchant and Van de Stede's (2012) eight conditions need to be met, in order for result controls to be tight in the sponsorship context. Despite this, the companies appear to be fairly satisfied with their result controls and sponsorship outcomes, which is paradoxical in the sense that the value of the effect, in fact, is relatively unknown.

### 6.5 Complementary controls with one exception: personnel and culture controls

#### 6.5.1 Personnel and culture controls as complementary controls

Personnel and culture controls are complementary modes of control in all companies except for Handelsbanken. A complementary mode of control implies that it is not the main tool for aligning behavior, but that it supports the primary controls in the MCS (Sandelin, 2008). Given the finding that sponsorship tends to be managed in line with the rest of the companies' operations, it is not unexpected that there is no specific "sponsorship culture" in the companies. Sponsorship may well be guided through the companies' overall culture, but the company-wide culture is a factor outside the scope of this investigation. Likewise, as sponsorship is most often assigned to a role that also carries other responsibilities, no evaluation against sponsorship-specific criteria is made in the recruitment. As sponsorship is a relatively small part of the company's overall budget, it is also reasonable that the resources invested in sponsorship-related training are limited.

In Handelsbanken, cultural controls are the primary mode of control, which differentiates the company from the other cases. As the motivation for this classification largely builds on the interconnectivity

---

<sup>59</sup> Confirmed by several interviewees

(or lack thereof) with other control elements, it will be elaborated on in section 6.6 below on internal consistency.

One recurring cultural control, however, is the presence of an ownership culture. All companies, except for H&M, explicitly state that employee commitment and personal nourishment of relationships are key factors in the success of sponsorship activities. An ownership culture, which is based on personal interest rather than formally assigned accountability, contradicts what is commonly argued in sponsorship literature.

### 6.5.2 Are personal influences on sponsorship a blessing or a curse?

The findings of the paper show that the role of personal influence may not be as one-sidedly negative as previous literature suggests. Sponsorship literature frequently portrays personal influences on sponsorship as hurtful and disruptive to the control of sponsorship, as it is expected to contradict commercial objectives (Crompton, 2004; Thjömoe et al., 2002). On one hand, the empirics confirm that personal influences can lead to sponsorship decisions that are not in line with the policy or achievement of the objective of commercial return. However, the findings also shed light to a contrary view to this, otherwise commonly accepted, view. Several case companies emphasize that personal influences can contribute with benefits to the control of sponsorship, and even serve as a control element in itself. Through personal influences, employee commitment has shown to increase, which results in an ownership culture being formed. Therefore, personal influences give rise to intrinsic motivation related to sponsorship, which is considered more effective as a control compared to formally assigned accountability to roles that lack personal interest in what they are held accountable for.

In order to ensure that the upside of personal influences outweighs the potential downsides, the ownership culture control should suitably be complemented with more formal controls. Skoda confirms the need to;

*“Balance the personal drivers with routines and process, so all decisions are appropriate and possible to motivate.”<sup>60</sup>*

Likewise, both Electrolux and Swedbank give large credit to the need for control through personal commitment and have rather sophisticated MCS. The exception is Handelsbanken, which almost solely rely on the ownership culture to control the sponsorship.

Given the trend in sponsorship towards an increased relationship focus, an ownership culture can be considered more valuable than the potential downside that personal influences may cause. Hence, it becomes evident that personal influences may improve control of sponsorship, as long as it contributes to increased commitment from employees to activate<sup>61</sup> the sponsorship. It can, for instance, be controlled through monitoring and accompanying planning and evaluation processes. Personal drivers, hence, constitute a threat to management of sponsorship, but can also serve as an enabling factor that improves the control when there is a lack of other control elements – a relatively frequent setting in a sponsorship context.

### 6.5.3 Concluding section for personnel and culture controls

Personnel and culture controls have shown to be complementary modes in five out of six companies, but constitute the primary control in Handelsbanken (elaborated on in section 6.6). Personal influence on sponsorship relates closely to both personnel and culture controls. It has shown to be a significant threat to the control of sponsorship, while simultaneously bringing a possibility of enhanced control through the creation of an ownership culture. In a MCS setting, it is suitable to ensure the other control elements manage the risk of the potential downsides of the personal influence. The paper, thereby, contributes to research by challenging the assumption that personal influences are harmful to the control of sponsorship.

---

<sup>60</sup> PR and Sponsoring Manager for Skoda Sverige

<sup>61</sup> Activation refers to interaction and engagement with the sponsee or other parties

## 6.6 Importance of internal consistency to the success of various MCS configurations

The empirics show differences between the ways companies manage their sponsorship. It becomes clear that there is not a single right way to manage sponsorship holistically. Rather, as will be further exemplified below, different configurations on the MCS can achieve the same objective. The configurations consist of different set-ups of control elements, and as suggested by previous research (Sandelin, 2008; Malmi and Brown, 2008; Abernethy and Chua, 1996), the control elements in the case companies are interrelated.

This section will firstly provide a brief overview of the related research, as extracted from the study's literature review. Secondly, a functional classification of the company is presented and motivated, which is followed by a critical analysis of the different control configuration and the interconnections between the control elements. The section includes an assessment of the extent to which internal consistency exists in the companies' control systems.

### 6.6.1 Literature background

In light of the concept of equifinality, the occurrence of different configurations is not unexpected. As described in the theoretical framework section, equifinality refers to the finding that control systems may look fundamentally different, but result in an equally good final state (Sandelin, 2008). Equifinality can be achieved when there is internal consistency in the control package, where consideration needs to be paid to formal and informal control elements as well as to the organizational structure and culture (Sandelin, 2008). Internal consistency is achieved either through (1) independent design of control elements to achieve similar ends (Abernethy and Chua, 1996) or (2) design of a primary control element, which is supported by complementary control elements (Sandelin, 2008).

### 6.6.2 Internal consistency discussion

The analysis is presented collectively for several of the case companies and thus highlighting the similarities as well as the differences in the MCS configurations. However, for case companies where the configuration of control elements deviates substantially, the case company will be presented separately.

#### 6.6.2.1 *Linkages to other control modes when policies action controls are primary controls*

Management control in Electrolux, Skoda and Swedbank are primarily built around sponsorship policies, which make the employees accountable for their actions (action accountability) (Merchant and Van der Stede, 2012). The decentralized organizational structure, and thus the decision-making authority, creates fewer restrictions in terms of administrative constraints for the lower-level managers. In this setting it can even be argued to work as an enabling control element (the levels are described as vastly autonomous). The organizational structure control and the action controls evidently have reciprocal linkages. Two such linkages are how the decentralized decision-making authority place further emphasis on the action accountability of the employees, and how the policies facilitate control by reducing the variability of behavior (Simons, 1987). Moreover, the coordination of managerial activities relies on mutual adjustments in discussions, which takes place between the marketing manager on a lower level and the marketing department on a higher hierarchical level (for example Skoda and Electrolux). Thus, more informal interaction (or case-by-case discussions) supports the formal policies, and in turn, controls that the sponsorship activities are in line with the policies and the commercial intent. As in the case of Skoda, it can be seen that the motivation of following the policy is further enhanced by financial support from central departments. Likewise, the ongoing sponsorship activities are reported upward in the organization in some case companies, which constitutes a detective action control (for example Swedbank's monitoring of local sponsorship activities). Hence, the primary modes of control (policies and the organizational structure) are complemented by other action control elements to ensure goal attainment.

Management control in H&M is primarily built around the centralization of decision-making authority (centralization), which in turn restricts the employees' decision-making mandates (administrative

constraints). Clearly, the organizational structure control and the action control elements overlap and have reciprocal linkages. Centralization implies a direct influence over the decision-making process (Flamholtz, 1983). As concluded in the section on action controls, restricting decision-authority to higher organizational levels can in itself provide a fairly tight control (Merchant and Van der Stede, 2012). Hence, it limits the need for other control elements. However, H&M also use other action controls that focus on accountability and constraints. H&M has clear and separate responsibility roles for the sponsorship engagements, for the product development (of the sport wear collection) and for the community investment activities. Additionally, there are preaction reviews (action controls) involving top management on several occasions during activities; before entering the sponsorship activities, during the activities (vertical integration) as well as in every other week-meetings with representatives from all central departments (horizontal integration).

Management control in Danske Bank is primarily built around cost controls (for local sponsorship activities) and centralization (for central sponsorship activities). Decisions regarding which sponsorship activity to enter are delegated to the local office manager. Evidently, action controls and organizational structure control determines the design of the MCS in these five companies (all but Handelsbanken).

As previously discussed, the design of the result controls varies, not only between the case companies but also within the case companies. The design varies depending on the extent to which these control elements are coupled with each other, and in terms of the controls' effectiveness in supporting achievement of the commercial intent. While the measurements of sponsorship activities on the lower organizational levels may face an issue of limited objectivity, which poses a threat to the attainment of the commercial intent, the small scale of the effects from such engagements simultaneously makes them more comprehensive and thus more precise. The objectivity in measurements such as media coverage can be argued to be contained. However, the actual implication of high (or low) media coverage or the number of visitors at an event remains (somewhat) unknown (Olson, 2010; Meenaghan, 2001). While Merchant and Van der Stede (2012) suggest that result controls is a good way to influence employees, even when they are allowed significant autonomy, it is seemingly difficult to implement effective result controls in the setting of sponsorship. While the existence of a reciprocal relationship between the result controls and the other control elements in Electrolux, Skoda and Swedbank varies, the restricted local decision-making authority can on its own be argued to limit undesired behavior.

However, even if the result controls are loosely coupled with other control elements, they may facilitate efficiency by focusing attention to the commercial aspect. As the study by Thjömoe et al. (2002) showed, if the underlying reason for a sponsorship activity is based on a personal interest, the managers' may be reluctant to spend resources and capital on evaluating personal engagements against the less relevant commercial objective. Thus; *"routine measurement of communication effectiveness would, therefore, be a clear indicator of well-integrated sponsorship strategies and goals"* (Thjömoe et al, 2002, p. 8).

Further, several of the companies tend to use an ownership culture as a way of motivating the employees to manage sponsorship activities. It is evident from the empirics that sponsorship activities are often handled by central and local marketing departments or sales departments, which is in line with previous research (Thjömoe et al, 2002; Copeland and Wendy, 1996). Hence, seldom are there specific roles in charge of sponsorship activities.

While neither cultural nor personnel controls are prominent in five of the case companies, the ownership culture of sponsorship activities exemplifies clear reciprocal linkages between the cultural and personnel controls. The ownership culture is exemplified in the case companies both in informal (for example Handelsbanken) as well as in formal means (for example Danske Bank). Likewise, few companies have designated responsible roles for sponsorship activities. In that sense, the ownership culture (cultural and personnel controls) complements the prominent action controls by providing a motivational effect on the employees that manage the sponsorship activity. Further, such cultural and personnel controls also complement the organizational structure control, as it serves as a substitute to more formal delegations of responsibility. Hence, it complements the primary modes of control



(organizational structure and action controls) to achieve goal attainment. Further, the ownership culture and its motivational effect on the employees most likely serve as a substitute to more formal result controls (for example target and rewards structures), which due to the nature of sponsorship provide occasionally loose coupling to prominent action controls.

#### 6.6.2.2 *Internal consistency through culture as primary control (Handelsbanken)*

Sandelin (2008) argues that relatively simple control packages can be functionally equivalent with more formal designs if there is internal consistency, which includes informal control packages as well as the linkages between organizational structure and culture. As previously described, Handelsbanken does not have action controls as their primary mode of control. Rather, Handelsbanken has culture as primary control. This is further in line with Ouchi (1979), who recognizes the organizational culture, meaning informal social mechanisms that operate through socialization processes, as one of three types of controls.

In line with the findings of Sandelin (2008), there is a reciprocal relationship between cultural and personnel control in Handelsbanken. As for one of the cases in Sandelin (2008), the organizational culture enables an autonomous behavior of the local office managers, as well as guides the development of the local office managers' actions (for example 'Our Way'<sup>62</sup> and the 'fostering' of new employees and managers by more senior colleagues). The culture in itself provides a guide for selecting personnel (for example, managers are recruited internally and new employees are selected based on their fit with the company's overall values). Thus, the personnel controls reinforce the organizational culture and, therefore, the cultural controls. The cultural controls serve as the primary mode of controls in Handelsbanken and the personnel controls enable, for example, new employees to adapt to the organizational setting. Moreover, the local office managers' decision-making authority to enter sponsorship activities is in line with the company's overall organizational structure and the autonomous behavior, as enabled by the organizational culture.

Handelsbanken's guideline to limit the sponsorship activities to the limited area of around 'the church spire' implies certain restrictions on the decision-making authority (behavioral constraint). It also makes the local office manager accountable for his/her actions within that limited area (action accountability). The (lack of) result controls specific for the sponsorship activities further enable an autonomous behavior. The local offices' (as well as the bank's) overall target of cost to revenue ratio steers the local office manager to a cost efficient use of resources. Additionally, it imposes accountability for the result of their decisions (Merchant and Van der Stede, 2012). Thus, such result control allows for unique sponsorship activities suited for the area of 'the church spire'. It can also be said to provide on-the-job-training in the sense that the local office managers learn from their own mistakes of engaging in sponsorships with an unfavorable effect on the cost to revenue ratio (Merchant and Van der Stede, 2012). Conclusively, internal consistency seems to be present, given that culture is prioritized as a control form and complemented through reciprocal linkages between the primary mode of control and personnel, action and result controls. The reciprocal linkages result in the control elements being harmonious. Thus, the result is in line with the study by Sandelin (2008).

#### 6.6.2.3 *Concluding section for the internal consistency discussion*

Firstly, it is established that the action controls and organizational structure control are highly interlinked and serve as primary controls in managing sponsorship activities in five of the case companies. This is done through policies that are supported by reaction reviews, as well as through cost controls and centralization/restricted decision-making authority. Secondly, after the discussion on result controls, it can be concluded that the nature of sponsorship as such impose issues to implement effective result controls. Thirdly, as learnt by the literature, Merchant and Van der Stede (2012) describe the rareness of a company's cultural and personnel control being strong enough to create tight control without action and/or result controls in place. While it is seen that personal engagement is important for motivational factors, which is in line with literature (Merchant and Van der Stede,

---

<sup>62</sup> 'Our Way'; In Swedish 'Mål och medel', referred to as the 'cultural bible'.

2012), it also imposes a threat to the control system in terms of unprofessional sponsorship management (Crompton, 2004). Handelsbanken serves as the exception, where a clear internal consistency prevails and cultural controls are the primary mode of control supported by personnel controls.

#### *Reaching for internal consistency*

A majority of the case companies express that they have increased the sophistication of their sponsorship MCS, or are in the process of doing so (for example more follow-up, strategic alignment, ensuring the commercial intent). The companies are foremost increasing the sophistication by restricting decisions-making authority (organizational structure control and action control) and/or implementing sponsorship policies as a guideline (action controls). In contrast to previous research, the findings indicate that companies focus more on implementing more sophisticated action controls, rather than result controls.

### **6.7 The study's contribution to management control literature in general**

This study has focused on gaining a holistic view of MCS used in management of sponsorship. Hence, the aim has been to contribute to the domain theory of management of sponsorship. However, the findings also have contributions to the research topic of MCS and general management control literature. These contributions are presented below.

Previous research is divided with regards to whether MCS frameworks include organizational structure as a control element. However, the findings of this study are clear about the importance of organizational structure as a control element in a holistic approach to management of sponsorship. Hence, the theoretical framework of the study is a contribution to management control research, where the vitality of organizational structure control, in combination with other formal and informal controls, is emphasized for a holistic approach to management.

The study helps to focus attention to some of the underlying difficulties inherent in the management of sponsorship, such as the immeasurability aspect. The study shows how the nature of sponsorship affects the effectiveness of result controls. Foremost, the indirect relationship between sponsorship and outcome (for example sales) makes it difficult for the companies to measure the results in a precise, timeliness, objective and understandable manner. Thus, the findings contribute to the MCS literature by providing further insights into how MCS is configured in a setting where immeasurability of result and uncertainty about outcomes are present. The study also shows how different configurations can help companies work around the problem of immeasurability.

While a majority of the case companies aim for a commercial approach to the use of sponsorship, there are examples of a combined societal and commercial intent. There is a relatively new research stream on the integration of CSR and sustainability within the organizational strategy (cf. Gond et al., 2012). Thus, there is little research on the use of MCS and sustainability control systems in the integration of sustainability within the organizational structure (Gond et al., 2012), as well as MCS use in managing a CSR strategy (Arjaliés and Mundy, 2013). This study presents empirically supported MCS configurations that aim to attain a dual intent.

## 7 Concluding Remarks

*This section will summarize the study's contributions to both the sponsorship management (7.1) and the MCS literature (7.2). It will also discuss the study's limitations, as well as suggestions for future research (7.3).*

Previous research on management of sponsorship addresses the use of individual control elements, but fails to acknowledge that control elements often interconnect with each other in a control system. This paper addresses this gap by investigating holistic approaches to the management of sponsorship. The paper aims to answer the research question; *How do corporations manage sponsorship activities through the use of management control systems?*

The paper applied a theoretical framework that was constructed by the authors. Merchant and Van der Stede's (2012) object-of-control framework constituted the foundation (result, action, personnel and culture controls), to which a fifth control element was added, namely Malmi & Brown's organizational structure control. The framework was developed through an abductive approach, where the investigation's empirics provided strong indications of organizational structure as an essential control element to the management of sponsorship. It is argued that these five control elements in combination constitute a holistic MCS for sponsorship, where different emphasis can be given to the controls, resulting in various configurations.

The research question was in part answered in the empiric section, where the descriptive control-related findings were mapped against the constructed MCS for each of the six case companies. The question was thereafter analyzed in the analysis section, through discussions of the control elements' individual roles in the holistic control system, as well as how the control elements interconnect in different MCS configurations.

Through the assessment of the control elements on an individual basis, some controls appear as more prominent sponsorship controls than others. The organizational structure is the primary control in all companies as it is the control with largest influence on the design of the MCS in practice. All case companies see action controls as an additional primary control, except for Handelsbanken, which instead manages sponsorship through culture controls as an additional primary control. Result controls have shown to be insufficient to serve as tight controls of sponsorship. This is a confirmation of previous research with regards to the immeasurability of sponsorship effects on sales, but the study extends the knowledge by showing that not only measurements, but also other result controls are weak, such as connections between objectives, targets and rewards and/or punishments. It is discussed that due to the nature of sponsorship, where the effects on financial measures tend to be indirect, result controls will not achieve high tightness in the management of sponsorship. In all cases, except for Handelsbanken, personnel and cultural controls are few in all aspects but one – the existence of an ownership culture. The ownership culture, driven by personal preferences rather than formally assigned accountability, has shown potential to enhance the management of sponsorship, and not only threaten it, as suggested by previous sponsorship research.

The discussion on MCS configurations and internal consistency highlights the prominent interconnections between control elements. Further, it is shown that the case companies use different MCS configurations to manage their sponsorship activities. Action controls and organizational structure controls are highly interlinked due to their impact on the delegation of decision-making authority and division of responsibility. Result controls are shown to be loosely coupled with the primary modes of control, due to the immeasurability problem underlying the nature of sponsorship. Further, the findings show that an ownership culture (cultural and personnel controls) prevalent in the case companies complements the prominent action controls by providing a motivational effect on the employees that manage the sponsorship activity. Handelsbanken serves as the exception, where a clear internal consistency prevails and cultural controls are the primary mode of control supported by personnel controls.

In conclusion, companies use different MCS configurations in their holistic management of sponsorship. The case companies of this study were chosen in large for being active, front-tier sponsors in the Swedish communities. Despite this, it was found that no best practice with regards to

management of sponsorship could be identified. The findings also contradict, even though not entirely, what research has argued for over twenty years – that companies are moving towards more sophisticated management of sponsorship. The study finds that, still today, sponsorship exists for both philanthropic and commercial reasons and is managed through both sophisticated and simple MCS, even in the front-tier corporate sponsors.

While the aim of the study has been to contribute to the domain theory of management of sponsorship, the findings further have contributions to the research topic of MCS. Firstly, the theoretical framework of the study is a contribution to the MCS frameworks research, where this framework emphasizes the vitality of organizational structure control, in combination with other controls, for a holistic approach to management. Secondly, the study contributes to the understanding of MCS in a context where immensurability of results is prevailing. Thirdly, this study contributes with empirical findings of how MCS may be designed and used when aimed to attain a dual intent; in the case of sponsorship, a societal and commercial intent.

### **7.1 Limitations and suggestions for future research**

The study is the first of its kind in taking a holistic approach to sponsorship, which leaves room for limitations of the study as well as suggestions for further research. While conducting a multiple case study increases the generalizability of the findings, it is also of interest to carry out in-depth investigations of companies' holistic approaches to sponsorship management. It would allow for more specific findings regarding control element interconnections and the roles of the individual control elements in different configurations.

Sponsorship and the management of the activities are largely dependent on contingency factors, as they need to be designed to fit its context. The study acknowledges this nature of sponsorship, but does not provide further insights into what factors or stakeholders are of largest importance, nor how they impact the MCS. The study acknowledges employees and ownership as relevant stakeholders. The interviews shed light on additional factors and stakeholder with impact on companies' operationalization of sponsorship; competitors, the community, the state, municipalities, and the timing of activities, to mention a few. The study provides no verdict regarding what management set-ups are good or bad, but discusses the configurations' tightness as well as whether they are internally consistent. A valuable extension, which would contribute to both research and practical knowledge, is to identify best practice configurations that companies can use for inspiration when constructing a MCS for its sponsorship activities. However, sponsorship and the managements' dependency on contextual factors and stakeholders makes it challenging to identify a best practice design of sponsorship MCS that can be applied in different settings.

## **8 Practical Implications**

*The managerial implications of the study are presented throughout the paper and in the concluding remarks above. In addition to its contributions to research, the investigation also makes significant contributions to society, which will be presented in this section.*

Overall, the findings can help increase efficiency in the collaboration between corporations and organizations of sports, cultural and community initiatives. Through increased insight into companies' control systems for sponsoring activities, the organizations will better understand that companies today view sponsorship as regular business relationships. Sponsorship is no longer simply about donations, but about relations and commercial gains (with the exceptions of some sponsorship activities on companies' most local units). Organizations need to acknowledge this and act accordingly, that is, more professionally, in order to successfully attract companies' support. The interviews made it clear that organizations are more likely to be considered for sponsorship if their proposals acknowledge a commercial exchange, whether it is financial means, product, networks, knowledge, time or other. The sponsee is, furthermore, recommended to show a personal commitment to the nourishment of the relationship. Further, there are several examples to be found of collaborations between sports organizations and corporations that have contributed positively to its

nearby society. While some Stockholm-based corporations engage in sponsoring on a national level, the corporate engagement for the sport organizations in Stockholm is weak. Therefore, the local sport organizations in Stockholm experience great difficulties in staying competitive.<sup>63</sup> The same logic applies to sponsorship of cultural and community activities, which tends to fall in the shadow of the more common sports sponsorship. Given the trend of urbanization, corporations should suitably look over how they can penetrate the cluttered market space in Stockholm to reach the increasing population. The finding of a capital city experiencing less local sponsorship than rural areas can be expected to apply also to other markets than in Sweden, which can serve as a topic for future research.

---

<sup>63</sup> President, Stockholm Sports Federation

## 9 References

### 9.1 Conducted interviews

#### Contextual interviews

Göran Tidström, Vice President Djurgården Hockey AB and Senior Advisor at PwC, 2014-10-01 (face-to-face)

Peter Larsson, President Stockholm Sports Federation, 2014-10-22 (face-to-face)

#### Danske Bank

Ann Krumlinde, CEO Danske Bank Sverige, 2014-11-11 (face-to-face)

Jan Pettersson, Office Manager Vasastan, 2014-11-18 (face-to-face)

Jan Åslund, Head of Staff and acting Head of Communications at Danske Bank Sverige, 2014-11-20 (face-to-face)

#### Handelsbanken

Maria Nordh Wessman, Head of Group External Communications, 2014-10-24 (face-to-face) and 2014-11-14 (face-to-face)

Johan Lorentzon, Office manager Emmaboda, 2014-10-13 (face-to-face)

Karin Askel, Brand Manager at Group level, 2014-11-14 (face-to-face)

#### Swedbank

Björn Larsson, Chief Officer of Group Marketing and Branding, 2014-09-25 (face-to-face)

Jenny Ström, Head of Group Brand Engagement, 2014-10-09 (face-to-face)

Mikael Sekund, Head of Group Public Affairs, 2014-10-09 (face-to-face)

Magnus Månsson, Head of Marketing and Communications in the South region, 2014-10-28 (telephone)

Patricia Kempff, Project manager Unga Jobb, 2014-10-28 (face-to-face)

#### Electrolux

Mattias Rådström, VP Global Social Media and PR, 2014-09-10 (face-to-face)

Lars Hygrell, SVP Marketing and Brands EMEA, 2014-09-17 (face-to-face)

Marcus Örnmark, Marketing Manager, Professional appliances in the Nordic region, 2014-10-16 (face-to-face)

#### H&M

Johan Ward, Head of Consumer Engagement and Sponsorship at Group level, 2014-10-22 (face-to-face)

Hanna Hallin, Social Sustainability Coordinator at Group level, 2014-10-29 (telephone)

Simon Ennab, Project manager of sponsoring in the Procurement department (contact person for Tomas Berdych as well as the Swedish Olympic Committee), 2014-10-30 (face-to-face)

#### Skoda

Tomas Sangheim, Sales Manager for Skoda Stockholm, 2014-09-11 (face-to-face)

Daniel Karlsson, Brand Manager for Skoda at Din Bil Sverige, 2014-10-23 (face-to-face)

Mikael Sandberg, PR and Sponsoring Manager for Skoda Sverige, 2014-11-12 (telephone)

## 9.2 Internal documents

Sponsorship policy document

Sponsorship planning and evaluation document

Guide of contract design

## 9.3 Public company documents

Annual reports 2013 for all companies

Sustainability reports

## 9.4 Online sources

Homepage of each case company

IEG Sponsorship Report. "2013 Sponsorship Outlook: Spending Increase Is Double-Edged Sword."  
IEG Sponsorship Report. IEG, LLC. 2013-01-07. 2014-10-06. <<http://www.sponsorship.com/iegsr/2013/01/07/2013-Sponsorship-Outlook--Spending-Increase-Is-Dou.aspx>>.

## 9.5 Literature

Abernethy, M. A., & Chua, W. F. (1996). A Field Study of Control System "Redesign": The Impact of Institutional Processes on Strategic Choice. *Contemporary Accounting Research*, 13(2), 569-606.

Arjaliés, D., & Mundy, J. (2013). The use of management control systems to manage CSR strategy: A levers of control perspective. *Management Accounting Research*, 24, 284-300.

Berrett, T., & Slack, T. (1999). An Analysis of the Influence of Competitive and Institutional Pressure on Corporate Sponsorship Decisions. *Journal of Sport Management*, 13, 114-138.

Busco, C., Giovannoni, E., & Scapens, R. W. (2008). Managing the tensions in integrating global organisations: the role of performance management systems. *Management Accounting Research*, 19(2), 103-125.

Chenhall, R., & Morris, D. (1991). The effect of cognitive style and sponsorship bias on the treatment of opportunity costs in resource allocation decisions. *Accounting, Organizations and Society*, 16(1), 27-46.

Clark, J. M., Cornwell, T. B., & Pruitt, S. W. (2009). The impact of title event sponsorship announcements on shareholder wealth. *Marketing Letters*, 20(2), 169-182.

Copeland, R., & Frisby, W. (1996). Understanding the Sports Sponsorship Process From a Corporate Perspective. *Journal of Sport Management*, 10, 32-48.

Cornwell, B., Pruitt, S., & Clark, J. (2005a). The Relationship Between Major-League Sports' Official Sponsorship Announcement and the Stock Prices of Sponsoring Firms. *Academy of Marketing Science Journal*, 33(4), 401.

Cornwell, T. B., & Maignan, I. (1998). An international review of sponsorship research. *Journal of Advertising*, 27(1), 1-21.

Cornwell, T. B., Weeks, C. S., & Roy, D. P. (2005b). Sponsorship-linked marketing: Opening the black box. *Journal of Advertising*, 34(2), 21-42.

Cousens, L., Babiak, K., & Bradish, C. L. (2006). Beyond sponsorship: Re-framing corporate-sport relationships. *Sport Management Review*, 9(1), 1-23.

- Crompton, J. L. (2004). Conceptualization and alternate operationalizations of the measurement of sponsorship effectiveness in sport. *Leisure Studies*, 23(3), 267-281.
- Dolphin, R. D. (2003). Sponsorship: perspectives on its strategic role. *Corporate Communications: An International Journal*, 8(3), 173-186.
- Eisenhardt, K. M. (1985). Organizational and Economic Approaches. *Management Science*, 31(2).
- Eisenhardt, K. M. (1989). Theories from Case Study Research. *The Academy of Management Review*, 14(4), 532-550.
- Eisenhardt, K., & Graebner, M. (2007). Theory Building from Cases: Opportunities and Challenges. *Academy of Management Journal*, 50(1), 25-32.
- Farrelly, F. J., Quester, P. G., & Burton, R. (1997). Integrating sports sponsorship into the corporate marketing function: an international comparative study. *International Marketing Review*, 14(3), 170-182.
- Flamholtz, E. (1996). Effective organizational control: A framework, applications, and implications. *European Management Journal*, 14(6), 596-611.
- Flamholtz, E. G. (1983). Accounting, Budgeting and Control Systems in Their Organizational Context: Theoretical and Empirical Perspective. *Accounting, Organizations and Society*, 8(213), 153-169.
- Flick, U. (2011). *Introducing Research Methodology - A Beginner's Guide to Doing a Research Project*. Sage Publications.
- Gond, J., Grubnic, S., Herzig, C., & Moon, J. (2012). Configuring management control systems: Theorizing the integration of strategy and sustainability. *Management Accounting Research*, 23, 205-223.
- Harvey, B., Gray, S., & Despain, G. (2006). Measuring the effectiveness of true sponsorship. *Journal of Advertising Research*, 46(4), 398-409.
- Helgensen, T. (1992). The Rationality of Advertising Decisions: Conceptual Issues. *Journal of Advertising Research*, 32(6), 22-31.
- Hofstede, G. (1978). The Poverty of Management Control Philosophy. *The Academy of Management Review*, 3(3).
- Macintosh, N. B., & Daft, R. L. (1987). Management control systems and departmental interdependencies: an empirical study. *Accounting, Organizations and Society*, 12(1), 49-61.
- Malmi, T., & Brown, D. A. (2008). Management control systems as a package - Opportunities, challenges and research directions. *Management Accounting Research*, 19, 287-300.
- Martensen, A., Grønholdt, L., Bendtsen, L., & Jensen, M. J. (2007). Application of a model for the effectiveness of event marketing. *Journal of Advertising Research*, 47(3), 283-299.
- Meenaghan, T. (1991). The Role of Sponsorship in the Marketing Communications Mix. *International Journal of Advertising*, 10, 35-47.
- Meenaghan, T. (1998). Current developments and future directions in sponsorship. *International Journal of Advertising*, 17, 3-28.
- Meenaghan, T. (2001). Understanding sponsorship effects. *Psychology and Marketing*, 18(2), 95-122.
- Merchant, K. A. (1982). The control function of management. *Sloan Management Review*, 23(4), 43-55.
- Merchant, K. A., & Van der Stede, W. A. (2012). *Management control systems: performance measurement, evaluation and incentives*. Hampshire: Pearson Education.
- Merriam, S. B., & Nilsson, B. (1994). *Fallstudien som forskningsmetod*. Lund: Studentlitteratur.



- Modell, S. (2005). Triangulation between case study and survey methods in management accounting research: An assessment of validity implications. *Management Accounting Research, 16*, 231–254.
- Olson, E. L. (2010). Does sponsorship work in the same way in different sponsorship contexts? *European Journal of Marketing, 44*(1-2), 180-199.
- Otley, D. (1999). Performance Management: A Framework for Management Control Systems Research. *Management Accounting Research, 10*, 368-382.
- Ouchi, W. G. (1979). A conceptual framework for the design of organizational control mechanisms. *Management Science, 25*(9).
- Plewa, C., & Quester, P. G. (2011). Sponsorship and CSR: is there a link? A conceptual framework. *International Journal of Sports Marketing & Sponsorship, July*, 301-317.
- Sandelin, M. (2008). Operation of management control practices as a package - A case study on control system variety in a growth firm context. *Management Accounting Research, 19*, 324-343.
- Simons, R. (1987). Accounting Control Systems and Business Strategy: An Empirical Analysis. *Accounting, Organizations and Society, 12*(4), 357–374.
- Simons, R. (1995). How can manager promote innovation while avoiding unwelcome surprises? Control in an age of empowerment. *Harvard Business Review, March-April*, 80-88.
- Speed, R., & Thompson, P. (2000). Determinants of sports sponsorship response. *Journal of the Academy of Marketing Science, 28*(2), 226-238.
- Thjömöe, H. M., Olson, E. L., & Brönn, P. S. (2002). Decision-making processes surrounding sponsorship activities. *Journal of Advertising Research, 42*(6), 6-15.
- Verity, J. (2002). Maximising the marketing potential of sponsorship for global brands. *European Business Journal, 162*-173.
- Yin, K. R. (2014). *Case study research: design and methods*. London: Sage Publishing.

# 10 Appendix

## 10.1 Appendix A – Interview guide

### General questions

- Your role and responsibilities in general
- Your role and responsibilities in relation to sponsorship
- The organizational structure

### Sponsorship activities

- Activities at different levels of the company
- Background of activities – development, motivation, source of initiative
- Set-up of activity – roles of sponsee and sponsor, what is exchanged

### Sponsorship policy and strategy

- Does the company have a strategy?
- Does the company have a policy?
- Audience of sponsorship activities
- Perspective on timeframe of activities

### Planning and pre-acceptance evaluation

- Short-term and long-term planning
- Information flows
- Involvement of different hierarchical levels
- Describe the process from start to end for activities
- Degree of integration in regular operations
- Role of contracts

### Decision-making

- Decision-making process – formal and/or informal
- Role with final decision right for activities at different hierarchical levels
- Involvement of different hierarchical levels – When involve higher levels? Who is involved?
- Role of owners, board, manager, employees
- Handling of externally/internally generated proposals
- Decision drivers

### Budget

- Budgeting review – pre and post year
- Relevant accounts in budget
- Amounts – size, how decided? When decided?
- Competition for resources between activities?

### Follow-up

- Monitoring
- Involvement of what hierarchical levels
- Measurements – quantitative / qualitative measures, financial / non-financial measures

### Other questions

- Stakeholders and contextual factors affecting sponsorship management
- Impact of the community
  - Benefits to the community?
  - How should an organization in Stockholm attract corporations' interest?
- Sponsorship trends within company and in society

## 10.2 Appendix B – Description of case companies

Global organization						
Number of employees, as per Dec 31, 2013	81000	26000	61000	14000	11000	19100
Turnover (global)	SEK 150,000m	CZK 270,000m	SEK 110,000m	SEK 37,000m (total income)	SEK 36,300m	DKK 40,000m
Location of global HQ	Stockholm, Sweden	Mladá Boleslav, Czech Republic	Stockholm, Sweden	Stockholm, Sweden	Stockholm, Sweden	Copenhagen, Denmark
CEO name and time in firm	Karl Johan Persson	Winfried Vahland	Keith McLoughlin	Michael Wolf	Pär Boman	Thomas Borgen
Type of ownership	Public	Private	Public	Public	Public	Public
Largest owners	The Persson family	Volkswagen Group	Investor AB	Folksam	Oktogonen	A.P. Møller Foundation and Holding Group
Regional organization						
Turnover per defined region	N/A	SEK 19m / n.i.	N/A	N/A	N/A	SEK 6,600m
Location of Swedish branch HQ	Stockholm, Sweden	Stockholm, Sweden	Stockholm, Sweden	Stockholm, Sweden	Stockholm, Sweden	Stockholm, Sweden
CEO of Swedish branch	N/A	Claes Jerveland / Jens Wetterfors	N/A	N/A	N/A	Ann Krumlinde
Owner	N/A	Volkswagen Group Sverige (SKODA Sverige) / Din Bil Sverige AB (SKODA Stockholm)	N/A	N/A	N/A	N/A

Table 5: Overview of case companies

### Danske Bank

Danske Bank Group is a Danish bank focused on retail banking to private customers as well as corporations. The Group is present in Denmark, Sweden, Norway, North Ireland, Ireland, Finland, The Baltics and Russia. The Group's headquarter is situated in Copenhagen where Thomas Borgen holds the position as CEO. The Swedish branch has its headquarters located in Stockholm and Ann Krumlinde holds the position of CEO in Sweden. The Group is organized as a matrix organization. The three business units; personal banking, business banking and corporates and institutions, have their own international management team. The national markets, there among Sweden, also have their own management teams for the overall national strategy. Additionally, the Group also consists of three separate entities; Danica Pension, Danske Capital and Nordania Leasing.

Danske Bank Group is publicly traded on NASDAQ OMX Copenhagen and the three largest shareholders are A.P. Møller and Chastine Mc-Kinney Møller Foundation and companies of A. P. Møller Holding Group, Cevian Capital and Realdania (as per 30 October 2014).

### Svenska Handelsbanken AB (Handelsbanken)

Handelsbanken is a full service bank with a national net of bank offices in six domestic markets; Sweden, United Kingdom, Denmark, Finland, Norway and the Netherlands. The bank was founded in 1871 and has approximately 11,000 employees and operations in a total of 24 countries. The current CEO is Pär Boman. Handelsbanken has a strong presence on the Swedish market with 463 offices and has during the past 16 years expanded to the other Nordic markets, United Kingdom and the Netherlands. The Handelsbanken Group's business is strongly decentralized and the company itself highlights the corporate culture and an efficient management control system as the most prevailing factors of control. The main idea is that the work performed should be based on the individual offices' responsibility for the individual customer, and not from the central functions responsibility for product areas or market segments. The profitability is essential and stated as more important than volume.

Handelsbanken is publicly traded on NASDAQ OMX Stockholm and the three largest owners are Oktogonen, Industrivärden och Swedbank Robur Fonder.

### Swedbank

Swedbank is a full service bank with Sweden and the Baltic countries as its home markets, with smaller operations also in Norway, Finland, Denmark, the US, China and Luxembourg. The Group has its roots in the cooperative agricultural bank tradition and serves both private and corporate customers. Mikael Wolf holds the position as CEO. Swedbank has nine regional areas; six in Sweden and one per each of the Baltic countries.

The Group is public and traded on NASDAQ OMX Stockholm. Folksam, SparbanksGruppen and Swedbanks Robur Funds constitute the three largest shareholders.

### **Electrolux**

Electrolux is an appliance manufacturer and the Group has six business areas; Major Appliances in EMEA, North America, Latin America, Asia/Pacific, Small Appliances and Professional Products. Electrolux's products are sold on approximately 150 markets, with the largest markets being Europe and North America.

The headquarters is located in Stockholm, where the global management team, the regional EMEA management team and the local Swedish management team are seated. Overall, there are three structural levels in the Group; the global, the regional (EMEA, North America, Latin America etc.) and local level (for example Sweden). Likewise, there are regional headquarters. On top of that, the local levels are also divided in to clusters, for example the Nordic cluster, which includes Sweden.

The Electrolux share is publically traded on NASDAQ OMX Stockholm, where the three largest shareholders are Investor AB, JP Morgan Asset Management and Nordea Investment Funds.

### **H&M**

H&M Hennes & Mauritz AB comprises six independent brands: H&M, COS, Monki, Weekday, Cheap Monday and & Other Stories. This study focuses on the brand H&M. There are H&M stores in 55 markets worldwide, and online shopping in 13 countries. H&M has a matrix organization where the management team is responsible for the support of the departments, for best practice and that each country is working efficiently and in line with the policies issued by the headquarters. The country managers have overall responsibility for the sales in their country. Karl-Johan Persson holds the position as the CEO and the Group is organized in two levels; firstly, the global and headquarter level and secondly on country level. H&M has approximately 81,000 employees as of December 31, 2013.

The Group H&M is publicly owned and traded at NASDAQ OMX Stockholm, with the founding family, Persson, and related companies, as the majority owners (approx. 70% of the shares). The two other large shareholders are Lottie Tham and family, as well as Alecta Pensionsförsäkringar.

### **Skoda**

Skoda Auto is an automobile manufacturer that was founded in 1895. The headquarters is located in Mladá Boleslav in the Czech Republic. The Skoda brand is part of the Volkswagen Group brands since approximately 20 years. In Sweden, the Volkswagen Group AG has two subsidiaries. Firstly, it owns the Swedish branch, Volkswagen Group Sverige AB (VGS), which in turn owns Skoda Sverige. VGS is the formal and only importer of Skoda car to Sweden. In other words, all Skoda car models that are sold in Sweden are bought from Volkswagen Group Sverige/Skoda Sverige. Secondly, Volkswagen Group owns Din Bil Sverige AB, which sells Volkswagen brands in some parts of Sweden. Din Bil Sverige AB owns Skoda Stockholm, which owns four car resellers in the Stockholm region, through which Skoda cars are sold.

The manufacturer (Skoda Auto), the formal importer (VGS) and Din Bil Sverige AB are all owned by Volkswagen Group AG in Germany. The scope of this study is the Swedish market and Stockholm, wherefore focus of the study is on Skoda Sverige and Skoda Stockholm in terms of sponsoring engagements. We simplify the organizational structure and ownership structure by only studying Skoda Auto, Skoda Sverige och Skoda Stockholm.

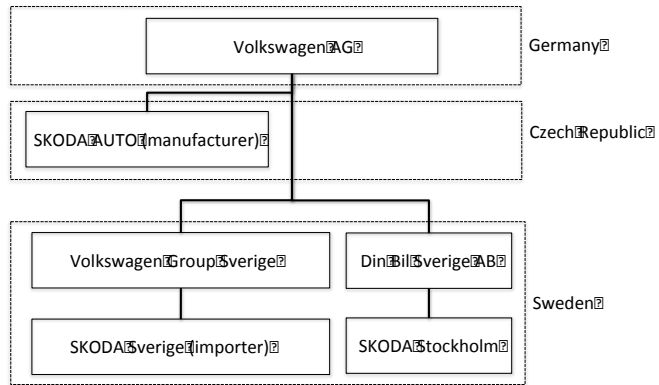


Table 6: Organization structure of Skoda Sverige and Skoda Stockholm in relation to the Skoda Auto Manufacturer

### 10.3 Appendix C – Summary of empirical findings

See the table on the next page.

	<b>Organizational structure</b>	<b>Result controls</b>	<b>Action Controls</b>	<b>Personnel Controls</b>	<b>Cultural controls</b>
<b>Danske Bank</b>	<ul style="list-style-type: none"> <li>- Centralized organizational structure in Sweden</li> <li>- Divisionalized cross-national structure in Group</li> <li>- No roles with sponsorship responsibility</li> <li>- Central and local management</li> <li>- Local deviations</li> </ul>	<ul style="list-style-type: none"> <li>- Commercial intent</li> <li>- Measures media coverage</li> <li>- Evaluation based on dialogue</li> <li>- HQ only monitors offices' sponsorship spending</li> <li>- No explicit targets/reward</li> </ul>	<ul style="list-style-type: none"> <li>- No sponsorship policy</li> <li>- Decision is fully delegated to local offices</li> <li>- Local office manager accountable</li> <li>- Cost control through budgets only</li> </ul>	<ul style="list-style-type: none"> <li>- Office manager shows personal drive to make sponsorship more sophisticated</li> </ul>	<ul style="list-style-type: none"> <li>- Ownership culture</li> <li>- Sponsorship is floating material without formalized responsibility</li> <li>- Socialization through conferences for all managers</li> </ul>
<b>Handelsbanken</b>	<ul style="list-style-type: none"> <li>- Decentralized organizational structure</li> <li>- No roles with sponsorship responsibility</li> <li>- Local management</li> </ul>	<ul style="list-style-type: none"> <li>- Only local objectives</li> <li>- Both commercial and non-commercial intent</li> <li>- No measurements (over all an cost to revenue ratio)</li> <li>- No explicit targets/reward</li> </ul>	<ul style="list-style-type: none"> <li>- No sponsorship policy</li> <li>- Decision is fully delegated to local offices</li> <li>- Local office manager accountable</li> <li>- 'Around the church spire'</li> </ul>	<ul style="list-style-type: none"> <li>- Low employee turnover</li> <li>- Managers recruited internally</li> <li>- Selective recruitment</li> <li>- Training from more senior colleagues; 'get fostered'</li> </ul>	<ul style="list-style-type: none"> <li>- Ownership culture</li> <li>- "Our Way", a "cultural bible" document on how to act</li> <li>- Managers are important communicators of culture</li> </ul>
<b>Swedbank</b>	<ul style="list-style-type: none"> <li>- Hybrid organizational structure</li> <li>- Semi-formal roles with sponsorship responsibility</li> <li>- Central and local management</li> <li>- Local deviations</li> </ul>	<ul style="list-style-type: none"> <li>- Foremost commercial intent</li> <li>- Measures media coverage</li> <li>- Dialogues an surveys for external and internal follow-up</li> <li>- No explicit targets/reward</li> </ul>	<ul style="list-style-type: none"> <li>- Sponsorship policy by HQ</li> <li>- Check-list for new activity</li> <li>- Large local mandate, but some restrictions</li> <li>- Cost control through budgets and contracts</li> </ul>	<ul style="list-style-type: none"> <li>- Recruits employees with suitable profile</li> <li>- Inspire rather than point with the whole hand</li> <li>- Role models</li> </ul>	<ul style="list-style-type: none"> <li>- Ownership culture</li> <li>- CEO spokesperson for community engagements</li> <li>- Levels in organization support each other</li> <li>- History in local presence</li> </ul>
<b>Electrolux</b>	<ul style="list-style-type: none"> <li>- Hybrid, but increasingly centralized organizational structure</li> <li>- Fairly autonomous business areas (Central and local management)</li> <li>- Semi-formal roles with sponsorship responsibility</li> <li>- Local deviations</li> </ul>	<ul style="list-style-type: none"> <li>- Foremost commercial intent</li> <li>- Clear set targets for all activities</li> <li>- Measures media coverage</li> <li>- No explicit targets/reward</li> </ul>	<ul style="list-style-type: none"> <li>- General policy exist, not sponsorship specific</li> <li>- Case-by-case evaluation</li> <li>- Sponsorship close to ordinary business</li> <li>- Limited to budgeted sponsorship amount</li> </ul>	<ul style="list-style-type: none"> <li>- Sponsorship is closely interrelated with the rest of the level's marketing activities</li> </ul>	<ul style="list-style-type: none"> <li>- Ownership culture</li> <li>- The one who 'owns' the relationship is usually given the responsibility for the sponsorship activity</li> </ul>
<b>H&amp;M</b>	<ul style="list-style-type: none"> <li>- Centralized organizational structure (matrix)</li> <li>- Sponsorship responsibility in marketing department</li> <li>- Central management</li> <li>- No local deviations</li> </ul>	<ul style="list-style-type: none"> <li>- Commercial intent and development of sport collection</li> <li>- Measures media coverage, and survey follow-up</li> <li>- No explicit targets/reward</li> </ul>	<ul style="list-style-type: none"> <li>- No sponsorship policy</li> <li>- Local (national) decision-mandate is restricted</li> <li>- Clear delegation of roles</li> <li>- Internal meetings</li> <li>- Direct supervision</li> </ul>	<ul style="list-style-type: none"> <li>- Former tennis player hired as consultant to select tennis sponsee and he supports when needed</li> </ul>	<ul style="list-style-type: none"> <li>- Representatives from all departments are present when discussing new concepts and the current sport collection sponsorships</li> </ul>
<b>Skoda</b>	<ul style="list-style-type: none"> <li>- Hybrid organizational structure</li> <li>- Strong HQ <i>and</i> autonomous local offices</li> <li>- Semi-formal roles with sponsorship responsibility</li> <li>- Central and local management</li> <li>- Local deviations</li> </ul>	<ul style="list-style-type: none"> <li>- Commercial intent</li> <li>- Measures e.g. sales</li> <li>- Gut feeling about relations</li> <li>- Overall sophisticated follow-up internally and externally</li> <li>- No explicit targets/reward</li> </ul>	<ul style="list-style-type: none"> <li>- Sponsorship policy by HQ</li> <li>- Large local mandate, but some restrictions</li> <li>- Budget and policy foremost control tools</li> <li>- Financial incentives for aligned sponsorship</li> </ul>	<ul style="list-style-type: none"> <li>- Sponsorship is closely interrelated with the rest of marketing and sales activities</li> </ul>	<ul style="list-style-type: none"> <li>- Ownership culture</li> <li>- Generate initiatives locally to increase ownership</li> <li>- Sponsorship focus areas anchored in history</li> </ul>