

MANAGEMENT CONTROL SYSTEMS IN SPORT EVENT ORGANIZATIONS

How to cope with a pulsating nature and multiple stakeholders

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Management control systems (MCS) are a common feature in most organizations. However, few have explored the functioning of MCS in sport event organizations. This paper aims to address this apparent gap, exploring how sports event organizations apply MCS and investigating how such systems are affected by the pulsating nature of the organizations' operations as well as by its stakeholders. A multiple case study, including six Swedish sport event organizations, serves as the basis of the analysis. Adopting a broad perspective on management control in order to capture both informal and formal controls and applying the framework by Malmi and Brown (2008) enabled identification of the control elements. The distinction between participator and spectator events, as well as the concept of stakeholders and the pulsating organization, were found useful and enhancing the understanding of MCS in sport event organizations. The findings suggest that stakeholders' effect on MCS differ depending on the characteristics of the stakeholders. Furthermore, action planning is found to be a prominent control element assisting sport event organizations in managing the inherent pulsating nature of the operations.

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1. Introduction

Sport is a major interest in modern society with a greater number of participants than ever before (Enjolras, 2002). It does not only engage people on an individual and team level, but also organizations and the society become affected by the increased interest.

The last decade have seen an increasing demand to host major sport event as they can fulfill economic, social and political agendas (Emery, 2008). The market for sport events has grown substantially, for example, the total attendance at spectator sport events corresponded to 41 per cent of the US adult population already in 1997 (Szymanski, 2003). On the Swedish sport event market, the registration for Sweden's largest skiing event, Vasaloppet was filled within a minute and a half and Gothenburg Horse Show had more than 90 000 spectators in 2013. These, very different, but yet immensely popular events, are examples of the growing interest in sport events.

While the interest is growing the landscape for organizations involved in sports is changing, Enjolras (2002) outlines three general trends that sporting activities have experienced. The first one is *pluralization* and *differentiation* i.e. an increase in the number of different sports activities and greater differentiation of both amateur and professional sports. The second trend is *individualization*, which implies a change in the general ideology from sport being a collective right to being an individual option. The third and perhaps most important trend is *commercialization* or *marketization* of sports activities (Enjolras, 2002).

The concept of sport has moved beyond the football pitch or the ski track, and become a real industry of exclusive TV-rights, sports advertising and partnership (Jeacle, 2012). The commercialization trend means that the organizations that previously were non-profit oriented are becoming more and more business-like. Slack (1998, p.1) claims that "today, sport is big business and big businesses are heavily involved in sport". The implication of this trend is mentioned by several of interviewees stating that, "it is like a commercial world meeting a non-profit world, and that is not always smooth and easy"¹, "there is always a need to balance the commercial and the non-profit interests"² and "the key is to combine the non-profit engagement with a commercial way of thinking"³. Another indication of the commercialization trend taking place among Swedish sport events is that not only non-profit associations (NPAs) arrange sport events but so do private and commercial players.

Several of the Swedish sport events are stemming from non-profit sport associations and were founded in order to generate funding for the associations' sport activities. These organizations have been affected by the commercialization trend which implies that pressures, emerging from sponsors, members and other stakeholders, require the sport organizations to become more performance oriented with solid management practices as well as financial stability (Winand et al., 2010). This indicates a need to address management control aspects in the sport event context and it can be assumed that both informal and formal management control practices are applied by sport event organizations. Therefore, a framework that takes a holistic approach and considers management control as a package is appropriate.

¹ Financial manager, DN-galan

² CEO, Vasaloppet

³ CEO, Vätternrundan

A sport event organization (SEO) is an organization that arranges one or several sport events and is different from a 'normal organization' due to the pulsating nature that the organization has to cope with (Hanlon and Jago, 2000). The term 'pulsating organization' was initiated by Toffler (1990) and reflects organizations that expand and contract. The SEO in this study can be considered pulsating organizations, for example Vätternrundan has ten all-year employees working with the cycling events, and during the two weekends when the events take place, approximately 4000 volunteers work to ensure realization of the events. The CEO of Vätternrundan expresses that "the volunteers are our most important asset". Furthermore, event organizations are dependent on a number of stakeholders in order to realize the event, ranging from volunteers to politicians (Goldblatt, 2000; Larsson and Wikström, 2001) and the sport event industry was already during the 1980s affected by an increasingly diverse set of stakeholders (Emery, 2008). For non-profit organizations, multiple stakeholders typically represent a source of uncertainty since the organizations are dependent on resources and legitimacy from the stakeholders (Balsler and McClusky, 2005). A prerequisite to arrange a sport event is to obtain a permission or sanction and it often implies that a stack of rules has to be complied with, which indicates that SEOs have relations with influential stakeholders.

Despite the increased interest of sports, the commercialization trend and the specific characteristics of sport events, the SEOs have not been sufficiently studied, especially when it comes to management control. The need of accounting research in popular culture contexts, such as sport, is supported by Jeacle (2013). This thesis aims to fill this gap and explore the management control systems in sport event organizations by addressing the following research questions:

1) What management control systems are used in sport event organizations?

As indicated above, sport event organizations are embedded in a rich network of stakeholders (Emery, 2008) and are characterized by a pulsating nature (Hanlon and Jago, 2000) and the effect that these factors have on the identified management control systems are explored, and addressed in the second question:

2) How is the management control systems affected by stakeholders and the pulsating nature of sport event organizations?

To answer the research questions a multiple case study, comprising six different Swedish sport event organizations (SEOs), was conducted in order to capture a large spread of organizations with different size, ownership structure and location that arrange events within different sports. To take a holistic perspective on management control systems (MCS) in sport event organizations, the Malmi & Brown framework, which considers controls as a package, was applied. The framework can be used for identification and classification of various controls, but it does not cover how the controls, per se, are used or affected. Therefore, two theoretical concepts, stakeholder theory and pulsating organizations, which are considered important in the sport event context, were added to enhance the analysis of what factors affect the controls used by SEOs. The empirics suggest that, the control packages differ in the SEOs and the ownership tend to influence which control element that is the prominent. However, the action planning is considered an essential control for SEOs in general. It also corresponds to the longest of four annual phases that an SEO experience over a year i.e. the evaluation, planning, preparation and execution phases. Moreover, a distinction between participator and spectator events was found to contrast the differences in how MCS are applied within these

two groups of SEOs. The separation highlighted an important difference in terms of stakeholders, for spectator events, international sport federations, and for participator events, municipalities and authorities. Additionally, owners and sponsors are essential stakeholders that also have an impact on the MCS. Which controls that are affected, and to what extent, depend on the stakeholders' characteristics. The pulsating nature is also found to impact the MCS applied by SEOs where the planning control element is considered important since it enables the SEO to become adaptable and flexible at the time of the event.

This study contributes to both the management control and the sport event literature by identifying and describing the MCS applied in SEOs, using the Malmi and Brown (2008) framework. Hence, it addresses the gap in the literature by studying management accounting in a popular culture context of sports (Jeacle, 2013). Another contribution is that a distinction between participator and spectator events is useful when studying sport events, and presumably other events as well, as it highlights the differences and similarities between the MCS used in the SEOs. Furthermore, this study contributes to the MCS literature by taking an even broader perspective by analyzing how stakeholders are affecting the use of MCS in SEOs. Finally, this study contributes to the research on pulsating organizations, which has been limited (Hanlon and Jago, 2000). The understanding of MCS is enhanced when considering the pulsating nature of SEOs and the four phases being a result of the annual rhythm of SEOs.

The structure of this thesis is as follows. In section two, literature on management control is reviewed and the framework by Malmi and Brown (2008) is described. This is complemented by research on sport organizations and other relevant theoretical concepts. In the third section, the research method is presented including how data collection and data analysis was conducted. Section four describes the empirics and how MCS are applied by the SEOs, structured in line with the framework presented in section two. In section five, the empirical findings will be discussed and analyzed in order to answer the research questions. In the sixth, and final section, the conclusions and contributions of this thesis are presented in section.

2. Previous research

In this section, relevant literature when aiming to answer the research questions will be reviewed. It begins with a broad approach, covering MCS in general (2.1) and a description of a framework that consider MCS as a package (2.2). Thereafter, existing literature on sport events as well as important trends for sport organizations is covered (2.3), followed by more specific theoretical concepts of stakeholder theory and pulsating organizations (2.4), which are important characteristics of SEOs. The last section provides a description of how the theory will be applied going forward (2.4).

2.1 Management control – aiming for broad approach

Management control is considered a key activity in organizations (Otley, 1994) and has been described in various ways in the literature (Green and Welsh, 1988). The definition has evolved over time, and was early on described by Anthony (1965) as “the process by which managers assure that resources are obtained and used effectively and efficiently in the accomplishment of the organization’s objectives” (p. 17). What to include in the definition of MCS has been debated in existing literature. Chenhall (2003) argued that MCS is a broader term than management accounting system (MAS) as it also includes other controls such as personal or clan controls. A more narrow definition is that MCS only involve dealing with employee behavior and not including strategic control (Merchant and Van der Stede, 2007). The definition of MCS applied in this thesis is in line with Malmi and Brown’s (2008) suggestion of the “systems, rules, practices, values and other activities management put in place in order to direct employee behavior” (p. 290). This means that accounting systems with the sole purpose of supporting decision-making are excluded.

The early research on management control focused on the cybernetic controls (Otley and Berry, 1980; Hofstede, 1981; Macintosh and Daft, 1987; Green and Welsh, 1988) which are defined as setting goals, measuring performance and then comparing the performance to the goals so that a feedback loop is created (Hofstede, 1978). Much of the MCS research has focused on this type of formal controls (Chenhall, 2003; Malmi & Brown, 2008). Otley (1999), for example, developed a framework that involved five sets of issues that need to be addressed when developing MCS to manage organizational performance. The five issues were applied on three MCS, namely budgeting, economic-value added and the balanced scorecard, which corresponds to cybernetic or formal MCS.

Also Simons (1995) considered the framework of formal controls comprising four different levers of control. Three of the levers, boundary, diagnostic and interactive systems, would correspond to cybernetic controls. Simons’ fourth lever, the belief system, indicates a broader view by including a cultural aspect that comprises communicated values, purpose and direction for the organization. Ouchi (1979) was one of the first researchers that included not only accounting-based controls but also an informal type of control, which he labeled clan mechanisms, meaning that a group of individuals are sharing a range of values and norms, which are often manifested through ceremonies and rituals.

Other researchers that also have taken a holistic view were Flamholtz et al. (1983), who mentioned that MCS had traditionally been studied in isolation from organizational characteristics. Therefore, a framework where control comprised a core control system, which is cybernetic in nature, and a control context was developed (Flamholtz et al., 1985). The control context involved of organizational structure, organizational culture, and aspects of the

external environment. Merchant (1985) also took a broad perspective on MCS and outlined three types of controls; results, action and personnel controls. He mentioned that the personnel controls provide a significant amount of control in voluntary organizations since the volunteers are motivated by a satisfaction of doing a good job. In more recent work, Merchant and Van der Stede (2007) added cultural control to the other three dimensions.

In existing research, consideration of both formal and informal controls has been emphasized, but several researchers have also highlighted the importance of linkages between controls (Simons, 1995; Sandelin, 2008; Kennedy and Widener, 2008; Mundy, 2010). Sandelin (2008) built on the Merchant and Van der Stede (2007) typology of control, and studied the linkages between a primary mode of control and other control elements in a growth firm context. In his first case (period 1) cultural control was the most prominent control practice whereas management control was primarily built on results control in the second case (period 2) which indicated that less formal controls may be functionally equivalent as more formal and accounting centric controls. In a study of lean manufacturing implementation Kennedy and Widener (2008) developed a control framework that showed the relations between outcome, behavioral and several types of social controls. Simons (1995) argued that effective implementation of strategy requires balance among the levers of control. Later on, Mundy (2010) refined the balancing concept and highlighted the interrelations between the four levers. She showed that balancing enabling and controlling use of MCS can create dynamic tensions.

A broad perspective on MCS, that includes both formal and informal controls and acknowledges the linkages, is the concept of MCS as a package. The main reason to consider MCS as package is that contemporary organizations often have a number of MCS, which do not operate in isolation (Malmi and Brown, 2008). Additionally, much research within management accounting has focused on formal systems, and there is still limited research available on the impact of informal controls (Chenhall, 2003). Therefore, Malmi and Brown (2008) developed a framework that focuses on how controls, i.e. tools, systems and practices, are exercised to formally and informally, direct employee behavior. To consider MCS as a package is in line with Chenhall et al (2010) who mentioned that “recent developments in MCS have aimed to develop a more holistic view of MCS by studying combinations of formal and informal controls” (p. 19).

The reason for applying MCS as a package in the context of sport event organizations is twofold. First, SEOs are often owned or influenced by non-profit associations. Non-profit organizations have traditionally been characterized by informal controls, but are increasingly applying management control systems that was originally developed for the business sector such as strategic planning, forecasting and budgeting techniques and performance management (Dart, 2004, cited in Speckbacher, 2013). However, MCS cannot simply be transferred to non-profit organizations since the traditional perspectives on management control usually fail for such activities (Hofstede, 1981). Second, sport organizations have, as stated in the introduction, experienced a commercializing trend and grown in size, which make SEOs comparable to start-ups. The research on MCS for start-ups suggests that when the organization grows, the informal controls of organizational activities become harder, and costlier, and then formalizing controls becomes vital for future growth (Davila, 2005). As the research on MCS in non-profit organizations and start-ups suggest, both informal and formal controls are applied by such organizations and thus, a broad perspective on management

control is required. Hence, the concept of MCS as a package is considered appropriate when studying MCS in SEOs.

2.2 MCS as a package – the elements and components of Malmi & Brown’s framework

The Malmi and Brown (2008) framework involves tools, systems and practices that are used to formally and informally direct employee behavior. This section will provide short descriptions of each component within the five elements included in the framework.

Cultural controls						
Clans		Values			Symbols	
Planning		Cybernetic controls				Reward and compensation
Action planning	Long-range planning	Budgets	Financial measurement systems	Non-financial measurement systems	Hybrid measurement systems	
Administrative controls						
Governance structure		Organization structure			Policies and procedures	

Figure 1 – the Malmi and Brown (2008) framework

The administrative controls are displayed in the bottom of the framework because it creates a foundation or structure for the planning, cybernetic, and rewards and compensation control elements (displayed in the middle). These are assumed to be tightly linked, especially in contemporary organizations (Malmi and Brown, 2008).

The administrative controls include organizational structure, governance and policies and procedures. Organizational structure is considered a control mechanism since it is something that managers can use and modify in the process of control. Furthermore, it contributes to functional specialization, reduce variability of behavior and increase predictability (Flamholtz, 1983). Governance implies monitoring of behavior and how employees are accountable for their behavior, hence this component relates to the organization’s board structure and composition, as well as its various management and project teams. Policies and procedures serve as a bureaucratic approach, with the purpose to specify the processes and behavior within an organization. Researchers have labeled this type of control standard operating procedures and practices (Macintosh and Daft, 1987), rules and policies (Simons, 1987) and action controls (Merchant and Van der Stede, 2007).

Planning control is an ex-ante (before the event) form of control and may serve several purposes of setting goals, providing standards in relation to the goals and aligning goals across functional areas of the organization. In order for the planning to serve as a MCS it has to involve not only decisions of future activities but also goal alignment so that employees become committed to those plans. Malmi and Brown (2008) divide planning into action planning where goals and actions for the near future, usually 12 months, are set and may involve operational task lists with or without financial linkage. On the other hand, long-range planning focuses on medium or long-term goals and are therefore more strategy oriented. This

distinction of planning corresponds to Merchant and Van der Stede's (2007) descriptions of operational planning and strategic planning.

Cybernetic controls involve budgeting as well as financial, non-financial and hybrid (a combination of the two) measurement systems. These can be information systems or control systems depending on how they are used. Budgeting is a central component in MCS and a common practice in most organizations (Hansen et al., 2003). A budget may have many purposes, but as a control mechanism, it relates to action planning and focuses on "the acceptable levels of behavior and evaluating performance against those plans" (Malmi and Brown, 2008, p. 293). Financial measures are often included in performance measurement systems and are more narrow compared to the budget, which is a complete technique. Non-financial measures are applied to overcome the perceived limitations of financial measures and are becoming more and more important in contemporary organizations. An example of a hybrid measure is the Balanced Scorecard, which includes both financial and non-financial measures. (Malmi and Brown, 2008)

The purpose of reward and compensation controls is to motivate employees, to achieve alignment of organizational and employees' goals and is often linked to cybernetic controls (Malmi and Brown, 2008). Monetary incentives are argued to increase employee effort and performance (Bonner and Sprinkle, 2002) but rewards and compensations may as well be non-monetary (Merchant and Van der Stede, 2007). Furthermore, rewards and compensations can be split into extrinsic and intrinsic, where the former which is based on evaluations, often conducted by a hierarchical superior, and the latter is based on the individual's experience, independent from the organization's evaluation (Flamholtz et al., 1985), meaning that such rewards are self-fulfilling.

Culture controls are displayed as the top level in the framework (see figure 1) because they are broad and provide a contextual frame for other controls. Culture serves as a control system when it is used to regulate behavior and includes value-based controls (values), clan controls and symbols (Malmi and Brown, 2008). The value-based controls described by Simons are part of the belief system and are the set of core values, the purpose and direction of the organization that managers formally communicate. Symbol-based controls are more material or tangible than values and norms as they are used to create visible expressions in order to develop a type of culture (Malmi and Brown, 2008). The more informal types of values are those not communicated by managers but rather reinforced through socialization, referred to as clan controls. Clans are described as a group of individuals within an organization for example with a certain profession, a sub-culture or an organizational unit. Ouchi (1979) described clan controls as a type of informal controls that "attains cooperation by selecting and socializing individuals such that their individual objectives substantially overlap with the organization's objectives" (p. 846).

2.3 Managing sport organizations – what differentiates sport events

As mentioned above, the research available on MCS in sport event organizations is scarce, especially when it comes to sport events. This section will review a collection of literature, deemed relevant, relating to sport events and trends that may affect sport event organizations.

A vast majority of the literature on sport events has focused on the economic impact of the events (Dwyer et al., 2000; Preuss, 2005; Baade, 2006; Badget and Gouguet, 2010; Taks et al., 2011) but also the Olympic Games (Robinson and Minikin, 2011), and personnel

management (Farrell et al, 1998; Hanlon and Cuskelly, 2002; Hanlon and Stewart, 2006). Within the event management literature, sport events are described as both highly complex and uncertain compared to other events and they may vary tremendously in size and complexity (Shone and Perry, 2004). Moreover, the lack of continuous input and output throughout the year, referred to as an all-consuming climax (Mules, 2004), may affect the management control system used by these organizations. This can also be referred to as a “pulsating organizations” (see section 2.3.2), which differentiate sport events from sport organizations in general. Emery (2008) studied management practices within major sport events and found that “planning was deemed the prime management function for success” (p.168) and the financial plan, i.e. budget, was the most commonly used management practice. Although, a focus on the financial plan suggests that financial outcome of the event drives the management practice rather than the quality of the event. The lack of understanding and shared commitment of event outcomes would imply that stakeholder satisfactions are unlikely to be realized (Emery, 2008). Hence, a planning process that not only focus on the financial outcome but also the quality of the event is desirable.

When it comes to management of sports organizations in general, the literature is often written in the context of football clubs when studying sponsorship management (Chadwick & Thwaites, 2004; Chadwick, 2005) and accounting issues of football player contracts (Amir and Livne, 2005; Forker, 2005; Risaliti and Verona (2013). The latter represents the accounting literature available in the sports field. However, the scarcity of management accounting literature within sports, as a popular culture topic, is highlighted by Jeacle (2013).

As mentioned in the introduction, the sports industry has experienced several trends, and the most prominent is the commercialization trend. This has an effect on sports organizations and the trend implies that the organizations that previously were non-profit-oriented are becoming more and more business-like. Slack (1998) noted that this trend is not just restricted to professional athletes and events, but equally applicable to the so-called amateur sports. One possible reason for the commercialization is that sport organizations’ income from commercial sources has increased and on average represents more than one half of the total revenue (Enjolras, 2002). Senaux (2011) studied the effects of the commercialization trend in the context of French football clubs, and describing the shift as “the initial vision of sport as a practice, amateurism, volunteering and not-for-profit orientation, has progressively been replaced by sport as entertainment, professionalization and commercialization” (p. 262). Additionally, it was found that the difficulty of implementing management practices was partly because of the culture and heritage that opposed the economic reasoning with the cultural value of the sport (Faure and Suaud, 1999, cited in Senaux, 2011). The study by Senaux (2011) focus primarily on institutional logics, and he found that the new commercial logic, does not replace the former logic, but rather coexists, which leads to institutional pluralism.

Another implication of the commercialization is that stakeholders are becoming increasingly involved and put pressures on the organizations. Winand et al. (2010) argued that pressures, which have emerged from sponsors, members and other stakeholders, require the sport organizations to become more performance oriented in order to better manage their organizational performance. Hence, the commercialization trend may imply that more formalized controls become adopted. Furthermore, formalized controls, such as management tools used to assess objectives for decision-making, have been neglected due to the non-profit

nature of sport federations (Winand et al., 2010). Therefore, they developed a financial performance management tool with the intention to identify issues of organizational importance regardless the size, objective, sport or structure of sport federations. The financial management tool, which would serve as a formal MCS, includes the variables; public funds dependence, financial balance, attraction of resources, financial budget, member services investment and elite services investment, that are seen as important for such organizations' performance (Winand et al., 2012).

2.4 Theoretical concepts

A broad perspective on management control will be applied in this thesis by using the concept of MCS as a package and the framework by Malmi & Brown. However, Malmi and Brown do not cover how controls are used or what forces that influences the design or usage of controls. Therefore, two additional theoretical concepts will be considered. The first one is stakeholder theory, which is relevant since SEOs are embedded in a rich network of stakeholders, implying multiple and sometimes competing objectives. The second relates to the pulsating nature of sport events, which is the characteristic that makes them different from sport organizations in general.

2.4.1 Stakeholder theory – identification, classification and multiple objectives

The definition of MCS involves control of processes and activities within an organization and hence, the MCS focus on the organization *internally*. However, there are elements, which may constitute complex and competing forces, outside of an organization that may affect the design of MCS, (Chenhall, 2003). One of these external factors, in the context of sport event organizations, is presumably the stakeholders. In a study of major sport events, Emery (2008) highlights that there are usually interdependent symbiotic relationships between the sport organization, the event funders (sponsors etc.) and the media. Since the relationship with stakeholders is a critical part of organizational success (Freeman, 2004) stakeholder theory can be used as a tool to understand the relationships that SEOs have with different stakeholders.

A commonly used definition of stakeholders is “any group or individual who can affect or is affected by the achievement of an organization’s objectives” (Freeman, 1984, p.46). This is one of the broadest definitions, but there are major differences between broad and narrow views of stakeholder definitions. The narrow views tend to define stakeholders as relevant groups that have legitimate or moral claims or those that have a direct relevance of the organization’s core economic interests (Mitchell et al., 1997). Furthermore, stakeholders can be divided into internal stakeholders, such as employees, or external stakeholders, such as suppliers and customers, but the management techniques of managing the different groups are converging (Harrison and John, 1996). Furthermore, a distinction of stakeholders between owners and non-owners can be made, where owners may be both legal owners and funders whereas non-owners are communities, customers etc. (Li and Tang, 2009). This study will focus on the external stakeholders, which comprise both owners and non-owners.

Within the event management literature, stakeholders are exemplified as regional and/or local community organizations, local businesses, sponsors, the media industry and related clubs or associations (Larsson and Wikström, 2001). Goldblatt (2000) added politicians, volunteers, vendors and regulatory officials to the list of stakeholders and he argued that it is essential for an event organizer to produce stakeholder benefits. Nonprofit organizations typically operate

in complex environments with multiple stakeholders, such as funders, referral agencies, government officials, volunteers, and clients or participants, which represent a source of uncertainty since organizations typically require resources and legitimacy from the stakeholders (Balser and McClusky, 2005). For sport events, sponsors' funding would correspond to resources and the permission or sanction from a municipality or sport federation would require legitimacy. The importance of such stakeholders makes the relationships necessary to monitor and manage.

Several researchers have focused on stakeholder identification, and the observation of "organizations have stakeholders" (p. 70) implies that stakeholder theory is descriptive (Donaldson and Preston, 1995). Apart from identifying stakeholders, it may be important to analyze stakeholder attributes and use a classification mechanism in order to evaluate their impact on MCS.

Identification and classification of stakeholders – level of attention that the stakeholder receive

Mitchell et al. (1997) developed a framework for stakeholder salience, which explains why certain groups of stakeholders receive more or less attention by managers. The framework comprises a typology for stakeholder identification based on three different attributes that a stakeholder possesses either one, two or three of (see figure 2). By reviewing literature, Mitchell et al (1997) suggest that power and legitimacy are core attributes in stakeholder identification theory. Urgency is the third attribute that is added in order to capture the dynamics of stakeholder-manager relationships.

Legitimacy is defined as a desirable social good (Mitchell et al., 1997), and implies that “actions of an entity are desirable, probable or appropriate with some socially constructed system of norms, values, beliefs and definitions” (Suchman, 1995, p. 574). The power attribute means that a party in a stakeholder relationship has or can gain access to coercive, utilitarian or normative power to impose its will in the relationship. This means that power both can be acquired and lost. Urgency exists when the two conditions of time-sensitivity and criticality, i.e. the importance of the claim or relationship to the stakeholder, are met. The attribute is therefore defined as “the degree to which stakeholder claims call for immediate attention” (Mitchell et al, 1997, p. 867).

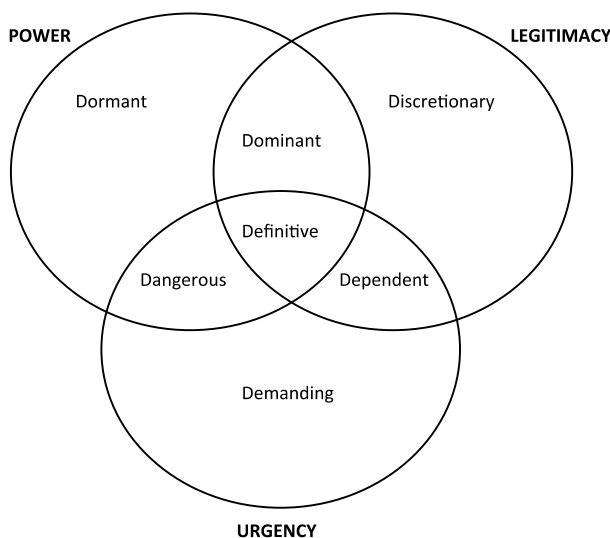


Figure 2 – Stakeholder typology: one, two or three attributes present (Mitchell et al., 1997)

Stakeholders that possess only one of the attributes are latent stakeholders and are not likely to receive any attention or acknowledgment by managers. These stakeholders denoted as dormant, discretionary or demanding depending on the attribute of power, legitimacy or urgency that they possess. Expectant stakeholders are those that possess two of the three attributes and are labeled dominant, dependent and dangerous. These stakeholders receive more attention than latent stakeholders and are therefore moderate-salience, as they are expecting something. A stakeholder that receives the highest priority relative to other stakeholders and possesses both power, legitimacy and urgency attributes are named definitive stakeholders. Any of the expectant stakeholders can become definitive if the missing attribute is acquired. The most common movement is when a dominant stakeholder's claim, that exhibit both power and legitimacy, become urgent. (Mitchell et al., 1997) The theoretical model, that the number of attributes a stakeholder possess is correlated with the level of attention the stakeholder receive from the management, was confirmed by Agle et al. (1999) who applied it the context of CEOs in large corporations.

Multiple and sometimes competing objectives may be balanced by MCS usage

Stakeholder theory tend to contrast the shareholder objective of profit maximization by including a broader set of objectives and demands, which sometimes is conflicting the shareholders' objectives as highlighted by Jensen (2001) who mentions that "value maximization provide managers with a single objective, stakeholder theory directs corporate managers to serve many masters" (p. 9). Since economic pressures to satisfy shareholders involves short-term thinking, stakeholder theory is argued to ensure long-term success by satisfying other stakeholders as well (Collier, 2008). The shift towards a more stakeholder-oriented view implies many new challenges for organizations' managers and Sundin et al. (2010) recognized the scarcity of research on how to manage multiple stakeholders. Balancing multiple or competing objectives by using MCS has been studied, more specifically in the context of performance measurement (Li and Tang, 2009), the balanced scorecard (Sundin et al., 2010) and MCS in general in non-governmental organizations (NGOs) (Chenhall et al., 2010). Li and Tang (2009) use a stakeholder analytical framework to identify the influencing forces behind stated objectives and strategies, which then link to the performance measurement. Sundin et al. (2010) showed how a balanced scorecard, developed by Kaplan and Norton (1992), can be designed and used to balance objectives. When considering an NGO-context, Chenhall et al (2010), who studied the use of MCS relation to social capital, showed that both belief systems and formal financial data had a legitimizing role towards stakeholders such as partners, funders and the government. Hence, the research indicates that MCS can be used to balance multiple or competing objectives arising from stakeholders.

2.4.2 A pulsating nature – the main characteristic of sport event organizations

Sport event organizations, or organizations that arrange events in general, can be characterized in terms of their varying number of people who are involved when an event take place compared to before and after an event. This characteristic can be referred to as pulsating organizations, an expression invented by Toffler (1990), who describe it as organizations that expand and contract in a regular rhythm. In the event management literature, events are usually divided into groups of one-time events and repetitive events. Nevertheless, the event organizations carry out the activities required to realize an event within a limited time frame (Larsson and Wikström, 2001). Due to the pulsating nature, indicating a certain rhythm, as

well as a limited time frame up until the event takes place, research on temporal concepts is reviewed. Ancona et al (2001a) suggest a temporal lens, instead of the strategic, political or cultural lens that is usually applied when conducting organizational research. The temporal lens puts time and timing front and center and the variables of interest include timing, pace, cycles, rhythms, flow, temporal orientation, and the cultural meanings of time. When studying sport event organizations, the annually cyclical and pulsating nature of such organizations makes a temporal lens may be useful.

Ancona et al (2001b) developed a framework for temporal research consisting of three categories; conceptions of time, mapping activities to time and actors relating to time. The conception of time for recurring sport events can be denoted as cyclical time described as when events are repeated over and over. The second category maps activities or events to time, which can be described in terms of rate, duration, allocation etc. For the sport event organizations in this study, the actual events serve as repetitive activity mapping with regular intervals between the repetitions, since nearly all sport events, in this study, are arranged annually at the same time of the year. The third category considers the actors that are engaged in the activities over time and how these actors perceive and act. This does not have to only involve an individual's perception and action, but also groups or organizations may share the same temporal perceptions. A group that becomes engaged in the sport events, but only at the time of the event, is the volunteers and presumably they have a joint perception of time.

The temporal concept of pulsating organizations has received little attention in research but was acknowledged in a study by Hanlon and Jago (2000). They described how sport event organizations tend to operate with a small core of employees, to then expand substantially before and during an event. Afterwards, the organization shrinks in size again. Toffler (1990) argued that the pulsating nature result in unique information and communication requirements. Hanlon and Jago (2000) elaborated on that, and studied how to design an organizational structure to cope with the pulsating nature of mega sport events. They argue that "these organizations involve rapid change, organizational growth, and increased diversity, means that a highly flexible and innovative structure is required". Other characteristics that Hanlon and Jago (2000) suggest, when designing an organizational structure are; flat, simple and decentralized (particularly during the pulsation) with highly formalized and clear reporting systems and quick decision making procedures. Hanlon and Cuskelly (2002) studied how the pulsating nature of major sport events impact human resources management practice and found that a customized human resources process for such organizations was necessary.

Another temporal concept, which the pulsating nature of sport event can be compared to, is the 'punctuated equilibrium paradigm'. This concept is described as "the alternation of periods of equilibrium, in which persistent underlying structures permit only incremental change, and periods of revolution, in which these underlying structures are fundamentally altered" (Gersick, 1991 p.13). The theory is applied when studying how managers or organizations both develop over time and respond to changes in their environments. For sport events, the equilibrium period, before and after an event, implies a deep structure that keeps systems basically stable whereas during the revolution period, i.e. when the sport event organization expand in size, the deep structure comes apart. The difference is that the revolution period for sport events is planned and known on beforehand. The pulsating nature or the revolution periods of SEOs indicates that this specific characteristic may have an

implication on the MCS since it is affecting the organizational structure (Hanlon and Jago, 2000) i.e. the administrative controls as well as human resource management.

2.5 Theoretical framework to be applied

The theories and concepts that have been reviewed above will assist in answering the research questions. First, the aim is to explore what MCS are used in sport event organizations, for which the Malmi and Brown (2008) framework is applied and considered useful for identification and classification of various controls used within organizations. However, they do not cover how the framework shall be used, or how the controls, per se, are used or affected. I will therefore add two theoretical concepts that are important in the sport event context, which will assist when analyzing what factors that affect the controls used by SEOs. Hence, the theoretical concepts of stakeholder theory and pulsating organizations, have been reviewed in this section, and will enable analysis of the second research question of how the MCS are affected.

The stakeholder view is in line with Malmi & Brown's (2008) suggestion of including a broader notion of performance, not just maximizing shareholder wealth but that also consider satisfaction of various stakeholders such as environmental and social stakeholders. Since SEOs have several important stakeholders, as suggested by existing literature, they are exposed to multiple and sometimes competing objectives and therefore, the concept of stakeholder theory is relevant. In the analysis, it will be applied in order to identify and classify important stakeholders and evaluate their impact on SEOs' control practices, considering the control elements outlined in the framework.

The pulsating nature, relating to research on temporal concepts, serves as an important contextual factor for sport events, differentiating SEOs from other sport organizations and the pulsating nature is, according to literature, found to have an impact on the organizational structure and human resource management. Additionally, the time aspect is crucial for events in general, and therefore it is relevant to apply the theory on pulsating organizations when analyzing how controls in SEOs are affected.

3. Method

3.1 Empirical method

Due to the scarcity of research within management control in sport organizations, and in sport event organizations in particular, an open-ended and broad research question is applied. This serves as an opportunity to conduct a qualitative, explorative study for which a case study approach is appropriate (Eisenhardt, 1989). A qualitative approach is recommended when the phenomenon is not well understood or explicitly researched (Edmondson and McManus, 2007). Furthermore, case studies are suitable when there are contextual conditions that may be important to the research phenomenon (Merriam, 1994; Yin, 2014).

Yin (2014) provides recommendations of how to conduct case studies, with either a single case or multiple cases, and with an embedded or holistic design. Embedded means that subunits within the case(s) are analyzed. He highlights the disadvantage of single case studies as there is a risk of generating an idiosyncratic perspective of the phenomenon and hence, a case study may provide little basis for generalization. A multiple case study is preferred over single case studies if one has the choice, and resources (Yin, 2014). I have chosen to conduct a multiple case study because it typically generates more robust, generalizable, and testable theory than single-case research (Eisenhardt and Graebner, 2007). Another advantage is that it enables a broader exploration of research questions as well comparison between cases and multiple case study also provides improved external validity (Yin, 2014). However, multiple case studies can be difficult to conduct, as they are more time-consuming (Yin, 2014) and may imply a trade-off between theory and empirical richness (Eisenhardt and Graebner, 2007). Another disadvantage is that it may not provide as much depth as a single case study (Dubois and Gadde, 2002). Due to the small size of the SEOs a multiple case study was feasible. The SEOs in this study have 2 to 30 employees who usually work across the organizations' activities. Therefore, three to four interviews per organization enabled me get a good insight into the organizations and their management control systems. Hence, the interviews provided enough depth and a multiple case study was considered the most fruitful research method.

The decision of including six cases in this study is based on Eisenhardt's (1989) recommendation that four to ten cases usually works well. She mentioned that with less than four cases it may be difficult to build theory that is complex enough, whereas more than ten cases will result in a large volume of data that may become overwhelming. When conducting a multiple case study, cases are chosen for theoretical, not statistical reasons and the selection can be based on the purpose of replicating of previous cases or to fulfill theoretical categories and provide examples of polar types (Eisenhardt, 1989). My selection of cases is based on polar types, and therefore the six cases cover six different sports, size, location and type of ownership.

To summarize, the reasons for my choice of empirical method is threefold. First, the choice is based on the scarcity of research within the field of MCS in an SEO context. Second, a qualitative method will generate a deeper understanding and a more holistic view of what I aim to study. Third, a multiple case study is preferred since it provides a broader exploration with more reliability and because it is feasible due to the size of the case organizations.

3.2 Research approach

The two types of research approaches, inductive and deductive, are mirrors of one another. The inductive approach implies theory building which is done to produce new theory from data whereas the deductive approach implies theory testing in which data is used to test theory (Eisenhardt and Graebner, 2007). Due to the lack of research within this research topic, a deductive approach was inappropriate. An advantage of the inductive, theory building process is that the likelihood of generating novel theory increases Eisenhardt (1989). A disadvantage is that the theory building involves intensive use of empirical evidence, which may yield theory that is overly complex.

The data collection process started out with an inductive approach, striving to build theory and as Eisenhardt and Graebner (2007) suggest, data collection and data analysis was alternated, so that theoretical categories could emerge and shape future data collection. After several conducted interviews, and simultaneous data analysis, my initial focus on budgets as a control mechanism within the SEOs became too narrow as the data suggested that a broader perspective on MCS was required. When theoretical framework evolves simultaneously and interactively with data collection, similarly to the process I describe, an abductive approach is applied (Dubois and Gibbert, 2010). Abduction is known as a continuous process that takes place in all phases of the research process (Van Maanen et al, 2007). It should also be mentioned that even though a study may be abductive as a whole, its sub-phases may be more deductively or inductively oriented (Dubois and Gibbert, 2010).

Another example of my approach being abductive is that during data analysis, a distinction between participator and spectator events was found, and formed two categories. At that time, the selection of cases comprised three participator events and two spectator events, and in order to form three equally sized groups, one additional spectator event (Gothenburg Horse Show) was added. An advantage of an abductive approach is the flexibility that allows reconsiderations in both theoretical (the budget focus shifted to a focus on MCS as a package) and empirical (five cases became six) domains. The difficulties with this approach are to provide openness and transparency towards the research process (Dubois and Gibbert, 2010).

3.3 Description of cases

The cases included in this study, are some of most well-known sport events in Sweden, where the consumer either spectate or participate. To ensure a selection of cases in line with the polar types design (Eisenhardt, 1989) the case organizations arrange events of different sports, locations, number of events and employees and ownership structure as described in table 1. Since the MCS is not applied for a single event only, but rather for the organization that organize the events, the focus of the study will be the sport event organizations (SEOs). However, in two of six cases, the SEOs will be labeled with the name of its main event instead of the legal name of the company or association. Hence, the SEO arranging DN-galan will be labeled DN-galan even though Stadionklubbarna is the legal name and Gothenburg Horse Show is owned by Got Event AB. The name of the SEOs that will be used hereafter is marked in bold in the table 1.

Sport Event Organization	Vasaloppet	Vättern-rundan	Stockholm Marathon Group	Stadion-klubbarna	Got Event AB	Lagadère Scandinavia
Main event	Vasaloppet	Vättern-rundan	Stockholm Marathon	DN-galan	Gothenburg Horse Show	Swedish Open
Sports	Cross-country skiing	Cycling	Running and Athletics	Athletics	Equestrian	Tennis, Golf and Triathlon
Foundation of first event	1922	1966	1979	1967	1977	2000 ⁴
Number of events	15	4	14	1	1	5
All-year Employees	30	20	16	2	2	20
Volunteers	3500	4000	3000	700	300	400
Participants/audience	88000	35000	260 000	13000	76000 (2014)	40 000
Owners	Sälens IF 23% & IFK Mora 77%	7 sport associations in Motala	Hässelby SK 50% & Spårvägens FK 50%	12 athletics associations	Göteborgs stad	Lagadère S.C.A.
Type of ownership	NPA	NPA	NPA	NPA	Municipality	Publicly traded

Table 1 – Descriptives of the sport event organizations

Vasaloppet

The history of Vasaloppet dates back to 1520 when the Swedish king, Gustav Vasa, skied the 90 kilometers from Sälen to Mora. The cross country skiing event, of that same distance, was founded in 1922 and is today the world's oldest, biggest and longest ski race. During the 'winter week' eight different ski races of varying distances take place. Since 2009, the organization also arranges a 'summer week' with cycling events and, starting in 2014, an ultra-marathon, i.e. a running event, is added to the selection of events. During 2013, the events had 88 000 participants in total. The organization is owned by Sälens IF (23%) and IFK Mora (77%) and has 30 all-year employees, but during the events around 3500 volunteers from 50 different (non-profit) associations become engaged.⁵

Vätternrundan

The idea of cycling around the second largest lake of Sweden, Vättern, was born in 1966, corresponding to a distance of 300 kilometers. There are also shorter distances of Halvvättern (150 km) and Tjejevättern (100 km) available, and since 2013 the Vättern Triathlon is arranged

⁴ Lagadère Scandinavia has arranged Swedish Open since 2000, and acquired the license for the Swedish Open tournament from the Swedish Tennis Federation in 2009

⁵ Vasaloppet, 2014a

and the events have around 35000 participants in total. The cycling events correspond to one business unit of Motala IF Sports Alliance, which is owned by seven different sport associations in Motala. The organization has 20 all-year employees in total, of which ten work with Vätternrundan on a year-around basis. At the time of the events, approximately 4000 volunteers from the seven owner NPAs as well as other associations around the lake work to realize the events. The cycling events are not labeled as competitions but as ‘health races’ (motionslopp).⁶

Stockholm Marathon Group

As one can recall from the organization’s name, the main event that is arranged on an annual basis is the running event Stockholm Marathon (42 kilometers) that was founded in 1979. The organization is owned by the athletics associations, Hässelby SK (50%) and Spårvägens FK (50%) and arranges 12 different running events, with around 260 000 participants altogether, and two international athletics competitions every year⁷. The largest events, in terms of runners, are Stockholm Marathon, Stockholm Half Marathon and Tjejmilen (girls’ 10km)⁸. There are around 16 all-year employees, but during the largest events, up to 3000 volunteers are involved. In addition to the sport events, the Stockholm Marathon Group also sells online training programs and arranges running practice in groups.

DN-galan

DN-galan is an athletics competition of the highest international rank. The event has been arranged at Stockholm Stadium every year since 1967. In 2010, DN-galan got a Diamond League status as one of 14 competitions all over the world. DN-galan is owned and arranged by Stadionklubbarna (“the clubs of Stockholm Stadium”) comprising twelve athletics associations from the Stockholm area, two of them being the owners of the Stockholm Marathon Group. Two additional events are arranged during the same week as DN-galan, Lilla DN-galan and DN-galan Youth. The former is a family event where children get to try athletics and the latter is a national athletics competition for teenagers aged 12-19. The organization of Stadionklubbarna has two all-year employees, and a few consultants are engaged on a part-time basis. When DN-galan takes place, the owner associations provides 700-800 volunteers.⁹

Gothenburg Horse Show

Gothenburg Horse Show has been an annual international equestrian competition arranged at the Scandinavium arena in Gothenburg since 1977. This event involves both horse jumping and dressage and is owned and arranged, together with the Swedish Equestrian Federation, by Got Event AB. This is one of few events that the municipality owned (Gothenburg City) company arranges, since their core business is to maintain and rent out the largest. The number of people working with Gothenburg Horse Show varies over the year, but one full-time project manager is employed at Got Event, and the competition manager is hired as a consultant working year-around. When the event takes place, over 300 volunteers from all

⁶ Vätternrundan, 2014

⁷ Stockholm Marathon Group, 2014

⁸ Våruset is the largest event in total number of participants as it takes place at 17 different locations all over Sweden. The Stockholm Marathon Group owns the concept but the events are mainly arranged by local running or athletics associations

⁹ Stadionklubbarna, 2013

over Sweden, often with a horse-riding interest, become engaged. Worth to mention is that the competition has been the place for the world cup finals 13 times over the years.¹⁰

Lagadère Scandinavia

The main sport event arranged by Lagadère Scandinavia is the tennis tournament Swedish Open comprising both a male and female tournament during two weeks in July and is arranged in Båstad. The first year of the tournament was 1948 and it has since year 2000 been arranged by Lagadère Scandinavia (previously named PR Events). In 2009, the tournament license was acquired from the Swedish Tennis Federation¹¹. Lagadère Scandinavia also arranges Stockholm Open (a mandate of the Stockholm's Tennis Associations) and from 2014 and onwards also the international golf competitions Nordea Masters and Helsingborg Open as well as Stockholm Triathlon. The organization has 20 employees, and when Swedish Open takes place, around 400 people volunteers become engaged¹². Lagadère Scandinavia is a subsidiary of the French publicly traded corporation, Lagadère S.C.A., which is an international conglomerate within media, publishing, retail and sports¹³.

3.4 Data Collection

There are several methods to collect data for case studies, for example interviews, observations, archival records and documents (Yin, 2014). The chosen method for data collection in this study was primarily in-depth, semi-structured interviews over the period from February to April 2014. The first six interviews were of contextual nature with the aim to gather information regarding the events and organizations in general. In total, 21 people have been interviewed at 18 occasions (see section 8, Appendix 1) meaning that three to four individuals per case organization have participated in interviews. The number of interviews was considered enough to cover the MCS within the organizations and to reach saturation. A few individuals have been interviewed twice and some interviews have been conducted in groups. The length of interviews has ranged from 35 to 150 minutes, on average 70 minutes. Telephone interviews were applied at five of 18 occasions due to logistic reasons. Face-to-face interviews were carried out at the remaining occasions implying visits at DN-galan's, Stockholm Marathon Group's offices in Stockholm and Vasaloppet's and Vätternrundan's offices in Mora and Motala respectively.

As suggested by Eisenhardt and Graebner (2007) potential bias in the data collection was limited by interviewing numerous and highly knowledgeable informants from diverse perspectives. Due to the small size of the SEOs in this study the interviewees, having different roles within the organizations, were most often involved in the operations overall. The CFO or financial manager in each SEO has been interviewed in order to cover the cybernetic controls, which was the primary focus in an early stage of the thesis. Interviewees' roles were also CEO, board representative, marketing manager and project manager. Due to the abductive approach, alternating theoretical and empirical, data collection work, the topics discussed at the interviews changed somewhat from a focus on budgeting and planning to include a broader set of questions relating to MCS in general.

¹⁰ Gothenburg Horse Show, 2014

¹¹ Lagadère Scandinavia, 2014a

¹² Project Manager, Lagadère Scandinavia

¹³ Lagadère, 2014

The semi-structured interview technique implied a pre-determined set of broad questions within areas relevant to the research topic allowing openness towards follow-up questions, which arose during the interviews (Merriam, 1994). All interviews were recorded, and afterwards transcribed which enabled a focus on the conversation and still capture all of the interview data. Despite the language of this thesis is English, the interviews were conducted in Swedish, representing both the interviewees' and author's native language. This was considered vital for the interviewees' comfort and their ability to speak unrestrictedly. The quality of a case study can be improved by using multiple data sources in order to enable triangulation. Therefore, internal documents, as well as the case organizations' webpage material were used as complementary sources of information.

3.5 Data Analysis

The transcribed interview material, still in Swedish, was analyzed and translated into English when writing the empirics section of the thesis. As the abductive approach suggests, there is a continuous interplay between concepts and data (Van Maanen et al, 2007). As suggested for nascent research, where a lack of research exists, content analysis assists in finding themes and issues that recur and need exploration (Edmondson and McManus, 2007). Therefore, interview data was organized into main themes using a spreadsheet, with a number of sheets corresponding to different themes. Within each theme the data was further grouped into sub-categories. This way of analyzing the data revealed that budgeting was not the only, or even the primary, control practice in the case organizations. Therefore, the initial focus on budgeting was revised to include a broader set of MCS and to consider MCS as a package.

The data analysis involved a search for cross-case patterns and enabled me to go beyond initial impressions according to Eisenhardt (1989). She described three methods for cross case search for patterns, selecting categories or dimensions (1), selecting pairs of cases (2) or dividing data by data source (3). I primarily used the first tactic, which implied that categories or dimensions have to be found in order to search for within-group similarities and intergroup differences. As the Malmi and Brown (2008) framework was considered appropriate for analysis of MCS, the five control elements and various components within their framework was used as categories or dimensions in line with Eisenhardt's (1989) first tactic. Using tables to fill in the available data for the six different cases coded the data. This way, missing data of control elements that had not been covered during the interviews could be detected, and thereafter collected through follow-up conversations with the interviewees. However, the coding of data implied difficulties when the categories in the framework were considered overlapping, meaning that the same data could belong to two different categories. To solve that, literature on the categories in question was reviewed, so that a deeper understanding of the categories could be obtained. However, I acknowledge that the coding of data may not be clear-cut, as the certain controls may be overlapping not just in theory but in practice and depending on how a certain control tool or practice is used, it can belong to different control elements of the framework. Additionally, the different ownership structures served as a dimension where cross-case patterns were searched for.

3.6 Research quality

The quality of research can be discussed in terms of reliability and validity (Merriam, 1994, Yin, 2014) and hence, the criteria can be used to assess the rigor of case studies (Gibbert et al., 2008).

3.6.1 Reliability

Reliability refers to the absence of random errors meaning that if the study was repeated along the same steps it would yield the same results (Yin 2014, Gibbert et al, 2008) Hence, aspects of transparency and replication are important. The transparency of this thesis is enhanced through careful documentation and descriptions of the research process, by writing a weekly log, corresponding to a case study protocol as suggested by (Gibbert et al, 2008). The replication can be made possible by putting together a case study database. This was facilitated since nearly all material, such as notes, documents and audio files, could be saved and organized digitally, in order to create a case study database.

Trost (2010) outlined four components that are important to ensure reliability; congruence, precision, objectivity and constancy. Congruence (addresses the similarity of questions so that they intend to measure the same thing) was somewhat impeded due to my choice of abductive approach and redirection of research focus from budgeting to MCS in general, however the basic interview structure was held constant. The precision and objectivity (involve the way the interviewer register and collect data) were addressed by recording and transcribing the interviews. However, the objectivity may have been reduced as the author conducted the interviews alone. The constancy (refers to the timing should not affect the results) and since all interviews were conducted before or after the SEOs events had taken place the consistency was enhanced.

3.6.2 Validity

Validity refers to the extent to which the findings of a study correspond to reality (Merriam, 1994). The three types of validity are interlinked implying that without internal and construct validity there will not be external validity (Gibbert et al, 2008).

Internal validity can also be referred to as logical validity, meaning that there are causal relationships between values and results (Gibbert et al, 2008) and it is addressed in the data analysis phase (Yin, 2014). A way to improve the internal validity, that I have applied, is pattern matching, which involves comparison of empirically observed patterns with either predicted ones or patterns established in previous studies. Theory triangulation was also adopted by addressing theories within various fields relating to MCS and sports event organizations (Glaser and Strauss, 1967 cited in Dubois and Gibbert, 2010).

Construct validity involves the quality of conceptualization and needs to be considered during the data collection phase (Gibbert et al, 2008) meaning that the appropriate measurements should be applied for the research topic to ensure that what is claimed to be studied is actually being studied (Yin, 2014). The construct validity of this thesis may have become somewhat limited due to the choice of interviews as the main source of data. However, an effort towards using multiple sources of data, i.e. triangulation (Dubois and Gibbert, 2010) in order to improve the construct validity, was aimed for by collecting internal documents as well as information from the case organizations' websites. Additionally, Yin (2014) recommended that key informants should review a draft of the report, including the empirics, in order to decrease the risk of misunderstandings. This has been done through continuous communication with the interviewees when follow-up questions came up. Finally, the six case organizations were offered a chance to review the material included in the empirics section.

External validity refers to the generalizability of the results. As mentioned above, single case studies are criticized for their limited generalizability and as stated by Yin (2014), case studies do not rely on statistical generalization but rather analytical generalization. Hence, the

external validity is improved when conducting a multiple case since it enables cross-case analysis and explore whether a finding is idiosyncratic to a single case (Eisenhardt and Graebner, 2007). Through a multiple case study, a broader understanding of MCS in the SEOs studied is achieved, which increases the probability that the findings are applicable for SEOs in general and perhaps also for event or sport organizations.

An overall limitation of my study is that I miss out on the advantages that a team of multiple investigators imply. Eisenhardt (1989) mention that multiple investigators enhance the creative potential and the convergence of observations. However, the latter is limited since observations are not applied for data collection. I address the creativity issue by having discussions with another thesis couple conducting research within a similar setting.

4. Empirics

This section will describe the SEOs' various MCS control elements outlined in the Malmi & Brown framework. I will start with the administrative controls since they create a foundation for cybernetic controls, planning, and rewards and compensation, which will be described in that order. Finally, the culture controls, providing a contextual frame for other controls, will be described. Table 2 and 3 summarize the empirics and will be referred to when the control elements are described. Empirics regarding the pulsating nature of the organizations and their stakeholders will be integrated when the components are described.

4.1 Administrative Controls

The administrative control systems include organizational structure, governance, and policies and procedures which have the purpose to direct employee behavior by a certain organizational design, making employees accountable for their behavior and provide descriptions of how the employees shall behave (Malmi and Brown, 2008).

4.1.2 Organizational Structure

Four of six SEOs are owned by non-profit associations and have dual legal entities comprising an NPA, with the benefit of being tax exempted, and a limited company are created in order to meet requirements from sponsors and partners that are used to make transactions with limited companies, and not associations. The dual legal entities result in a separation of both operations and financial flows. The internal structures varies with the size of the organizations, where Vasaloppet is the largest and employ a matrix structure whereas DN-galan is the smallest, with only two employees, but consultants are hired on a part-time basis, when required.

Legal structure

The reason for describing the legal structures of the SEOs is that it provides a foundation for how other controls are applied and describes the owners' involvement, being one of the SEOs' stakeholders. The four first SEOs listed in table 2 (Vasaloppet, Vätternrundand, Stockholm Marathon Group and DN-galan) have similar legal structure since the events are founded and owned by non-profit associations (NPAs). Legally, the four SEOs comprise an NPA and a limited company (table 2, column 1). This distinction of legal entities separate the SEOs' operations so that the commercial operations, relating to sponsors, marketing etc., which is conducted in the limited company whereas operations relating to the participants and the actual event is arranged by the non-profit association. The implications of the legal structure is for example:

*"We have to separate the limited company from the NPA, especially when it comes to sponsor agreements and sponsor products. It is the association that consume the famous blueberry drink, so there are internal transactions between the company and the association"*¹⁴.

A reason for these SEOs to set up limited companies is that:

*"The companies that we have agreements with are used to make transactions with other companies, and not NPAs, when it comes to VAT etc."*¹⁵

¹⁴ CEO, Vasaloppet

¹⁵ CEO, Vätternrundand

	Administrative control			Cybernetic controls		
	Organizational Structure (legal and internal)	Governance	Policies and Procedures	Budgeting	Financial measures	Non-financial measures
Vasaloppet	<ul style="list-style-type: none"> - Non-profit association - Limited company - Matrix organization 	<ul style="list-style-type: none"> - Two separate board of directors - Management team - Project managers (per function) 	<ul style="list-style-type: none"> - Owners directives (high level policies) Policies regarding: <ul style="list-style-type: none"> - Environment - Surveys and evaluations 	<ul style="list-style-type: none"> - Important control system - Based on: outcome of the year, evaluations and the business plan - Forecasts prepared three times a year 	<ul style="list-style-type: none"> - Nr of registrations (70% of revenues) and communicated on website 	<ul style="list-style-type: none"> - Participation surveys
Vättern-rundan	<ul style="list-style-type: none"> - Non-profit association - Limited company - One of four business units in a of a sports alliance 	<ul style="list-style-type: none"> - Two identical board of directors - Steering group for the cycling events - Competition Committee (volunteers) 	<ul style="list-style-type: none"> - Owners directives (high level policies) Policies regarding: <ul style="list-style-type: none"> - ISO-20121 (sustainability) - Surveys and evaluations - Traffic security 	<ul style="list-style-type: none"> - Important control system - Based on: outcome of the year, evaluations and the business plan - Forecasts prepared continuously when budget variances are detected 	<ul style="list-style-type: none"> - The registration status (85% of revenues) 	<ul style="list-style-type: none"> - Participant and volunteer surveys
Stockholm Marathon Group	<ul style="list-style-type: none"> - Non-profit association - Limited company - A flat org. structure with three functions 	<ul style="list-style-type: none"> - Two identical board of directors - Management team - Project managers (2-3 per person) - Competition committee 	<ul style="list-style-type: none"> - No specific owners directives Policies regarding: <ul style="list-style-type: none"> - Starting up new events - Traffic security etc. 	<ul style="list-style-type: none"> - Budgets are not applied - Instead: the prior year's outcome serves as a good benchmark 	<ul style="list-style-type: none"> - The registration status (75% of revenues) is and communicated on website 	<ul style="list-style-type: none"> - Participation surveys
DN-galan	<ul style="list-style-type: none"> - Non-profit association - Limited company (appointed to arrange the competition) - Two all-year employees 	<ul style="list-style-type: none"> - Two identical board of directors - Management team - Competition committee (volunteers) 	<ul style="list-style-type: none"> - Extensive policies and regulations provided by Diamond League regarding the competition and the services provided (hotel etc.) 	<ul style="list-style-type: none"> - Budget is based on outcome and evaluations of previous year, and goals for the next year - The financial situation (compared to the budget) is discussed at every board meeting 	<ul style="list-style-type: none"> - Status of sponsor agreements 	<ul style="list-style-type: none"> - Audience survey, evaluation by Diamond League
Gothenburg Horse Show	<ul style="list-style-type: none"> - Limited company (municipality owned) - One project manager employed, one competition manager (consultant) 	<ul style="list-style-type: none"> - Organizational committee (as a board of directors) - Competition working group (AU) 	<ul style="list-style-type: none"> - Extensive policies and regulations provided by Diamond League - Public procurement tender is required (municipality owned) 	<ul style="list-style-type: none"> - Budget is based on the prior year's budget, the outcome and if there are improvements required - Less budget focus over the year due to high knowledge and experience 	<ul style="list-style-type: none"> - Ticket sales (60-65% of revenues) 	<ul style="list-style-type: none"> - Surveys and evaluation meetings with FEI
Lagadère Scandinavia	<ul style="list-style-type: none"> - Limited company - Matrix organization (tournament managers per event and project managers across the events) 	<ul style="list-style-type: none"> - Tournament managers (per event) - Competition committee (volunteers) - Committee (incl. owners) involved in financial decisions (e.g. budget approval) 	Policies regarding: <ul style="list-style-type: none"> - ATP and WTA provide extensive regulations - Owners require extensive financial reporting and provide budget-related policies 	<ul style="list-style-type: none"> - An extensive budget focus, and modified several times until it is approved by a committee - Forecasts (revised budget) are prepared twice a year 	<ul style="list-style-type: none"> - The status of sponsor agreements 	<ul style="list-style-type: none"> - Surveys and evaluations by ATP/WTA and the players

Table 2 – Empirics of the SEOs' administrative and cybernetic controls

	Planning		Rewards & Compensation		Cultural control		
	Action Planning	Long-Range Planning	Employed staff	Volunteers	Values	Symbols	Clan(s)
Vasaloppet	<ul style="list-style-type: none"> - Well-structured process - Evaluations, prioritization of improvements and development of business plan lead to the budget 	<ul style="list-style-type: none"> - New role: Project manager works with development of events - Strategy meeting with the board of directors 	<ul style="list-style-type: none"> - No monetary incentives - Motivated to achieve the purpose of the event (see owners' directives) 	<ul style="list-style-type: none"> - NPAs providing volunteers are paid 60 SEK/hour/ volunteer 	<ul style="list-style-type: none"> - Owners directives - Values (communicated) 	<ul style="list-style-type: none"> - Name, history, the region, Blueberry soup 	<ul style="list-style-type: none"> - Volunteers → funds to their NPA
Vättern-rundan	<ul style="list-style-type: none"> - Well-structured process with two planning conferences - Evaluations, prioritizations and business plan development lead to the budget 	<ul style="list-style-type: none"> - Steering group was introduced during 2013 responsible for development the cycling events 	<ul style="list-style-type: none"> - No monetary incentives - Motivated to achieve the purpose of the event (see owners' directives) 	<ul style="list-style-type: none"> - NPAs providing volunteers are paid 60 SEK/hour/ volunteer 	<ul style="list-style-type: none"> - Owners directives - Values (in business plan) 	<ul style="list-style-type: none"> - The region and city, cycling 	<ul style="list-style-type: none"> - Volunteers → funds to their NPA
Stockholm Marathon Group	<ul style="list-style-type: none"> - Goals and targets set at board meetings - Project managers do action planning separately for the different events and compare with previous year 	<ul style="list-style-type: none"> - The management team is responsible for taking strategic issues 	<ul style="list-style-type: none"> - A bonus (same for everyone) is paid and dependent on the bottom line result - Motivated to achieve the purpose of the event and fund the owner NPAs activities 	<ul style="list-style-type: none"> - NPAs providing volunteers are paid approx. 260 SEK/day/ volunteer - Owner NPAs are not remunerated when providing volunteers 	<ul style="list-style-type: none"> - Mission statement - To fund owner NPAs' activities (informal) 	<ul style="list-style-type: none"> - Event name 	<ul style="list-style-type: none"> - Volunteers → funds to their NPA
DN-galan	<ul style="list-style-type: none"> - Evaluation and goals for the next year is set at the board meeting, lead to the budget - Competition committee concretize goals and conduct practical action planning 	<ul style="list-style-type: none"> - Not specifically addressed - 5-year agreements with Diamond League 	<ul style="list-style-type: none"> - No monetary incentives - Motivated by the purpose of the event 	<ul style="list-style-type: none"> - Owner NPAs provide all volunteers and neither the volunteers nor their NPAs are not remunerated 	<ul style="list-style-type: none"> - Owners' directives - To fund owner NPAs' activities (informal) 	<ul style="list-style-type: none"> - The arena and event name 	<ul style="list-style-type: none"> - The volunteers - A commitment for owner NPAs
Gothenburg Horse Show	<ul style="list-style-type: none"> - Planning the next years' program is essential for the action planning. - Scheduled planning meetings with the competition committee once or twice per month 	<ul style="list-style-type: none"> - Organizational committee is responsible for the strategic issues 	<ul style="list-style-type: none"> - No monetary incentives - Motivated by the FEI evaluation 	<ul style="list-style-type: none"> - The volunteers are not remunerated - They are motivated by the social aspect of the event 	<ul style="list-style-type: none"> - Main goal: Best indoor competition - Objective: promote Gothenburg 	<ul style="list-style-type: none"> - The city 	<ul style="list-style-type: none"> - Volunteers (often returning) → a social event, sports interested
Lagadère Scandinavia	<ul style="list-style-type: none"> - Action planning conducted by tournament managers leading to a budget per event - Planning meetings, primarily during the spring, once a month (is this a control mechanism) 	<ul style="list-style-type: none"> - Not specifically addressed - Main strategy is to grow by acquiring existing events 	<ul style="list-style-type: none"> - A few employees have monetary incentives - Motivated to reach budget targets and to be voted the best tournament among the players 	<ul style="list-style-type: none"> - The volunteers are not remunerated - Volunteers are motivated by the social aspect of the event, 	<ul style="list-style-type: none"> - Main goal: Tournament of the year - Strict budget targets 	<ul style="list-style-type: none"> - Title sponsors, the city 	<ul style="list-style-type: none"> - Volunteers (often returning) → a social event, sports interested

Table 3 – Empirics of the SEOs' planning, rewards and compensations and cultural controls

Hence, the limited companies are incepted in order to match their counterparties such as sponsors and partners. Having separate legal entities affects the financial flows in the organizations. For Vasaloppet, Vätternrundan and Stockholm Marathon Group (three of the four NPA-owned SEOs), the primary source of revenue (70-85 per cent) is the participation fees (table 2, column 5) and hence is recorded in the NPA whereas the sponsor revenues (15-30 per cent) is recorded in the limited company. The benefit of recording most of the revenues in the NPA is that such legal entities are tax-exempted if they benefit public interests¹⁶.

When it comes to DN-galan, the non-profit association, Stadionklubbarna, has appointed the limited company, Stadionklubbarna Service Stockholm AB, to arrange the events and hence, nearly all revenues and costs related to the event are recorded in the limited company. The reason for such an agreement between the legal entities is that the limited company can benefit from matching the value added tax on sponsor and ticket revenues against the products and services that are purchased. However, a legal entity of an NPA is required in order to apply for the sanction of the event, following to the international athletics federation's policies.

The SEOs with single legal entities are Gothenburg Horse Show and Lagadère Scandinavia, being limited companies. Got Event AB that owns and arranges Gothenburg Horse Show is owned by Gothenburg City, the municipality and in order to sanction the competitions, there is an agreement with the Swedish Equestrian Federation. It is only the national federation that can apply for an international competition, decided by FEI (the International Equestrian Federation). Lagadère Scandinavia arranges Swedish Open as well as a couple of other tennis and golf events, and the limited company is a subsidiary of the French, publicly traded Lagadère S.C.A.

Internal structure

Even though four of six SEOs comprise two separate legal entities, the SEOs are viewed upon as a single organization. An example is that the same person is the CEO and main responsible in both legal entities. The limited company corresponds to one distinct business area of the organization dealing with sponsor agreements, marketing and communication. An implication of working with large corporations as sponsors and partners is that the organization becomes professionalized,

“We have to match the best marketing departments at the largest Swedish corporations”¹⁷.

The SEOs varies in size in terms of all-year employees, from two to around 30, and the organizational structures ranges from Vasaloppet's matrix organization to Stockholm Marathon Group's less structured organization (table 2, column 1);

“Vasaloppet has developed from a traditional and simple organization to become a ‘project manager organization’ in order to keep it together”¹⁸.

“Our organizational structure is not that clear, but we have different functions, we have project managers, administration and finance, and marketing”¹⁹.

¹⁶ Skatteverket, 2013

¹⁷ CEO, Vasaloppet

¹⁸ Project Manager, Vasaloppet

The internal organizational structure of Stockholm Marathon Group is considered flat by the employees and the CEO, and founder, keeps a low profile. Gothenburg Horse Show and DN-galan only have approximately two employees working year around with the events. For Gothenburg Horse Show, employees from Got Event AB, i.e. the owners are involved during certain parts of the year whereas for DN-galan, consultants, for example board representatives, are hired on a part-time basis if required. The internal structure of Lagadère Scandinavia, employing 20 people, is not completely established as the organization has grown due to a recent merger with their sister company.

The internal structures of the SEOs described above represent the time before and after the sport events take place. At the time of the events, 300 to 4000 volunteers become involved. This means that:

“One week, it is calm and you talk to the same colleagues every day, but then, during the event, everything is upside-down, and it means other tasks than normal, and new responsibilities. This requires adaptability”²⁰.

Hence, roles that the all-year employees have tend to become blurred during the events. Also, the decision-making process changes during the event as the decision-processes become shorter and the responsibilities become delegated. The change in roles is exemplified by the CEO of Vasaloppet acting as a volunteer and serve sport drinks during their cycling events. Furthermore, it is mentioned that all employees of Stockholm Marathon Group help out and work when an event takes place, even if their usual role is finance or marketing.

It is also noted that there is a not sudden increase from ten to 4000 people who are involved in the events but a transition phase when the practicalities is prepared and the arena is set up which occurs a couple of days, and perhaps weeks before and after the event. During this period, many suppliers and entrepreneurs become involved,

“It is not only the volunteers that become involved, it is also all the suppliers who shovel snow, set up the equipment, large TV-screens and everything”²¹.

4.1.2 Governance

Governance implies monitoring of behavior and how employees are accountable for their behavior. Therefore, I will describe the SEOs' board of directors as well as accountabilities of management and project teams. The board structures are a reflection of the legal entities, meaning that SEOs with dual legal entities have two separate boards of directors with different individuals (Vasaloppet) or the same individuals (Vätternrundan, Stockholm Marathon Group and DN-galan) individuals. All the SEOs have similar governance structures with a management team, project teams that are divided by function or event, and a committee of volunteers with more practical event responsibilities, especially during the events.

The SEOs that comprise dual legal entities and have two identical board of directors (table 2, column 2) make sure that there is a separation of decisions taken for either the NPA or the limited company and two different protocols are written at the board meetings. The reason for Vasaloppet to have two separate boards of directors is a recommendation from the Tax

¹⁹ Head of project managers, Stockholm Marathon Group

²⁰ CEO, Vasaloppet

²¹ Project manager, Vasaloppet

Authorities in order to demonstrate a clear separation between NPA, i.e. the sport event related operations and the commercial business in the limited company. However, the CEO of Vasaloppet acknowledges that there is an ambiguity as of the different boards' responsibilities. When it comes to Vätternrundan there is also a steering group that only works with the cycling events, and not the other business areas of the sports alliance, which serves as a board of directors for Vätternrundan. The steering group is responsible for high-level decision making for the cycling events and to develop the events strategically. Similarly, Gothenburg Horse Show, that is a small part of Got Event AB, has an organizational committee that serves as a board of directors only for this specific event. The committee includes staff from Got Event AB, the competition manager (consultant), representation from Gothenburg City, the Swedish Equestrian Federation and people from the business sphere.

The management teams in most of the SEOs include the CEO and the managers (or responsible employee) of each business area. Gothenburg Horse Show is a bit different since it is only a part of the Got Event AB's operations but the event have a 'competition working team' which acts like a management team, involved in the operations, and is managed by the competition manager who is also included in the organizational committee, i.e. the event's board of directors. The competition manager in this case corresponds to a CEO who is the link between the management team and the board of directors.

All the SEOs studied to have a group of volunteers with larger practical responsibilities who are involved a longer time than the volunteers that only work during the events. This is often labeled as a competition committee, and it varies in size and constellation. The size of the committee ranges from 40 to 100 people who work directly under the CEO (in case of DN-galan and Gothenburg Horse Show) or under a project manager. Compared to the volunteers, these committees meet several times during the year for workshops etc. and during the events they become responsible for certain areas and/or for groups of volunteers indicating that when the events take place, decision-making and responsibility becomes delegated.

When it comes to project teams, Vasaloppet and Vätternrundan have no project managers responsible for a certain event, but rather for different functions that are required during the events, such as the start or goal. This is different to Stockholm Marathon Group and Swedish Open. The former has 14 different running events and the project managers are responsible for 2-3 events each. For Lagadère Scandinavia Open, there is a tournament manager responsible for each event, whereas the project managers work with all or several of the events.

4.1.3 Policies and Procedures

Policies and procedures are used in order to specify the processes, and behavior, within an organization. For the NPA owned SEOs, the owners determine the high level policies and procedures, which are often communicated through the owners' directives. For the NPA or municipality owned SEOs, a sound financial situation is emphasized together with promotion of public health and/or the region. For Lagadère Scandinavia, the owners' policies are closely related to the financials, especially the budget. Policies and procedues that become applied by SEOs are also provided by municipalities and/or authorities, often relating to environment and security issues, or by the international sport federations with extensive regulations regarding the sport competition or tournament (table 2, column 3).

On a high level, the owners' directives (for Vasaloppet, Vätternrundan and DN-galan) set the scene for policies and procedures for the organization and are frequently referred to by the interviewees. However, the owners' directives can be considered a value-based cultural control, since they are not specific in nature and do not state any explicit earnings requirements but rather that the sport, public health and the region should be promoted through the event. Apart from the promoting directives, Vätternrundan differs in that sense, because the owners require that the cycling events shall generate a 30 per cent surplus to be reinvested in the sport alliance's operations. The municipality owned Gothenburg Horse Show do not have any earnings requirements specified by their owners, but rather promotion of the city and hospitality business is what set frames for how employees act. Due to the municipality ownership, Gothenburg Horse Show has to apply the law on public procurement, which affects the policies when purchasing material and services. The owners' directives for DN-galan is specific in the sense that it requires that an athletics competition on highest international level is arranged at Stockholm Stadium, the purpose is for example to maintain the Stockholm Stadium as a sports arena. An implication of the non-profit related owners' directives is that the registration fees are not raised, even though the events become fully registered quickly,

*"We don't raise the fee by 100 SEK just because we can, a commercial actor would probably have done that"*²²

The overall policies has an effect when starting new events, as exemplified by the Stockholm Marathon Group having a policy that new events can take losses the first year, break-even in the second and become profitable the third year. Also Vätternrundan acknowledges that all sport events, especially new ones, are not operated with a profit.

As opposed to the non-profit and municipality owned SEOs, the French owner of Lagadère Scandinavia, do not provide any operational policies, only financial. They require extensive reporting since the owners are publicly traded. Also, have strict policies when it comes to the budget, and as expressed by a project manager,

*"The owners do not care about how we operate the events, they only want positive earnings"*²³

A prerequisite for Vasaloppet, Vätternrundan and Stockholm Marathon Group is to receive permissions from the municipalities or authorities (e.g. Swedish Transport Administration) in order to arrange the event. These actors provide certain policies, often environmental, that the event organizations have to follow. This tends to imply important relationships, which are built on trust:

*"We have a close co-operation with the police and other authorities, and we have always behaved very well when it comes to security and waste management. Thereby, we have gained trust"*²⁴.

Furthermore, Vätternrundan has, as the first Swedish sport event, addressed a framework of sustainability policies to become ISO-20121 certified. This means that they develop standards for the cycling events within environmental, economic and social aspects. For example,

²² CEO, Vasaloppet

²³ Project manager, Lagadère Scandinavia

²⁴ Project manager, Stockholm Marathon Group

certain distances will have to be restricted from vehicle traffic. Other policies relate to the surveys (see 4.2.3 Non-financial measures) that SEOs use to evaluate the sport events:

“If a certain parameter scores below 4,0 on a five point scale, then we have to investigate that and make improvements, the same goes if a parameters’ score decline by 0,2”²⁵

When it comes to DN-galan, Gothenburg Horse Show and Lagadère Scandinavia there are international sports federations that first of all sanction the competition or tournament, and second, provide an extensive amount of rules and policies that have to be followed. An international sport federation²⁶ (federation) is a non-governmental governing body with an aim to coordinate and administrate its sport at an international level. The rules and policies provided by a federation comprise anything from the competition program to the prize money amount, but it may also involve rules regarding commercial rights such as TV broadcasting.

“They provide rules regarding everything”²⁷.

The rules and regulations lead to certain limits for which employees can behave and act within and what decisions that can be taken within the SEOs. The federations tend to have their employees to attend the events in order to control and evaluate the competition or tournament. For example, during Swedish Open, ATP and WTA have their employees being responsible for the actual tennis tournament.

“We are not that focused on the sport, but rather everything around it”²⁸.

This implies a change of focus, from arranging a sport competition to provide an entertaining show.

4.2 Cybernetic controls

Cybernetic controls serve as MCS when behavior is linked to targets and accountability for variation in performance is established (Malmi and Brown, 2008). The following controls are considered cybernetic controls; budgets, financial, non-financial and hybrid measurement systems. The latter is not applied by the SEOs and therefore excluded. The cybernetic controls applied by the SEOs are primarily the budget (in five of six SEOs), which is more or less governing. The budget is used to allocate financial resources to the activities and improvements required to realize the next year’s events. The financial measures that are monitored by the SEOs are linked to their main source of revenue; registration fees, ticket sales or sponsor agreements. The non-financial measures are primarily related to the quality of the events, which is either evaluated by the participants or the international sports federations that sanction the competition or tournament.

4.2.1 Budget

Five out of the six organizations studied use the budget as a cybernetic control and it is considered interrelated with the planning control and the non-financial measures of quality,

²⁵ CFO, Vasaloppet

²⁶ In this study, Diamond League (brand name of international athletics competitions owned by the International Associations of Athletics Federation), FEI (the International Equestrian Federation) and ATP/WTA (Association of Tennis Professionals and Women’s Tennis Association) will hereafter be referred to as International Sports Federations

²⁷ Competition manager, Gothenburg Horse Show

²⁸ Project manager, Lagadère Scandinavia

i.e. the evaluations that conducted after the events. However, the process and focus of the budget differs somewhat between the SEOs (table 2, column 4) but is used to distribute resources to the functional areas of the organization.

“The budget provides useful financial limits for each role in the organization”²⁹.

For Vasaloppet the organization and its employees show a great willingness to change and improve, the budget provides limits of what activities that can be done, and the process is described as comprehensive. The extensive evaluations, through participator surveys etc., and the business plan are important inputs to the budget development. The budget is based on the last year’s budget, the current year’s outcome and the last forecast. Both Vasaloppet and Vätternrundan consider the budget as an important and useful control system which is closely connected to the evaluation and planning activities, since: Even though budgets are applied within Gothenburg Horse Show, the process of preparing it is viewed as more simple:

“We have prepared the budget so many times [...] of course we update the budget, but the template has been developed over 38 years now”.

The budget is considered highly important within Lagadère and according to the CFO

“We look at the budget everyday [...] everything is connected to the budget [...] every single deviation from the budget is followed-up”³⁰.

The CFO mention that the benefit of the budget-orientation is that the owners, that are publicly traded, get the information they require in a structured way every month. The disadvantage is that:

“When there is such a strict control based on financials, the owners do not always understand the business”³¹

After the budget has been prepared, and been approved by the board of directors, it will continuously be monitored. Vasaloppet, Vätternrundan and Lagadère, do this by preparing forecasts, which are updated versions of the budgets and presented several times per year. DN-galan does not work with forecasts, even though the budget is discussed, and is on the top of the agenda, at every board meeting. When it comes to Gothenburg Horse Show, deviation from the budget is not considered that much of a problem but when it occurs, it has to be discussed with the organizational committee.

The Stockholm Marathon Group differs from the other SEOs as they do not use budgets, unless they are arranging a new event. Instead, the outcome of the previous year’s event is analyzed and serves as a basis for the coming year.

“If we are going to raise the registration limit by 500 participants the next year, we know what revenues that will contribute, and then we have to figure out if there are any changes or improvements required to allow for 500 more participants”³².

²⁹ Project manager, Vasaloppet

³⁰ CFO, Lagadère Scandinavia

³¹ CFO, Lagardère Scandinavia

³² CFO, Stockholm Marathon Group

4.2.2 Financial Measurement

The most frequently monitored financial measure by Vasaloppet, Vätternrundan and Stockholm Marathon Group the SEOs is the number of participants. This measure is directly linked to the revenue from registration fees, which correspond to 70-85 per cent of these SEOs' revenues. The measure, in terms of numbers of participants is also displayed on the SEOs' website, but not in monetary terms. Since Stockholm Marathon Group does not use a traditional budget financial measures are applied and the outcome of each event that serves as a benchmark (table 2, column 5).

*"We check the participation numbers every day, and compare it to the same day of the previous year. It provides an indication if we need to take action, increase the marketing efforts etc."*³³

For the SEOs where the sponsor agreements are a major revenue source, a measure or rather status update of the sponsor agreements is monitored. For DN-galan, Gothenburg Horse Show and Lagadère Scandinavia, the sponsor revenues correspond to 35-70 per cent of the total revenues. This revenue stream is dependent on time span of the sponsor agreements, why the SEOs strive to sign three-year agreements with their sponsors. Yet another financial measure that is monitored by these SEOs is the ticket sales. This measure is particularly important to Gothenburg Horse Show, where ticket sales correspond to 60-65 per cent of the revenues.

4.2.3 Non-financial Measurement

Non-financial measures are indicators of performance and all six SEOs use surveys, in one way or another, to evaluate the quality of the events (table 2, column 6). The SEOs that arrange events with a large number of participants use surveys to evaluate the participants' satisfaction and the quality of the event. Surveys may also be distributed to the audience, volunteers, sponsors and partners and serve as a useful instrument to detect areas of improvement and hence, becoming a basis for the action planning. It is also connected to the SEOs' goals, exemplified by Vätternrundan:

*"Our goal, which is stated in their business plan, is that the total experience shall get a score of 4,3 on a 5-point scale on the participant surveys"*³⁴.

For the events where international sport federations are involved (DN-galan, Gothenburg Horse Show and Lagadère Scandinavia), there are extensive evaluations conducted by the federations. For example, Diamond League evaluates DN-galan based on 17 parameters. The goals for the SEOs are often related to the ranking that the federations provide. Also the elite sport stars evaluate the events:

*"The tournament has been voted 'the best tournament of the year' by the players, eleven years in a row"*³⁵

4.3 Planning

According to the framework, planning can be divided into action planning which sets goals and actions for the immediate future, and long-range planning where strategies for the medium and long run are determined (Malmi & Brown, 2008). Due to the annual rhythm with

³³ Marketing manager, Stockholm Marathon Group

³⁴ Chairman of the board, Vätternrundan

³⁵ Lagadère Scandinavia, 2014b and mentioned by project manager, Lagadère Scandinavia

reoccurring sport events, the operations of the SEOs look the somewhat the same year after year and hence a structured planning process of meetings and workshops is enabled. Similar for all SEOs is that the planning period is substantially longer than the actual events. The action planning tend to follow a process of evaluation (where non-financial measures are used), prioritization of improvement initiatives, development of goals for the next year's events and finally the budget development (in five of six cases). When it comes to long-range planning, the SEOs seem to have climbed the organizations' agendas over the years. At least one interviewee from each organization mentioned the importance of development of the events and looking for future possibilities.

4.3.1 Action Planning

As described in the introduction, SEOs are described as pulsating organizations, meaning that it expands in size when the event takes place, and in the SEOs studied, the period of planning and preparation is significantly longer than the time of the events. The annual rhythm of SEOs can be divided into four phases; evaluation, planning, preparation and execution. Depending on the number and timing of the events, the phases are more or less overlapping. Figure 3 illustrates how the four phases follow each other stepwise, which is the case for Vätternrundan, DN-galan and Gothenburg Horse Show. It looks similar for Vasaloppet, although there are two peaks corresponding to the winter week and the summer week. Figure 4 shows the annual rhythm for SEOs where the preparation and execution phases overlap, as there are several events over a certain period of time, which is the case for Stockholm Marathon Group and Lagadère Scandinavia.

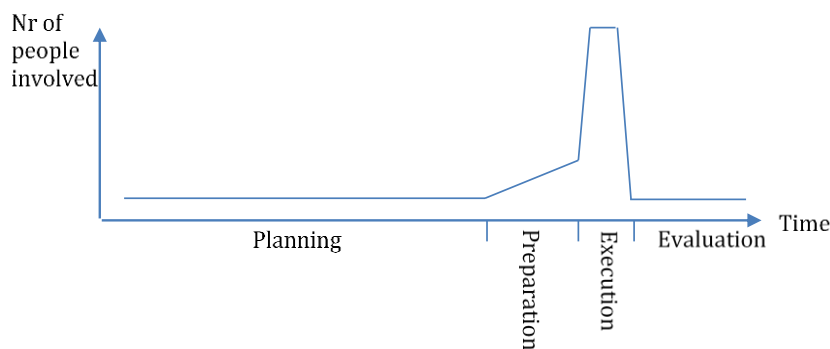


Figure 3 – Annual rhythm of SEOs with one main event per year (not according to scale)

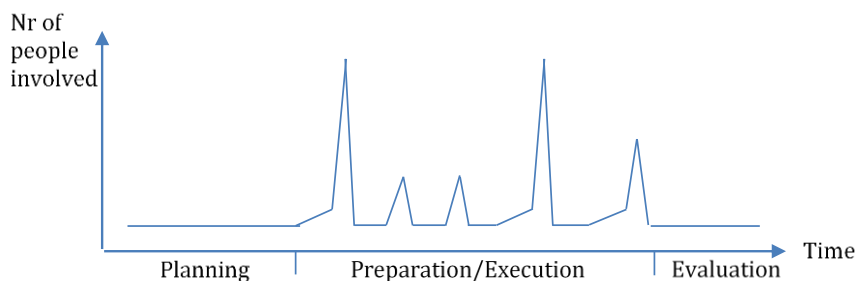


Figure 4 – Annual rhythm for SEOs several events during a part of the year (not according to scale)

The figures show that the action planning, which involves both the evaluation and planning phases, corresponds to the majority of the annual cycle. The action planning serves as a control because goals and actions are decided upon and planned at meetings, workshops and

conferences during the year (table 3, column 1). All the SEOs have in common that the events are evaluated by different means, after the events have occurred (the evaluations are described in 4.2.3 Non-financial measures). Meetings or workshops in different constellations are conducted in order to prioritize improvements for the next year's events, for example DN-galan arranges an annual meeting during the fall (after the event)

“At the annual meeting with the owner NPAs (twelve athletics clubs), we report the outcome of the current year's event and then set up goals for the next year”³⁶.

Vätternrundan has a similar set-up with planning conferences twice a year. At the first one, high-level goals are set, and the second involves more practical planning. Since the planning process starts with evaluations where areas of improvement are detected there is a need to prioritize,

“During the planning phase we have to decide what areas we shall improve, what it will cost and what resources it requires”³⁷

The action planning tends to involve most employees, and many of the initiatives and areas of improvement are suggestions from the employees or volunteers. The goals that are set up are typically discussed at an annual meeting with the owners, and hence they become involved in the planning process. Furthermore, international sport federations become involved in the action planning since they provide pre-determined standards, and also the program, for the competition or tournament, when it comes to DN-galan, Gothenburg Horse Show and Lagadère Scandinavia). Hence, the event program serves as a basis for the action planning for these SEOs, with the following implication:

“The tennis is the back-bone and we plan everything else around the tennis program”³⁸

“Diamond League gives us a specific schedule of the field events, which we cannot change”³⁹.

The action planning also involves coordination of activities when the arena is set-up and prepared for the events and several suppliers and partners become engaged in this. When it comes to sponsors, planning meetings are conducted in order to realize the activities that the sponsors tend to require in extent of the exposure of their brand. Furthermore, during the events, a large number of volunteers have to be managed and coordinated in order to realize the event. The challenges of volunteer communication were mentioned by the SEOs arranging events with thousands of volunteers who often are members of other NPAs. The communication involves not only information regarding the event but also the values the volunteers should express and communicate to the participants.

4.3.2 Long-range planning

Long-range planning is more strategic in nature and this has seems to have climbed the agendas of the SEOs. Many of the interviewees mentioned how important it is to continuously develop the events and improving them. Both Vasaloppet and Vätternrundan have introduced a new role or group to be responsible for this (table 3, column 2). In the Vasaloppet

³⁶ CEO, DN-galan

³⁷ CFO, Vätternrundan

³⁸ Project manager, Lagadère Scandinavia

³⁹ CEO, DN-galan

organization a project manager, who works across the four business areas, is responsible for event development. Also, a board meeting only focusing on strategy takes place every year in January. During 2013, Vätternrundan introduced a steering group because the competition committee had to focus on the practical issues of the next year's event and did not have time to focus on strategic issues. The steering group is responsible to set long-term strategies and develop the cycling events. When it comes to Gothenburg Horse show, the organizational committee serves as a strategic forum as

“It is important for such an old event like this to be flexible and alert so that we not repeat everything, year after year”⁴⁰.

For DN-galan, the long-term planning is of less focus since five-year agreements with Diamond League; otherwise strategic issues are not specifically addressed. Similarly, Lagadère Scandinavia does not have a forum for strategic issues but when it comes to their growth strategies, the organization typically acquires sport events, or the license to arrange a sport event, and at such occasions the owners are involved and providing financial and legal expertise.

4.4 Rewards and compensation

This element is part of the control framework since it implies that rewards and compensations are attached to achievement of goals with the purpose to motivate individuals or groups, and to increase their effort and performance (Malmi and Brown, 2008). I have chosen include rewards and compensation for both all-year employees and the volunteers. The volunteers only work temporarily, during a day up to two weeks, but despite their short time of involvement, they are crucial for the SEOs. Rewards and compensations in monetary terms are applied, in some extent, by two of six SEOs. The motivation to generate funds to NPAs and to achieve high quality, measured through the surveys and evaluations, serve as non-monetary intrinsic rewards for all year-employees. During the events the volunteer engagement is driven by the social aspects of working at the event or if the volunteer is a member of an NPA that provides volunteers and are remunerated for their work, the feeling of contribution to the NPA's activities motivates the volunteers' engagement.

4.4.1 All-year employees

Bonuses or monetary incentive programs, related to a group's or individual's performance, are rare within the SEOs. However, employees at some positions within Lagadère are attributed to a bonus, but if it is tied to the budget or other financial measures is unknown by the interviewees. All-year employees of the Stockholm Marathon Group are paid an overall bonus, depending on the bottom line earnings, equal in size for everyone. However the bonus is not tied to any specific goals, but is only paid if the SEO generates a surplus. Vasaloppet, Vätternrundan, DN-galan and Gothenburg Horse Show do not pay any bonus-related remuneration to their employees (table 3, column 3).

The purpose of rewards and compensation is to increase performance and efforts, which can be achieved by other means than monetary incentives. Employees within the SEOs owned by non-profit associations (Vasaloppet, Vätternrundan, Stockholm Marathon Group and DN-galan) become motivated by the aim of the events i.e. to generate funds to the sport associations that is reinvested in sport activities. Furthermore, the quality of the events is

⁴⁰ Competition manager, Gothenburg Horse Show

highly emphasized and can be considered a source of motivation. This is measurable due to the surveys and evaluations conducted after an event which implies that the organization, as a whole, strive to receive high scores or ranking on participation surveys or the international sport federations' evaluations.

4.4.2 Volunteers

Whether volunteers are remunerated differs between the SEOs (table 3, column 4). The organizations that arrange events that involve a larger arena, and thousands of volunteers remunerate the NPAs that provide volunteers 60 SEK per hour (Vasaloppet and Vätternrundan) or approximately 260 SEK per day (Stockholm Marathon Group). This is a funding source for NPAs in the region and the volunteers feel that they contribute to the NPAs sports activities. However, the owner NPAs of the Stockholm Marathon Group are not remunerated when providing volunteers, instead the surplus that the events generate are distributed to them. The sport events that involve fewer volunteers, 350-800 people, are not being paid in monetary terms, but do receive food and clothes. When it comes to Gothenburg Horse Show and Lagadère Scandinavia the volunteers come from all over Sweden and they apply or register individually, not through an association. Many of their volunteers are returning year after year due to the social aspect of working at the events,

“The volunteers love to be here because they create a social network and come close to the professional riders and their horses”⁴¹.

4.5 Cultural control

Cultural controls are broader than the other controls and may include both formal and informal types of controls with the purpose to regulate employee behavior. Some of the SEOs have formal value-based controls in terms of mission statements or owners' directives, which express the purpose of the sport event. Lagadère Scandinavia has a tight budget control, and that is reflected in their values. Additionally, informal values and norms, often relating to the sport or the non-profit logic of the events, are also prevalent. The clan control is applicable to the large number of volunteers that become involved at the time of the event, and informal controls that make the volunteers motivated since the event provide a social aspect, or

4.5.1 Values

Value controls can be considered a belief system that Simons (1995) described as basic values, purpose and directions for the organization. The SEOs that have associations providing owners' directives (previously mentioned in 5.1.3 Policies and Procedures) state the purpose and mission of the SEOs (table 3, column 5). The purpose of the both Vasaloppet and Vätternrundan is to generate a surplus in order to fund the owner associations' operations and sports activities. The interviewees frequently mention this particular aim as something they are proud of. Furthermore, the owners' directives stipulate that the events shall promote the sport, public health and the businesses of the region. Additionally, they are reflected in the SEOs' core values, which are communicated in internal documents, such as the business plan, and at meetings with volunteers, municipalities and partners.

“History/tradition, non-profit logic, public health and folk festival” – Vasaloppet's core values⁴²

⁴¹ Competition manager, Gothenburg Horse Show

“Health, challenge, community and cycling” – Vätternrundan’s core values⁴³

The values and owners’ directives inspire employees and influence their decisions and the way they do business, trying to maintain the non-profit and sport-oriented values, even though they are becoming more commercialized. However, the balancing between the non-profit and commercial interests is considered a challenge within the four non-profit owned SEOs. Stockholm Marathon Group has similar values, but communicated as a mission statement:

“To arrange high quality competitions for runners and joggers on all levels, and to contribute to public health”⁴⁴

The informal values, beliefs and norms within the SEOs that are not formally communicated tend to relate to achievement of high quality events, denoted as ‘Vasalopp quality’ by Vasaloppet, an expression that is used within the organization.

Gothenburg Horse Show is based on values that are aligned with the purpose of the event, i.e. to promote Gothenburg and the hospitality business, and a main goal of the event is to be ranked as the best indoor equestrian event, a goal that has been achieved several years. In the owners’ directives of DN-galan the mission stated is to “arrange an athletics competition on the highest international level at Stockholm Stadium”⁴⁵. Additionally, DN-galan aims to offer the owner associations’ athletes an international competition where they can compete against world-class athletes. An outcome of having values relating to promotion of sports and health is exemplified by Vasaloppet, since the registration fees are not increased even though their main event sell out in less than two minutes (for 2015). An implication of the reinvestment in sports is the built-in cost consciousness, it is exemplified by Stockholm Marathon Group and it can be considered an informal control.

When it comes to value-based controls, Lagadère Scandinavia is quite different. Due to the strive for profit maximization, which is implied by their owner providing clear goals of budget accomplishment, expressed as

“They (the owners) don’t care how we manage and operate the events, they just want positive numbers”⁴⁶

This, combined with the extensive involvement of the international sport federations, ATP/WTA, in the actual tournaments, make Lagadère focus more on the commercial part of the event, and less on the sport as such. Therefore, the employees tend to strive to achieve a high quality experience and an entertaining event.

4.5.2 Symbols

Symbols are used as a control when organizations create visual expressions to develop a culture and are more tangible than values. In the context of sport events, the symbols tend to reflect the core values, mission statements or owners’ directives (table 3, column 6). For example, “history” is a core value of Vasaloppet, and therefore, a key symbol is Gustav Vasa and the museum in Mora that the organization operates. Symbols may also relate to the

⁴² Vasaloppet, 2014a

⁴³ Vätternrundan, 2014

⁴⁴ Stockholm Marathon Group (2014)

⁴⁵ DN-galan (2014)

⁴⁶ Project Manager, Lagadère Scandinavia

location of the events, such as the start and goal of Vasaloppet (Sälen and Mora) or the arena of DN-galan (Stockholm Stadium), which in these cases reflect the aim of the sport event to promote a certain region or arena, stated in the owners' directives. Presumably, the symbols exist to visualize the values of the SEOs values, but are not explicitly used as a control mechanism.

4.5.3 Clan controls

Clans are defined as individual groups within an organization characterized by a subculture or micro-culture and these cultural aspects are manifested through ceremonies and rituals. The most evident clan control in sport event organizations is the management of volunteers. The volunteers are large groups of people that become heavily involved and work with the event during a short period of time. The volunteer participation is motivated by their self-interest, valuing the social meeting, sports interest or to help their local sport NPA that provides volunteers and in return receive remuneration to fund the NPA's sport activities (table 3, column 7). The interviewees' within all six organizations studied expressed how important the volunteers are, that the event is dependent on the volunteers, but it is also a challenge since:

*"We need all these volunteers but they can, at any time, turn around and walk away"*⁴⁷

When it comes to clan control, the event, per se, serves as a ceremony and ritual for the volunteers as their engagement takes place there and then. The SEOs highlight that the challenge of managing thousands of volunteers is the communication. Therefore, the information meetings with the volunteers prior to the events are part of the clan control. Lagadère Scandinavia tries to encourage the teamwork, and emphasizing that both volunteers and sponsors can work effectively together. Vätternrundan highlight the importance of communicating their values to the volunteers so that the participants can experience it. Communication through digital channels and printed material as well as via the associations that the volunteers are members of, serve as a clan control.

⁴⁷ CEO, Vätternrundan

5. Analysis

In this section, the empirics from the six cases are analyzed in order to answer the two research questions. The first research question regarding what management control systems that are used in sport event organizations is primarily answered in the empiric section above, where the identified control elements are described. In section 5.1 linkages between these controls are discussed. Thereafter a distinction between participator and spectator events is presented (5.2). The second research question aims to explore how the management control systems identified are affected by different organizational stakeholders, as well as by the pulsating nature of SEOs. The stakeholder perspective is analyzed in further detail in section 5.3, whereas the effects of the inherently pulsating nature of SEOs are discussed in section 5.4.

Previous literature suggests that sport organizations, where the economic reasoning may conflict the cultural value of the sports, have a difficulty of implementing management practices (Senaux, 2011). However, due to the commercialization trend, and pressures emerging from both external and internal stakeholders, more formalized controls become increasingly necessary (Winand et al., 2010). Overall, the empirics suggest that SEOs apply several management control tools and practices, both formal and informal. Building on this, the framework by Malmi & Brown (2008), which consider management control as a package, is considered a useful tool for identifying and describing the controls applied by SEOs. However, the applicability of the framework, beyond identifying organizations' different controls, remains to be established. Malmi and Brown (2008), as well as other researchers, acknowledge that the controls are interlinked, why a description of such linkages in SEOs' control packages is introduced.

5.1 MCS and linkages between controls in sport event organizations

As suggested by previous literature, management control systems tend to be interlinked (Simons, 1995; Sandelin, 2008; Kennedy and Widener, 2008; Mundy 2010), and SEOs are not an exception. An apparent example is that action planning, policies and procedures, and cybernetic controls tend to be closely interrelated in SEOs. These interrelations can be compared to a chain of controls, since they are applied in a certain order.

Following an event, there is a subsequent evaluation, often through surveys including non-financial measures (cybernetic controls) or similar evaluations provided by the federations. These evaluations serve as a starting-point for the action planning and policies and procedures regarding the evaluations are most often applied in the action planning process. The results of the evaluations lead to potential improvements for the next year's event. Prioritization among these improvements and initiatives is therefore required and conducted during the action planning, in order to decide upon activities, goals and the allocation of resources. This is further concretized through the budgeting process (cybernetic controls), where goals and improvement plans are translated into financial terms. The budget control serves as a boundary in which employees can act, and therefore directs employee behavior. Planning and budgeting can be presented together, as a financial results control system (Merchant and Van der Stede, 2007), this is in line with the findings suggesting that the action planning leads up to the budgeting process, for the SEOs where a budget is applied. The empirics oppose the analysis of Emery (2008), who argued that the planning primarily focus on achievement of the bottom-line profit. On the contrary, the empirics suggest that the action planning is closely interlinked with qualitative and non-financial measures of the event outcomes, which are first

evaluated, then prioritized and subsequently goals are set in relation to the quality measures. This approach is argued to increase stakeholder satisfaction (Emery, 2008).

Another important link between controls in SEOs involve the rewards and compensations for the volunteers being tightly connected to clan controls. The volunteers continue to engage in the events and are often returning year after year. This is motivated by the non-monetary intrinsic rewards that the volunteers experience by engaging in the events, being a social aspect or the willingness of doing good, which drives the volunteers' effort. This is in line with Merchant (1985) who noted that personnel controls provide a significant amount of control in voluntary organizations, since the volunteers are motivated by the satisfaction related to doing a good job. While this finding contradicts the literature suggesting that rewards and compensations are typically closely linked to cybernetic controls (Malmi & Brown, 2008), it also confirms Kennedy and Widener's (2008) finding that there may be linkages between formal and informal controls.

For all-year employees, rewards and compensation in monetary terms are rare⁴⁸ and instead, employees are motivated by knowing that the surplus generated by the sport events is reinvested in the NPAs' sport activities. This is in line with the owners' directives and hence, there is a linkage between rewards and compensations, although intrinsic and non-monetary, and the value-based controls that the owners' directives provide. As described in the empirics and showed through these linkages, SEOs tend to rely on both formal and informal control elements.

5.2 Participative and Spectator events – highlighting the differences

A great advantage of conducting a multiple case study, covering six different SEOs, is that it enables comparison between the cases in order to explore not only what MCS that are used in one particular SEO, but for SEOs in general. A fruitful way of analyzing similarities and differences of the controls used by SEOs is through the separation of participative and spectator events. Specifically, an SEO tends to focus either on participator or spectator events. However, it should be noticed that the distinction is somewhat overlapping, for instance with regards to the Stockholm Marathon Group also arranging two international athletics competitions (spectator events) apart from their primary focus on participator running events. Furthermore, Lagadère Scandinavia arranges spectator events within tennis and golf, but since 2013, they are also the organizer of Stockholm Triathlon, a participator event, together with the Swedish Triathlon Federation.

In the sport or event literature, the distinction between spectator and participator events is rarely applied. In fact, most sport event literature focus on spectator sport events, and specifically evaluates the economic impact of such events (see section 2.3). However, the same or similar terms have been used in sport tourism studies, where sport tourists travel to either watch an event or to participate in one. Such literature suggests that the tourists have different expectations depending on the purpose of their travel (Shonk and Chelladurai, 2008; Bernthal and Sawyer, 2008).

⁴⁸ I acknowledge that employees at some positions in Lagadère Scandinavia receive bonuses and that employees of Stockholm Marathon Group receive a bonus depending on the net profit

	Participator SEOs*	Spectator SEOs**	Impact on control elements
Level of sports	Sport-for-all	Elite sports	Cultural controls
Organizational focus	More sports-oriented	More event-oriented	Financial and non-financial measurement systems
Primary revenue stream	Registration fees recorded in the NPA	Sponsor revenues recorded in the limited company	Organizational structure (legal structure)
Number of volunteers	3000-4000 at the largest events	300-800	Clan control - communication challenges
Size of arena	10-300 km	Stadium	Action Planning
Volunteer remuneration	Yes, to their NPAs	No	Reward & compensation Values
Important stakeholders	Authorities and municipalities	International sport federations	Policies & procedures (primarily)

Table 4 - Differences between spectator and participator SEOs and how these differences are mirrored in the control elements

*Participator SEOs: Vasaloppet, Vätternrundan, Stockholm Marathon Group

** Spectator SEOs: DN-galan, Gothenburg Horse Show, Lagadère Scandinavia

The two types of sport events are fundamentally different and are based on either sport-for-all or elite sport. The participative events strive to promote health, which is reflected in those SEOs' owners' directives or mission statements. The sport-for-all values become evident when these SEOs start up new events. This is not done for financial reasons, rather because there is a demand from individuals who want to participate in the events, for example, at a shorter distance. SEOs that arrange elite sport events tend to have values and norms related to the athletes. For example, the SEOs are incentivized to get a high score in athlete evaluations. The distinction between participator and spectator events is therefore useful when analyzing the cultural controls within SEOs.

The distinction between sport-for-all and elite sports boils down to that participator SEOs are more sports-oriented, since the consumer of their services are participants whereas the spectator SEOs are more event-oriented, as their consumers are spectators that attend the event to watch the sport stars as an entertainment. A possible reason for the event-orientation rather than sport orientation is the involvement of the international sport federations that control the actual competitions or tournaments through an extensive amount of policies as well as their own representatives who attend the events. This distinction will have an effect on what financial and non-financial measures that are used within the different SEOs. For sport-oriented participator SEOs registration fees are the primary revenue source, and hence, the number of registrations (in actual or financial terms) is monitored up until the events, compared to spectator SEOs where sponsorship agreements constitute a large revenue source and is therefore followed-up as a financial measure. Non-financial measures applied by participator events are the participator surveys that serve as a basis for action planning for the next year's events. The corresponding non-financial measure for spectator SEOs are the evaluations that the international sport federations conduct, together with audience surveys.

Another difference, related to the financial flows, is in which legal entity the revenues and costs are recorded. A participator SEO comprise an NPA where the registration fees and costs related to the actual event are recorded, because the NPAs are tax exempted. However, all revenues and costs related to sponsors and marketing are recorded in the limited company, primarily because the sponsors and partners are used to make transactions with other limited companies. As the sponsor agreements represent a large revenue stream for spectator SEOs record all revenues and costs in a limited company. The reason for not recording the revenues and costs in the NPA is also because the VAT on income and expenses can be matched. Hence, the distinction clarifies the differences in the legal organizational structure.

The size of the events differs between participator and spectator events, both in terms of number of volunteers and in size of the arena. At participator events there are often more than 3000 volunteers and the size of the arena may vary from 10 to 300 kilometers. At spectator events, the number of volunteers is 300-800 and a stadium serves as the arena. The effect on MCS is primarily clan controls, which become more evident and important in participator SEOs as the volunteers, spread out over a large area, need to be managed and informed. Since there are such a large number of volunteers, the SEOs cannot arrange a meeting with all employees but have to rely on other ways for communicating information and the values the SEOs want them to express. This is a communication challenge, which is in line with Toffler (1990), who mention that the pulsating nature results in unique information and communication requirements. The different size of the arena has mainly an impact on action planning, where the participator events have to arrange planning meetings with external stakeholders such as municipalities and authorities in order to get permission to arrange the events. This is not required at the same extent for spectator events, where the arena is rented.

Furthermore, there is a difference in the rewards and compensations control element for the volunteers that work for participator and spectator events. At a participator event, NPAs from the region appoint their members to work for the events and the participator SEOs remunerate the NPAs for the work force that they provide, approximately 60 SEK per hour per volunteer. This leads to a difference in the clan control, as the volunteers feel that they contribute to the funding of their NPA's activities. At spectator events, the volunteers are not remunerated but receive food and clothes. The clan control is therefore based on the socialization among the volunteers that the event provides. Hence, the volunteers tend to be returning by their own will and are not asked, due to membership of an NPA, to volunteer.

The most apparent difference between spectator and participator SEOs are the stakeholders that primarily affect the policies and procedures, which the SEOs have to comply with. As mentioned above, participator events have to manage relationships with municipalities and authorities and these stakeholders provide permission for the event, but also several policies, often related to the environment or security, that have to be followed in order to keep the permission. Spectator SEOs, on the other hand, will have to comply with extensive rules and policies that are provided by international sport federations, which are the spectator SEOs' most important stakeholder since they both sanction and are involved in the actual competition or tournament. The discussion of stakeholders' effect on MCS usage will be extended in section 5.3.

5.3 Stakeholders impact on MCS depends on their characteristics

One of the most important findings when analyzing differences in control practices between spectator and participator events is that the stakeholders involved, and their effect on controls, are substantially different. In line with Emery's (2008) findings, managing relationships with stakeholders, such as sponsors and media, are considered complex yet manageable. The empirics suggest that SEOs are dependent on multiple stakeholders, supported by the literature since event and non-profit organizations operate in complex environments of multiple stakeholders (Larsson and Wikström, 2001; Balser and McClusky, 2005).

As stakeholders are defined as "any group or individual who can affect or is affected by the achievement of an organization's objectives" (Freeman, 1984, p.46) several stakeholders have been mentioned in the empirics section, for example the participants, audience and volunteers. Additionally, stakeholders that are frequently mentioned and assumed to be more influential are the owners, sponsors, municipalities or authorities and international sport federations, and these stakeholders will therefore be further analyzed. The framework by Mitchell et al. (1997) will be applied in order to determine the stakeholders' characteristics in terms of which of the three attributes (power, legitimacy and urgency) they possess. The literature suggests that the number of attributes that a stakeholder possesses is correlated with the level of attention or priority the stakeholder receives.

Shareholders, i.e. owners, should be considered a stakeholder according to Freeman (2004) and the owners of the SEOs possess both the power and legitimacy attributes, hence, they are considered a *dominant* stakeholder. The owners possess the power attribute since they can impose their will through owners' directives, mission statements, goals or targets and require that the sport event shall generate a surplus, either by formal or informal means. The owners' legitimacy attribute is prevalent when the owner is an NPA or municipality and has other requirements than only financial. Dominant stakeholders are expected to have some formal mechanism in place that acknowledges their relationships with the SEO (Mitchell et al., 1997), which the owners' directives are an example of. The characteristics of owners, being a dominant stakeholder, are reflected in the control package as they are found to influence the primary mode of control within the SEOs. For Lagadère Scandinavia the budget serve as the primary mode of control due to the owner's extensive financial focus, whereas the owners' directives and other cultural controls, are the primary mode of control in SEOs owned by NPAs or a municipality.

Similarly to the owners, sponsors can be characterized as a *dominant* stakeholder since they possess the power and legitimacy attributes. The sponsors have legitimate claims on the SEOs since they provide funding and in exchange expect exposure as well as other activities in connection to the event. Furthermore, legitimacy involves that the event is in line with the sponsors' values, as the event and sponsor will become associated with each other. The sponsors possess a power attribute since their funding tend to be important to the SEOs, corresponding to 15-75 per cent of the total revenues, and therefore, the sponsors require marketing activities so that the sponsor can benefit from funding the SEO. The formal arrangement between the organization and the stakeholder is in this case is a written agreement. Sponsors tend to have an impact on the SEOs' organizational structure if the sport event is arranged by an NPA, and as the sponsors are used to make transactions with a limited company, the SEOs have set up a limited company to match the sponsors' legal structure. The SEOs also have the ambitions to match the best marketing departments of large Swedish

companies, as expressed by several interviewees. Hence, the sponsors may have a professionalization spill-over effect on the SEOs marketing departments. Sponsors are also involved in the action planning, primarily because they do not only require exposure of their brand at the event, but also to conduct activities in connection to the events.

Municipalities and authorities, such as the Swedish Transport Administration, are important stakeholders, especially for the participator events. They possess the legitimacy and urgency attribute, and are therefore a *dependent* stakeholder. The urgency attribute is expressed through the permissions given to SEOs, allowing them to arrange the event and using the land or roads owned or administrated by the stakeholders. Due to the criticality of the permission and the relationships with these stakeholders, the SEOs try to build trust and conduct lobbying activities in order to secure long-term relationships. The legitimacy attribute is prevalent for this group of stakeholders as they are governing bodies serving the public and hence, the SEO has to act in a legitimate way and contribute to public benefits by for example promoting public health or the region. Additionally, the SEO has to act responsibly and comply with the policies and procedures (administrative controls) that the stakeholder group enforce, connected to the permission. Hence, this is a control element that municipalities and authorities tend to affect. An important stakeholder for the SEOs with dual legal entities is the Swedish Tax Agency, which is an authority that possesses the same attributes as other authorities and therefore is considered a *dependent* stakeholder. The impact on SEO's control packages is related to the organizational structure, as a clear distinction between the two legal entities is required, and also the policies regarding financial flows within the SEOs, for example when transferring sponsor products from the limited company to the NPA.

The international sport federations (Diamond League, ATP/WTA and FEI) are important stakeholders to the spectator SEOs as they are heavily involved in the events and also provide the sanction of the competition or tournament. The federations possess all the three attributes of power, legitimacy and urgency and are therefore characterized as a *definitive* stakeholder. The federations possess power as they provide a pre-determined program and other components related to the competition or tournament, for example the amount of prize money. The urgency attribute involves the criticality of the relationship between the SEO and the federations because the federation sanctions the competition or sport event. Furthermore, the SEO has to act in line with the policies and regulations provided by the federation in order to keep the sanction, therefore the federations possess the legitimacy attribute. An implication on the controls applied by spectator SEOs is the extensive amount of regulations provided by the federations, which correspond to policies and procedures as a control element. Additionally, the evaluations conducted by the federations after the events tend to affect the non-financial measures applied, which often are linked to goals for the sport event to receive a high ranking by the federations. The federations do not passively provide extensive regulations for the sport events, but are involved in the action planning. Some federations only allow NPAs to apply for a sanction. Hence, they also affect the organizational structure.

The framework by Mitchell et al (1997) suggest that the higher number of attributes a stakeholder possess, the more prioritized is the stakeholder by managers. In this context, when analyzing which controls that are affected by stakeholders, a *definitive* stakeholder, that possesses all three attributes, affect a higher number of controls in the control package, compared to other stakeholders.

Since the environment of SEOs can be described as complex (Emery, 2008) with several stakeholder relationships, there tend to be multiple objectives that the SEOs strive to address. In five of six cases, multiple and somewhat competing objectives is the result of the owners' requirements on SEOs, expressed in owners' directives or mission statements. The NPA or municipality owned SEOs are supposed to generate a surplus from arranging the sport event, but also to promote the sport, public health and the region where the events take place. Existing literature suggests that MCS can be used to balance multiple objectives (Li and Tang, 2009; Sundin et al., 2010). In this study the empirics suggest that both formal and informal MCS are applied, and in line with Chenhall et al (2010) the MCS may have a legitimizing role towards stakeholders such as owners, sponsors, municipalities and authorities and international sport federations. The way the MCS are used within SEOs are affected by stakeholders and serves a way of addressing the multiple, and sometimes competing objectives, which represent those from various stakeholders.

5.4 How the pulsating nature of sport events affect the MCS

When analyzing the pulsating nature of SEOs, Hanlon and Jago's (2001) definition of a pulsating organization will be applied, describing it as an organization that operates with a small core of employees and expand substantially before and during an event, to then shrink in size again. For the SEOs in this study, this is an annual process, and by considering the temporal concepts, the analysis of MCS will be enhanced. The SEOs in this study are pulsating organizations since they have 2-30 all-year employees during most time of the year, but at the time of the event, 300-4000 volunteers become involved. The organizational structure is during the majority of the year stable, comprising the all-year employees, with defined business areas, roles and responsibilities. However, when the events take place roles become blurred, the decision-making processes get shorter and responsibilities are delegated and disrupting the stable organizational structure of SEOs. This indicates that the deep structure comes apart when the event takes place during the revolution period as suggested by Gersick (1991). Hence, the pulsating nature of SEOs is confirmed to have an effect on the organizational structure. The changes that occur in the SEOs are in line with Hanlon and Jago's (2010) recommendations that the organizational structure at the time of the event should be flat, simple, decentralized and have quick decision making procedures.

To enable the SEO to become flexible during the revolutionary period, i.e. at the time of the event, a well-structured action planning is considered crucial. As mentioned by an interviewee, it is the well-planned approach that makes the management of thousands of volunteers and the realization of the event possible. Planning is not only found to be the prime management function for success of major sport events (Emery, 2008) but the empirics also suggest that action planning, as a control mechanism, assist the SEO to cope with the pulsating nature. The empirics show that the action planning tend to follow a schedule and that certain meetings, workshops or conferences devoted to planning are conducted at a certain time of the year. Hence, the SEOs' action planning benefit from the annual rhythm where certain processes are repeated year after year.

A range of planning meetings with sponsors, suppliers and volunteers are conducted prior to, and during, the preparation phase to ensure that the planned activities are realized in line with the goals. Right before and during the event the SEOs experience a communication challenge, corresponding to the unique information and communication requirements, which is an implication of the pulsating nature (Toffler, 1990). To address this challenge, the action

planning and preparations of what information should be distributed, when and how, is required. Due to the annual rhythm, which implies an organizational stability since the activities and events are repeated year after year, there is a risk of inertia. This means that the development and strategic thinking may become impeded. Hence, the long-term planning is affected by the annual rhythm that characterizes sport events. Several interviewees mentioned the importance of addressing the strategic issues and it seems to have climbed the SEOs agendas.

To conclude, when considering the annual rhythm and pulsating nature of SEOs, a temporal lens is applied (Ancona et al, 2001b) and has proved to be useful for this study since it enhances the understanding of the effect on the controls applied by the SEOs, primarily organizational structure and the planning.

6. Concluding remarks

This section will summarize the analysis and outline the main contributions to both the management control and sport event literature. The aim of this study was to explore the management control systems applied by sport event organizations and a broad approach of management control was found appropriate due to the combination of informal and formal controls within SEO. Therefore, the framework by Malmi & Brown (2008), which considers management control as a package, was used and proved to be a useful tool when identifying and describing the controls. The empirics suggest that the control packages differ between the SEOs and the ownership structure is suggested to influence the control that is the prominent one. Lagadère Scandinavia has an extensive budget focus due to their owners, publicly traded Lagadère, manage their subsidiaries using financial measures, especially the budget. On the contrary, value-based controls, related to the owners' directives or mission statements, are the primary control element in SEOs that are owned by NPAs or a municipality.

A similarity found across the six SEOs is that the action planning, being not only the activity conducted during most time of the year, but also an important control mechanism in line with Emery (2008) who argue that planning is the primary management practice for sport events. However, it is also contrasting Emery's (2008) findings, that the planning primarily focus on achievement on the bottom-line profit, since the SEO evaluates the quality of the events, measured through surveys and other evaluations, and use it as input in the action planning process. The chain of controls, where action planning serves as a backbone, implies that qualitative evaluations are connected to goal alignment and subsequently concretized in the budget development.

Not only linkages between formal controls exist within SEOs, also connections between informal and formal controls are evident, which is supported by Kennedy and Widener (2008). The importance and dependency of volunteers is evident in SEOs and to manage this group of people, corresponding to a clan, the rewards and compensation for the volunteers are tightly connected to clan controls. The link implies that the motivation for volunteers to engage in the events is based on a social aspect or the willingness of doing good, which drives the volunteers' effort, and therefore can be considered a non-monetary, intrinsic reward.

A fruitful way of analyzing similarities and differences of the MCS used by SEOs was found by separating participative and spectator events. SEOs tend to focus on either participator or spectator events and are therefore different in terms of organizational focus, revenue streams, size, volunteer management and stakeholders. This separation enhances the descriptions and explanations of which control elements that are used by SEOs. By including both spectator and participator SEOs in this thesis, it contributes to the literature, since existing research tend to focus on spectator sport events.

An important finding, which is clarified when the spectator and participator SEOs are separated, is that the stakeholders and their effect on controls differ depending on the stakeholders' characteristics. By including stakeholders in the study Malmi and Brown's (2008) recommendation for future research is pursued since they suggest a configuration that involves a broader set of stakeholders. Overall, owners and sponsors have been identified as important stakeholders and which can be defined as dominant stakeholders and having an effect on the primary modes of control and the organizational structure. Participator SEOs tend to have close relationships with municipalities and authorities, classified as dominant

stakeholders, tend to affect the policies and procedures following the permission that this stakeholder provides, as well as the organizational structure. For spectator SEOs the most influential stakeholder is the international sport federations, classified as definitive stakeholders. The controls affected are primarily the policies and procedures, as the federations require an extensive amount of rules and policies to be followed, but also the action planning, budgeting and non-financial measurement are affected. The SEOs operate in an environment of multiple stakeholders that they need or want to satisfy, which implies that there are multiple and sometimes competing objectives. The findings suggest the controls are used to address the multiple objectives in line with Chenhall et al. (2010), serving a legitimizing role towards stakeholders.

The pulsating nature of SEOs is an important characteristic of sport events and implies that the stable organizational structure becomes disrupted at the time of the event, corresponding to a revolutionary period (Gersick, 1991) implying shorter decision-making processes and delegated responsibilities. This is in line with Hanlon and Jago's (2010) recommendations of a flat, simple and decentralized organizational structure. In order to ensure the flexibility and the change in organization structure required when the event takes place, action planning is considered crucial and hence, it assists the SEO to cope with the pulsating nature. The action planning is also found to benefit from the annual rhythm as the process of meetings, workshops etc. is repeated year after year. The drawback of the stable and annually repeated rhythm of SEOs is that there is a risk of inertia implying that the long-term planning may be impeded. However, this is addressed by several of the SEOs by introducing a role or group that are responsible for the sport event development.

To conclude, the control package framework by Malmi and Brown successfully identify several controls that are used by SEOs. In order to analyze how the controls are used, the distinction of participator and spectator SEOs is found useful. The understanding of the MCS usage is enhanced by considering stakeholders and the pulsating nature of SEOs. Finally, the analysis suggests that action planning is a crucial control element in SEOs' control packages for three reasons. First, it serves as the backbone in the chain of controls, connecting the evaluation using non-financial measures with the budgeting, together with policies and procedures that are applied during the process. Second, it is the activity conducted during a significant part of the year due to the annual rhythm of the operations. Third, it is a useful mechanism for an SEO in order to cope with the pulsating nature that requires a well-planned approach to enable flexibility at the time of the event.

Even though the quality of this thesis is enhanced and generalizability increased by conducting a multiple case study, there are limitations to consider. This thesis has focused on sport events that are recurring, since the MCS are more likely to be established, compared to a temporary organization that arrange a one-time event. This does not mean that one-time event organizations lack MCS. To fully capture the pulsating nature, which characterizes SEOs with recurring events, such organizations are chosen for this study. Regarding the second research question, concerning the effect that stakeholders and the pulsating nature have on the MCS, I acknowledge that there are many factors that may as well affect the MCS. However, the two concepts are, according to previous research, important characteristics of SEOs and therefore relevant to analyze in relation to the MCS.

This study has focused on sport events that are recurring in order to fully capture the pulsating nature of SEOs. However, temporary organizations that arrange a non-recurring sport event would also be of interest, considering the management control practices applied by such an organization. There is an opportunity for future research to compare SEOs arranging recurring and one-time events to explore if and how their management control systems differ. As mentioned in the introduction, sport organizations in general have been experiencing a commercialization trend, leading to institutional pluralism as the new commercial logic does not replace, but rather coexists with, the former logic (Senaux, 2011). The empirics suggest that the sport events experience the same trend and this opens up for research on institutional logics in sport event organizations. In this study, I have focused on stakeholders that are considered influential when it comes to the MCS in the SEOs. A study that covers a larger spectrum of SEOs' stakeholder relationships is also recommended for future research.

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8. Appendix

Appendix 1 – List of conducted interviews

Vasaloppet

Anders Selling, CEO, 2014-02-04 (face-to-face) and 2014-03-21 (face-to-face)

Karin Svärd, CFO, 2014-03-21 (face-to-face)

Mats Rylander, Project manager, 2014-03-21 (face-to-face)

Jon Svensson, Marketing manager, 2014-03-26 (telephone)

Vätternrundan

Eva-Lena Frick, CEO, 2014-02-07 (telephone) and 2014-02-24 (face-to-face, group interview)

Britt-Louise Kempe Karlsson, 2014-02-24 (face-to-face, group interview) and 2014-04-07 (telephone, follow-up interview)

Lars Samuelsson, Chairman of the board, 2014-02-24 (face-to-face, group interview)

Stefan Brissle, Project manager, 2014-02-24 (face-to-face, group interview)

Stockholm Marathon Group

Axel Lönnqvist, Marketing Manager, 2014-02-07 (face-to-face)

Bengt Jansson, Head of project managers, 2014-03-24 (face-to-face)

Ola Ringström, CFO, 2014-03-24 (face-to-face)

DN-galan

Anders Tallgren, CEO, 2014-02-12 (face-to-face) and 2014-04-14 (telephone, follow-up interview)

Martin Ekblom, Board representative, 2014-02-12 (face-to-face)

P-O Östberg, Financial manager, 2014-03-18 (face-to-face)

Gothenburg Horse Show

Tomas Torgersen, Competition manager, 2014-03-31 (face-to-face)

Marie Lundmark, Project manager, 2014-03-31 (face-to-face)

Bo Djupström, Head of Scandinavium at Got Event AB, 2014-04-23 (telephone)

Lagadère Scandinavia

Lisa Skeppstedt, Project manager – volunteers, 2014-02-25 (telephone)

Sara Bergh, Project manager – sponsors, 2014-04-02 (telephone)

Emmely Blania, CFO, 2014-04-04 (telephone and e-mail)

Deloitte Sports Business Group

Erik Gozzi, Auditor, 2014-02-04 (face-to-face)

Appendix 2 – Interview guide

General questions

- Describe the sport events
- The sport events backgrounds
- Your role and responsibilities
- The organizational structure

Ownership

- Legal structure
- Requirements and directives

Yearly activities

- Describe a year
- Describe the organization and operations at the time of the events
- Volunteer management
- Cash flows

Formal management control systems

- Planning
- Budgets and forecasts
- What is monitored during the year
 - Financial measures
 - Non-financial measures
- Policies and procedures

Informal management control systems

- How the culture is perceived
- Mission, vision, values and/or beliefs

Strategy

- Long-term planning
- Motivations to introduce new events

Stakeholders

- Important stakeholders
- Perceived relationships with stakeholders