



The Effects of High Board Turnover on Stakeholders in Nonprofit Sport Organizations

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Abstract

The optimal tenure for board of directors in for-profit companies tend to be several years, and more precisely the common view is that the board of directors should stay in the board between seven to twelve years. McIntyre, Murphy and Mitchell (2007) stated that the companies whose board of directors' tenures land between the optimal time will achieve higher level of overall performance. This differs drastically from nonprofit sport organizations. In the context of nonprofit sport organizations, the board of directors usually change annually, which indicates great differences between the two. Due to this, the authors see the importance to further look into the various effects of high board turnover on stakeholders in the nonprofit context, since at the end of the day, stakeholders are the ones who determine whether the business thrives or fails (Freeman, Harrison, Wicks, Parmar & Colle, 2014, p.xv). Furthermore, to find answers to this phenomenon, the following research question was generated: *What are the effects of high board turnover on stakeholders in nonprofit sport organizations?* To further grasp the multiple effects on a personal and on an organizational level, a qualitative single case study was conducted on Västerås Fridnäs Tennisklubb (VFTK). A total of nine interviews took place. Four with current and previous board members; and five with current and previous employees of the organization. The results of this study indicate that the high board turnover causes frustration and decreased motivation among the internal and interface stakeholders, which further spurs the decreasing performance of the whole organization. Overall, this paper adds new empirical insights to the sport governance and stakeholder theory literature from the Swedish and the European perspective.

Keywords: *Board of Directors, Board Turnover, Nonprofit Sport Organizations, Sport Governance, Stakeholder Theory*

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1 Introduction

Several nonprofit sport organizations, getting by on scarce financial resources and looking to find the best way to manage numerous stakeholders that are involved in the day-to-day operations, are facing severe challenges in attempts to respond to changing consumer needs (Young, Hollister, Hodgkinson, & Associates, 1993). For the advancement of sport governance, it is important to look at board construction and its effects on organizational performance.

1.1 Background

Kikulis (2000) found that a voluntary board is the most common governance structure in sport organizations. To start, it is important to acknowledge that the nature of nonprofit organizations differs from for-profit. Board members tend to work on voluntary basis while executives and their teams are hired professionals. According to Hoye and Cuskelly (2007, p.xv), traditionally, nonprofit sport organizations are governed by board of directors who are involved with the organization voluntarily. This leads to the difficulty in recruiting and retaining board members with relevant skills as well as making those directors offer enough of their free time. Interestingly, Kikulis, Slack and Hinings (1995) found a shift in power to the professional manager over the voluntary board. This creates a new challenge in the relationship between the board members and the manager, more specifically in the knowledge and skill gap. This phenomenon has been studied recently and interesting results have come out of it. For example, Ferkins, Shilbury and McDonald (2009) identified the chief executive officer (CEO) as the pivotal player in the voluntary model. Indeed, their research concluded that the executive controls all the information provided to the voluntary board that is limited in time, commitment and specific knowledge which makes it challenging for the board to fulfil their traditional duties. Ferkins, Shilbury and McDonald (2009) argue that in order for the organization to function correctly there has to be a strong relationship between the board and the CEO and a high level of trust. These issues create a different and often problematic dynamic within the organization compared to for-profit firms. In this light, many scholars have found that the cooperation between the board and the CEO is essential to the performance of the nonprofit organization (Ferkins, Shilbury & McDonald, 2009; Hoye & Cuskelly, 2003; Herman & Renz, 2000; Olson, 2000). However, this paper will look at the challenges from the much broader stakeholder theory perspective and research the effects that a high board turnover has on different stakeholders and in turn on performance.

The aim of sport governance is to find ways to deliver quality service and products for their members and that the journey to reach these goals are monitored and controlled effectively (Hoye & Cuskelly, 2007). To achieve constant quality in the service offered, the board has the power to establish and execute strategies, ratify and monitor activities and employees, and to construct disciplinary actions to the members that have violated the rules (Yeh & Taylor, 2008). Even though sport governance contains other actors (e.g. managers and volunteers), the board plays a crucial role in governing the organization and thus, it is relevant to fully understand and assimilate the literature regarding board governance in sport organizations (Yeh & Taylor, 2008). The authors will provide empirical evidence based on a case organization which is located in Sweden as an addition to the existing literature on nonprofit board of directors and offer a different approach to the problem. Furthermore, most research related to sport organizations has been conducted in Canada and Australia and this study aims to provide a Swedish perspective to the existing literature.

1.2 Problem Description

Several sport organizations (nonprofit) have multiple people on the board of directors. Usually the board consists of 8-12 people where none of them gets paid for their contributions. The factor that creates problems is that sport organizations are having short governing periods of the board of directors (Hoye & Cuskelly, 2003), thus, there is a lack of long-term leadership. Lack of long-term strategies and vision creates confusion and distress among employees, who in need of guidance and leadership might lose their motivation for their jobs. This reduces productivity and the service offered to the customers (consumers of the sport services). The other factor is that the large size of the board causes inefficient decision making i.e. achieving consensus takes a long time. Those two factors make the organization's progress stagnate. However, board size is regulated by governing bodies. Therefore, turnover is the factor that can be more freely manipulated to optimize performance and will be the one that this study focuses on. As Hoye and Cuskelly (2007 p.xv) state that the board of directors is at the heart of decision making in sport organizations, which is why they have a crucial role in development of organizational culture, strategy and the overall performance.

1.3 Purpose and Research Question

The purpose of this study is to investigate the effects of high board turnover on stakeholders of nonprofit sport organizations. This will be done by interviewing current and previous employees,

a former manager and board members of a Swedish tennis club called Västerås Fridnäs Tennisklubb (VFTK). Although, the informants include only internal and interface stakeholders, the effects on performance will be analysed based on the knowledge acquired from the informants. The Board Turnover Effects (BTE) model constructed in the following chapter will help demonstrate the answers to the following research question:

What are the effects of high board turnover on stakeholders in nonprofit sport organizations?

2 Theoretical Framework

In the introduction, the authors emphasized the importance to take a close look at board turnover in sport organizations. In this chapter, previous research on the subject will be reviewed in a step-by-step process to explain the reasoning behind the components of the BTE model. The model sets a theoretical background to the data that will be collected which will allow the research question to be answered more thoroughly. The literature regarding for-profit boards and companies will be touched upon due to more comprehensive research conducted on that side.

2.1 The Board of Directors

The world's leading economies all have for-profit and nonprofit corporations that are required by law to have a board of directors. The board of directors is composed of individuals that represent the interest of the shareholders (for-profit) or members (nonprofit) of the organization. This fiduciary duty is present in most common-law countries. The Swedish Corporate Governance Board (2017) states that *"Good corporate governance ensures that companies are run as efficiently as possible in the interests of their shareholders. This in turn promotes greater confidence in the companies on the capital markets and creates better conditions for the supply of risk capital"*. This board can and generally does appoint a manager that will handle the day-to-day operations of the firm. Their role is *"to monitor the decision making to be consistent with the interest of outside equity holders"* and the board *"typically consists of ten to fifteen individuals drawn from a firm's top management group and from outside the firm"* (Barney, 2011, p.337). Further, it is typical for the senior executives like the CEO, chief financial officer (CFO) and other senior managers to be part of the board although they are usually outnumbered by non-managers; and often the CEO holds the chairman position (Barney, 2011, p.337). However, the Swedish

Corporate Governance does not allow the chairman and the CEO to be the same person and only one executive can sit on the board (Lekvall, 2009).

This system brings an issue of separation between control and ownership that has been puzzling scholars like Adam Smith already in the 18th century (Fama & Jensen, 1983b). Fama and Jensen (1983b) researched the topic of separation between boards and executives and concluded that this structure in for-profit and nonprofit organizations not only controls the agency risk but also allows for specialization of the manager's and board members' skills. This structure would prevent executives from abusing their authority for their own self-interests and create a more efficient organization where specialists are employed in specific roles. Indeed, the residual claimants would control the manager through contractual structures and performance measures according to the agency theory (Fama & Jensen, 1983a). For example, in a for-profit organization the board appointed by the shareholders (residual claimants) can link profit of the company to the manager's salary to get a return on their investment. More relevantly, their study claims that this structure in nonprofit organizations survives because of the necessity to control for the abuse of donations by the managers and because of the fact that a large board extends the donation possibilities i.e. a larger network makes it more likely to receive donations. Other research such as Herman and Renz (2000) support this system and claim that board effectiveness is strongly related to organizational effectiveness in nonprofit organizations. This naturally led to the search for factors that make for an optimal board composition for maximum organizational effectiveness. This paper will focus on board turnover which will be expanded upon next.

2.2 Board Turnover and Composition

Researchers have studied boards in order to find the optimal board composition that causes good financial performance of the for-profit company. Most board composition research has been done on for-profit organizations because of the ease of finding information and linking board composition with financial performance. Additionally, the study of nonprofit boards brings up another challenge which can further help to explain the lack of research in that area, namely that the board members participate on voluntary basis. Despite these differences, the board of the two forms of organizations share an important and essential similarity; both have an agency separation i.e. the board has a fiduciary duty to serve residual claimants them being either shareholders or members (Fama & Jensen, 1983a); and both appoint and monitor a manager (Fama & Jensen, 1983b). Due to these similarities, previous research on for-profit firms serves

as an interesting starting point for the nonprofit firm and gives a clue to the ideals for nonprofit organizations such as sport clubs.

McIntyre, Murphy and Mitchell (2007) identify that in a research of 174 TSX-listed (Toronto Stock Exchange) companies, the tenure length, its standard deviation, the number of board members and their position on other boards are all significant factors in company performance. They found that the optimal board tenure was between 11.9 and 12.54 years depending on which performance metric was used with a standard deviation of 9.2 years of service using Tobin's Q. This shows a wide range of tenure length between different board members. Further, they found that a large board and a high average number of board members holding board positions in outside firms was detrimental to performance because of the limited attention that those members can devote to their roles. This is in line with Hoyer and Cuskelly (2007) who mention that the voluntary board chairman has limited time to assume traditional roles such as assessing board performance. Huang (2013) finds that board tenure plays a crucial role in firm performance and that the relationship is convex in nature i.e. firm performance increases with tenure until a certain point and then declines. This indicates that there is an optimal tenure length. Huang (2013) claims an optimal board tenure of nine years and in certain situation up to 12 years. He further found an average of 8.35 years of board tenure in the United States. Kaplan (1993) observed that in Germany the chairman of the supervisory board has an average tenure of 7.25 years and the rest of the members have an average of 8.64 years compared with 8.05 years in Canada (McIntyre, Murphy & Mitchell, 2007). No such research has been conducted in Sweden. This gives this study a good frame of reference as the observations show that there is a tendency to have longer board tenures but even those are suboptimal. Anderson and Chun (2014) found that boards in the United States which change three to four independent members every three years have more success and that companies miss this optimal board turnover about two-thirds of the time. Independent members are those members who do not have material relationships to the company or that do not work for the company i.e. outside members. New members bring new ideas into the firm which is the main argument for some moderate turnover.

As previously mentioned, there is a lack of previous research on board turnover in sport organizations. Even though sport organizations and for-profit organizations differ in their nature, an understanding of the vast research on for-profit boards serves as a starting point to finding optimum voluntary board turnover. Empirical studies have shown that an extended tenure is

beneficial up to a certain level. A brief summary of the research on boards in sport organizations will be given in the following section.

2.3 Boards in Sport Organizations

During the past 20 years, researchers and government agencies have started to realise the importance of sport organization governance and that it is worth to investigate even further (Commonwealth of Australia, 1999; Inglis, 1997). Comparing to the average tenures of for-profit firms the average tenure in sport organizations differs significantly. As Hoye and Cuskelly (2003) stated, the tenure of a board member in voluntary sport organizations is typically one year.

It is important to take a closer look at the boards of directors in sport organizations due to the fact that limited empirical data regarding the roles of the board members in nonprofit organizations exists and it is vital to ensure that the members of sport organizations get desired leaders (Inglis, 1997). Furthermore, Hoye and Cuskelly (2007) demonstrated that a nonprofit board ensures the sustainability of the sport organization without an aim to make profit and that all the benefits from lower costs are distributed to the members and individuals throughout the organization. This system can secure an affordable service and thus incentivise players to start and continue playing. To expand on the role of the board, Kikulis (2000) argued that the voluntary board is the governing body of the sport organization, and is located at the top of the hierarchy. However, the appearance of paid managers in the sport organization is shifting the power more and more from the board to the manager and this creates a strong dependence on the competences of the manager; a stronger importance on trust between the board and the manager; and higher perceived responsibility on the manager (Hoye & Cuskelly, 2003).

Chelladurai (2005) suggested that sport organizations' purpose is to offer products and services that people in the sport industry can consume. Even though several researchers have investigated the different characteristics of sport organizations and compared these distinctive characteristics to the ones of for-profit businesses (Slack & Parent, 2006; Smith & Stewart, 1999), including different ways of measuring performance (Smith & Stewart, 1999), this paper divides the two by their main difference which is that businesses are here to make profits and nonprofit organizations are not. Hoye and Cuskelly (2007) state that even though several sport organizations can be considered as for-profit organizations, most of them that provide and promote sport services are part of the nonprofit basket. Several sport organizations are also called

community sport organizations (CSO). Cuskelly (2004, p.3) defines the purpose of CSO (also known as grass root organizations) as “CSOs provide important, accessible and affordable pathways for children and adults alike to participate in and contribute to the development of a strong and dynamic sport system”. Furthermore, Cuskelly (2004) adds that CSOs are nonprofit organizations which exist to provide tournaments and events to their members. Based on these definitions the case company of this study can be considered as a CSO. The community and city around the tennis club provides several financial subsidies but that money goes to make the game of tennis more affordable for the players. Therefore, several volunteers are needed to arrange tournaments and events. These volunteers are helping in several different positions including coaches, board of directors and other administrative workers which is consistent with the view of Cuskelly (2004). In the following section, the stakeholder theory will be introduced as the next step in the theoretical reasoning of this paper.

2.4 Stakeholder Theory

In this section, the authors will situate the arguments on the literature of stakeholder theory which was originally published in 1984 by R. Edward Freeman and to justify its use for this study. As the founder of stakeholder theory, Freeman and his colleagues argued that managers need to satisfy several constituents to effectively manage the organization and that everyone in the society have their part whether a business fails or thrives (Freeman, Harrison, Wicks, Parmar & Colle, 2014, p.xv). The stakeholder theory was developed during the turbulent 1980s so that businesses could understand the bigger picture and to ensure their continuity within the dynamic business environment (Savage, Nix, Whitehead & Blair, 1991). Research trying to accurately grasp the definition of the stakeholder by Lewis (2001) stated that anyone, a person or a group that can have an influence on the resources or output of the organization or who can be influenced by the organization is referred to a stakeholder. Freeman and Reed (1983) stated that the groups who support the organization's sustainability are called stakeholders. These two definitions are consistent with the perspective of this study. From the managerial view, Savage et al. (1991) claimed that the concept of traditional management focuses on the affairs that occur internally, whereas stakeholder management focuses on managing all actors that can be considered as internal or external and all actors who are interfacing with an organization. For example, internal stakeholders include managers and employees and external stakeholders include suppliers, customers, competitors, civil society and basically everyone outside the core organization (Van Puyvelde, Caers, Du Bois & Jegers, 2012). The board of directors are considered interface

stakeholders, since it is both involved with the environment (e.g. government and county) and with the organization itself (Van Puyvelde et al., 2012). As explained, the scope of the stakeholder is large and needs further narrowing down and sorting for the purpose of this research. This will be elaborated on in section 2.6. Next, a review of the choice of theory for this study.

2.5 Validity of Stakeholder Theory

There is a large following of stakeholder theory, however, some - although not many - scholars have pointed out some limitations from the theoretical perspective. A critique of stakeholder theory is that it does not explain observable firm behaviour and thus can not be considered a theory even though it is recognized as a prescription of optimum corporate behaviour (Key, 1999). Another critique by Marcoux (2003) states that due to the lack of fiduciary obligations to various stakeholders, the stakeholder theory is morally flawed. Indeed, the fiduciary duty is only towards shareholders (for-profit firm) or members (nonprofit firms) and therefore, the firms will always prioritize those stakeholders above others. Despite those weaknesses, Key (1999) still recognizes that empirical evidence exists linking stakeholder theory and superior firm performance and thus making it a valid model. Further, Hillman and Keim (2001) found a positive relationship between stakeholder management and an increase in shareholder value. In addition, Frooman (1997) found that corporations acting irresponsibly towards stakeholders suffered a significant loss in shareholder value demonstrating the superiority of the stakeholder approach compared to the shareholder approach. This evidence validates the use of the theory as a base for this research and a starting point for the analysis.

From the practical perspective, the authors consider the stakeholder theory relevant because it can guide the leaders of organizations to consider all stakeholders and therefore, ensure the sustainability of the organization by focusing on maximizing long-term value (Jensen, 2001). Further, because this study is looking into the board turnover effects on various stakeholders, the theory is useful to establish a base of understanding for the interview process. This leads to a broader selection of interviewees and sets the theme for the discussions. Also, it seems valid to test the success of the theory in the for-profit context and see if it can be replicated in the nonprofit context. Lastly, the nonprofit aspect of the case organization makes it inefficient to use any financial measurement of performance and impractical to take the classical maximizing shareholder value view of management to measure the effects of a high board turnover. Instead,

by researching the effects on various stakeholders, this paper can identify possible failures that originate at the top of the hierarchy i.e. at the root cause of the problem.

Since the purpose of this study is to consider the effects of board turnover in sport organizations and due to the fact that several sport organizations are nonprofit, the categorization of nonprofit stakeholders, which is a more useful concept for this paper, will be broken down next.

2.6 Stakeholders in the Nonprofit Organization

Van Puyvelde et al. (2012) state that the members of the board of directors are considered as interface stakeholders. Anheier (2005) states that in a nonprofit organization, the board is seen as the governing body where it has the responsibility to accordingly represent the organization to the people and to ensure that the organization follows and meets its mission. This definition will be expanded upon in section 2.4.

Van Puyvelde et al. (2012) categorize managers, employees and operational volunteers as internal stakeholders; managers are considered the leaders of the nonprofit organization, employees are considered the people who get paid for their contributions and operational volunteers are seen as people who are directly involved in the process to deliver services and goods. To further elaborate the definition of voluntary work, Anheier (2005) argued that people can be defined as voluntary employees when the work is done without any monetary payments.

In the context of stakeholders of a nonprofit organization, external stakeholders include different funders that ensure the sustainability of the organization by donating money or in forms of subsidies, beneficiaries (e.g. clients or members), suppliers, competitors, partners of the organization and others including media and community groups (Van Puyvelde et al., 2012). Furthermore, the prior introduction to the stakeholder theory emphasises the importance of taking a look into different agents that are impacting the sustainability of the sport organization. As Polonsky (1995, p.29) stated *“In the development of organizational strategies, firms must realize that they are responsible to numerous internal and external stakeholders”*. This study will focus mainly on internal and interface stakeholders which include board members, managers and employees at different levels of the hierarchy. Lastly, the final component (performance) of the theoretical reasoning will be introduced.

2.7 Sport Organization Performance

Nonprofit organizations such as sport clubs measure performance differently from the classical financial measurements of for-profit organizations and make those two impossible to compare from the financial stand-point. Since profits are not involved in the nonprofit, alternative measurements have to be used and can differ from organization to organization. For example, Yeh and Taylor (2008) mention that sport organizations, which most run on nonprofit basis, measure performance through the number of championships while others measure success by the quality of their services and the number of their members. Due to the subjectivity of performance measurement in the nonprofit context, this study will consider the club's performance as judged from the informants' own point-of-views. The summary of the theoretical concepts will be presented and illustrated next.

2.8 The Board Turnover Effects Model

From the main theoretical concepts, the authors developed the BTE model (see figure 1). It captures and incorporates the different stakeholders that are influenced by the board turnover which in turn influences the performance of the organization. Wicker and Breuer (2011) have stated that sport clubs and more precisely nonprofit sport clubs face enormous challenges in attempts to have a comprehensive network, healthy cash flow and extensive human resources. This paper proposes that the board lays at the heart of those challenges. In fact, this paper takes an initial stance that the board is at the source of the success or failure of nonprofit sport organizations. More precisely, it identifies the turnover as one of the crucial factors for organizational performance by directly affecting stakeholders i.e. the chain of events starts with board turnover which affects stakeholders who then affect the performance. The BTE model visualizes and facilitates the understanding of the effects of the board turnover. The board of directors affects all the stakeholders; however, this paper focuses only on interface and internal stakeholders. Data will be collected to identify those effects and the perceived performance of the club from the perspective of the informants. The expected outcome is that high board turnover will affect the stakeholders negatively and that our informants will have observed a sub-optimal sport club performance.

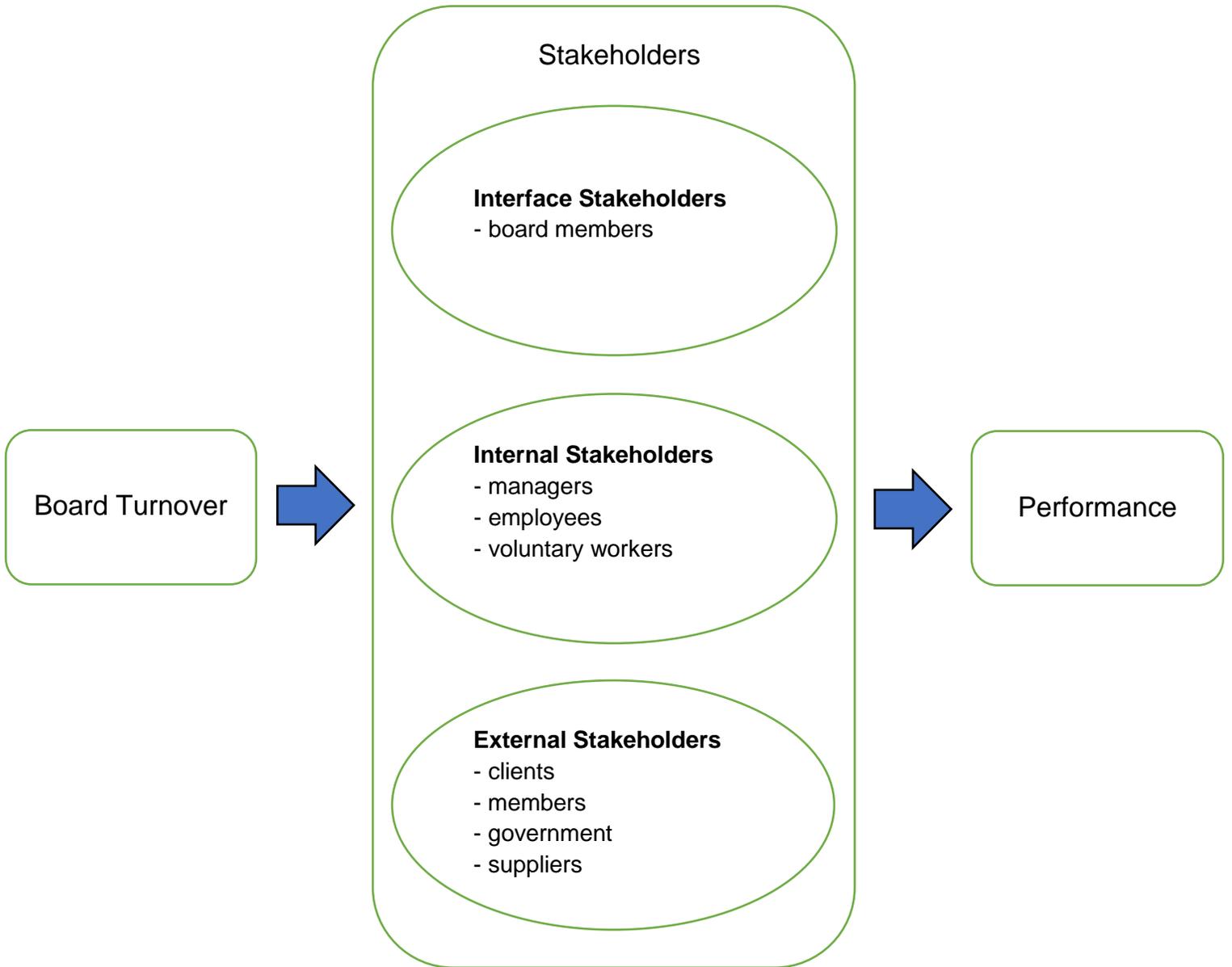


Figure 1: BTE Model. It captures and incorporates the different stakeholders that are influenced by the board turnover which in turn influence performance of the organization.

3 Methodology

The structure of the research is based on a qualitative single case study of Västerås Fridnäs Tennisklubb (VFTK). Primary qualitative data were obtained through semi-structured face-to-face interviews. The lack of previous research and the wide range of possible effects of board turnover explains the choice of a qualitative investigation as it offers the possibility to obtain, handle and analyse ambiguous data. Indeed, to create a deeper understanding of the chosen subject (VFTK) and the effects related with the board's operation, empirical insights had to be obtained. Other scholars such as Lofland and Lofland (1995) state that (1) face-to-face interaction is seen as the most comprehensive way of participating within the mind of other human beings and (2) to fully grasp social knowledge, one must be involved with other human beings. To further support the choice of conducting a qualitative research, Gilmore and Carson (1996) have argued that a qualitative study can be considered specifically valuable in collecting comprehensive data within service businesses due to the intangible and possible volatile nature of services. In this case, a tennis club falls into that category. Gomm, Hammersley and Foster (2000, p.131) pointed out that a case study is a great way to investigate a phenomenon since the conclusions will provide not only logical results but practical implications as well. Dyer and Wilkins (1991) have argued that by executing a single case study, the researchers can provide theoretical insights more effectively comparing to a multiple case study. Thereby, the authors are confident that the used method provides the most comprehensive, in-depth knowledge in order to answer the research question.

3.1 Case Selection

The case company was chosen due to the fact that both authors have a long history in the tennis world as players and coaches. Additionally, the authors are part of the organization (as part-time employees) which provided an exclusive access to key staff and board members. This helped gather a comprehensive amount of data within the short time period of the project (10 weeks). The close proximity of the club to the university provided a convenient access to the organization to conduct face-to-face interviews which added to the quality of the answers. To fully grasp the nuances of the qualitative interviews and catch the effects of board turnover, an emic analysis was conducted i.e. looking at the problem from the stakeholders' point-of-view. This is consistent with the anthropological view of striving to understand the experiences of humans and to draw conclusions based on their inputs (Morris, Leung, Ames & Lickel, 1999). The authors' experience and knowledge regarding sport organizations gave a deeper understanding of the case company

and of the informants' answers. This helped the interpretation and analysis of those answers and makes the research more credible justifying the selection of the case company.

3.1.1 Discussion on Insider Research

Evered and Louis (1981) stated that the investigation of the organization where a person is currently working presents challenges including that a person is not studying the organization from the viewpoint of an outsider. Other scholars including Schön (1995) argued that by looking at the organization as an outsider, the researcher can have a clearer understanding of the big picture of the organization which is one of the positive sides of not being too close to the situation.

However, the authors felt comfortable to choose a case company where they were currently employed because of the position's advantages. As Evered and Louis (1981, pp.388-389) state: *"inquiry from the inside carries with it the assumption that the researcher can best come to know the reality of an organization by being there: by becoming immersed in the stream of events and activities, by becoming part of the phenomena of study"*. As insiders, the researcher can dive into the actual realities that are prevailing around the organization. Typically, in organizational studies, the further away the researcher is from the organization the less pertinent the results of the study are (Evered & Louis, 1981). The closer relationship between the researchers and interviewees makes for more honest and open answers in this case. Coghlan and Brannick (2014, p.4) agree that being an insider in the organization gives better access to the dramatic and problematic world of the organization. This gives a unique perspective for understanding and analysing the problem at the club. After careful review, it was concluded that the advantages far outweighed the disadvantages of being insiders for this case study.

3.1.2 Västerås Fridnäs Tennisklubb (VFTK)

As previously mentioned, the study is based on a single case company in which VFTK constitutes the source for data. VFTK (founded in 1922) is a community sport organization operating in Västerås (Sweden), and it offers tennis services to people of all ages ("Om VFTK", n.d.). These services include tennis school's lessons for all categories of ages throughout the year. As an addition VFTK arranges and manages actively several national and regional tournaments including regional championships. In 2016, the club had about 650 members from which most are recreational players ("Chefstränare till Västerås Fridnäs Tennisklubb", n.d.). At the time of writing the club had two full time professional coaches, a general manager, four part-time professional

coaches and approximately 11 part-time junior coaches (“Personal”, n.d.). By being a nonprofit sport organization (“VÄSTERÅS TENNISKLUBB”, n.d.), it is an excellent fit for data gathering as it meets the requirements for answering the research question.

The board of directors in the year 2016/2017 (elected in April) was composed of 10 members including the chairman (“Styrelsen 2016/2017”, n.d.). From this board only one member renewed the commitment to continue in the board during the year 2017/2018 (“Uppdaterad information från Valberedningen”. n.d.). Additionally, the board has two independent committees: the auditing committee and the nomination committee that audits the board’s decisions and selects board members respectively.

3.2 Data Collection

Primary data was collected to get access to rich and in-depth data, which further helped to proceed towards the purpose of this thesis. According to Bryman and Bell (2015, p.13), primary data is data that is collected directly from the subjects and analysed by the researchers themselves. This is done in order to get comprehensive answers to the phenomenon of interest. The chosen method for collecting primary data was semi-structured interviews which made it possible to retrieve necessary information (e.g. through examples and personal opinions) from the informants. Fisher (2010, p.175) stated that by conducting this type of method, the interviewee will be reminded of what the relevant topics are throughout the interview. This keeps the interview on subject.

The authors gained information that was connected to the literature and to the purpose of this study by following the standard protocol of semi-structured interviews in the empirical data collection process. This has enabled the authors to obtain large amounts of data that helped to answer the research questions. Yin (2003, p.90) has supported this type of approach since he has noted that facts and opinions can be expressed thoroughly, when the interviewers are asking open-ended questions. In addition, Bryman and Bell (2015, p.488) stated that formulating interview questions beforehand that act as the frame for the interview will give answers to the research question without losing the natural flow of the conversation and the possibility to ask probing questions. This balance between structure and flexibility was important for this research because it allows the interviewee to speak freely while at the same time guiding the conversation to a common theme.

3.3 Procedure

The procedure of the data collection in this study is divided into several interviews (total of nine) with different informants. Thus, a relatively comprehensive amount of information about the sport organization was acquired. Since the purpose of this study is to find out what are the possible effects of high board turnover, several employees (internal stakeholders) and board members (interface stakeholders) had to be interviewed. By doing this, the authors were able to gain a wider perspective on the actors that are influenced. For the purpose of this study the authors wanted to have as unbiased examples and opinions as possible, therefore, informants included both men and women from all ages from 17 up to 50 years-old. According to Bosley, Arnold and Cohen (2009) by including informants from many age groups and by having variance in the sex of informants, variation in the sample would more likely be achieved and therefore, more comprehensive and informative data can be obtained than a homogeneous sampling would. The informants had to be current/previous employees or board members of the tennis club. Previous employees and members helped to lengthen the observable period of the phenomenon. By following this selection criteria, all the informants have at least minimal understanding regarding the organization. And by purposively having variance in the sample (i.e. age, experience and time of employment), the authors were able to obtain different points of view, which further enriched the obtained data. Bryman and Bell (2015, p.429) stated that by selecting informants with an end goal in mind, the researchers are strategically able to find a way to conduct the sampling - an efficient way to answer the research question.

The informants include a previous general manager (four years on the job and currently the chairman of the nomination committee); current head coach (employed less than a year); a former head coach (nine years on the job); previous chairman of the board (two years as a chairman); three other board members (one in the board for five years and two for a one year, one of them is a current board member) and two part-time junior coaches which have been working approximately for two years. As previously stated the method chosen for collecting qualitative data was semi-structured interviews. These interviews were conducted face-to-face. Due to the fact that the authors' current employee status in the organization, the informants were familiar with the interviewers beforehand. Therefore, the initial contacts with the informants occurred at the tennis club.

From this procedure, face-to-face interviews followed. None of the informants were able to see the questions beforehand, which ensured that the answers were given in a spontaneous way, which further helped to get more honest opinions. The questions (see appendix) were formed to fully grasp the effects of the board turnover (interview questions: 3, 5, 6, 7 & 8) and to discover what is truly happening at the club (interview questions: 1, 2, 4, 9, 10 & 11). Three of the informants wished to remain anonymous while six of the informants wanted to appear with their own name. All the informants were asked the same questions. The board members were asked three additional questions that were related to their positions and that would be irrelevant to ask the others (see appendix). Bryman and Bell (2015, p.488) stated that it is important to find a place that is quiet and private enough to ensure that both the interviewee and interviewer do not have to worry about being interrupted. Therefore, seven of the interviews took place in Bellevue stadion in Västerås, where a quiet office ensured the privacy of the interviewer and interviewee to conduct the interviews without distractions. One of the interviews took place at that person's home and the other was conducted at their private office.

The reason why the previous general manager and the head coaches were chosen as informants is due to their day-to-day involvement with the board of directors, customers and the several other stakeholders. The board members bring the other side of the story: the tasks are different and the board members are voluntarily involved (comparing to the paid employees). Additionally, the two part-time junior coaches, which of whom are not directly involved with the board and are not part of the decision making by any means, were selected. These junior coaches can give little broader descriptions without being too close to the dynamics of the tennis club.

The interviews were divided to several different days. Maximum of three interviews were conducted in one day. By doing this, the interviewers were following Fisher's (2010, p.186) guide to spread the interviews to different days in order to avoid decreased attention throughout the interview. The interviews lasted from 20 minutes to 45 minutes excluding the few minutes of small talk that took place before the actual interview. Further, the interviews were recorded with the informants' consent. Heritage (1984, p.238) suggested that by recording the interview, the interviewers can analyse more thoroughly what has been said in the interview. He explained that this is due to the cognitive limitations (i.e. humans are not able to remember everything that is being said in a conversation). Thus, it was more relaxing to focus on the interview since the interviewers did not need to stress to remember and understand everything on the spot.

3.5 Limitations

Time constraint for this study was 10 weeks, which presents the main limitation. Due to the short time period, the research was solely focusing on a single organization, which is why it is hard to generalize the results to a wider context. The case company was the same organization where the authors were working and due to the fact that both of the authors knew the informants beforehand might have resulted in narrower responses during the interviews. Also, the authors could have had biases in the sampling process due to their current employment in the club. Regarding the number of informants interviewed the authors had to choose a specific sample size in order to finish the study in time, therefore, theoretical saturation might not have been achieved. To further state the issue of achieving theoretical saturation, Guest, Bunce and Johnson (2006) stated that it is not possible to fully determine a number for how many informants there should be in order to achieve theoretical saturation. In addition, the interviews were conducted in English while the native language of the informants is Swedish, which might have resulted in a language barrier. Finally, the issues regarding the measurement of validity in a qualitative research is widely controversial, which further appears as a limitation of a qualitative study (Bryman and Bell 2015, p. 400).

3.5.1 Trustworthiness

By being radically transparent throughout this study, the authors attempt to provide as reliable and valid results as possible. This is accomplished by thoroughly and comprehensively stating the limitations and possible weaknesses throughout the process. The theories used in this study come from well-respected authors, peer-reviewed journals and one of the most recognized and cited authors in sport governance, Russell Hoye. These are used to back up the arguments of this paper. All the interviews were recorded and transcribed to provide transparency and legitimacy so that one could check the process of the study. According to Bryman and Bell (2015, p.392), qualitative research is following the world of words instead of numbers, which is why the thesis might present reliability and validity issues. To further present the reliability and validity of qualitative research the authors will base their arguments on LeCompte and Goetz (1982) in the following section.

3.5.2 Reliability and Validity

Over the years, an exhaustive list of problems of reliability and validity have been emphasized in quantitative studies but not so much in qualitative ones (LeCompte & Goetz, 1982). According to

LeCompte and Goetz (1982) reliability aspect of a qualitative study contains both external and internal factors. External reliability depicts the problems of replicability, which have been tackled by having radical transparency throughout the study process. From the detailed depictions and transcripts, the future researchers are able to grasp the nature and process of the study and replicate it on other nonprofit sport organizations. This further facilitates their work. Regardless of the transparency of this study the problem of replicability still creates difficulties. As Bryman and Bell (2015, p.412) state *“it is almost impossible to conduct a true replication”*. LeCompte and Goetz (1982) argue that the issues regarding internal validity include the difficulty of achieving consensus among researchers (i.e. regarding what has really been heard and seen). As mentioned before, this issue was handled by recording the interviews.

Further the validity aspect differs from the reliability aspect. According to LeCompte and Goetz (1982) *“reliability is concerned with the replicability of scientific findings, validity is concerned with the accuracy of scientific findings”*. Internal validity points the scale of authenticity of measurements regarding different realities. It has been argued by LeCompte and Goetz (1982) to be one of the biggest strengths of qualitative research due to the fact that the researchers are able to spend a relatively long period of time with the informants. Furthermore, this research applies the respondent validation (also known as member validation) technique. Bryman and Bell (2015) state that in the process of respondent validation the researchers provide the results and findings of the study to the informants. This is done to ensure that the informants are agreeing with the interpretations of the researchers. With respondent validation and with the help of peer reviewing in educational seminars (total of four) the authors were able to achieve greater internal validity. External validity emphasizes the generalization of the findings (LeCompte & Goetz, 1982). The authors have acknowledged the fact that external validity might be a problem in a qualitative study and therefore, analysed the data and other material by carefully depicting the whole study in a transparent manner. Further, arguments from previous research were used to support the claims made in this paper.

3.5.3 Objectivity

As mentioned before, in order to reduce subjectivity of this study, the authors have attempted to provide radical transparency throughout the research. According to Bryman and Bell (2015, p.298) objectivity can be enhanced by following transparency in the procedures. Thus, it can be said that this study has been conducted in good faith with attempts to provide as comprehensive and clear depiction of the process as possible.

4 Results

In this chapter, the results from the interviewed internal and interface stakeholders are presented. The main purpose of this study is to look at the effects on internal and interface stakeholders, therefore, the data is categorized such that each interviewer's main points are summarized. The focus is put on responses that help answer the research question: What are the effects of high board turnover on stakeholders in nonprofit sport organizations?

4.1 Internal Stakeholders

As mentioned earlier, the internal stakeholders of sport organizations include managers and employees. The results that were gathered from these informants are presented below.

4.1.1 Former Head Coach¹

The former head coach of VFTK stated that one of the biggest problems that the club is facing is a lack of common philosophy; one vision where everyone knows the way the organization is working. The former head coach felt strongly that he should constantly change his philosophy regarding how to teach tennis players. He said that the board of directors has been changing a lot throughout the years and all of them had new visions regarding what the club should do and what the goals should be.

After this, the tennis club faced another newly elected board which wanted to focus on the average players. These changes in the board of directors made the head coach feel frustrated and unappreciated since the board members were not at the same level with the head coach and the communication was poor between them.

"They never asked me what I think... never."²

When considering the current situation of the tennis club, the former head coach stated that the new boards that start every year do not know what is happening at the club's office. The board is so lost that they do not even know the financials nor how to do the job or set the direction of the

¹ Interview number 1, 24 April 2017

² Interview number 1, p.1, 24 April 2017

club. Hence the situation becomes disorganized. According to the head coach, the board is responsible for recruiting the right personnel to the organization. By extension, the coaches on court will affect the service offered to the players. The coach shared his frustration that even though he was the head trainer at the time, the board of 2016/2017 went out and looked for another coach behind his back. No communication was made with him. This confusion regarding the recruiting cost a lot of money for the club and caused panic among the board members.

The former head coach stated very clearly that the fact that the board is changing every year is not good. He stated that the people who join the board do not fully understand the difficulties and obstacles that will come throughout the year. They do not really know the tennis club, the personnel, the kids and overall, they do not know the amount of problems that the tennis club is facing on and off the court. Once they realize the amount of work to do, the board members lose motivation quickly.

According to the former head coach, another problem from the fact that the board has constantly new members is that when the operations get a little tough, the board members start going behind other people's back, which made the head coach feel very disappointed. He stated that the new boards are always very excited and willing to cooperate with everyone within the organization but unfortunately this does not last for long.

“There was not one time where they would sit with me and ask me what I thought was best for the club, what can be better, what is good and what is not good. That made me disappointed that they changed under pressure and did not want to cooperate.”³

In sum, the former head coach stated that the tennis club is lacking a unified long-term vision/philosophy, which is distributed from the board down to everyone in the organization. He said that the philosophy comes from the previous boards and changes with each new board. The constant change put pressure on his work, promoted individualism and created mistrust between members. This resulted in a lack of cooperation between board members and personnel which was the biggest problem. Altogether, this made him feel frustrated and directionless.

³ Interview number 1, p.4, 24 April 2017

4.1.2 Current Head Coach⁴

Mr. Hedman, the current head coach of VFTK stated that there is not a true club feeling at the tennis club. He said that the reputation of VFTK among the tennis circles within Sweden has decreased to a very low point. Even though Mr. Hedman has worked at the tennis club for less than a year, he has seen two completely new and different boards of directors. He said that the people in the board really try to make a change but since no one has the know-how to execute the changes, the whole organization is in a big chaos.

In his opinion, the optimal tenure for the chairman to be on the board is around two to three years and maybe in some cases even longer until the members know who the person is. He said that in his career, if the chairman of the board has stayed on the board for a very short time, things do not advance. A horizon of 10 to 20 years is necessary to achieve goals.

“Because you can not say that he was the chairman if he was only on the board for six months. Nobody will know that, that’s too short time, he did not make any footprints. With all sports things you have to kind of be a trainer and say okay I stay here as long as I feel good and do good work and it could be 10 years, it could be 15 years, it could be 20 years.”⁵

In addition, Mr. Hedman stated that since the board is changing at a rapid pace there is no clear vision and long-term strategies are almost non-existent. He will get affected if the board has not set the long-term strategies and the vision of the club is not clear since he does not really know towards what he is supposed to work. This will create confusion and frustration. The lack of good knowledge on the board has taken time away from doing his duties since the board has asked Mr. Hedman hundreds of minor questions about how tennis clubs operate.

At the moment of the interview, the board is hoping that the trainers will start building these dreams and projects that have been planned but Mr. Hedman hopes that the board would commit themselves 100% and take more responsibilities in areas that belong to them (e.g. IT). To fully achieve its potential, Mr. Hedman stated that the board must set goals and cooperate with their strengths.

⁴ Interview number 2, 25 April 2017

⁵ Interview number 2, p.2, 25 April 2017

Mr. Hedman stated that it is good that the board of directors changed (except one) during his first year since they did not have the knowledge and power to do the things they would have liked to achieve. He gave them credit for admitting that they were not competent enough. Furthermore, as a coach, he feels that the board and the tennis world in Sweden does not respect his work as a tennis coach.

“Generally, in Sweden, tennis trainers is not considered work in most people’s minds even though it’s 50 hours per week. [...] The board and others have a hard time respecting the work?”⁶

In sum, Mr. Hedman expressed that the two changes of the board in one year created chaos. It disturbed his work making him less effective at his role because too many unrelated questions were directed towards him. Further, it created frustration, lack of purpose, confusion about his responsibilities and lack of respect for his work. The club suffers because it lacks direction.

4.1.3 Ms. Berglöf - Part-Time Junior Coach #1⁷

Ms. Berglöf is one of the competitive players and a part time junior coach at VFTK and she has been in the club for 15 years as a player and the past two years as a coach. In her two-year working period, she has noticed that the board of directors is not competent to proceed with the plans that they have made. The lack of knowledge regarding the operations and the world of tennis overall has become a big barrier to execute strategies. Throughout her involvement in the club, she has noticed that the several trainers have not gotten along with the board members and therefore, things have been hard. Ms. Berglöf mentioned that when the new board starts, there is a lot of confusion regarding allocating the work and resources.

“At the beginning it was like, when I should work and which groups and everything. So in the beginning no one knew what to do. It was just chaos.”⁸

Even though Ms. Berglöf has been noticing huge problems in the club, personally she feels that when the board changed in 2016, she was able to get a better financial compensation and more

⁶ Interview number 2, p.5, 25 April 2017

⁷ Interview number 3, 24 April 2017

⁸ Interview number 3, p.1, 24 April 2017

responsibilities. She also started feeling more appreciated about her work, which made her feel great. On the other hand, big frustration is bothering Ms. Berglöf since she feels that most of the time when she tries to do some changes (e.g. changing the players in the groups), no one gives her a green light - no one helps her out to make these changes. She feels that at VFTK there are big communication problems throughout the organization, from employees to the managers and to the board and vice versa.

“For example, I think that they [the board] do not communicate with each other.”⁹

Ms. Berglöf hopes that the board and the manager would do their part properly. She wants to see that the board would be composed of competent people which are familiar with tennis and all the drama around it.

“I always had the impression that they [the board] do not know what they are doing.”¹⁰

According to Ms. Berglöf, VFTK goes back a few steps when the new board gets elected, which creates obstacles to achieve any long-term strategies.

In sum, the effects on Ms. Berglöf, the part-time coach, were that the chaos gave her fewer opportunities to implement her ideas to better serve the customers. Even though she felt more appreciated due to the salary increase, this was only a superficial and temporary joy. Due to the chaotic situation within the organization, Ms. Berglöf felt that the board members were not able to help and give her any support which left her feeling frustrated with the board's and management's competences. The lack of long-term vision prevented the organization to move forward and for athletes to develop.

4.1.4 Part-time Junior Coach #2¹¹

The junior coach shared his concerns that the board of directors has been working has made him feel like an outsider. He did not feel that the club is his home, which made him feel sad and unmotivated to stay at the club. This changed in 2016 when coaches and board members started treating him like he was part of a family.

⁹ Interview number 3, p.4, 24 April 2017

¹⁰ Interview number 3, p. 4, 24 April 2017

¹¹ Interview number 4, 28 April 2017

“[Now], People see you, they talk to you and you feel like a member at the club.”¹²

The junior coach stated that the board of directors has not been accomplishing their tasks since he has observed that things are not working smoothly. A stable board gives him more stability since his salary, certification and hours depend on their decisions. According to him the people should stay on the board for two years, which enhances the probability to achieve consensus regarding the vision of the club. The junior coach also mentions the individualism that he observes at the board and acknowledges that teamwork is necessary for the club to move forward - a unified vision regardless of who is on the board.

“Because I think that some members of the board are actually parents from the kids and it feels like they are only focusing on their own kids. I feel a little bit of an ego at the club. [...] As a club, it does not matter which people we have on the board, you should always have the same vision or the same goal.”¹³

In sum, the board turnover made the part-time junior coach feel unappreciated, left out and insecure about his future within the organization. The ego observed at the club goes against his philosophy and thus leaves him suspicious of the board's intentions.

4.1.5 Former General Manager and Current Chairman of the Nomination Committee¹⁴

Mrs. Svensson has been working as the general manager of the club for four years on half-time basis; a role that was created with her arrival. The main goal of the position was to make daily operations run smoothly. In her final year, part of the economic administration was added to her role as well as teaching on court. In her opinion, the board was satisfied with her performance and that led the board to take on a passive role and focus more on their strategic role as well as filing the paperwork requirements to be a club. However, this passivity made it so that everyone was dependent on her and made it for a difficult transition when she quit. She mentioned that the chairman has only changed one time during her tenure and that according to the club policy half

¹² Interview number 4, p.1, 28 April 2017

¹³ Interview number 4, pp.1-2, 28 April 2017

¹⁴ Interview number 5, 26 April 2017

of the members changed yearly. One chairman for one year and then another for three years. The advantages perceived of having longer tenure were (1) there was a good continuation of ideas and (2) no time was wasted on introducing new people to the team. She also suggested a minimum tenure of two years per board member and four years for the chairman. Further, the chairman should have extensive experience of different stages of the club. She mentions that new board members come in with great ideas but they do not have enough knowledge on how to run a government funded sport organization. They create chaos and then they quit when they realize it is going to take too much work. The club is supposed to serve its members and board members can not just do whatever they want.

She observed that before and after her tenure it was chaotic. The performance of the club decreased because there is no follow up when there are too many changes in personnel. Board turnover affects employees because of the uncertainty of the new plans and working with new people. Too much focus is put on things not related with the sport. She acknowledges that the parents play an important role in the club. They are the ones that demand more and more as their children progress which puts pressure and too much workload on the manager and additionally they tend to be the ones that sit on the board. This creates a conflict of interest and brings inexperience to the top team which can lead to bad decisions. Another effect of the board turnover came in the form of the difficulty to find new members as the reputation of doing those duties tarnishes. She is currently the chairman of the nomination committee and is solely responsible for assembling the board.

"It was just impossible to find a chairman. Finding someone from the outside they were just laughing when I asked people."¹⁵

Finally, she stated that the club needs a strong board, management that knows tennis and good cooperation between the two.

"I think there needs to be a strong board and then they give directions to the employees but with this case that the board does not always have the right muscles all the time, it needs to be a strong management that knows tennis."¹⁶

¹⁵ Interview number 5, p.6, 26 April 2017

¹⁶ Interview number 5, p.7, 26 April 2017

In sum, Mrs. Svensson brings multiple perspectives to the issue. She mentions the positives of a stable board which are continuity and efficiency in the day-to-day operations. The change of board members brought insecurity to her job as a manager and a work overload as more and more responsibilities landed on her due to the fact that they needed time to adapt to the club. Further, as the chairman of the nomination committee, board turnover creates a bad reputation and makes it difficult to recruit new members.

4.2 Interface Stakeholders

Below, the results obtained from the interface stakeholders (i.e. board members) are presented.

4.2.1 Former Chairman¹⁷

The former chairman explained the difficulties during a period of high staff and board turnover. To quote:

“What we have found is that there is a lack of written routines. If you have a solid staff working, then it’s no problem but when one after another is falling off and new people are coming in on the board as well, then nobody really knows how to run the club. We had to figure it out by doing trial and error.”¹⁸

This troublesome board transition and chaotic staff situation made the board much more focused on operational duties instead of setting the long-term vision and being a good support system for the manager. It was also mentioned that the optimal length of board member tenure should be five or six years due to the strenuous process of learning the board’s responsibilities.

“After one year, I did not know everything and all of a sudden more members left. It takes a couple of years definitely. Then of course, I think changes are also good, you get new influences, new ideas and new energy. Something around five or six years I would say.”¹⁹

¹⁷ Interview number 6, 25 April 2017

¹⁸ Interview number 6, p.1, 25 April 2017

¹⁹ Interview number 6, p.2, 25 April 2017

According to the former chairman, the reason why board members have been turning over was that too much work has been put on the voluntary board on the operational level and members got frustrated and demoralized.

“It is always about managing the next week for the next time or the next competition or staffing. Finally, even if we have been working well together, you get fed up and irritated.”²⁰

In sum, the former chairman felt the chaos in the organization stemming from turnover of personnel and the lack of written routines that would ensure a good handover. That resulted in too much work; the focus was placed on daily operations instead of on long-term vision setting. All board members got demoralized and frustrated and all quit except one. Further, learning board member’s roles and expectations took a long time and that is why optimal board tenure of five to six years was recommended.

4.2.2 Former Board Member #1²¹

This former board member of five years stated that the problems started when parents of the children stopped volunteering. Afterwards, most of the work landed on the board and that was too much. Tennis has a different dynamic. Since parents are paying high fees, they think that they should not volunteer. This lack of cooperation is the main reason for board turnover.

“The board has to do everything themselves and it’s too much work. The problems started when I came in 2011. Before that they had many parents helping.”²²

Further, a lack of a common goal or having a long-term strategy was the recurring theme of the answers provided by the interviewee and seen as the main issue. The consequence of this was disorganization and an individualistic attitude which had a negative effect on this member’s working environment and the service provided. Children were not pushed forward towards their goals.

²⁰ Interview number 6, p.3, 25 April 2017

²¹ Interview number 7, 28 April 2017

²² Interview number 7, p.3, 28 April 2017

“Everybody has to work together. Today what I see, I speak with everybody, [the current general manager] works alone, [the head coach] works alone and [other trainers] work alone. Nobody is working together.”²³

The former board member further sees the success of the club stemming from a strong chairman that can delegate tasks and set a strong vision for the club.

“The chairman has to be strong so that everybody on the board knows what they’re going to do. You have to start there. If that is good, then slowly but surely we look at the coaches and then the parents and then the children.”²⁴

In sum, the former board member speaks about how board turnover affects the long-term vision and strategy of the club in a negative way. The problem lays in the fact that the board has too much work to do especially if there isn’t a strong chairman who can delegate the tasks well in order to alleviate the workload and create good cooperation. The work environment became individualistic over the last years and this made it frustrating to continue on the board. This led to his resignation even though he expressed love and passion for the club.

4.2.3 Mrs. Strömbeck - Former Board Member #2²⁵

Mrs. Strömbeck stated that due to the lack of vision in the board of VFTK, she quit only after three months, but later on returned to the board for the season 2016/2017. For the year 2016/2017, a total of eight completely new board members started which made it difficult to achieve any consensus regarding where and how the club should move. This created frustration and stress, which combined with the amount of time that being on the board took, was too much for Mrs. Strömbeck.

According to Mrs. Strömbeck in the year of 2016/2017, the board (which she was part of) did not act as a typical board. The main focus was on handling the daily operations since no one else was there to do them. She said that unfortunately the voluntary board did not have time to focus on their long-term goals which in turn made it difficult for the staff to know their role.

²³ Interview number 7, p.2, 28 April 2017

²⁴ Interview number 7, p.3, 28 April 2017

²⁵ Interview number 8, 25 April 2017

Mrs. Strömbeck admits that one of the biggest problems that affected the final service offered from VFTK was the poor communication. She said that one of the reasons for the bad communication was the fact that no one was elected as the person who is the main responsible for it. Regarding the optimal length for a person to stay on the board, Mrs. Strömbeck was very clear that the absolute minimum is two years and preferably three years. Previously the tenure of most of the board members has not been that long and that is costly because it takes six months to adapt to the new role.

*"I would like someone to sit there for maybe three years but that is also in our situation in our policy. It is possible for board members to sit for one year and I think that is too short"*²⁶

When Mrs. Strömbeck was on the board, she felt like the people were not prepared and fully motivated to the meetings, which created big problems since people did not want to take responsibilities. The lack of motivation arose from the very limited time that the board members had on top of their regular jobs. And when there is a lack of motivation, things do not move forward.

According to Mrs. Strömbeck, the reputation of VFTK in the Swedish tennis circles is bad, which has decreased the willingness of people to come work for VFTK. Due to the bad reputation, VFTK faces challenges to keep members and staff in the organization. She believes that the change starts from a strong chairman who is willing to lead by example and set the standards for the rest of the board members. This could make it easier for the other members to understand their roles on the board. When Mrs. Strömbeck joined the board, she did not feel overwhelmed by the tasks that the board was facing due to her long experience and involvement with the club. But on the other hand, what made things stressful and frustrating was that the knowledge transfer from the previous board was poorly handled.

Initially, according to Mrs. Strömbeck, she was very motivated to change the club for the better but then later on throughout the year she realised when people are not even responding to her emails or propositions she got frustrated and less motivated.

In sum, the fact that no handover from the previous board was carried-out led to too much focus on figuring out procedures and tasks for a good board performance. This left no time to assume

²⁶ Interview number 8, p.3, 25 April 2017

the traditional roles of board members such as setting the vision. Further, motivation and morale decreased as the year went on. An ideal tenure length of minimum two and preferably three years was suggested to give enough time to adapt to the role and implement changes. Additionally, she mentions the lack of engagement in the voluntary board.

4.2.4 Mr. Porath - Current Board Member²⁷

Mr. Porath sees the difficulties coming from the lack of involvement when dealing with voluntary board members. He says that since the board members do not have a lot of time to devote, the club has to be managed as a for-profit organization where the manager takes more responsibility for the daily operations. According to Mr. Porath, the board members do not really know what their actual roles are and what they should really do. This creates inefficiencies.

“I think you need a clear objective of what the board is going to do, who is going to do the daily operations, and then you go back to how you should run it”²⁸

The board has been overloaded with operational activities and therefore, the board is not able to initiate any long-term strategies, which is decreasing the service offered to the members. According to Mr. Porath, one way to avoid this problem would be to have a few key members on the board that would stay for a longer period of time (e.g. chairman). According to him, key people should stay on the board for around three years which would ensure the continuity of the implemented strategies. He says that if the board changes annually then the direction of the club swings with the wind and real changes do not occur.

“I think three years is a good amount of time where you can do the changes the first year and then the second year push those changes on the organization”²⁹

In his opinion, club members need to set their minds to a 10-year strategy; there are too many differences in views right now which prevent the club from moving forward. Personally, Mr. Porath felt frustrated and less motivated with the lack of initiatives after his first year on the board, which is why he would not want to stay for another year. He felt that nothing moved forward. Eventually, the future board members convinced him to stay for another year.

²⁷ Interview number 9, 25 April 2017

²⁸ Interview number 9, p.2, 25 April 2017

²⁹ Interview number 9, p.3, 25 April 2017

Mr. Porath feels that nothing has changed in the club for the past seven years. The players are dissatisfied and leave to other cities to play. Board members are too involved with operational work and short-term focused and the transition to the next board is handled extremely poorly. After a member is done with their term on the board, they do not want to do anything anymore. This influences the fact that the knowledge transfer between generations of board members is non-existent. According to Mr. Porath, the board members at the end of their term say:

"Finally I'm out!"³⁰

Mr. Porath states that it is crucial to find people for the board who are committed for a long time and to have a clear separation of roles i.e. the management handles operations and the board sets the visions and goals. It is the only way that the long-term strategies will be accomplished. This helps everyone at the club get the feeling of the purpose of VFTK.

In sum, Mr. Porath believes that the club should run more like a business with a manager that has full operational duties and the board that functions as a strategy setter. Today, too much operational work is handled by the board which results in a work overload. The club has remained stagnant over the past seven years because of lack of vision. This, together with the lack of strength on the board made him feel unmotivated to continue his tenure.

5 Discussion and Analysis

This section will analyse the results from the previous section and draw conclusions. The effects on internal stakeholders and then interface stakeholders will be analysed. Finally, the results will be related to performance to see how the BTE model holds with the data.

5.1 Internal Stakeholders

The internal stakeholders felt pressure in the form of job insecurity when the board changed. This meant that they had a different boss that might decide to terminate their position or change the

³⁰ Interview number 9, p.5, 25 April 2017

philosophy of the club in a way that is not compatible with their own view. This is problematic because this promotes individualism. No one is working towards the welfare of the club which is a phenomenon observed by our informants. Also, a chaotic situation stemming from rising customer demands and weak board member leadership created a work overload for the staff and an unhealthy working environment. In fact, one of the coaches is on medical leave from too much stress ("Personal", n.d.) and the former general manager quit which created a snowball effect on other staff members who followed suit. The positive aspects of board change that were observed by the junior coaches were a salary increase and a sense that if bad members were elected then it would limit the damages to only one year. However, the negatives of having a chaotic situation and communication failures outweighed the positives. In fact, the junior coaches who are also training with the club felt the chaos at their jobs and at their trainings which lowered the quality of the service offered and received. All internal stakeholders felt frustration with the board's competences. This made them question the ability of the board to take decisions, took time away from their jobs and left them with a feeling of abandonment.

Negative effects come out of employee dissatisfaction. Indeed, the internal stakeholders felt that the lack of long-term vision has left the club's development stagnant. As a reminder, long-term vision setting is one of the main roles of the board (Barney, 2011, p.337; Hallvarsson & Halvarsson, 2016) which means that the boards have not been able to accomplish their main task. Stakeholder theory predicts that these failures, which created a chaotic situation and decreased employee satisfaction and retention, will jeopardize the sustainability of the club (Freeman et al., 2014, p.xv). The current head coach pointed out that a work horizon of 10 to 20 years should be the focus which would ensure the execution of the long-term strategies.

5.2 Interface Stakeholders

The interface stakeholders stated that the workload is unsustainable and that it takes too much time to learn the responsibilities of the board. It takes between six months and a year to adapt to the organization and get set into the routines. All mentioned that a board tenure of minimum two years would be optimal ranging all the way to six years depending on the informant. Less than two years creates too much rotation and instability. More than six years would hinder the creativity and progress of the club. The turnover in the past years and the lack of written operational procedures from the previous boards put an unsustainable workload on the voluntary board members. They not only had to learn the routines by trial and error but also had the responsibility

for a large part of the operations on top of their regular board duties. The reality of the board's work was operational and the long-term vision and change could not be implemented as they all first thought. This destroyed their morale. In fact, all quit in 2017 after one year of tenure besides one who had to be strongly convinced to stay. Further, decreased motivation among the board members made the communication between different actors within the organization even worse, which spurred the decrease in performance of the organization and kept progress stagnant.

The high board turnover affects the interface stakeholders in such a way that too much time is spent on learning and keeping the club running instead of on developing it which leads them to quit prematurely. No long-term vision is set and the club is disorganized from the top-down. Hoyer and Cuskelly (2007) mention that the voluntary board chairman has already limited time to assume traditional roles. Additional responsibility from having to learn and do operational tasks makes the job much more demanding on the board members at the club who already have limited time to do their main role. Therefore, it is almost an insurmountable task to keep good connections with the community, state, sponsors and other stakeholders that are needed to keep the organization sustainable in the long run. This is crucial for the survival and optimization of the nonprofit organization (Fama & Jensen, 1983a). This further proves that the board of VFTK can not achieve its role - to meet the missions of the whole organization (Anheier, 2005) - if it constantly changes. In other words, this prevents the club from following the stakeholder theory guideline and decreases the viability of the organization. The reputation of the club decreased and that lowered the attractiveness of voluntary board participation. This made it more and more difficult to find new board members that are willing and excited to take on the role, that want to do the job for the long-term and that have enough expertise to be able to do the task well. In fact, this year (2017), the nomination committee almost had to call an emergency meeting of all members in order to find someone to take the chairman position and fulfil the board requirements to keep the club alive.

5.3 Performance

The board membership at the club has traditionally been two years although recently a pattern of only one year has been observed³¹. Indeed, the club's standard procedure is that half the board changes yearly³². This short tenure pattern has also been observed by Hoyer and Cuskelly (2003)

³¹ Interview number 5, p.3, 26 April 2017

³² Interview number 5, p.3, 26 April 2017

and is problematic. As mentioned earlier, Huang (2013) finds that board tenure plays a crucial role in firm performance (for-profit) and finds an average board turnover of 8.35 years in the United States. Kaplan (1993) observed that in Germany the chairman of the supervisory board has an average tenure of 7.25 years and the rest of the members have an average of 8.64 years compared with 8.05 years in Canada (McIntyre, Murphy & Mitchell, 2007). However, McIntyre, Murphy and Mitchell (2007) found that the optimal board tenure (for-profit businesses) is between 11.9 and 12.54 years and Huang (2013) found optimal board tenure to be nine years but in certain circumstances, up to 12 years. As such, there is a huge gap of board of directors' tenures between for-profit and nonprofit sport organizations like VFTK. The board members of the club stated that it takes time (six months to a year) to get an overall understanding of the organization. We argue that this understanding stands at a basic level after six months. It would take much longer to reach proficiency. Further, they state that tenures should be anywhere from two to six years. This is an enormous increase from the existing tenures but still greatly differs from the average and optimal tenures of the for-profit firms. In sum, short board tenures have been shown to decrease performance in for-profit firms and the empirical data of this paper suggests that the same can hold true in the nonprofit sport organization.

A theme expressed throughout all the interviews is the lack of competence of the voluntary board. Surprisingly, this was observed by both the internal and interface stakeholders. This can be explained by the fact that members typically have one to two year tenures. The fact that interface stakeholders mentioned that it takes time to get into the role (cost of learning) is consistent with recent findings (Huang, 2013). Since boards need time to learn about the club, the longer they stay the better they will get at their job up to the point where the cost of entrenchment (loss of creativity and new ideas) becomes equal or larger. According to previous research, this takes years (Huang, 2013; McIntyre, Murphy & Mitchell, 2007). This case supports that turnover or short tenures cause board incompetence and diminishes the organization's performance.

Another recurrent theme was the lack of long-term vision. The long-term vision could not be set because of turnover. Indeed, each new board has their own ideas about the goals of the club. This decreases the performance as it prevented teamwork through a larger common goal as mentioned by all the internal stakeholders. Indeed, the club sways left and right but remains stagnant as was observed by the current board member.

According to our findings, the internal and interface stakeholders faced enormous personal frustration and decreased motivation, which affected the sport club in a negative way. The negative consequences of the high board turnover appeared in the form of increased communication problems (e.g. information throughout different actors not being transferred), decreased productivity (i.e. uncertainty regarding their roles combined with decreased motivation caused poorer work) and worse reputation. These are the reasons for decreased service offered to the members of the club as observed by all stakeholders who unanimously describe the club as chaotic. This causes players to switch away from the club and makes it hard to attract staff and new board members, which is a threat to the continuity of the club. Hoye and Cuskelly (2007) demonstrated that a nonprofit board has to ensure the sustainability of the organization, and due to the chaos that the organization has faced in previous years, the board has not been able to achieve this. This so called “chaos” in the organization can be seen as an overall effect, which gets initiated by the high turnover. The empirical data shows that the turnover is the root cause for this chain of events that ends at poorer performance.

Key (1999) has recognized that by following the principles of stakeholder theory (i.e. taking all the actors in the society into consideration) the organization will achieve superior performance. This superior performance is hard to achieve if the heart of the organization (e.g. internal/interface stakeholders) is feeling badly and is confused about their roles; and if the stakeholders are not able to collaborate with each other. Ferkins, Shilbury and McDonald (2009) argue that in order for the organization to function correctly, there has to be a strong relationship between the board and the general manager and a high level of trust among all employees. By achieving trust and a high level of collaboration, the performance of the nonprofit organization will be enhanced (Hoye & Cuskelly, 2003). To achieve a high level of trust, the board members and managers need to stay at the organization long enough that the mutual trust can be established. This can hold true for the relationship with the external stakeholders as well.

In sum, the data gathered provides evidence for the BTE model and its claims. The board turnover has had negative impacts on the internal and interface stakeholder such that they in turn affected the performance of the club.

6 Conclusion

This paper offers an alternative perspective on the nonprofit sport organization and its issues. Instead of looking directly at the chairman and CEO relationship itself, this paper takes a broader view from the stakeholder theory perspective i.e. for an organization to thrive it needs to manage relationships effectively with all parties. It starts with an important performance factor that has been studied in for-profit organizations namely the board turnover and applies it to the nonprofit sport organization context. Interviews were conducted in a single case study to gather the effects on the stakeholders to answer the research question: *What are the effects of high board turnover on stakeholders in nonprofit sport organizations?*

In this case, the *internal stakeholders* perceived: frustration, lower job security, lower motivation, individualism, lack of vision, work overload, and confusion about their role. The *interface stakeholders* perceived: frustration, lower motivation, work overload, inadequate ability to take on the role, lack of teamwork, lack of common long-term strategy and a lack of communication. The side effects on *performance* observed by informants were: bad reputation, difficulty in recruiting staff and board members, chaos perceived by members, no progression at the club, players feeling like they can no longer improve and players joining other clubs. This indicates that nonprofit sport organizations could benefit from having much longer board tenures that more closely mimic successful for-profit organizations. Since most sport organizations run under similar conditions i.e. nonprofit with a voluntary board (Kikulis, Slick & Hinings, 1995; Kikulis, 2000), these findings are applicable to a large audience of sport organizations.

7 Suggestions for Future Research

This paper further adds new empirical insights to the sport governance and stakeholder theory literature from the Swedish and the European perspective. This paper is only focusing on the internal and interface stakeholders without specific attention to the external stakeholders. Further research on the effects on external stakeholders would complete the effects on all the stakeholders and give a complete picture of the BTE model. Since this study was conducted around one case organization, researchers should repeat this study by having a larger sample size which would include external stakeholders and several organizations. Another addition would be to conduct a quantitative research or a mixed method study using membership data and board

member tenure policies, for example, that could give deeper insights into the problem. In addition, research to find optimal tenures in nonprofit sport organizations could further enhance the understanding of what needs to be done in order to increase performance.

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Appendix

Interview Questions

1. What do you observe that is happening at the club's management over the past year(s)?
Weaknesses, improvements, positives.
2. Why is there a board in VFTK? What is their role at the moment?
3. How do the board's decisions affect the final service that is offered?
4. What do you think would be an optimal length for a person to stay on the board? Why?
5. How does the fact that the board changes every year affect the performance of the tennis club?
6. What kind of negative/positive aspects do you face from high board turnover on an individual and organizational level?
7. How do you feel about the fact that the board of directors is changing annually?
8. If/when decision makers change annually, what kind of effect does it have on your job?
9. How do you create a more successful board in the sport context?
10. How do you think the club can develop better long-term strategies?
11. How do you think that the club can achieve these long-term strategies?

Additional Questions for the Board Members

1. How long have you been on the board of the organization?
2. What are the difficulties of being on the board as a newcomer?

3. How motivated did you stay throughout the year?