



UNIVERSITY OF GOTHENBURG
SCHOOL OF BUSINESS, ECONOMICS AND LAW

Major motorsport events are under siege

*How major motorsport events can become viable in the long-term by
implementing Shared Value throughout the stakeholder sphere*

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*“It’s about making the pie larger, not taking
larger bits”*

- Previous Chief Executive in Formula One

Acknowledgements and Foreword

There are many people we need to thank for making this study possible. Firstly, we would like to send a special thanks to our respondents, who with interest and support allowed us to study the long-term viability of motorsports. Without you, our study would not have been feasible.

Furthermore, we like to thank our supervisor Dr. Ramsin Yakob, for his excellent support and belief in the large project undertaken. His constant questioning and feedback enabled us to manage the complexity, whilst striving for simplicity.

We would also like to thank the wonderful, supporting people that have allowed us a place to stay during our visits, and a special thank you to all friends and family who have pushed us to the absolute best we can be.

With enormous rigor, and a genuine interest in making this world a better place, Stefan Markovski and Kasper Bengtsson are proud over the results of their work. They hope that the results of this thesis can influence decision makers in industry of motorsports for long-term viability.

Furthermore, they hope that their Master's thesis can serve as a stepping stone into the world of motorsports, where they can leverage their unique capabilities acquired throughout this journey to promote the long-term viability of motorsports together with experienced practitioners.

Gothenburg, June 2nd, 2017



Stefan Markovski



Kasper Bengtsson

Abstract

Background and Problem: Major motorsport events are under siege. Creating social and environmental value without sacrificing financial profitability remains unsolved. Successful creation of such is termed *Shared Value creation*. Recently, Formula One was acquired by Liberty Media, emphasising value creation for the longer-term in an industry which is extremely profitable, albeit subject to critique for not creating enough social and environmental value. Formula E can be found on the other end of the spectrum, a new motorsport founded in 2014. Compared to Formula One, value creation for the long-term lies within the vision of Formula E. However, Formula E is yet to make such value creation financially profitable. This Master's thesis takes on these problems, investigating how trade-offs between social, environmental and economic value can be minimised.

Purpose: How major motorsport events can make the future business case by creating economic, social and environmental value integratively.

Methodology: Given the unit of analysis (major motorsport events), the research method included a qualitative single case study with embedded units. Theory was utilised and extended in accordance to abduction and hermeneutics. The data was collected through 37 semi-structured interviews with respondents actively present within Formula One and Formula E. Due to the systematic scope of the study, the data was interpreted and analysed through conceptual mapping.

Results and Conclusion: Embracing road relevance and motorsports as a platform for innovation can derive financial profitability from environmental value creation. Creating social value through inclusive pricing, fair competition for teams, edutainment, and legacies can boost market growth. Albeit, Shared Value creation must be implemented collectively throughout the stakeholder sphere to maximise its effects. To facilitate resource allocation and risk sharing, backbone organisations are required. Global stakeholders ought to utilise franchise systems as backbone structures, local stakeholders are advised to create event management companies. The transformations are to be initiated and lead by influential stakeholders; the international governing body and commercial rights holders specifically. Such norm-making shall inspire other stakeholders to follow. A medium-term focus on profitability and shared visions must be emphasised, favouring emergent solutions. Consequently, Bengtsson and Markovski (2017) propose Collective Shared Value Creation in a Glocal Ecosystem as the solution major motorsport events' long-term viability.

Keywords: Shared Value, CSV, Collective Impact, Stakeholder Engagement, Sustainable Value Creation, Social and Environmental Value Creation, Trade-Off Minimisation, Major Motorsport Events, Formula One, Formula E, Glocalisation, Legitimacy, Relational Rents, Cooperative Advantage.

Definitions

Stakeholder: Stakeholders are parties having interests in organisations. These are affected by the actions of corporations, able to affect which actions these companies choose to take. Examples of stakeholders include investors, employees, customers, communities, governments and trade associations (Investopedia, 2017a).

Shareholder: Shareholders are persons, companies, or other institutions that have ownership of at least one share from an organisation's stock. Therefore, shareholders are owners of a company, able to reap benefits from increased value and dividends (Investopedia, 2017b).

List of Abbreviations

CSR - Corporate Social Responsibility
CSV - Creating Shared Value
EV - Electric Vehicle
FeH - Formula E Holdings
FIA - Federation Internationale de l'Automobile's
FOM - Formula One Management
ePrix - Electric Prix
GP - Grand Prix
IOC - International Olympic Committee
LCA - Life-Cycle Assessment
MNC - Multinational Corporation
NGO - Non-Governmental Organisation
R&D - Research and Development
SME - Small and Medium-sized Enterprise
SVI - Shared Value Initiative

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PART I - RESEARCH FRAMEWORK

1. Introduction

The introduction serves as a clarifying guidance to the purpose of the Master's thesis. The Formula One and Formula E industries are firstly introduced. These offer a unique mix of challenges and approaches utilised by practitioners, therefore, serving as proxies in the study. Further on, the Shared Value concept is presented as the proposed solution. Consequently, the purpose and research questions are outlined, along with the delimitations and disposition of the Master's thesis.

1.1 Background

1.1.1 Introducing major motorsport events

Major motorsport events include a wide array of categories, from road racing to land speed records and rally. Research has shown that major motorsport events can act as catalysts for infrastructural development and make destinations more animated. Therefore, major motorsport events can create social benefits and increase the perceived quality of life. Countries and cities have used such events to promote destinations and foster further economic and social effects, examples include tourism and linkages to other local sectors (Economists at Large, 2013; EY, 2011; Fairly, Tyler, Kellett & D'Elia, 2009; Getz, 1997; Sylt, 2016a; 2016b).

Formula One is the world's most famous motorsport (Sylt, 2017a), having over 400 million unique television viewers from over 200 territories (Formula One, 2016). In terms of revenues, Formula One has only been outpaced by the World Olympic Games and the FIFA World Cup (Benson, 2017). About 20 different race tracks across five different continents host Formula One races on a yearly basis (Formula One, 2016), the motorsport is described as a major *circus* travelling around the world (RedBull Racing, 2012). Formula E can be found on the other end of the spectrum, yet, with similar characteristics as a circus. Formula E was founded in 2014, emphasising long-term value creation by promoting races with electric formula cars and sustainable infrastructure (FIA Formula E, 2015a). In its inaugural season, Formula E had a dedicated cumulative TV audience of 190 million people and total spectators of 361,500 (FIA Formula E, 2015b).

Recently, Formula One was acquired by Liberty Media, a large American media conglomerate (Garrahan, 2016; Sylt, 2016c). Liberty Media is controlled by John Malone, who also owns another media company called Liberty Global. Liberty Global has a stake in Formula E, making Formula One and Formula E interlinked from a business perspective (Watkins, 2016). Liberty Media plans to increase the promotion of Formula One by enhancing distribution of digital content, boost synergies with commercial partners and evolve the race calendar (Garrahan, 2016; Saunders, 2016a). According to Garrahan (2016) and Williams (2016), Liberty Media specifically

aims to transform race weekends into memorable spectacles similar to Super Bowl (ibid), “*creating destination events, not just races, that people feel that they have to be at*” (Garrahan, 2016: 8). The expansion is believed to engage both existing and new fans, but also attract more sponsors (Garrahan, 2016).

Compared to Formula One, Formula E has been awarded a top sustainability award by the FIA Institute, the FIA’s previous division working specifically with sustainability and safety¹. The award was motivated by Formula E’s high degree of environmental performance achieved through the electric racing, clear targets set for future improvements and admirable commitment to sustainability. The commitment can be observed across its stakeholder partnerships, whom Formula E proactively collaborates with to reduce the carbon footprint of the entire sport. The partnerships further include local communities to yield spillovers for social development (FIA Formula E, 2017a). Formula E is also going to form a Sustainability Committee, a committee which will focus on urban mobility by promoting a mass use of electric vehicles. Additionally, the Sustainability Committee will strive to influence MNCs in how they do business and perform their operations. The committee is going to be led by the famous actor Leonardo DiCaprio. Other elected members include the founder and CEO of Formula E, Alejandro Agag (FIA Formula E, 2015c), and the chairman of Tech Mahindra Group, Anand Mahindra, whose subsidiary Mahindra Racing is present in Formula E (FIA Formula E, 2015d). From 2018 and onwards, Formula E is going to have nine car manufacturers present in the series, in addition to some ‘works’ teams mainly focusing on racing. The car manufacturers include both well established companies as BMW and Renault, but also challengers like NextEV NIO and Mahindra (FIA Formula E, 2017b).

1.2 Problem discussion

1.2.1 What are the challenges major motorsport events are facing?

Despite the positive impacts generated by Formula One and Formula E, both sports face major long-term challenges. Albeit implementing a prised long-term oriented strategy focusing on social and environmental value creation, Formula E Holdings (FeH) which administers the sport made operating losses of US\$73.3 million in 2015 (further financial details of the organisations can be found in Appendix 1). The situation has been the opposite in Formula One, where Formula One Management (FOM) has generated immense profitability. In 2015, FOM made an operating profit of US\$239.9 million (further details can be found in Appendix 1). Although, the situation has been different for the stakeholders around the industry sphere in Formula One, suffering vast financial issues. Both sports indicate *trade-offs* in the operations, albeit at different ends, threatening their viability in the long-term. Hence, exploring the dynamism of Formula

¹ The FIA is the international governing body of motorsports, similar to FIFA in football.

One and Formula E through an integrative case study can offer insights of how major motorsport events can make the future business case.²

1.2.1.1 Value creation lagging behind externalities and increased costs for organisers

In the Formula One industry, evidence emphasises that events also cause negative social- and environmental effects, examples include crowding-out effects in the local economy, congestion, noise and air pollution (Economists at Large, 2013; EY, 2011; Fairly et. al, 2009; Vasagar & Ahmed, 2016). Similar to the Olympic Games, race hosts need to bid for available spots and finance the necessary infrastructure of tracks. Furthermore, organisers have to pay hosting fees for every year a race is hosted. Hence, hosting a Formula One Grand Prix (GP) is not cheap (an excerpt of the financial costs are presented in Appendix 2). Governments have become more involved in the process in terms of subsidies (Capparelli, 2016; Fairly et. al, 2009; Issatt, 2017a), a development which has skewed the competition of the industry. The skewness has forced several hosts to exit Formula One as hosting fees and infrastructural requirements have skyrocketed on an ongoing basis. In 2016, two venues confirmed their exit, HockenheimRing of Germany and Sepang of Malaysia. HockenheimRing competed in Formula One with private funds on the Formula One calendar since 1977 (Baldwin, 2016; Cooper, 2016), whilst the government of Malaysia decided to withdraw its subsidies for the Formula One event. The subsidised street circuit of Singapore is also considering its stay beyond 2017 when its contract expires (Vasagar & Ahmed, 2016; Ngui, 2016). The decade has experienced many other losses of Formula One venues. One example is the street circuit of Valencia, faulting in 2012 due to economic concerns, only surviving for four years (Young, 2012). Afterwards, the organisers simply abandoned the race track to faith, becoming a *white elephant* and resembling a ghost town in 2013 (Leslie, 2013) (visual evidence can be found in Appendix 3). Many events in Formula One's core markets further remain under siege, Silverstone of the United Kingdom being one of them. Silverstone was a host of the first Formula One World Championship in 1950 and has been a permanent home of the British Formula One GP since 1987 (Hills, 2017; Sylt, 2016d). In 2015, Silverstone paid a hosting fee of almost £18 million to Formula One, an amount that will rise 5% after 2019. Yet, Silverstone does not receive any remarkable sponsorship or broadcasting revenues from the series, mainly drawing revenues from ticket sales and money derived from hospitality partially (Hills, 2017).

1.2.1.2 Unequal competition for teams and decreasing popularity

Formula One also represents a skewed landscape for participating teams, lacking a collective body representing their interests (Rowlinson & Rencken, 2017). Under the current *Concorde Agreement*, deciding the revenue distribution until 2020, iconic teams receive bonus payments for their long-term participation. For instance, Ferrari Scuderia receives a US\$100 million revenue bonus every season because it has committed to the sport since the start in 1950 (Issatt, 2017b;

² As Formula E was founded as early as in 2014, the availability of data in addition to the financial ones of the focal corporation is scarce. Therefore, the problem discussion utilises Formula One as a main proxy to illustrate the challenges major motorsport events are facing. In turn, the perspectives of Formula E are mainly leveraged in the empirical findings, in the search for a solution to the long-term viability of major motorsport events.

Sylt, 2017b). Yet, the skewed revenue distribution has forced several teams to exit Formula One the recent seasons. The most recent exit became evident in the beginning of 2017, when the Manor F1 Team went bankrupt due to low revenues and poor standing in the championship. Furthermore, the team did not manage to attract new owners and sponsors (Noble, 2017). The European Commission is currently investigating the financial structure of the sport after receiving a complaint from Sauber and Force India in 2015 (Barretto, 2016; Barretto, 2017). A budget cap to the R&D has been proposed several times in order to foster fairer competition, argued to make the sport less dominant by wealthy teams. Although, a budget cap has never been implemented (Khorounzhiy, 2016). Still, Formula One has a *Strategy Group*, influencing the future of the sport. The Strategy Group includes of FOM, the FIA, but only six of ten participating teams (Straw & Barretto, 2017).

Participating teams in Formula One have also suffered sharp falls in sponsorship incomes, dropping over 20% between 2012 and 2015; from US\$950 million to US\$750 million (Allen, 2016; Garrahan, 2016) (Appendix 4 presents further information about Formula One team's sponsorship structures). One major explanation can be the decrease in viewership. Since 2008, Formula One has lost one-third of its global audience, about 200 million people (Walker, 2016). An Formula One Executive has stressed that *"there are untapped opportunities in merchandising as well as virtual reality, which could bring the F1 experience closer to fans"* (Garrahan, 2016: 5) and that *"there's probably no sport more associated with technology and yet we don't have a technology sponsor"* (Garrahan, 2016: 5). Previously, Formula One utilised vast sponsorships from tobacco companies, argued to be scandals as such corporations were unable to market their products anywhere else due to their destructive natures (Bower, 2011; Issatt, 2017a). The information indicates that Formula One is creating lower economic value for multiple stakeholders involved, whilst social benefits could be tapped to a larger extent. In fact, Ferrari Scuderia and Mercedes AMG Petronas F1 Team have started to reflect upon their long-term participation in the sport, two of the sport's most successful teams. Mercedes has already signed an option to enter Formula E in 2018 (FIA Formula E, 2016), whilst Ferrari has acknowledged that a Formula E entry is a future necessity (Smith, 2017).

1.2.1.3 Unsatisfied social and environmental needs

Besides the recurring financial issues elaborated, Formula One has been subject to critique for causing other negative externalities as well. When Liberty Media acquired Formula One, Chase Carey, the new CEO of Formula One, argued that profits are an important element, but that building long-term value is the primary goal of a business. Also recognising the challenges within the sport's stakeholder sphere, Carey claimed that Formula One must start to consider the needs of various stakeholders (Saunders, 2016b) and agree on a shared vision with these (Roan & Benson, 2017). Nevertheless, only a couple of months after the acquisition, reports have suggested that the Intercity Park of Turkey is on the brink of a return to the Formula One calendar. Turkey was a famous host of Formula One GPs between 2005-2011, but withdrew due to an unwillingness from the government to subsidise the event. Today, the situation appears to

have been politically reversed, Recep Erdogan being a driving force behind the return (Bradley & Celik, 2017). Erdogan has received major criticism during his presidency for distorting the human rights in Turkey (Amnesty International, 2017). In the same vein, the newest addition to the race calendar in 2016, the street circuit of Baku in Azerbaijan, received massive critique from non-governmental organisations (NGOs). These argue that the regime of Azerbaijan uses the Formula One GP as a *sportwashing* tool to hide its violations against human rights (Amnesty International, 2016a; Human Rights Watch, 2016; McVeigh, 2016). Amnesty International (2016b; 2016c) has further criticised the sport for acting as a sportwashing tool in the United Arab Emirates and Bahrain, hosting Formula One races since a few years back. In fact, the Grand Prix of Bahrain was cancelled in 2011 due to social unrest in the country, Bahrain being on the Formula One calendar since 2004 (Batty, 2011). Closely reassembling, GreenPeace 'ambush marketed' the Belgian GP in 2013 in order to raise the environmental awareness against Shell's operations in the Arctic, Shell being a large sponsor of the Belgian GP (Taube, 2013). Similar critique was thrown at the Olympics Committee when it allowed China to host the Olympic Games in 2008, critique arguing that sports has the power to make change in society. Yet, the International Olympics Committee (IOC) insisted that sports should not be mixed with politics (Kidd, 2010). Since 2013, the FIA has a place in the IOC (FIA, 2013).

1.2.2 The Shared Value concept; proposing a solution

"The capitalist system is under siege" (Porter & Kramer, 2011: 1). Many businesses prioritise short-term profits, like the Formula One industry illustrates, priorities which often contribute to negative economic, social and environmental externalities (Porter & Kramer, 2011). Yet, tackling these problems in isolation is unlikely to make any profound impacts, often rendering *trade-offs*. Trade-offs impact negatively on either business performance or society. Therefore, stakeholders must focus on bringing the gap between society and business back together, generate substantial economic, environmental and societal profits combined (Porter & Kramer, 2011). *"Successful corporations need a healthy society, at the same time, a healthy society needs successful companies"* (Porter & Kramer, 2006: 83).

Porter and Kramer (2011) advocate the concept of *Shared Value* as a solution to these challenges. Shared Value focuses on creating economic value integratively with social and environmental values (ibid), the drivers of the global economy's long-term growth (Hart & Milstein, 2002; Kramer & Porter, 2011; Kurucz, Colbert & Wheeler, 2008; Meadows, Meadows & Randers, 1992). Specifically, Porter and Kramer (2011) define Shared Value as *"policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates"* (66). Thus, Shared Value does not imply a redistribution of current value created nor a rebalancing of stakeholder interests. Instead, Shared Value emphasises enhanced value creation through an implementation of more innovative practices and an inclusion of various stakeholders in processes (ibid; Maltz & Schein, 2012; Moon, Parc, Yim & Park, 2011). Despite Formula One lagging behind value creation for the greater sphere of stakeholders, whilst Formula E has not managed to implement its sustainable approach with

financial success, the Shared Value concept has never been applied to the contexts before. Therefore, applying the framework on the industries might provide the insights necessary for major motorsport events to take the next step, but also yield relevant contributions to science during the process.

1.3 The purpose of the study

The purpose of this study is to develop insights of how major motorsport events can make the future business case creating by economic, social and environmental value integratively.

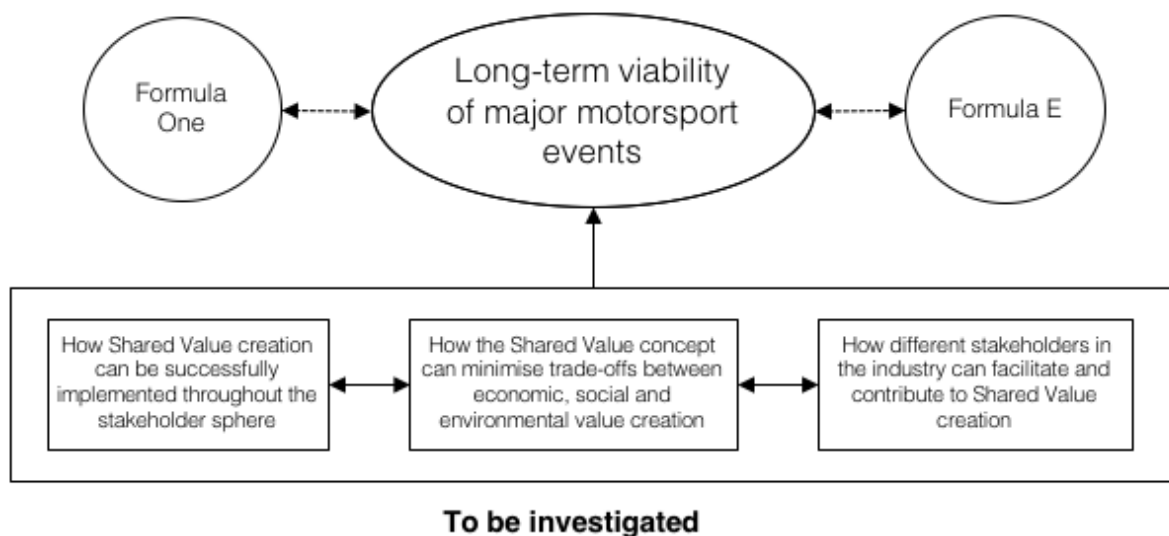
1.4 Research question

How can major motorsport events become viable in the long-term by implementing Shared Value throughout the stakeholder sphere?

1.4.1 Breaking down research question into sub-questions

- *How can the Shared Value concept minimise the trade-offs between economic, social and environmental value creation?*
- *How can different stakeholders in the industry contribute and facilitate Shared Value creation?*
- *How can Shared Value be successfully implemented throughout the stakeholder sphere?*

Figure 1: Investigation Model



* Formula One: having the power to illustrate complex challenges
** Formula E: having the power to illustrate long-term oriented solutions

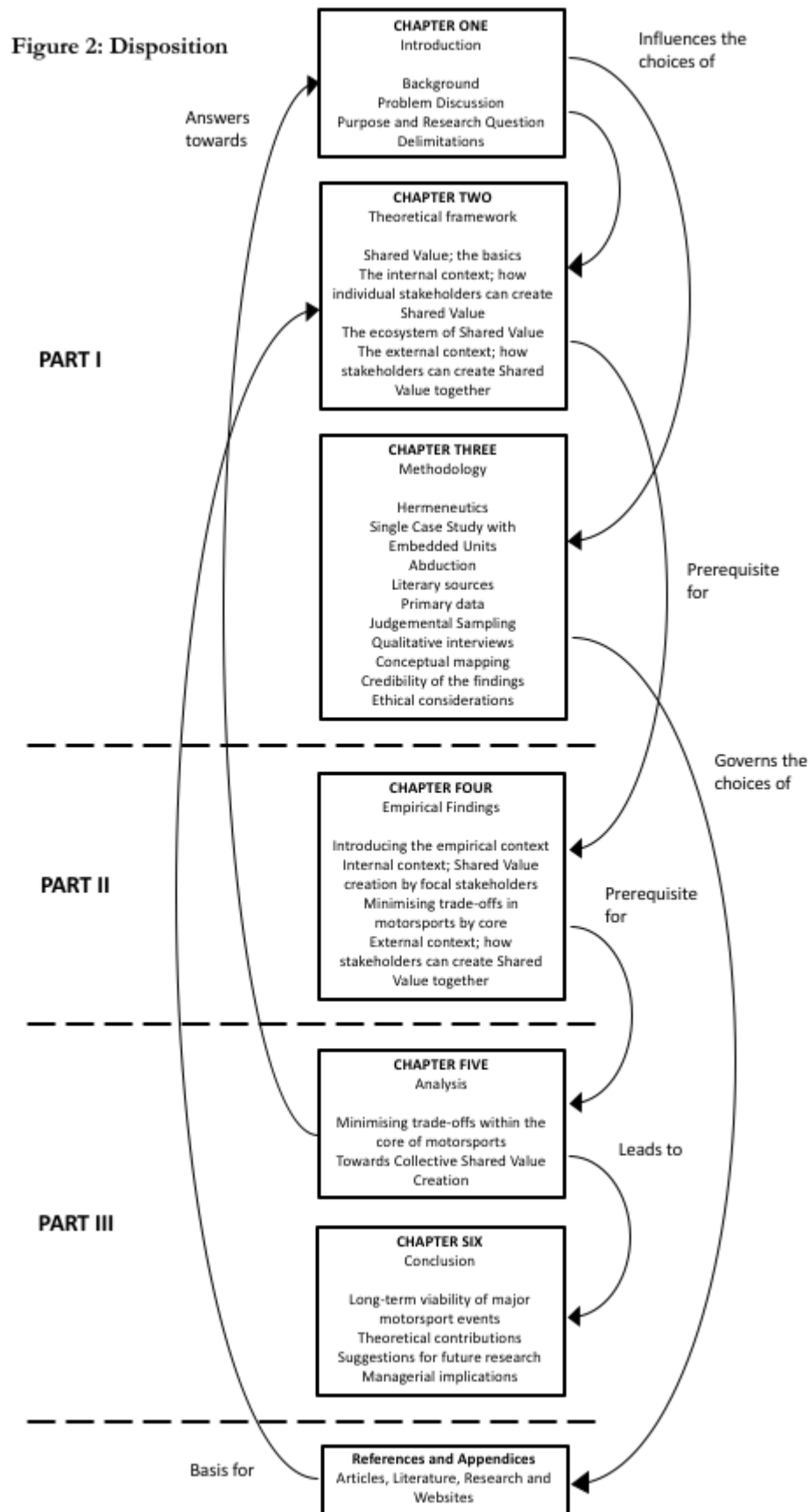
Figure 1 illustrates the investigation model. In order for the viability of major motorsport events to be enhanced, the trade-offs between economic, social and environmental value creation must be minimised. To minimise trade-offs, the requirements for a successful implementation of Shared Value creation must be investigated, whilst different stakeholders must facilitate the implementation process and contribute their competencies and resources.

1.5 Delimitations of the study

In the global industry of motorsports, national stakeholders naturally interact with international ones. Since the researchers of the study have Swedish origins, the Master's thesis has a bias towards the Swedish context when it comes to national stakeholders investigated. Furthermore, the FIA as the international governing body of global motorsports has a large force of power, without having any specific governmental ties. Sports also represent a field where collective collaborations are not inhibited, compared to cartels which can be the case when collaborating in the competitive global economy.

Moreover, the study digs deeper into only two motorsports, in a world of many, where Formula One appears to represent a unique skewness in the competitive landscape. Sports are also one of the only forms of entertainment left that cannot be efficiently stored and consumed later. Compared to TV-series for instance, sports ought be consumed live in order to not lose its value fast. Therefore, transferring the findings of this study to other contexts can prove to be challenging.

1.6 Master's thesis disposition



Author's own illustration; inspired by Salvador & Yakob (2003)

2. Theoretical framework

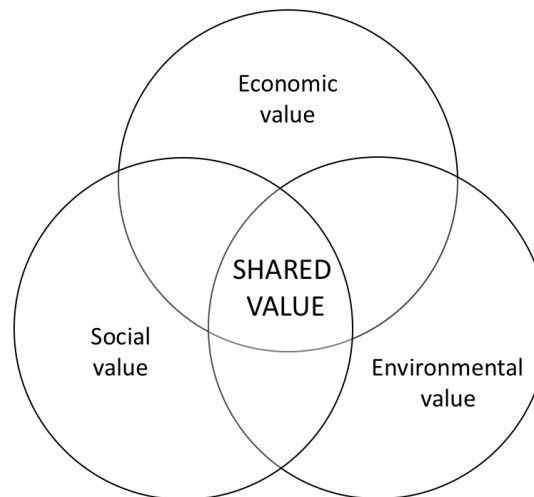
The theoretical framework describes the science leveraged to fulfil the purpose of the study. The Shared Value concept serves as the core, but is complemented with other concepts advocated as relevant extensions by research. The theoretical framework is synthesised with a Conceptual Research Model to illustrate the scientific dynamics utilised in the study.

2.1 Shared Value

2.1.1 Introducing the concept; origins and background

The Shared Value concept was firstly developed by Porter and Kramer in 2011, derived from the research of *corporate social responsibility (CSR)*. Corporations frequently use CSR to complement their primary activities with responsible business actions. Thus, corporations often embrace CSR as the solution to negative externalities generated by the core business (Porter & Kramer, 2011). Friedman (2007), Porter and Kramer (2011) criticise CSR as a flawed approach, unable to integrate societal and environmental value creation into fundamental business model. Furthermore, CSR activities seldomly permeate a whole value chain equally, often being disparate and uncoordinated, rendering *trade-offs*. Therefore, CSR has not managed to generate truly positive social and environmental impacts (Rangan, Chase & Karim, 2015). Instead, CSR activities act more as offsets in corporations' strategies and primary activities, leaving the root causes to negative externalities unsolved. Tackling such challenges in isolation is unlikely to make any profound impacts, affecting negatively on either business performance or society. Other research advocates that stakeholders complement the *traditional-compliance model* to corporate responsibility, where external stakeholders put pressure on businesses and governments, with a *commitment-oriented approach* where stakeholders instead provide assistance and resources upon demand to co-create for the greater good (Locke, Amengual & Mangla, 2009; Orr & Sarni, 2015; Porter & Kramer, 2006). "*Stakeholders of companies are no longer external claimants, but rather constructive elements of everyday business whose interests should be included in business decisions*" (Beschorner & Hajduk, 2017: 6). Furthermore, consumers are increasingly demanding products and services that meet societal and environmental needs (Kramer & Porter, 2011). Figure 3 synthesises the sub-chapter with an illustration the Shared Value concept, comprised by its three pillars; economic, social and environmental value.

Figure 3: The three pillars of Shared Value



Authors' own illustration

2.1.2 Creating Shared Value (CSV)

In order to create Shared Value (CSV) in practice, Porter and Kramer (2011) outline three *Shared Value Initiatives (SVIs)*; *reconceiving products and markets*, *redefining productivity in the value chain* and *enabling local cluster development*.

Reconceiving products and markets focuses on creating financial profitability by satisfying unmet social needs. Social needs are argued to be one of the world's largest unmet needs. By providing eco-friendly and socially-oriented products, impacting positively on health and disposable incomes among others, the life standards of consumers can be increased. As a result, the social and environmental externalities which often become financial costs for both consumers and corporations can be reduced. As an example, food companies offering consumers better nutrition is likely to reduce the costs of health care, promoting larger disposable incomes to be consumed on healthy food. Therefore, such a positive cycle can enhance the long-term profitability of a focal firm by minimising trade-offs (Porter & Kramer, 2011; Jones & Wright, 2016). Moon et. al (2011) describe this SVI as *reconceiving comprehensive targets*, emphasising the greater value actually created by corporations. Other scholars (Crane, Palazzo, Spencer & Matten, 2014; Michelini & Fiorentino, 2012; Spitzeck & Chapman, 2012) have clarified this SVI by linking it to the *bottom of the pyramid (BOP)* theory, firstly outlined by Prahalad and Hart (1999). The BOP theory emphasises that corporations overlook profits derived by lower-end consumers, accounting for over the majority of the world's population. Therefore, corporations ought to develop products and services that also can satisfy the needs of people with lower disposable incomes (Michelini & Fiorentino, 2012; Moon et. al, 2011; Prahalad & Hart, 1999).

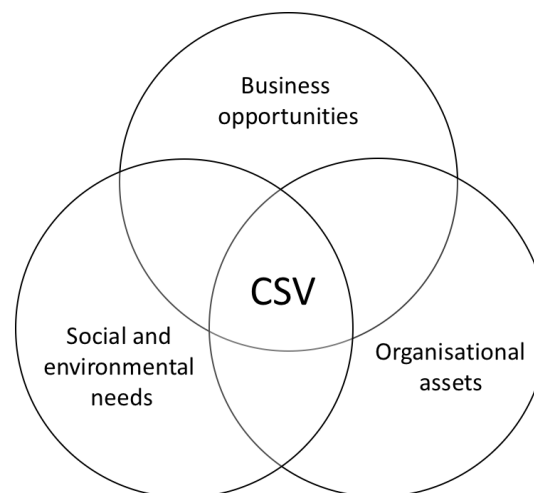
Redefining productivity in the value chain emphasises developments of sustainable supply chains as externalities in value chains entail internal costs for the firm (Crane et. al, 2014; Moon et. al, 2011; Porter & Kramer, 2011). Here, circularity in business models, continuous optimisations in

processes, improved technologies and logistics can minimise energy usage and decrease carbon footprint to reduce financial costs. Educating and training of employee and partners are also advocated, in order to improve the productivity of one's value chain (Porter & Kramer, 2011; Jones & Wright, 2016).

Enabling local cluster development focuses on engagement with local actors, but also on the locational choice of operations and procurement. Close collaboration with local actors enhances a corporation's ability to understand the social needs of the focal community. Increased knowledge exchange from such interaction can further create spillovers to other parts of the business. By sourcing locally, supplier bases can become less dispersed and developed. Thus, employment can be generated, able to result in a greater demand for the products created by the corporation engaging in local cluster development (Crane et. al, 2014; Hart & Milstein, 2003; Moon et. al, 2011; Porter & Kramer, 2011). Major motorsport events can be described as local clusters themselves, acting as the ultimate phase where value and benefits are created for consumers, providing a good linkage to the theme studied.

Despite the three SVIs outlined by Porter and Kramer (2011) being distinct, they are a *"part of a virtuous circle of Shared Value; improving value in one area gives rise to opportunities in others"* (7). Therefore, the three SVIs can act mutually reinforcing to minimise the trade-offs between business opportunities and social/environmental needs. Figure 4 synthesises the discussion by illustrating the core ingredients of CSV.

Figure 4: Creating Shared Value (CSV)



Authors' own illustration; inspired by Shared Value Initiative (2017)

2.1.3 The strategic edges derived from CSV

CSV can provide three unique strategic edges (Rhodes, Bergstrom, Lok & Cheng, 2014; Micheleni & Fiorentino, 2012), not specified by Porter and Kramer (2011). First, the transformation towards Shared Value creation can become a *dynamic capability*. Dynamic capabilities are derived from *tacit knowledge*, which is difficult to codify. Therefore, CSV as a

dynamic capability can become difficult to imitate and catch up compared to cost and quality advantages (Teece, Pisano & Shuen, 1997 in Rhodes et. al, 2014; Michelini & Fiorentino, 2012). Since CSV includes enhanced collaborations with external stakeholders, *relational rents* can be fostered. Relational rents are defined as relation-specific advantages with stakeholders by Dyer and Singh (1998), able to yield strong synergies due to trust and commitment competitors cannot enjoy (Rhodes et. al, 2014; Michelini & Fiorentino, 2012). Third, CSV can also foster differentiation and legitimacy (Michelini & Fiorentino, 2012; Porter & Kramer, 2011). Yet, this requires comprehensive communication strategies to concretely convey the benefits with the CSV (Beschoner & Hajduk, 2017; Michelini & Fiorentino, 2012). Ultimately, CSV can minimise the zero-sum game within a value chain, creating greater value for the greater sphere of stakeholders (Porter & Kramer, 2011). To conclude the Shared Value section, Table 1 provides an overarching and synthesising comparison between CSR and CSV, emphasising the main differences and how impacts are targeted.

Table 1: Synthesising the differences between and CSR and CSV

	CSR	CSV
<i>Vision</i>	<i>Doing good</i>	<i>Doing good</i>
<i>Trigger</i>	Discretionary or in response to external pressure	Integral to competing
<i>Setting the agenda</i>	Determined by external pressure and reporting, but also personal preferences	Company-specific and internally generated
<i>Implementation</i>	Citizenship and philanthropy	Joint company and community value creation
<i>Relation to profit</i>	Separate from profit maximisation	Integral to profit maximisation
<i>Resources</i>	Impact limited by corporate footprint and CSR budget	Realigned with the entire corporate budget
<i>Management</i>	CSR departments	Company integrative
<i>Continuous improvements</i>	Isolated and company-focused	Stakeholder sphere-oriented
<i>Measurement</i>	Spending and standard ESG metrics	Economic, social and environmental value created
<i>Social benefit</i>	Successful projects	Large-scale sustainable change
<i>Business benefit</i>	Risk reduction and goodwill	New business opportunities
<i>Example</i>	<i>Fair Trade Purchasing</i>	<i>Transforming Cocoa Procurement</i>

Based on: Porter and Kramer (2011), Vohra and Sheel (2012) and Moore (2014)

Nevertheless, Crane et. al (2014) argue that as the Shared Value concept has not managed to transform the global economy, further clarification to its implementation in practice is required. Therefore, the upcoming sections elaborate how Shared Value can be created by individual organisations, as well as collectively.

2.2 The internal context; how focal actors can promote CSV further

2.2.1 The role of governments and NGOs

Research stresses that corporations have the largest power to drive change since these often perform the fundamental value creation activities in society. In turn, governments and NGOs have the power to serve as facilitators and catalysts. Unfortunately, governments are often constrained by bureaucratic hurdles compared to corporations, whilst NGOs seldom possess the financial resources necessary to implement change. Furthermore, governments and NGOs often assume that trade-offs are unavoidable, worsening the trade-offs through their traditional regulations and enforcements (Beschorner & Hajduk, 2017; Kramer & Pfitzer, 2016; Porter & Kramer, 2011; Spitzack & Chapman, 2012; Strand & Freeman, 2015). Therefore, corporations are increasingly taking on *political roles*, driving societal change and engaging in co-regulatory initiatives (Beschorner & Hajduk, 2017).

Still, Porter and Kramer (2011) advocate a five-stage model governments can leverage to promote CSV. First, governments need to set clear and measurable social goals. Second, performance standards must be set, however, prescribed methods shall be avoided and left to corporations. Third, phase-in periods ought to be defined for meeting new performance standards. Fourth, universal measurements and reporting systems ought to be developed through government investments, allowing relevant data to be collected and benchmarked. As a result, continuously satisfying social and environmental needs can become an incentive. One innovative example is nutritional deficiencies in local communities. Finally, rather than imposing detailed and expensive compliance processes, timely and efficient reporting ought to be favoured. Such can be audited upon necessity. Therefore, governments can minimise trade-offs through effective *governance* (ibid).

2.2.2 Creating shareholder value through Sustainable Value Creation

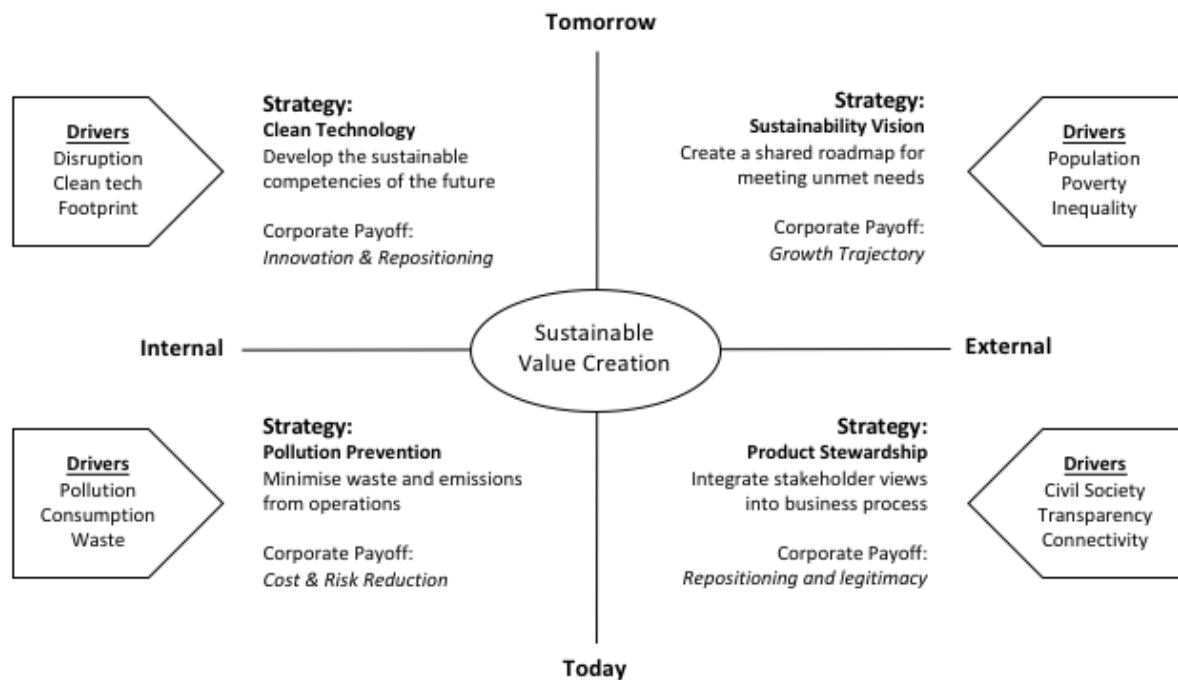
For corporations to create *shareholder value* on both the short and long-term, Hart and Milstein (2003) advocate *Sustainable Value Creation*. Sustainable Value Creation focuses on the firm-specific as well as stakeholder-specific context. To create shareholder value from within the firm, corporations must *prevent pollution* and develop *clean technologies*. Pollution prevention is argued to yield cost reductions on the short-term, derived from more efficient operations. In turn, clean technologies promote the creation of *disruptive technologies*. According to Hart and Milstein (2003), the future business case belongs to firms that able to develop disruptive and clean technologies, as such can satisfy unmet social and environmental needs.

To drive shareholder value from the stakeholder-oriented context, two distinct strategies need to be implemented. The first strategy includes *product stewardship*, promoting financial profits on the short-term. Reassembling Shared Value creation (Porter & Kramer, 2011), product stewardship focuses on integrating various stakeholder needs into business processes. Therefore, company behaviour can be guided through dialogue and corporate governance. For example, partnerships

with NGOs can provide corporations the complementary knowledge needed to realise and satisfy social and environmental demands. The benefits with product stewardship include *cause-related marketing*, *life-cycle management* and *industrial ecology* (Hart & Milstein, 2003). Cause-related marketing can improve image through sustainable actions, therefore, does not require comprehensive communication strategies like other scholars (Beschorner & Hajduk, 2017; Micheleni & Fiorentino, 2012) suggest. Life-cycle management derives decreased costs from recycled energy usage, whilst industrial ecology emphasises utilisation of waste as a source of energy to reduce costs. For shareholder value to be further promoted on the long-term, companies must create a *sustainable vision* with stakeholders. Shared roadmaps with stakeholders enable unmet needs to be discovered and targeted. Furthermore, sustainable visions guide how internal- and external practices ought to be conducted to enable Sustainable Value Creation, examples include resource allocation and business model design (Hart & Milstein, 2003).

To realise Sustainable Value Creation in practice, Hart and Milstein (2003) offer a three-stage approach; *diagnosis*, *opportunity assessment* and *implementation*. Diagnosis focuses on 'assessing the balance' between the product stewardship and sustainable vision, identify missed opportunities from both sides. Opportunity assessment is all about analysing the strengths and weaknesses of one's capabilities, in order to facilitate identification of untapped synergies with other stakeholders. The implementation is the most challenging task, particularly in collaboration with stakeholders outside the organisation. Therefore, Hart and Milstein (2003) stress that smaller initiatives, albeit more of them, are more likely to bring change compared to complex big investments. Furthermore, they recommend that investments ought to be viewed in accordance to a *real-options approach*; sustainable value is difficult to account for according to the conventional discounted cash-flow logic. Instead, the real-options logic encourages qualitative variables to be included and focuses on medium-term returns. Therefore, short-term priorities are less likely to discourage investments viewing the holistic picture, whilst potentially abstract goals on the long-term can become more action-oriented. Dividing investments into concrete stages can be an effective tool. Thus, progress can also be tracked and continuously improved (ibid; Moon et. al, 2011). Nevertheless, it is important to communicate progress constantly to avoid discouragement (Moon et. al, 2011; Serra, Font & Ivanova, 2016). Moreover, a separate account for investments in sustainable value is recommended, strong short-term focus by potentially strong stakeholders can still distort the efforts of sustainable value creation focusing on the medium- and longer term (Hart & Milstein, 2003). According to Hart and Milstein (2003), sustainable value creation is fairly underestimated, serving as an effective tool kit for profitable long-term growth in a world of stagnating economies being stuck in the old mind-set of capitalism. Figure 5 illustrates the framework of Sustainable Value Creation.

Figure 5: Creating Shareholder Value through Sustainable Value Creation



Adapted from; Hart and Milstein (2003)

2.2.3 3C's approach; the practical implications of CSV

Maltz and Schein conducted a study in 2012 where they investigated the implications of Shared Value creation in practice. The researchers discovered that *core competencies*, *consistency* and *cultivation* are crucial for effective CSV.

From the resource-based view, core competencies are unique capabilities enabling higher value creation than competitors (Moon et. al, 2011; Prahalad & Hamel, 2006), whilst consistency is described as the “*congruence of shareholder and social value of a SVI*” (Maltz & Schein, 2012: 59). Despite firms being capable to engage in CSV, managers may lack the motivation to do so as Shared Value creation can conflict short-term performance, often the most important metric for shareholders (Maltz & Schein, 2012; Serra et. al, 2016). Therefore, the logic behind the decision to engage in CSV are managers’ *relative emphasis on social value*, determined by the two different perspectives; the *economics-first perspective*, or the *mission-driven perspective*. The economics-first perspective requires a well-defined time frame and estimation of the financial returns, whilst the mission-driven perspective does not require so (ibid). Here, a real-options approach as earlier introduced (Hart & Milstein, 2003), incentivises SVIs financially further.

The aspect of cultivation stresses the need for the SVIs to be promoted and absorbed by other stakeholders, otherwise, any profound impact is unlikely to be achieved. In the aspect of cultivation, the core competencies of different stakeholders are vital for an optimal long-term effect. Cultivation can be achieved in four ways; *supply-chain influence*, *competitive response*, *technology transfer* and *partnerships with NGOs* (Maltz & Schein, 2012). Maltz and Schein (2012) explain that supply-chain influences are the most common, where corporations share their knowledge to

improve the practices of their stakeholders. Supply chain influence are argued to be relatively easy to measure and able to yield quick returns, by both the economics-first and mission-driven perspectives. For example, minimising water usage results in cost savings, whilst benefiting a community's energy usage. The theoretical linkages between this SVI and *redefinition of productivity in supply chains* by Porter and Kramer (2011) are profound.

Competitive response can be linked to the SVI of *reconceiving products and markets*, Maltz and Schein (2012) elaborating the example where cheaper drugs were provided to consumers, which improved health and reduced the health care costs of a society. Consequently, a business can enhance its legitimacy and image (ibid).

Technology transfer as another mean of cultivation, is described to violate consistency if collaboration is not efficient. Hence, structured financial relationships with the partnering stakeholders are recommended. Still, there is a potential to expand markets as technology transfer allows integration of processes and new packages of different products and services to be created (Maltz & Schein, 2012).

Like Hart and Milstein (2003) suggest, NGO partnerships provide complementary capabilities corporations often lack from social perspectives. In fact, the complementarities can serve the core operations of NGOs as well. However, Maltz and Schein (2012) underline that mainly mission-driven companies engage in such partnerships. Nevertheless, for successful partnerships with stakeholders to be achieved, firms need to develop better tools for decision-making. Similar results from the research of Micheline and Fiorentino (2012) concluded that "*alliances with local NGOs represent the best tool to create Shared Value because they allow the for-profit company to gauge the specific needs of the market, acquire skills and specific know-how of how to improve relations with the community*" (569). Therefore, successful Shared Value creation is dependent on a utilisation of core competencies, whether stakeholders are financially or mission-driven, and how well SVIs are absorbed by other stakeholders.

2.3 The Ecosystem of Shared Value

Like the 3C's approach indicates, individual SVIs "*require higher start-up costs, owing to the uncertainty of returns. The social context and political situations, on the one hand, as well as the difficulty to control and manage the supply chain on the other hand, can create risks with detrimental effects on the company's image*" (Micheline & Fiorentino, 2012: 570) Kramer and Pfitzer (2016) clarify that Shared Value creation must be viewed as an *ecosystem*, where environmental- and social needs work integratively with economic demands to define markets (ibid).

Still, Dembek, Singh and Bhakoo (2016) stress that Shared Value resembles a *management buzzword*, arguing the concept to be overused entailing a distorted meaning. Crane et. al (2014) emphasise that MNCs tend to invest more in *quick-fixes* and well-tailored communication strategies, where claims of Shared Value creation easily can be questioned for *greenwashing*.

Therefore, Dembek et. al (2016) underline the need to provide the Shared Value framework further validation and guidance to its implementation (ibid).

Adjacent, Beschorner and Hajduk (2017) argue that as long as the Shared Value concept fails to include a wide array of stakeholders, it will fail to achieve true legitimacy. Despite private actors having a strong ability to drive societal change (Beschorner & Hajduk, 2017), such individual activities are rarely powerful enough on their own (Serra et. al, 2016). Hence, Crane et. al (2014) elaborate that “*societal responsibility in a broader sense would instead manifest in industry-wide solutions and multi-stakeholder initiatives where corporations would perceive themselves as a stakeholder of the problem rather than as the center of a stakeholder network*” (141), rounding off by calling for “*democratically organized multi-stakeholder processes*” (153). Adjacent, Tantalo and Priem (2016) argue that Shared Value can be created through *stakeholder synergies*. Stakeholder synergies rests upon the notion of entrepreneurial managers, having the capability to recognise stakeholder needs and satisfy these consequently. Yet, Beschorner and Hajduk (2017) criticise such an approach, stressing that *bounded rationality* makes it difficult even for entrepreneurs to recognise a variety of needs.

Other scholars take the discussion one step further, calling for *collective collaborations* (Kramer & Pfitzer, 2016; Rhodes et. al, 2014; Strand & Freeman, 2015). Therefore, *stakeholder engagement* must prevail over *stakeholder management* (Mitchell, Agle & Wood, 1997). Rhodes et. al (2014) describe stakeholder engagement as a key mediator in a *stakeholder network*, consisting of internal and external factors to Shared Value creation. Internal factors are described as stakeholder-specific assets and capabilities, whilst external factors include cultural, political, social and environmental aspects. For synergistic effects to be achieved, internal factors must be aligned with external ones (Rhodes et. al, 2014). Similar to Hart’s and Milstein’s (2003) recommendation about Sustainable Value Creation from within the firm, collective collaborations ought to utilise a separate investment fund having a medium-term focus (Kania & Kramer, 2011; Kramer & Pfitzer 2016). Therefore, the financial- risk and burden can be shared between stakeholders, unlikely to affect the financial short-term performance of an individual actor. Consequently, shareholder pressure can be avoided whilst trust can be promoted between stakeholders, fostering improved collaboration (ibid).

Still, collective actions remain seldom, often hindered by three major obstacles. First, *questions of legitimacy* tend to have a negative impact on trust, individual stakeholders having self-interests and fearing unfairness in accordance to the *game theory*. The second factor is a continuation of the first obstacle, *competitive free-riders*. As SVIs might improve the conditions for competitors as well, selfishness often discourage such actions. The third obstacle is *investment justifications*, nevertheless, it can be overcome by a separate investment fund as earlier explained (Kania & Kramer, 2011; Kramer & Pfitzer, 2016).

Consequently, Kramer and Pfitzer (2016) advocate the *Collective Impact* concept, firstly established by Kania and Kramer (2011), as a practical complement to the Shared Value framework.

2.4 The external context; how stakeholders can promote CSV together

2.4.1 Collective Impact

Collective Impact is defined as “when actors from different sectors commit to a common agenda for solving a specific social or environmental problem” (Kania & Kramer, 2011: 16). Collective Impact initiatives are well suited for complex and systemic issues (Hanleybrown, Kania & Kramer, 2012). To achieve Collective Impact, Kramer & Pfitzer (2016) advocate a five-elements framework.

Table 2: How to achieve Collective Impact; a five-elements framework

<i>Collective action</i>	Description
Common agenda	Developing a common agenda is not about creating solutions, but about achieving a common understanding of the problem; agreeing on integrated goals addressing the problem and arrive at common indicators, to which the collective set of stakeholders involved will hold themselves accountable for in the progress. Therefore, it is important to <i>strive for simplicity, but manage complexity</i> .
Shared measurement systems	Shared measurement systems are important to keep the collective agenda free from conflicts and ensure that efforts remain aligned. A small, but comprehensive framework is recommended.
Mutually reinforcing activities	To reduce slack between the stakeholders, stakeholders must focus on their core competencies to produce the largest impacts, but also on complementarities to ensure synergies in between. To identify such synergies, it is relevant to map the stakeholders against the same set of indicators and outcomes.
Continuous communication	As stakeholders are led by people, continuous communication is vital to foster trust, learning and coordination. Otherwise, profound impacts will be difficult to create.
Dedicated backbone organisation	Collective Impact initiatives require heavy organisational efforts. Therefore, dedicated backbone support, or a championing group, is required to foster collective actions. The backbone organisation ought to have a dedicated staff, separate from the participating organisations.

Source: Kania and Kramer (2011), Kramer and Pfitzer (2016) and Hanleybrown et. al (2012)

The backbone organisation is important to clarify further, being the entity which keeps the Collective Impact initiative alive through governance. According to Hanleybrown et. al (2012), six different backbone organisations can be created, presented in Table 3 below.

Table 3: Different types of backbone organisations and their implications

<i>Type of backbone</i>	Description	Benefits	Disadvantages
Funder-based	One stakeholder initiates the initiative; gathers other stakeholders; funds and plans the initiative.	Funding likely to be less of an issue, as well as the capability to gather others the table and promote additional funding.	Lack of perceived neutrality by other stakeholders can skew the potential of the initiative.
New collective entity	A new entity is created integratively with multiple stakeholders.	Increased perceived neutrality within the initiative, incentives increased collaboration and focus.	Funding might become questioned and unsolved.
Existing non-profit	An established NGO drives and coordinates the initiative.	Clear “ownership” and strong understanding of the problem, whilst existing infrastructure often is available.	Likely to be ineffective due to strong path-dependencies and lack of funding, making the NGO unable to drive change.
Government	Either a local or state government enforces change.	Strong potential if the optimal potential is reached, laws and government-entities enforcing changes.	Often hindered by bureaucracy, whilst public funding may be difficult to motivate.

Shared across multiple organisations	Collectively driven through stakeholder partnerships.	Low resource requirements if mutually driven, whilst a wide spectrum of knowledge can be leveraged.	Multiple voices often difficult to coordinate, while accountability can be difficult to pinpoint.
Project group	Often driven by senior managers, having high decision making-authority.	In addition to the the previous benefit, steering committees can offer more influential people to the table and a clearer structure, incentivising progress.	Same as the previous disadvantage.

Source: Hanleybrown et. al (2012)

2.4.2 The importance of implementation

Bergman (2017) emphasises that implementation is a people problem, not a strategy problem. “However hard it is to devise a smart strategy, it is ten times harder to get people to execute on that strategy. And a poorly executed strategy, no matter how clever, is worthless.” (ibid: 3) and “in other words, your organisation’s biggest strategic challenge is not strategic thinking - it is strategic acting” (ibid: 4). Thus, the ability to implement the five-elements framework (Hanleybrown et. al, 2012; Kramer & Pfitzer, 2016) is an immense challenge, able to be described as a vital dynamic capability itself (Teece, 2014).

2.4.2.1 The influential champion, norm-making and embracing emergence

Before launching a Collective Impact initiative, Hanleybrown, et. al (2012) emphasise three conditions needed be in place; an *influential champion*, *adequate financial resources* and *a sense of urgency*. These conditions create the opportunity and motivation needed to gather stakeholders to the table, stakeholders who rarely have worked collectively before. Therefore, the three conditions keep stakeholders together until the Collective Impact initiative’s own momentum takes over. Without doubt, the most significant condition is the *influential champion*, or small group of champions, commanding the respect necessary to bring leaders across sectors together and promote active stakeholder engagement over time. Similarly, Reyes et. al (2016) advocate *norm-making* within stakeholder spheres. When stakeholders create norms favouring CSV, Shared Value creation becomes more legitimised, promoting other stakeholders to follow (ibid). Influential champions are characterised by a passionate problem-solving focus, not taking credit for success nor setting predetermined condition as individual mind-sets often require time to change and align (Hanleybrown et. al, 2012; Serra et. al, 2016; Rhodes et. al, 2014). Therefore, it is important to listen to the needs of other stakeholders and *embrace emergence* (Kania & Kramer, 2013). Similar to the concept of *emergent strategies* (Mintzberg & Waters, 1985), it is vital that stakeholders first agree on the collective agenda, allowing detailed processes to emerge later on. Setting predetermined conditions is not only likely to be incomplete as vast stakeholder needs cannot be recognised on beforehand; it is also likely to hinder an initiation of collective collaborations since an array of details become too much to bear in the beginning, pressurising the personal collaborations. Like the evolution of the human being, it was not predetermined, but rather a result of adaptations and superior mutations. The rules of interaction that govern Collective Impact initiatives consequently lead to changes in behavior, creating an emerging progression of alignment, discovery and learning. In fact, is is plausible that the progression greatly accelerates Shared Value creation without requiring breakthrough innovations, or vastly increased funding. Solutions and resources from inside or outside a community, previously being

unrecognised, become identified and adopted. Hence, stakeholders can find new ways of working together that produce better outcomes in an ever-changing environment (Kania & Kramer, 2013), fostering relational rents further acting as a catalyst (Dyer & Singh, 1998).

2.4.2.2 Group development and system leadership

Influential champions must undoubtedly leverage a delicate balance between strong leadership and autonomy. Wheelan (2016) argues that teams most often go through four stages; *norming*, *storming*, *forming* and *performing*. The first two stages are *relation-critical*, requiring trust to be established before the team can reach its full potential. In turn, team members become *interdependent* in the two final phases, enabling the optimal potential to be reached. During the first phase, the members expect the leader to take the first steps and set the frame, why the leader must do so. As the members get more comfortable in the partnership, the members often start questioning the leader's perceived fallbacks, moving into the storming phase. At the certain point of time, the leader ought to take a step back successively, allow the team members' voices to be heard and the autonomy to leverage their core capabilities. Thus, trust can be established and productivity within the group promoted. If the leader does not allow the stakeholders autonomy to act, or to be heard, it is likely that the stakeholders never develop the capability to work effectively together; these will either fall under the total command of the leader or leave the group due to lack of interest. During the phase of forming, the leader shall utilise its individual capabilities to coordinate the efforts of the team efficiently and include team members in decisions. The performing stage is reached when the leader acts as an adviser within the team, whilst the team works integratively together to create the values sought (ibid). As a result, *system leadership* can be achieved. System leadership is advocated in addition to influential champions (Hanleybrown et. al, 2012; Kramer & Pfitzer, 2016). System leadership implies multiple individuals representing different constituencies, leading together. The system leaders chosen, representing each stakeholder, must align their own intentions with the collective agenda in a manner that fosters synergies and trust between the parties (Hanleybrown et. al, 2012; Kramer & Pfitzer, 2016).

2.4.3 Collective Impact in practice

Collective collaborations reassemble a *double feedback loop*, where stakeholders can develop and respond to new knowledge simultaneously, having two unique advantages. First, new solutions that bridge the needs of multiple stakeholders are discovered, only feasible when stakeholders work together. Second, all participating stakeholders adopt the new solution at the same time. Figure 6 illustrates the process of Collective Impact, including the five elements and emergence.

Figure 6: The practical implications of Collective Impact initiatives



Retrieved from; Kania and Kramer (2013)

When supported by an effective backbone and shared measurement system, the Collective Impact initiative creates a high degree of transparency among all stakeholders involved. As Figure 6 illustrates, information flows both from the top down and from the bottom up, also reassembling a *continuous feedback loop*. The vision and oversight are centralised through a backbone organisation, but also decentralised through multiple working groups that focus on creating Collective Impact based on their core competencies (Kramer & Pfitzer, 2016).

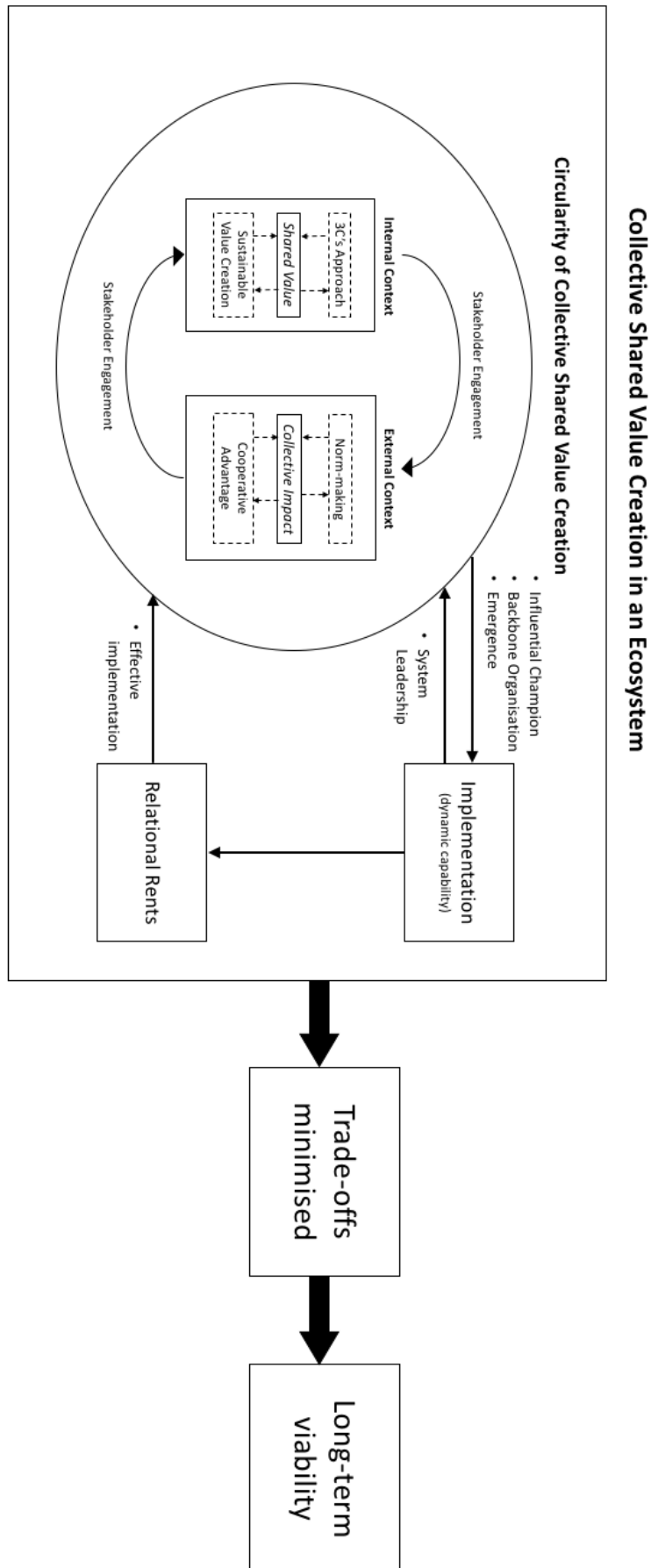
2.4.4 The cooperative advantage as a competitive advantage

By engaging with stakeholders instead of managing them, Strand and Freeman (2015) emphasise the result of a *cooperative advantage* as a *competitive advantage*. Compared to individual competition aiming to *capture value*, the cooperative advantage produces *mutually beneficial value*. The cooperative advantage has two unique benefits. First, the inclusion of more stakeholders in processes is likely to spur trust and commitment. Secondly, if stakeholders are included in processes, they are going to be more likely to share their resources, knowledge and ideas. Therefore, it is the responsibility of the manager to prevent conflicts, solve conflicts when they arise and maintain efficient and effective collaboration. If effectively implemented, corporations can enable superior Shared Value creation with a network of stakeholders, outcompeting individual firms overlooking stakeholder engagement.

2.5 Synthesising a Conceptual Research Model

As the Shared Value concept still is in its infancy, whilst being inspired by many different theoretical views (Crane et. al, 2014), indicates a complex and challenging subject. In order to *strive for simplicity, but manage complexity* (Brawn & Parr, 2016; Hanleybrown et. al, 2012), a Conceptual Research Model was created (see Figure 7 on the next page). The Conceptual Research Model reflects the researchers' own understanding and ideas, linking the theoretical framework to the research question of the Master's thesis.

Figure 7: Conceptual Research Model



The Conceptual Research Model (Figure 7) illustrates how trade-offs can be minimised to enhance the long-term viability of major motorsport events. To minimise trade-offs, *Collective Shared Value Creation* is advocated, viewing the economy and one's market as an ecosystem including both an internal, organisational-specific context and external, stakeholder-specific context.

The internal context focuses on the theories of Shared Value, Sustainable Value Creation and the 3C's Approach; emphasising business growth through trade-off minimising activities starting from within organisations. According to the original measures of Porter and Kramer (2011), Shared Value can be created by *reconceiving products and markets*; creating products to satisfy social and environmental needs. Thus, value creation for the longer term is fostered by promoting new consumption patterns and satisfying unmet stakeholder needs. The BOP-theory is an example elaborated, advocating sales to larger populations with lower disposable incomes (Prahalad & Hart, 1999). By *redefining productivity in the value chain*, knowledge can be shared with partners to enhance value creation throughout the supply chain. Hence, one's partners can provide either more cost-efficient inputs or components with higher value to one's focal operations, effectively creating Shared Value. A similar logic follows in the aspect of *enabling local cluster development*. Building clusters cannot only yield cost-efficiencies through less dispersed supply chains, it can also generate employment, able to result in higher demand for one's products. The Sustainable Value Creation concept provides further dimension to the Shared Value theory, focusing on *product stewardship, sustainable vision, pollution prevention and clean technologies*. Through product stewardship, stakeholder needs can be incorporated into one's products through dialogue and sound corporate governance; increasing the legitimacy of one's business and facilitating new demands to be identified. Thus, a sustainable vision must be created, serving as a roadmap and concrete guide to value creation that minimises trade-offs, targeting long-term business growth. In addition to a cleaner society, pollution prevention brings reductions of costs and risks to operations as well. In turn, clean technologies focus on promoting a development of disruptive technologies, being a strong mean to long-term competitiveness. The framework advocates a real-options approach to profitability, having a medium-term focus. Hence, short-term profits are less likely to dominate, whilst long-term goals become more action-oriented. The 3C's approach considers *core competencies, consistency* and *cultivation* for effective CSV. Core competencies are vital to maximise Shared Value creation with the internal capabilities of individual actors. Depending on the consistency, how the organisation views its Shared Value activities, will affect how a focal organisation engages in CSV. By being mission-driven, an immediate economic pay-back will not be stressed, whilst the opposite will be the case for 'economics-first organisations'. The cultivation focuses on how well the Shared Value created is absorbed by other stakeholders. Cultivation can be achieved by supply-chain influence, technology transfer, competitive response and partnerships with NGOs. Supply-chain influence and technology transfers have similar effects as the factor of *redefining productivity in the value chain*, whilst competitive response is linked to the pillar of *reconceiving products and markets*. Competitive responses focus on satisfying social and environmental needs of more people, utilising cheaper pricing to derive profitability out of

larger quantities. Partnerships with NGOs has a major connection to product stewardship, able to incorporate social and environmental needs into one's products since NGOs often possess such knowledge.

Despite individual Shared Value creation being promising, research argues that such often results in *picking low-hanging fruits*. Therefore, *engaging stakeholders* to create Collective Impact, can make the effects of Shared Value more profound. Thus, an external context is segmented, viewing the economy as an ecosystem. For Collective Impact initiatives to work, five-elements are required; a common agenda, shared measurement systems, reinforcing activities where financial contributions also are clearly defined, continuous communication and a dedicated backbone organisation. Different forms of backbone organisations include funding and organisation by one particular stakeholder, or the creation of a new corporation together with various stakeholders, these becoming Members of the Executive Committee. Other organisational forms encompass a project group involving multiple stakeholders, as well as stakeholder partnerships shared across multiple organisations. Furthermore, Collective Impact initiatives can also be driven by NGOs or government regulations. By creating Shared Value collectively, focal actors can act as *norm-makers*, motivating other stakeholders in the sphere to follow and enhance the total effect. Moreover, working collectively and engaging stakeholders can result in a *cooperative advantage*, bringing the advantages of trust and commitment, but also the ability to effectively handle conflicts. Therefore, *stakeholder engagement* bridges the internal and external context, described as Collective Shared Value Creation.

For Collective Shared Value Creation to be truly implemented, *dynamic capabilities* are required. Hanleybrown et. al (2012) advocate *influential champions* and *emergent solutions* since optimal solutions rarely are pre-set. Focusing on the influential champions strong and unbiased leadership during the initial stages of the group development, the influential champion ought to reduce its leadership influence successively to promote system leadership. Otherwise, stakeholders will never learn to work together intuitively as a system, nor create *relational rents*. Relational rents act as a boost to trust and commitment in partnerships, aiding the dynamic capability of system leadership. Both relational rents and the dynamic capability of system leadership make stakeholders more engaged to enhance the *circularity* of Collective Shared Value Creation. Consequently, trade-offs between economic, social and environmental value creation can be minimised, enhancing the long-term viability of major motorsport events.

3. Methodology

The purpose of the methodology is to provide the reader with an understanding of the thesis' scientific approach, research method and research approach. Furthermore, the development of the theoretical framework and empirical data collection is presented and discussed. The discussion includes an elaboration of the analysis method as well as the scientific strength of the study. The methodology is concluded with an ethical statement regarding the empirical material collection.

3.1 Scientific approach

Scientific approaches can be described as the *theory of knowledge*, determining how researchers choose to interpret all information retrieved. As the scientific approach guides the overall methodology and strongly influences the conclusions developed, it is vital to outline (Bryman & Bell, 2015).

3.1.1 Hermeneutics

The study leveraged a hermeneutic approach to science to answer the research questions. The purpose of hermeneutics is to enhance the interpretation of the phenomenon studied by placing it in understandable context (Alvesson & Sköldbberg, 2009). Therefore, the Shared Value concept was applied on the industry of major motorsport events. In hermeneutics, the theoretical framework and empirical findings are leveraged integratively. The theory sets the frame, enabling relevant empirical data to be sought, collected and analysed. In turn, the empirical findings illustrate the practical dynamics of the context investigated to enhance understanding (Alvesson & Sköldbberg, 2009). Alvesson and Sköldbberg (2009) describe this continuous interaction as the *hermeneutic circle*, acting as a positive feedback loop.

To facilitate interpretation, it is important to *balance the necessity of simplicity* by synthesising the theory used and findings developed. Thus, a Conceptual Research Model (Figure 7) was developed, emphasising the main points of the theoretical concepts and their relations. A conceptual model serves as an important anchor and baseline in a study (Miles & Huberman, 1994). Therefore, the conceptual model was a vital component for the empirical data collection and analytical approaches chosen. In turn, all conclusions were summarised in the Concluded Investigation Model (Figure 10), which answered towards the Investigation Model (Figure 1) based on the research questions. By leveraging the theory and empirical material integratively, the research questions could be answered with higher credibility.

3.2 Research method

3.2.1 Qualitative single case study with embedded units

Given the nature and phenomena existing within the industry of major motorsport events, a *qualitative single case study with embedded units* was considered most appropriate. Case studies are particularly beneficial when studying complex real life problems, whose context researchers have

little or no control over (Jacobsen, 2002; Yin, 2013). The qualitative side of case studies utilise non-ordinal information to gather and analyse empirical data (Creswell, 2014). Since non-ordinal data is derived from reality, its authenticity often has a strong impact on the reader (Guercini, 2014; Jacobsen, 2002). Due to their flexible natures, qualitative case studies often yield unexpected information, enabling even deeper insights to be developed (Blumberg, Cooper & Schindler, 2011). Segmenting qualitative case studies down to single case studies with embedded units provide further dimensions of relevance. According to Baxter and Jack (2008), single case studies with embedded units are significant when a context studied has multiple subunits interacting, but also makes individual decisions. Therefore, a rich analysis providing nuanced views from the different actors' focal perspectives can be fostered (ibid). Within the industry of major motorsport events, many complex relations exist between a wide array of different stakeholders (Parr, 2012). Therefore, a qualitative single case study with embedded units shows the right properties for *fit* with the thesis; enabling the contributions of the different stakeholders to be discovered and the requirements for Collective Shared Value Creation to be investigated.

Due to large amounts of data, the major challenge when conducting qualitative single case studies with embedded units is to return to the holistic context in the analytical phase (Yin, 2013). This challenge was overcome by creating a conceptual model (Figure 11), abstracting the industry as an ecosystem and explaining how Shared Value creation can circulate between different stakeholder groups and communities.

Case studies often face critique for not being able to generalise findings (Bryman & Bell, 2015; Yin, 2013). The short answer to this challenge is that case study results can be generalised into *theoretical recommendations*. Theoretical recommendations strive to provide significant explanations to the relationships existing in a context (Tsang, 2014). As single qualitative case studies can offer rich insights, theoretical recommendations are also referred to as *analytical generalisations*; able to be transferred to different contexts (Tsang, 2014; Yin, 2013). Hence, Tsang (2014) underlines that qualitative case studies actually have more merits for generalisation compared to contrasting quantitative methods (ibid), mainly striving to develop generalisations themselves (Bryman & Bell, 2015). Therefore, the study can be argued to provide theoretical recommendations to managers within the industry studied, as well as recommendations managers from other industries can learn from as well.

3.3 Research approach

The research approach determines how researchers leverage the theoretical framework to answer the research question (Alvesson & Sköldberg, 2009; Collis & Hussey, 2013).

3.3.1 Abduction

As the Shared Value theory still is in its infancy, requiring further clarification (Dembek et. al, 2016), the empirical material offered evidence from practice needed to extend existing literature. In turn, the theory enabled the empirical findings to be *validated*, promoting a development of

more credible results. Such a process is often described as *abduction*. The abductive approach descends from *deduction* and *induction*. Deduction focuses solely on *theory testing*, where *thick descriptions* of empirical contexts are needed investigate whether the literature used holds water or can be extended. On the contrary, induction strives to develop theory by studying empirical patterns in unexplored research fields (Alvesson & Sköldbberg, 2009; Collis & Hussey, 2013). Since the Shared Value concept never has been applied on the industry of major motorsport events before, inductive touches were considered necessary to contribute innovative extensions to theory, whilst answering the research question focusing on a practical problem. Meanwhile, theory testing occurred as the theoretical framework validated the empirical material; indicating which literature can generalise findings. Likewise, the theory testing indicated theoretical frames the study could not extend, frames concluded as suggestions for future research.

Important to note, is that abduction is not an equal combination of deduction and induction, which was not the case in this study either. Because of its intention to provide the reader relevance, develop understanding and holistic results, the abductive approach is pragmatic (Alvesson & Sköldbberg, 2009; Saunders, 2011). These benefits are also consistent with the targets of single case studies, aiming to provide merits for generalisation (Tsang, 2014; Yin, 2013) through either theory testing, induction, or both (Alvesson & Sköldbberg 2009). Alvesson and Sköldbberg (2009) emphasise that abduction and hermeneutics have fundamental alignment, both approaches utilising research and practice to develop understanding. Furthermore, abduction is relevant to apply on single case studies, both methods striving to provide holistic interpretations (ibid). Therefore, the alignment between the scientific approach, research method and approach work integratively to the enhance the credibility of the Master's thesis.

3.4 Developing the introduction and theoretical framework

3.4.1 Literary sources

The study utilised a mix of journal articles, academic papers and books to develop the introduction and theoretical framework. Academic journals are the most common sources utilised by scholars, often including academic papers which have been *peer-reviewed* by other researchers to increase credibility. Journal articles are mostly secondary sources, work published the second time. Such sources are often time-efficient to acquire through the Internet. However, finding data on the Internet can be difficult without management (Adams, Kahn & Raeside, 2007; Saunders, 2011).

The outline of the industry in the introduction was mainly inspired by journal articles. These include practical discussions about the significant challenges major motorsport events are facing, aspects previous research in academic papers have overlooked. Apart from thorough investigation throughout the fall of 2016, where the researchers proactively investigated the empirical context to develop the research question, a *news filter* was used on a social media platform to prioritise news feeds about the industry studied. The filter was a major facilitator in

the development of the introduction, as well as the interpretation of the practical problem. Without the filter, the researchers would have been forced to search for the specific information on the Internet, a process which would have been extremely time-consuming.

Introducing the Shared Value concept in the problem discussion served as a *bridge* between practice and academia, emphasising how the theory can help major motorsport events to enhance their long-term viability. It is also an example of the hermeneutic circle, where the theoretical framework and empirical data continuously interact to foster understanding (Alvesson & Sköldbberg, 2009). Since journal articles lack academic insights, the theoretical framework was purely based on previous research from academic journals and books, which provided great theoretical knowledge. During the development of the theoretical framework, the literature review aided the researchers in identifying significant gaps within the Shared Value literature, mainly the difficulty of minimising trade-offs individually. In fact, the shortcomings were found to be a major issue in practice as well, many stakeholders within the industry studied not leveraging the potential of collective collaborations.

3.5 Collecting the empirical data

Empirical material allows researchers to challenge existing frameworks and discover new insights (Alvesson and Sköldbberg, 2009). Therefore, this subchapter describes what kind of material the researchers collected from practitioners, but also how it was gathered and validated.

3.5.1 Primary data

In this study, *primary data* was collected from a wide array of different stakeholders in the industry of major motorsport events. The main advantage with primary data is its ability provide rich information (Adams et. al, 2007), making it appropriate data to collect when conducting single case studies (Guercini, 2014; Jacobsen, 2002). Thus, the data collection method increased the credibility of the findings. Since primary data collection often is time consuming, it tends to have smaller samples compared to quantitative case studies. Therefore, it is essential to carefully plan the procedure (Adams et. al, 2007), a procedure elaborated below.

3.5.2 Sampling method

Due to the qualitative nature of the Master's thesis, a *non-probability sampling* was utilised. Compared to probability-sampling where large sample sizes are accessed, non-probability methods leverage smaller sample sizes to gain understanding of a phenomenon (Blumberg et. al, 2011; Quinlan, 2011).

When utilising a non-probability method, *judgemental sampling* is useful when researchers want the respondents to match predefined criteria, providing the study a strategic edge by maximising the relevance of the insights gained. *Convenient sampling* is another technique where respondents interviewed are chosen based on their accessibility (Bryman & Bell, 2015; Yin, 2013; Quinlan 2011). A mixed approach to the non-probability sampling was utilised in this study, with a main

emphasis on the judgemental sampling; the researchers mainly sampled on the respondents' abilities to yield rich perspectives from their focal practices.

During the process, a certain degree of *snowball sampling* occurred. Snowball sampling, also referred to as *respondent-driven sampling*, helped the researchers to access so-called *hidden populations*; organisations and people which can be difficult to get in touch with (Heckathorn, 2011). Without the snowball sampling, the researchers would not have been able to get in touch with Formula E, nor interview the Managing Director of V8 Supercars in Australia which shared detailed information about the *franchise system* utilised in the series. Since Formula E was a major proxy to major motorsport events, whilst the franchise system strongly came to influence the final conclusion in terms of implementation, the purpose of the study may have not been fulfilled without the snowball sampling. Still, snowball sampling has an inherent drawback of *friendship bias*. If snowball sampling is utilised to a large extent, the risk of acquiring only one single perspective is present. Although, as the snowball sampling merely was minor, nuanced results were able to be acquired (Bryman & Bell, 2015).

3.5.3 Sampling choice

Within the industry of major motorsport events, organisations, corporations, governments and NGOs alike are all intertwined in the massive network. The different stakeholders are present in a vast array of industries, a truly global landscape (Parr, 2012). Because the thesis utilised Formula One and Formula E as proxies, stakeholders from the respective sports were chosen. Over thirty-five people at high positions within its stakeholder organisations were interviewed, people that have had or have important implications on the context studied. Hence, the sampling choice was a major determinant for the credibility and depth of the empirical material collected (Bryman & Bell, 2015; Yin, 2013; Quinlan 2011). The respondents are presented and described in Appendix 5. The appendix also includes a synthesising model, illustrating how the stakeholders interviewed enabled the research questions to be answered. Moreover, the appendix includes a segmentation of the respondents according to their international dimension from a Swedish perspective.

As the researchers are Swedish, an inherent bias towards the Swedish context was prevalent. The negative aspect of the Swedish bias is that the country does not host any Formula One or Formula E race. The last time a Formula One race was hosted in Sweden was in 1978 (Formula One, 2014). Nevertheless, Strand and Freeman (2015) argue that Scandinavia offers a notably promising context for studies investigating Shared Value creation, advocating further studies into the Scandinavian context to study *cooperative advantages* rather than *competitive advantages* (ibid). Furthermore, CSR studies from which Shared Value has emerged, have been adopted throughout a vast array of industries and contexts, yet, with different adaptations (Bondey & Starkey, 2014). Therefore, it is possible to justify the inclusion of the Swedish context.

3.5.4 Qualitative interviews as choice of empirical research method

The empirical data was collected through thirty-seven *qualitative interviews*. The upcoming subsections elaborate the advantages and disadvantages of the approach chosen.

3.5.4.1 Personal interviews, focus groups and telephone interviews

The interviews were mainly conducted face-to-face, but also through focus groups and over telephone. The focus group technique was utilised when respondents representing the same stakeholder could be interviewed together. Meanwhile, phone interviews were used whenever accessibility was an issue that could not be overcome in person. Specifically, twenty interviews were conducted face-to-face, six over telephone and five through focus groups. Collecting primary data through three different qualitative methods acted as a *catalyst for triangulation* (Bryman & Bell, 2015), reducing the risks of the specific methods.

Personal interviews include an inherent risk of the *interviewer effect*, whilst focus groups involve the risk of negative group dynamics. The interviewer effect underlines the respondents' experienced comfortness when interviewed in person and individually, which can have a profound impact on the data shared (Groves & Kahn, 1979, in Jacobsen, 2002). Therefore, it is vital to show the respondents respect as the study is not viable without their participation (Yin, 2013). In focus groups, the risk of the interviewer effect is countered as a larger group of respondents often yields a more open setting. Albeit, the opposite can be the case in focus groups as well, negative dynamics making focal respondents less inclined to share information (Bryman & Bell, 2015). Considering the risks of negative group dynamics in focus groups, the leverage of personal interviews lowered such risks; participants not able not experience pressure from other respondents. By also utilising phone interviews, the empirical data was provided more width, as respondent difficult to be reached still were so (Blumberg et. al, 2011). Therefore, the *triangulation method* increased the credibility of the findings retrieved.

Since personal interviews mainly were conducted, their strengths ought to be emphasised further. Like primary sources, face-to-face interviews are able to yield rich findings, making them suitable choices for single case studies (Jacobsen, 2002). The richness is derived from the personal dimension; interviewing respondents in person often has a positive impact on their enthusiasm and self-esteem. Furthermore, respondents can easily ask questions related to the research when interviewed in person, but also be provided visual aids. Therefore, by increasing the respondents' enthusiasm and understanding of the research, enhances the validity of the findings retrieved (Blumberg et. al, 2011). The disadvantages with personal interviews include labour intensiveness and financial costs of travel (Blumberg et. al, 2011). Nevertheless, the benefits outweigh the drawbacks by far, many *soft factors* overlooked by the disadvantages.

3.5.4.2 Semi-structured interviews

The qualitative interviews were conducted according to a *semi-structured logic*. Jacobsen (2002) describes semi-structured interviews as “*questions in fixed order, with the possibility of open answers*”

(63). Since the respondents answer questions according to their own interpretations, qualitative data can become difficult to analyse (Eriksson & Kovalainen, 2015). Therefore, an interview guide was utilised and shared with the respondents prior to the interviews. The interview guide included structured questions about the topic investigated, but also a brief introduction about the study's purpose as well as the goal with the interview (Bryman & Bell, 2015). During the interviews, the interviewers were careful to allow the respondents freedom to clarify certain issues, but also raise relevant topics overlooked by the researchers (Eriksson & Kovalainen, 2015).

3.5.4.3 Planning the interview questions

To maximise the potential of the interviews, simpler and more questions were leveraged instead of fewer and more holistic questions. Since complex questions are likely to have an undefined frame, be too vague and/or difficult to interpret by the respondents, such may not even yield the insights sought by interviewers. Instead, simpler and more questions enabled specific details to be retrieved (Eriksson & Kovalainen, 2015). Furthermore, questions applicable to the complete stakeholder sphere were developed to facilitate the comparison. Therefore, the data retrieved could be analysed effectively, enhancing the credibility of the study's conclusions (Yin, 2013). The interview guide utilised can be found in Appendix 6.

3.5.4.4 Recording, transcription and respondent validation

Recording, transcription and respondent validation was also conducted to further enhance the credibility of the empirical data (Bryman & Bell, 2015; Eriksson & Kovalainen, 2015; Jacobsen, 2002). Recording was only done upon permission, albeit, was never disallowed by any respondent. Hence, the findings were not distorted through unethical behaviour (Collis & Hussey, 2013). Instead, the recording made the interviews more dynamic and natural.

Albeit, one researcher took responsibility of writing notes to facilitate transcription. Transcription was done after all interviews, involving documentation of qualitative data in written format to ensure that all details are captured. When transcribing, one's own opinions are clearly separated from the answers to minimise bias (Bryman & Bell, 2015; Eriksson & Kovalainen, 2015; Jacobsen, 2002). The transcriptions strongly facilitated the analysis in later stages by providing the researchers thorough details retrieved from all interviews. The main issue with the transcription process was the time consumption, over 250 pages were transcribed in total. Still, the benefits with transcriptions made them a required necessity (ibid).

All respondents were offered their specific interview transcript, described as *respondent validation*. Respondent validation enables respondents to verify their answers which the researchers have noted. Thus, the trustworthiness of the empirical material was enhanced, whilst the relationships with the respondents were developed as well. Such ethical considerations promote future research and work with the respondents (Bryman & Bell, 2015).

3.5.5 Implementing the empirical information research

Respondents were started to be approached by the beginning of September, 2016. Due to the high positions possessed by the respondents, their participation would have been difficult to secure without early planning. The search for respondents continued until late February, 2017, when the first interviews were conducted. Albeit, all interviews were not secured until the middle of April, 2017.

By securing participations from many respondents early, the researchers were able to thoroughly design an interview guide aligned with the research design and purpose of the study. The interview guide was merely designed by the researchers' to minimise respondent bias. Only the supervisor was allowed to provide feedback on the guide before the interviews process was initiated. Hence, the researchers could ensure that the findings did not become skewed, being based on the same interview guide throughout the whole process.

As the researchers are passionate about the context studied, the researchers approached one respondent for a "*pilot interview*" (Bryman & Bell, 2015) in October, 2016. The respondent agreed kindly to meet the researchers over a cup of coffee where initial ideas were discussed. The "*pilot interview*" turned out to be crucial for the researchers, resulting in fundamental amendments to the theoretical scopes applied in the study.

During the spring of 2017, the researchers travelled around Europe to meet with the respondents personally and conduct the interviews face-to-face. Great Britain, Germany and several parts of Sweden, were visited between February and April, 2017, where the vast majority of the data was collected. The first interview was followed up due to time constraints, the respondent was happy to share its perspectives over a follow-up interview. Interviews over telephone enabled data to be retrieved from Switzerland and Australia as well.

During the interviews, one researcher was responsible for the interview itself, whilst the other took notes. A recorder was also utilised in the meantime. The *interview strategy* enabled dynamism between the respondents and at least one interviewer, whilst the other interviewer could take relevant notes during the process. The interviewer documenting the interviews wrote down the answers on a computer, but also took notes and time-stamped good *quotes* in a booklet. After an interview, the same researcher was quick to transcribe it properly. Afterwards, the other researcher, acting as the moderator during the specific interview, reviewed the quality of the transcription; clarifying and adding relevant notes to the transcription. Therefore, the efficiency of the interview and transcription processes were enhanced, without sacrificing effectiveness.

3.6 Analysing the empirical material

In qualitative studies, the empirical material often provides specific but unstructured details. Therefore, qualitative researchers must provide structure and coherence to datasets without biasing the findings retrieved (Ritchie & Spencer, 2002).

3.6.1 Conceptual mapping

Conceptual mapping was used to analyse the empirical data, a recognised analysis method within the qualitative research field (Ritchie & Spencer, 2002). Conceptual mapping has many strengths, its key features utilised in the study are presented in Table 4 below.

Table 4: The strengths of conceptual mapping

Strengths	Explanations
<i>Dynamic</i>	Open to amendments and additions throughout the analysis.
<i>Systematic</i>	Methodologically treats all units of analysis equally.
<i>Comprehensive</i>	Does not selectively or partially review the empirical data, but all of it.
<i>Enabling between and within-case analysis</i>	Enables comparisons and relations between and within cases to be explored.
<i>Transparency</i>	The interpretations derived from the analysis are linked to the empirical data, allowing the conclusions to be reviewed by others.

Source: Ritchie and Spencer (2002)

Despite conceptual mapping being systematic, it relies on the researchers' creative ability to identify and explore connections between different units. Conceptual mapping to qualitative data analysis includes five key stages (Ritchie & Spencer, 2002), which the researchers conducted the analysis according to. The different key stages are explained below.

3.6.2 Implementing and justifying the choice of conceptual mapping

3.6.2.1 Familiarisation

At first, the researchers became *familiar* with the empirical data. In essence, the process required immersion into the empirical findings; listening to recordings, studying transcripts and observational notes, as well as structuring the findings. The structuration was conducted in Google Drive's spreadsheet service, which enabled the material to be filtered and easily compared. Consequently, similarities and discrepancies between the data were started to be explored (Ritchie & Spencer, 2002).

3.6.2.2 Identifying a thematic framework

A *thematic framework* was identified throughout the familiarisation process, abstracting key issues, concepts and themes. Ultimately, the thematic framework linked *priori issues* derived from the research questions, to *emergent issues* raised by respondents. Hence, *analytical themes* were deduced from patterns in the empirical data (Ritchie & Spencer, 2002) in a hermeneutical manner (Alvesson & Sköldberg, 2009). Induction also occurred through *dimensionalisation* (Alvesson & Sköldberg, 2009), where *glocalisation* was one major emergent issue raised by the respondents. The hermeneutical process was facilitated by the Conceptual Research Model (Figure 7), acting as the fundamental basis to the structuration of the empirical findings and analysis.

3.6.2.3 Indexing

Further on, the empirical data was crunched. Responses as well as non-responses were coded into *indexes* in accordance to the thematic framework. The indexing was brief and easily sorted to facilitate data management and promote relevant patterns to be revealed (Ritchie & Spencer, 2002). Once again, the Conceptual Research Model (Figure 7) played an important role in deciding how the researchers' presented the empirical material and analysis. The empirical material was presented under an internal and external context, whilst the analysis was structured according to trade-off minimisation and Collective Shared Value Creation.

3.6.2.4 Charting

After the indexation, the crunched data was 'lifted' and rearranged under the correct thematic reference point (Ritchie & Spencer, 2002). Ritchie and Spencer (2002) describe this process as *charting*. Charting helps researchers to "build a picture of the data as a whole" (Ritchie & Spencer, 2002: 317). Therefore, the data was categorised according to a *thematic-case logic*. The categories emphasised the vital points needed to be investigated further, whilst the cases enabled nuanced views to be elaborated. Some appendixes were also leveraged to offer readers a systematic outline of the answers, related to a specific topic. One example is Appendix 10, which synthesised all responses regarding how different stakeholders prefer collective collaborations to be organised. Furthermore, the empirical findings were summarised in a table to illustrate the most profound insights taken to the analytical stage (Alvesson & Sköldbberg, 2009).

3.6.2.5 Mapping and interpretation

Until now, empirical data and theory has only been crunched and effectively categorised. Yet, it is a requirement for *mapping and interpretation*, a systematic process where the serious detection begins (Ritchie & Spencer, 2002). In an abductive and hermeneutical manner (Alvesson & Sköldbberg, 2009), the researchers utilised the empirical findings and theoretical framework integratively to reveal and justify new discoveries (Ritchie & Spencer, 2002). Furthermore, tables and figures were created to offer simplicity but manage complexity.

Consequently, a *strategy* was developed (Ritchie & Spencer, 2002) as a *theoretical recommendation* (Tsang, 2014; Yin, 2013), answering towards a practical problem. The strategy is summarised in the Concluded Investigation Model (Figure 10), whilst the effects of its application are illustrated in Figure 11, *Collective Shared Value Creation in a Glocal Ecosystem*. The strategy maps various stakeholder dynamics and focal core competencies to maximise Collective Shared Value Creation within the industry of major motorsport events.

3.6.3 The scientific strength of the qualitative study

Compared to quantitative studies, qualitative studies are often less representative to populations, but also biased due to the subjective nature of qualitative data (Eriksson & Kovalainen, 2015). Therefore, Bryman and Bell (2015) emphasise that qualitative studies cannot be assessed by the scientific factors of *reliability* and *validity*. Instead, Bryman and Bell (2015) advocate Lincoln's and

Guba's (1986) four-elements framework as criteria to determine the scientific strength of a qualitative study.

3.6.3.1 Credibility

The *credibility* of a study is considered as the *internal validity*, or, the *truth* of the findings. The practices used in the research, mainly the sampling method and choice, determine the credibility (Lincoln & Guba, 1986). The immense collection of primary data from a wide stakeholder-sphere did not only minimise skewness, it provided reliable insights from the core of motorsports; many of the respondents interviewed being present in the 'Motorsport Valley' (Tallman, Jenkins, Henry & Pinch, 2006). The pragmatic inclusion of the Scandinavian context also added a promising Shared Value dimension, derived from the cooperative culture embedded in Scandinavian stakeholders (Strand & Freeman, 2015). Furthermore, the leverage of conceptual mapping ensured that the empirical material was treated systematically, avoiding exclusion of rich details. Thus, the credibility of the study can be considered strong.

3.6.3.2 Transferability

The *transferability* of a study originates from the the *external validity* concept, defined as whether the findings are relevant in other contexts (Lincoln & Guba, 1986). Targeting a rich sphere of respondents, where many are actors in other industries than motorsports, provided nuanced views from various geographical areas and experiences. Furthermore, the theoretical scopes of Shared Value creation, trade-off minimisation and collective collaborations are not only of relevance to motorsports, but to many other business settings as well. Therefore, the theoretical scope in combination with immense data collection certainly raises the transferability of the results.

3.6.3.3 Dependability

Research is *dependable* when findings are consistent and can be repeated with the same methodology. Transparent auditing of the methodology and results are vital for high dependability. Therefore, dependability can be raised by providing detailed discussions about the research question, scientific approach, sampling and data analysis (Lincoln & Guba, 1986). Such discussions have been outlined throughout the methodology chapter, describing and justifying how the empirical data was approached, collected, presented and analysed. Moreover, several points of *peer-feedback* have been made; involving seminars, individual supervisions by the tutor Dr. Yakob, Ramsin and a disputation where the study's scientific strength was defended. Consequently, the dependability of the study was constantly increased to a high level.

3.6.3.4 Confirmability

Confirmability, or objectivity, is key when conducting qualitative studies. Confirmability is related to the researchers' objectivity and methods used (Lincoln & Guba, 1986). Considering the vast amount of stakeholders interviewed, along with critical reflections about the methodologies leveraged, the confirmability of the results ought to be high. Furthermore, the researchers did

not have any relation to any respondent prior to the research, nor did the respondents have any influence on the analytical process. Instead, the researchers treated all empirical material equally and systematically through conceptual mapping (Ritchie & Spencer, 2002). The ethical standpoints of researchers are often considered a major criterion for the confirmability. Hence, these are elaborated in the final sub-section below.

3.7 Ethical considerations

In research, especially when conducting interviews, the ethical standpoints of researchers are of vital importance. In this study, all respondents were offered anonymity, whilst all answers in the empirical findings are codified. Therefore, the respondents became more inclined to answer questions authentically; enhancing the credibility of the results (Eriksson & Kovalainen, 2015; Collis & Hussey, 2013). The respondents were also given the opportunity to validate the transcribed material. Thus, the respondents could either restate or clarify certain responses that otherwise might have compromised the final conclusions. Recording was only done upon permission, whilst all recordings remaining confidential. No respondent was financially motivated to participate, nor were they forced to do so (Eriksson & Kovalainen, 2015; Collis & Hussey, 2013; Yin, 2013). On the contrary, all respondents were gifted a small pin of the university logo after the interviews, acting as a token of appreciation since the study would not have been viable without them. The purpose, and scope of the study was presented beforehand, including preparatory instructions for the interview as outlined in Appendix 6 (Collis & Hussey, 2013; Blumberg et. al, 2011). Before all interviews were initiated, the preparatory information was double-checked with the respondents, including the time available to not prolong interviews. As a result, the researchers could develop a good connection and image with the respondents, beneficial for both parties (Yin, 2013). The study was sent to all respondents when it was finalised, and presented to the ones that were interested to learn even more. Such knowledge sharing increased the significance of the study for all participants (Blumberg et. al, 2011; Yin, 2013).

PART II – EMPIRICAL FINDINGS

4. Evidence from the stakeholder sphere

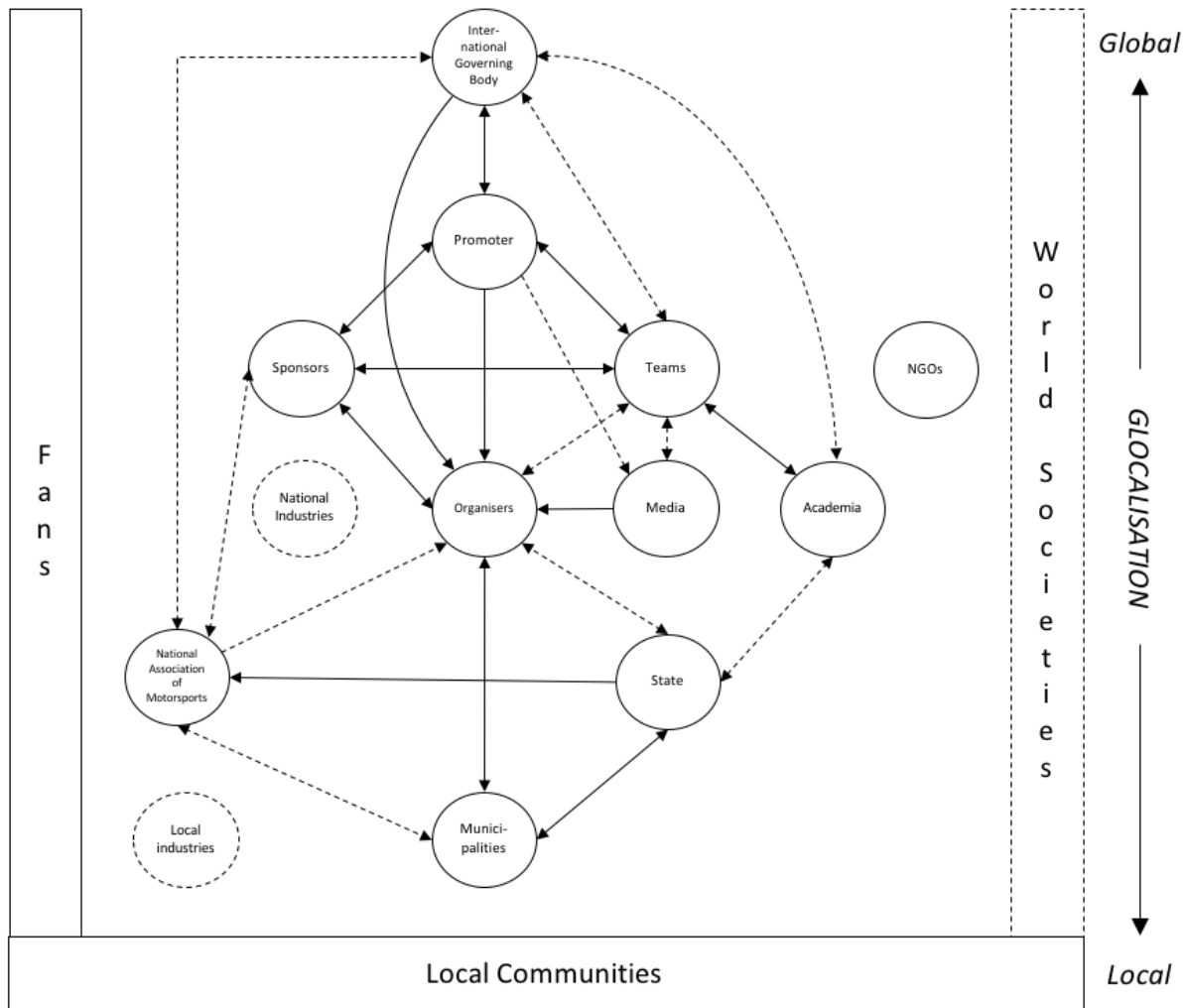
The structure of the empirical findings is inspired by the Conceptual Research Model generated; having the research question at its core. In accordance to conceptual mapping, responses permeating the stakeholder sphere are mainly compiled, albeit, differences are also presented. To start with, the stakeholder sphere is introduced, describing how all stakeholders interact, but also their different visions, profitability focuses and success measurements. The empirical findings continue to the internal context, elaborating how different stakeholders can create Shared Value individually. How stakeholders believe that major motorsport events can minimise trade-offs by its core is further outlined. The empirical findings conclude with the external context, elaborating collaborative implications, untapped opportunities and how stakeholders believe that collective collaborations ought to be implemented.

4.1 Introducing the empirical context

4.1.1 Introducing the stakeholder sphere; mapping the current situation

In order to enhance the reader's understanding of how the dynamics within the industry major motorsport events work, the stakeholders present and their relations are illustrated in Figure 10 on the next page.

Figure 10: Stakeholder map; current situation



Note: The stakeholder map is a synthesis of all dynamics discovered from the qualitative interviews. Solid lines indicate a direct influence and strong communication intensity, dashed lines show an indirect influence and weaker communication intensity. The arrows illustrate in which directions the influence and communication goes.

The FIA acts the *international governing body*, whilst *promoters* are the commercial rights holders of championships. Therefore, Formula One and Formula E are administered by two different “promoting” organisations, Formula One Management (FOM) and Formula E Holdings (FeH). Major motorsport events further involve *teams*, *sponsors* and *organisers* of race tracks. The FIA sets the rules these stakeholders have to follow, yet, does not interfere with promoters’ business models. In return, the FIA receives license fees from promoters for championships, and track fees from organisers. Sponsors supply promoters, teams and organisers with capital and necessary infrastructure. When sponsors supply necessary infrastructure, is often termed *activation*. Hence, the more a sponsor supplies infrastructure, the more a sponsor is activated. Therefore, sponsors and teams use major motorsport events as a platform for innovation, but also to grow brand equity and networks. Teams are able to influence the FIA’s regulations through feedback. On the other hand, organisers appear quite weak in the relationship, not having much *autonomy* to locally tailor events, being strongly regulated by commercial rights. Still,

organisers provide the race tracks and host the actual events, where national and local stakeholders meet and interact. Therefore, organisers yield a dimension of *glocalisation*. Unless *states* are involved in terms of subsidies and political managerial influence, these merely contribute national regulations. In turn, *municipalities* set demands, making sure that organisers follow national standards. Municipalities can sometimes have a more active presence, assisting organisers by sharing their local networks. *National associations of motorsports* are also present, able to further assist organisers with technical rules and licenses according to FIA's standards. The FIA is comprised by 245 national associations of motorsports from 143 countries. However, assistance from national associations of motorsports is often lacking. These are often underfunded by states and sponsors, lacking resources to be proactive. According to the association interviewed, promoters usually go directly to organisers, who create the event, bring infrastructure and sponsors in regards to the demands of the promoter. Meanwhile, promoters have their own TV-rights and sponsors, resulting in an exclusion of the national association of motorsports. *Media* has a large focus on broadcasting and reporting, profiting by providing fans a better experience. Teams and the FIA have some partnerships with *academia*, contributing with research and forums. However, these are not profound. *NGOs* criticise promoters whenever races are considered negative for society, albeit, without any significant influence. Many local stakeholders emphasise a wish to include *national/local industries* as partners in the empirical context, not have an active presence at the moment.

4.1.2 The stakeholders' visions, profitability focuses and success measurements

To enhance the underlying understanding of why different stakeholders participate in major motorsport events, and what their goals are; their visions, profitability focuses and success measurements are compiled in Table 5 below.

Table 5: Stakeholders' underlying goals and motivations for participation in the industry

<i>Stakeholder /factor</i>	Vision	Profitability focus	Measuring mutual success
<i>FIA</i>	Promote development through regulation of safety, mobility, sustainability and consumer law.	Mission-driven non-profit; earns license fees from commercial rights holders and organisers.	Large focus on safety measures and traditional KPIs; TV-time and advertisements used to put pressure on promoters.
<i>Promoters</i>	Provide entertainment integratively with a platform for sustainable mobility; influence people's mind-sets.	Mission-driven for profit; sees financial profitability derived from sustainability advantages and efficiencies.	<i>Track-to-Road</i> , how long it takes for manufacturers to create road cars; sponsorship activation and renewal.
<i>Teams</i>	Enable technological spillovers to road cars; commercial development through sporting success and branding.	Mainly mission-driven, but with a for-profit focus. Financial profitability is not the primary driver of participation in motorsports, money is mainly reinvested for the vision. Yet, bad profitability makes participation difficult.	Road relevance; partner/sponsor development; branding and cross-selling; cost controls to provide fairness.
<i>Sponsors</i>	Make operations/logistic emission free; learn how to make investments in sustainability profitable; grow networks.	Mission-driven; difficult to purely focus on financials with sponsoring. Embrace qualitative gains, as learning and network development.	Shared visions; platform for innovation; linkages.

<i>Organisers</i>	"Be like a Shopping Mall"; combine financial viability with sustainability by offering a diverse package of services.	Mainly financial-driven due to high cost structures; strives for mission-drive by being inclusive, but also through risk sharing with stakeholders.	Dually-oriented, depending on the stakeholder interacted with; should be more holistically viewed.
<i>National Association of Motorsports</i>	Make motorsports more inclusive; promote safety and sustainability to city traffic and manufacturers.	Mission-driven non-profit, reinvests all money generated. Generates money from licenses administered and sponsorship, but also grants from the state.	Growth of motorsports; developments in safety and sustainability.
<i>Media</i>	Provide the society with entertainment and content; keep the interest of motorsports high.	Mission-driven by core, albeit, crowded-out by financial pressure derived from a fierce competitive landscape.	Click-through rate and TV coverage, but also mutual respect.
<i>NGOs</i>	Solve the world's sustainability and social challenges.	Purely mission-driven, does not measure profitability financially. Receives funding independently, not from corporations and politicians to eliminate bias.	Change from within the core business; true Shared Value creation.
<i>Academia</i>	Be a co-creator with practitioners and develop critical, non-value appropriating leaders.	Mission-driven non-profit; receives money from state or private investors. Cost efficient stakeholder due to low overhead.	Easy to grasp measurements, "blue skies".
<i>Government</i>	Develop nations for inhabitants through regulations and knowledge absorption from practitioners.	Mission-driven non-profit; answers towards the national inhabitants through tax payments.	Linkage effects to nations and legacies, examples being real estate development.
<i>Municipalities</i>	Promote sustainable events and influence people's mind-sets, leave legacies to cities.	Mission-driven non-profit; sometimes financed by local industries to enable increased stakeholder inclusion through formality.	Common value grounds; legacies; linkage effects to local communities; education and mind-set influencing.

Note: The stakeholders are listed in accordance to a *glocal* logic; the more global the stakeholder is, the higher up it is listed. The more local the stakeholder is, the farther down it is positioned in the table.

4.2 The internal context; how stakeholders work to create Shared Value individually

Aligned with one major research question and the Conceptual Research Model (Figure 7), a presentation of how different stakeholders can create Shared Value individually follows below. The stakeholders are presented according to their *glocal* positions within the stakeholder sphere.

4.2.1 International Governing Body (FIA)

Through regulations, the FIA focuses forces stakeholders to innovate out of defined limits. Previously, there were no restrictions regarding the amounts of engines Formula One teams could use per season. To promote durability, this number is limited to four engines. The FIA also develops measurement tools for sustainability, tools stakeholders are welcomed to leverage; one example is a Carbon Management Tool. The FIA has also created the NCAP-system to road safety, a recognised crash-test system utilised by many manufacturers.

The FIA engages with other stakeholders in the value chain as well. One current example is the Smart Cities Initiative, a forum gathering various stakeholders to promote connected and sustainable mobility. The FIA utilises similar approaches in motorsports, inviting stakeholders to dialogue. Its embeddedness in global organisations like the United Nations, European Union and International Olympic Committee (IOC), but also national motorsport associations on local levels, enables a better spread of knowledge.

4.2.2 Promoters

Promoters create Shared Value by providing teams and sponsors a platform for innovation. To act as an example and reduce the carbon footprint of championships, Formula E utilises life-cycle assessments (LCAs). Practical examples include providing alternative fuels as electricity supply for events; one example being glycerine. Other measures include only using electric vehicles (EVs) when transporting infrastructure to race tracks, as well as limiting tire usage during races. In Formula E, teams are only allowed to use one set of tyres per race weekend.

Therefore, Formula E strives to influence people's mind-sets; to act more sustainably. An explicit vision involves reducing the perceived cognitive barriers to EVs; making them more appealing. Formula E further strives to leave legacies at destinations. In order to come closer to people and facilitate integration of the infrastructure provided, Formula E only races in city centres. However, since complete carbon neutral solutions are yet to be discovered, CSR is used to neutralise pollution whenever caused.

By allowing stakeholder voices to be raised, promoters try to absorb knowledge within the value chain. Internally, unions like the 'Teams' Association enable the perspectives of teams about road relevance and fair competition. Externally, Formula E leverages all races to gather various stakeholders, hosting innovation summits. Such summits involve stakeholders like entrepreneurs, NGOs, municipalities and politicians; sharing knowledge and discussing mutual challenges. At the moment, innovation summits are utilised together with the FIA's Smart Cities Initiative.

4.2.3 Teams (and sponsors through activation)

Acting as a platform for innovation, major motorsport events enable teams to foster spillovers to road cars and other technological sectors; examples of the latter include telemetry utilised by hospitals, airports and factories. Through sponsorship activation, sponsors do the same together with teams. Two interesting examples include 3D printing and carbon fibre development, where sponsors co-create with teams to reduce costs and test before commercial roll-out. In fact, Microsoft as a large MNC used Manor as a small Formula One team to test a technology targeting SMEs. Such partnerships also offer the advantages of co-branding.

Teams influence their value chains as well. For example, one respondent in Formula One advocated a hybrid system, which later came to be realised. Teams work proactively to minimise energy usage throughout their value chains, measuring and sharing best practices with suppliers. Like Formula E with its LCAs, such efficiencies are also viewed as cost efficiencies. One team exemplified driver-efficiency programmes, used by truck drivers when transporting components to race tracks, drivers being taught how to maximise fuel efficiency, but also rewarded for such.

4.2.4 Sponsors

Sponsors bring the infrastructure and knowledge required to develop the final product of major motorsport events. In turn, these draw linkages to their core businesses as well. According to

one sponsor interviewed, it offers investment expertise and trend research. Another one, acting as a logistics partner, assists promoters with the design of the race calendar. The design includes a cluster-approach, where races are held in specific continents at a time that minimise unnecessary transportation. In fact, the sponsor claimed to utilise a specific framework for Shared Value creation, involving a 'burn less' and 'burn clean' approach 'Burn less' focuses on minimising pollution whenever carbon neutral solutions are not existent. Measures include renewal of vehicle fleets as aircrafts, usage of hybrid systems in trucks and efficient heating in buildings. 'Burn clean' focuses on elimination of pollution, implying a utilisation of alternative energies in vehicles, but also purchasing of green energy for buildings. Since 'burn clean' has not spilled over to aircrafts and boats, the major obstacle to eco-friendly solutions, the sponsor engages in research initiatives.

Value chain influences and network development are emphasised by sponsors, facilitating identification of new business opportunities and synergies with other actors. As one sponsor states, network development enables "*something concrete around the sport to be built, whilst making it more inclusive by promotion*". The sponsor utilising a specific Shared Value framework also engages in developments of industry harmonisations. Within these, subcontractors must promote sustainability down their focal supply chain to become partners. Therefore, subcontractors must be transparent, being measured on monthly bases. One sponsor actually emphasises that sponsors can act as powerful *norm-makers*, learning how to make the future business case by *internalising externalities*.

4.2.5 Organisers

Despite bearing major economic risks in Formula One, organisers deem inclusivity and social value creation necessities for profitability. Therefore, organisers strive for inclusive pricing and investments in local communities. Described as the "*Robin Hood effect*", social value creation provides major motorsport events larger legitimacy and enhanced scope, creating new and younger fan bases in the process. Furthermore, organisers combine education and entertainment in the event packaging; referred to as *edutainment*. For instance, motorsport events can integrate unique knowledge sharing about road safety for consumers, knowledge racing drivers leverage when competing.

Organisers frequently meet with local stakeholder groups in liaison meetings and consultations, incorporating their ideas and voices into the planning. Other forms of benefits generated involve greater tax incomes, image-making for destinations and enhanced tourism.

4.2.6 National Association of Motorsports

Being the FIA's national arm, national motorsport associations act as the central node within the network of national motoring clubs. These create Shared Value by assisting local- motoring clubs and events to implement global and national standards. Furthermore, national motorsport associations use motorsport events to share knowledge about road safety and sustainability. As a

partner to the FIA, national motorsport associations also strive to provide the FIA with local best-practices.

4.2.7 Media

With the core responsibility of governance and reporting, media creates Shared Value in such a manner; enabling opinions to be raised and heard to influence decision-making. Media does not engage in any supply chain influences, in fact, advocates independence from other stakeholders to enable an accomplishment of its core responsibility.

4.2.8 NGOs

NGOs focus on Shared Value creation by influencing people's mind-sets through campaigning and communication. Further actions involve identifying shortcomings in business through independent governance. Means of communication include networking, participation in forums and seminars with various stakeholders, most often with politicians. Since major motorsport events can act as catalysts for national development, NGOs do not favour boycott when such is absent. Instead, NGOs focus on demand-setting, able to assist stakeholders with tools for viability and legitimacy.

4.2.9 Academia

Through education, academia develops the technical and managerial knowledge of people to bring society forward. The knowledge creation emphasises critical and systems thinking; influencing people's mind-sets to embrace the holistic picture. Products and markets become reconceived as graduates implement the mind-sets in practice.

Since sustainability is not given, academia uses research and dialogue with practitioners to develop the concept constantly. Research and dialogue facilitates an understanding of ecosystems, consisting of stakeholders and their needs. For a larger impact, "*not pursuing quick-fixes*" and "*not picking low hanging fruits*" are emphasised. Moreover, dialogue implies co-creation, combining research and practice for knowledge generation. Due to academies engagement of stakeholders and perceived neutrality, it builds legitimacy.

4.2.10 State

Similar to the FIA, states are able to enforce change in national societies through regulations. These are further able to influence people's mind-sets. In Sweden, the state leverages academia as an unbiased source to govern the development of sports. States do not create forums linked to motorsports, like the FIA with its Smart Cities Initiative. Instead, the respondents representing the Swedish state expect the FIA to take this step; enforcing change in global motorsports from national levels is difficult. The respondents do not either believe that governments shall create measurement systems for corporations. Rather, measurement systems ought to be left to corporations. Yet, the respondents admitted that social regulations focusing on legacies, still are in their infancy.

4.2.11 Municipalities

The core of municipalities is to serve local communities through transparency and knowledge sharing. As an arm of the state, municipalities focus on demand-setting to foster linkages and legacies; examples include improved public transportation, real estate development, modern energy utilisation and effective waste management. Municipalities can also ensure organisers that necessary infrastructure is in place. One example is sufficient public transportation, able to be included in the ticket package as well. Other capabilities involve tailoring events according to local needs. Yet, what make municipalities unique, is their ability to gather local industries to the table, derived from their wide network access locally. By gathering local stakeholders and companies, resources and knowledge can be shared to minimise individual risks.

4.3 How stakeholders believe that motorsports can minimise trade-offs by core

Stakeholders offer many valuable opinions regarding how trade-offs between economic, social and environmental value can be minimised in motorsports.

4.3.1 Changing mind-sets, focusing on root causes and considering destinations

Most respondents agree that Shared Value creation ultimately is a question of mind-set, a holistic picture must be emphasised. Many respondents strictly claim that if businesses do not truly commit to sustainability, long-term viability will never be gained. As one respondent representing a team explains, *“there are no trade-offs, doing good is good business. It is attractive to sponsors, fans, and young people. Business and sport is a powerful thing”*. A sponsor further elaborates, *“in the end there is no turning around. If you don't change now, you are going to lose legitimacy”*. Academia underlines the phenomena as *“the green race, bringing efficiency gains and cost minimisation”*.

In fact, some respondents underline that the main environmental challenge major motorsports events are facing, is not linked to motorsports itself, but rather the logistics around it. One respondent explains, *“...that is the root cause. In Formula One, the engines consume a total amount of fuel in one season as one Jumbo Jet from London to Los Angeles. In Formula E though, they use electric trucks to bring infrastructure to cities”*. Meanwhile, the FIA recognises the motorsports' ability to foster technological spillovers, linkages the world of global transportation can draw. The sponsor being the main logistics partner of many motorsport series, underlined that such attempts have been sought; albeit, without profound effects. In fact, the sponsor approached manufacturers, requesting EV trucks for its operations. Although, no manufacturer was ready to supply. Hence, the sponsor acquired a small truck provider in Germany, able to do so.

According to respondents representing the state, major motorsport events must consider which destinations they expand to. Referring to the International Olympic Committee's (IOC's) new strategy, motorsports ought to favour destinations where human rights are respected, but also subsidise such with internal capital if necessary. Otherwise, major motorsport events are going to

legitimacy and compromise image. The arguments further include a larger focus on *legacies*, which major motorsport events can foster to increase their importance in society.

4.3.2 Diversification of revenues, risk sharing and fair competition

Many respondents also argue that *“in sports, everybody needs to be successful, or no one is”*. Fairness is described as an easy solution to trade-off minimisation. One organiser emphasises that promoters ought to diversify revenue streams and enable fair pricing down the value chain. Promoters have four revenue streams; hosting fees paid by organisers, media rights, sponsorship rights and merchandising. At the moment, the potential of digital media is untapped. According to a previous Chief Executive in Formula One, UEFA Champions League as an example to follow. Fifteen years ago, Champions League had the same market value as Formula One. Today, UEFA Champions League is worth three times more than Formula One, US\$ 24 billion compared to US\$ 8 billion. The boosted market value is derived from its efforts in digital-marketing and broadcasting. In Formula One, charging fans 1 US\$ to view each race digitally could theoretically make sport's total market value of US\$ 8 billion itself³. If promoters focus more on value creation through social media and digital broadcasting, fostering edutainment and accessibility, organisers would not be required to be charged enormous hosting fees. Consequently, organisers can lower their ticket fees; attracting more spectators whilst creating new and younger fan bases along the way. Today, the largest fan segment in Formula One is an aging one. Furthermore, many people do not understand the complexity of the motorsports, decreasing its attractiveness. A more engaging and inclusive fan experience can provide sponsors larger value as well, implying enhanced sponsorship revenues. Therefore, the previous Chief Executive in Formula One states that *“promoters must make the pie larger, not take larger bits; reduce the zero-sum game and create larger value for everybody”*.

Providing unpredictable entertainment is another key to grow markets, many respondents linking the challenge to fair competition between teams. As races with only a few challengers are not interesting to watch, large teams are not viable on their own. Regarding revenue distribution for teams in Formula One, many individual agreements exist with the promoter under the so-called *Concorde Agreement*. Favouring revenues for large teams, the Concorde Agreement is one explanation to why Mercedes, Red Bull Racing and Ferrari have been dominant the last decade in Formula One. Those teams possess large amounts of capital already, still, receiving most revenues from the promoter enables more investments into R&D. Adjacent, some stakeholders recommend budget caps to be imposed by the FIA. Such can level terms of competition further, incentivising innovation out of defined limits. Other stakeholders exemplify transformations in the underlying business models, favouring *franchise systems* where teams together are equal owners of the specific motorsport series. In franchise systems, prize money does not act as the major source of revenue for teams. Instead, dividends are paid out each year. Franchise systems additionally imply fairer risk sharing, facilitating necessary investments to be made. Otherwise,

³ The respondent based its calculation on the global viewership number of 400 million people, with a race calendar consisting of 20 races.

such responsibilities are likely to be redirected to one specific stakeholder (the franchise system is returned to later in the chapter).

4.3.3 Mutual success through collective collaborations

Almost all stakeholders express a wish for more collective collaborations across the industry. Such ought to be conducted by engaging many stakeholders, sharing knowledge and utilising their core competencies to Shared Value creation. As one team representative explains, *“every team should do what they are passionate about, and do them in their own way. This is more interesting for people. And then we have a nice competition to see who does it best... It's called co-opetition”*. Such an approach is also welcomed by the FIA, claiming that teams are more likely to be influential for fans and people, rather than the FIA itself. Another organiser elaborates, *“if world championships are to be carried out and there is no guarantee for economic success, collective cooperation with industry, manufacturers, the region and the federal state would not only be desirable, but necessary - not only to cover the costs, but also to build a larger sport for everybody”*. In turn, one respondent representing a promoter emphasises that *“the ecosystem must be embraced. The greater the ecosystem becomes, the stronger we become”*. Furthermore, a respondent representing academia explained that legitimacy is dependent collective collaborations. Therefore, compliance, disclosure, transparency, education and stakeholder engagement are merely tools to achieve collective collaborations.

4.4 The external context; how stakeholders can create Shared Value together

As the stakeholder map in Figure 10 illustrates, there are many dynamics within the empirical context. This subsection digs deeper into the informal dynamics, later elaborating untapped opportunities with individual stakeholders as collectively.

4.4.1 How communication is conducted whilst trust and commitment cultivated

Informal and relational-based communication prevail by large margins in the industry. Described as a necessity, it promotes Shared Value creation and knowledge sharing even as staff turnover occur. Formal communication appears to be more prevalent in initial stages.

Interesting to note is the situation for organisers, acting as the main bridge between the global and local stakeholders. Still, these appear quite isolated in their position, not gaining any profound support from either global or local stakeholders. One organiser explains, *“we are not showed appreciation. We are quite isolated, really. We are the promoter's customer, but don't get any customer service!”*. Another organiser emphasises, *“sadly, we rarely enjoy the benefits of Shared Value, or perhaps, it only results in positive effects in one direction”*. A similar issue can be found between organisers and their relations to the FIA, communication appearing one-way. One organiser exemplifies, *“four months prior to our Formula One GP, we received a letter from the FIA demanding amendments to the track. This was done without any prior consultation”*. As organisers host a variety of other events in order to be profitable, such unpredictable track amendments distort the planning of these, resulting in unaffordable cost increases. Therefore, the lack of proactive and informal communication has a severe impact on trust as well as financial performance. Still, one respondent representing the

FIA emphasise the *earliness* of communication. If it is not improved, global challenges existing between stakeholders on different levels will be difficult to overcome. Other respondents explain that motorsports often is too competitive. One respondent representing a team describes, *“teams have their own intelligence, mechanicals and IT”*, whilst an organiser emphasises, *“there is only one seat in the racing car”*. Thus, individual success tends to be prioritised.

Stakeholders describe various ways of cultivating trust and commitment. The FIA and promoters emphasise creation win-win strategies, transparency and sound bases for competition. Teams and sponsors stress the vitality of common goals, continuous engagement and communication, able to encourage others to follow. As a team representative in Formula One explains, *“you want to see partners regularly, at least after a certain amount of time. It is a lot of understanding, understanding what their issues are, making it your problem to solve. Aligning the partnership with each other’s needs”*. Stakeholders more local in the empirical context stress benevolence and holistic thinking. Like one respondent representing academia elaborates, *“trust and commitment cannot be contracted, therefore, free-riding and illoyalty cannot be tolerated”*. To promote the holistic perspective, compromises must be second nature. As stated by a respondent representing a NGO, *“one must make compromises and understand stakeholder problems. Sometimes, one loss can make another even greater success”*. A compilation of all the stakeholders’ perspectives can be found in Appendix 7.

4.4.2 Untapped stakeholder synergies

Promoters, the FIA and governments are frequently argued as actors stakeholders want to collaborate more with. Organisers wish to be provided more autonomy from promoters; tailor events locally to add further value. Promoters welcome further collaborations with NGOs. NGOs argue that collaborations with influential stakeholders, like promoters, can foster spillovers further down the value chain. One respondent representing academia describes the institution as a *“honest broker, able to create knowledge sharing forums”*. Similarly, sponsors are open for increased collaborations with academia, NGOs, governments and the FIA. Therefore, new ideas and resources can enhance value creation.

Nevertheless, many stakeholders argue that the FIA must take a more proactive role in motorsports; influence promoters in more sustainable directions. However, some stakeholders believe that FIA lacks such inspiration, believing that Shared Value creation completely relies on the commitment of promoters.

Yet, the FIA argues that governments could be more proactive; provide guarantees to major motorsport events as these act as platforms for innovation. According to the respondents, governments are always proactive when hosting World Olympic Games, despite such being one-time (mega) events. On the contrary, major motorsport events are returning, having a more consistent pay-back to society. Still, one organiser insists that financial support by governments is not preferable; referring back to the responsibility of promoters, who ought to diversify revenues streams and foster market growth through inclusiveness. Adjacent, another organiser stresses

that local actors like states, municipalities and national motorsport of associations; ought to embrace motorsports as platforms for social value creation as well. For example, motorsports can inspire unprivileged youngsters to pursue careers in technology. However, the respondent claims that local stakeholders rarely succeed in doing so due to resource constraints.

Along with teams, municipalities and national motorsport associations, the FIA acknowledges national and local industries full of potential. Engaging these can therefore minimise economic risks prevalent on local levels. Moreover, major motorsport events can serve as their platform for innovation and product showcasing to develop of new customer bases. In Sweden, several respondents explain that local stakeholders increasingly create Event Management Companies together. When creating events, such formal entities facilitate risk sharing, decision-making and synergies.

Finally, academia and organisers air the unexplored potential of lower tiers in supply-chains. One professor believes that fuel suppliers can be more proactive. Since fuel is a root cause to pollution, motorsports ought to be a relevant testing grounds for alternative fuels. A team representative provides another dimension to the argument, stressing the strive for differentiation by large teams' resulting in a skewed landscape. By streamlining supply chains, suppliers can be chosen collectively upon their ability to act sustainably. Therefore, the number of variables, from which teams can differentiate by; can be reduced. Fuel is such an example. Other respondents add that collective initiatives of similar nature can increase the likelihood of suppliers acting responsibly.

4.4.3 Collective Impact; how Shared Value can be created collectively

Ultimately, Shared Value creation must be implemented. As almost all stakeholders express a wish for collective collaborations, this subchapter explores how stakeholders believe that such can be realised.

4.4.3.1 Initiation and leadership

The vast majority of respondents agree that there is a need for a strong and charismatic leader, able to initiate and drive collective collaborations throughout the stakeholder sphere. One respondent specifies “*moral authority, the ability to work with people and the authority to enforce things*” as the most important abilities of the proposed leader.

Albeit, many stakeholders believe that collective collaborations are impaired by skewed power structures. One organiser stresses, “*collective collaborations have to survive a redistribution of power*”. Nevertheless, most respondents agree that the lead must come from “*above*”. Specifically, it must be driven by the FIA and/or promoters. “*There needs to be a clear leader, the others meet from time to time. We are all in the same car, we need only one driver*”. According to stakeholders, the FIA has power to influence motorsports in the right directions. Meanwhile, promoters have the power to engage and gather stakeholders. Fortunately, the FIA and promoters agree on their synergies. The FIA

claims that promoters have a more “sexy” appeal to the public, being a better source of inspiration. Yet, the FIA recognises its need to be more proactive. Promoters argue that they can bring strong leadership and make stakeholders follow, still, the FIA must work integratively.

Stakeholders frequently emphasise a need for hard leadership, at least in the initial stages. Some, although not many, do not see any other option than “good dictators”. According to a stakeholder in Formula One, “collective things never work in democracies, there are too many competing interests and egos”. Media shares the argument, adding that the FIA and/or promoters must develop a “total solution”. Stakeholders believing in soft leadership also exist. As collaborations rely on relational components, “facilitators, instead of commanders” are favoured.

On a local level, national stakeholders believe that the national motorsport association ought to initiate such change. The national associations of motorsports interviewed welcomes support from municipalities and organisers, lacking capacity to initiate systematic change. Municipalities welcome further partnerships to create locally strong clusters.

Summarised, an influential leader is needed; able to take the lead, coordinate and foster commitment. The stakeholder sphere view the FIA and promoters as given alternatives. A complete outline of the perspectives collected from the stakeholder sphere can be found in Appendix 8.

4.4.3.2 Organisation and dedicated backbone support

Respondents air several organisational designs suitable for collective initiatives. The design favoured is the creation of a new collective entity. Stakeholders emphasise a new collective entity because of its formality, argued to be more visible, legitimate and influential. Making various stakeholders owners of a collective entity promotes resource sharing and commitment. One organiser elaborates, “a mutual company created for the specific purpose, having an interest in the sport as well as the industry around it. Including various stakeholders can create both financial and knowledge synergies”. Accordingly, a formal collective entity could be the start of something new. Another organiser stresses, “motorsports have to be broken down, and started up all over again. Stakeholders have to understand how the industry works, otherwise, business will be cancelled”.

The national association of motorsports interviewed wishes that the FIA promotes such collaborative structures. Consequently, promoters and organisers are likely to follow, sharing risks through formal cluster organisations. Organisers and states as local stakeholders also favour such an approach. Municipalities favour informal partnerships, albeit, argue that formality facilitate resource allocations.

One team representative extends the discussion by linking the collective entity to a *franchise system*. In the franchise system of V8 Supercars in Australia, each team owns a stake of the corporate entity. The franchise organises motorsport events together with external stakeholders as cities.

These provide capital, but also set local demands. After the events, the franchise measures to what extent the targets were fulfilled; one example includes enhanced service consumption. According to the respondent, franchise systems offer larger stability, stakeholders becoming active owners able to influence decisions. Therefore, stakeholders stay together during both successful as challenging times. Further details about the franchise system utilised in V8 Supercars can be found in Appendix 9, these are leveraged later in the analysis.

Nevertheless, stakeholders argue that it will be challenging to agree on *“where to collaborate, and where to compete”*. By core, motorsports is a competition. Some teams, for instance Red Bull Racing, mainly participate in Formula One to promote extensions to its brand. On the other hand, McLaren leverages its participation in Formula One to foster knowledge linkages to its Group.

Almost as many stakeholders favouring the creation of a new collective entity, prefer a project groups as dedicated backbone support. Compared to formal entities, project groups offer more agility. As one sponsor explains, *“shorter meetings, think fast, do fast. Use projects as learning opportunities”*. Yet, the same respondent explains resource allocation, especially on local levels, is a major issue with project groups. The sponsor concludes that *“the funding principles of the FIA could be changed. Use promoters better, they have a rich portfolio of partners that could help”*.

Another view, albeit less popular throughout the sphere, is a configuration where “collective collaborations” occur through stakeholder partnerships. Within such, a strong leader must promote a shared vision. Furthermore, the benevolence of the leader must inspire stakeholders to perform actions not skewing the industry. According to a NGO, the leader ought to leverage individual meetings to avoid power imbalances between stakeholders. Hence, the voices of smaller actors are more likely to be heard. One organiser summarises the implication of such a configuration well, *“collective collaborations have to be voluntary. There must surely be an elite that not only has the willingness to make changes and adaptations, but that also has the rights to do so – in the common interest of everybody. Individual and group initiatives can only be successful when the top of the organising body has the power to back the shared ideas and to have them implemented”*.

A few representatives of the FIA favour a funder-based organisation backed by one specific stakeholder, most likely the promoter. No respondent believes that NGOs or states can promote collective initiatives. To conclude, a new collective entity is mainly advocated as backbone support; followed closely by project group. Formal collective entities have more relevance in terms of resource allocation and legitimacy. Meanwhile project groups are described as more agile. A complete outline of the perspectives throughout the stakeholder sphere can be found in Appendix 10, comparing the stakeholders and their qualitative responses.

4.4.3.3 Embracing emergence and governance

The stakeholder sphere believe that emergent solution can solve the issues major motorsport events are facing. A majority of the respondent emphasise that such, if allowed sufficient time, greatly foster the success of collective actions. One respondent representing academia describes, *“collective actions are dependent on a successive and organic change process. There are no quick fixes, it has to be built over time”*. These aspects are agreed by many others. Yet, nuances exist within the argument. Several external stakeholders like NGOs, claim that incremental steps are not enough. On the other hand, respondents active within the core of motorsports, examples being the FIA and promoters, argue that incremental steps are necessary due to cost and resource constraints. Basically all stakeholders advocate a medium-term perspective, at least three to five years is required for Shared Value creation to be visible. Some stakeholders actually embrace a ten-year perspective, if the effects of Shared Value creation only are visible after such a time.

Patience is dependent on the intentions and benevolence of the initiator as stakeholders. One organiser argues, *“there is no use in confronting the promoter with the issues in the industry. The way forward is to collaborate and build trust together, solve problems together”*. The same respondent further emphasises, *“one way of doing that is to be open and honest with the promoter, not go behind its back”*. The stakeholder sphere agrees that short-term pressure can be reduced by embracing a medium- or long-term focus on profitability. However, clear goals are required from the beginning to avoid confusion and stress. As a sponsor describes, *“doing something impactful takes time, we only communicate outside when we have consent, which is good. There no need to rush, it is important to have clear goals from the beginning”*. Interestingly, impatience can also take the form of virtue, described as a driver for change by one team representative *“If each stakeholder is impatient, it's going to drive other stakeholders. Doing nothing is not good enough!”*.

The mind-set is described by a large majority, as the underlying factor dictating the approach to value creation. According to many, the mind-set relies on shared visions. As one team representative explains, *“you must have shared goals and objectives that everyone buy into, possibly financially, but certainly metaphorically buy into”*. Other respondents stress that Shared Value creation and collective collaborations *“must be in the DNA”*. However, numerous respondents underline that motorsport is short-term oriented by tradition. *“There is no long-term in Formula One, it's a very fast paced sport”*. To break such traditions, many stakeholders believe that new people have to be promoted. As one respondent explains, *“motorsports need good people with good values, not having self-interests”*. The same respondent pleads, *“do not get stuck, facilitate!”*. In Formula One, many respondents think that Liberty Media, the new commercial rights holder, is going to be crucial for change. One team representative elaborates, *“I think that you have all the elements to make it happen now. You have new owners, new enthusiasm and appetite to promote the sport; not only to build the sport as a greater sporting entity, but to drive greater value in Formula One of what it can do for other sectors and how it can make a difference to people's lives”*.

Nevertheless, most stakeholders do not exactly know how collective initiatives ought to be governed. In Formula E, strong leadership, clarity and informal relations appear bond stakeholders together. As one team representative explains, *“I’m not sure that we do govern it, we just all have a common goal. I guess the origins come from the commercial rights holder, the promoter. Alejandro Agag [the founder of Formula E] has this vision, FLA is backing it because it’s right and relevant for the road car industry. From that, is a collective group of stakeholders that have aided that, and moulded it. You would probably be surprised from the lack of processes and how much intuition we use”*. On the other hand, one respondent representing academia emphasises that collective collaborations require Executive meetings two to three times per year, no matter the organisational design. As a result, collective collaborations can achieve greater visibility and enhanced legitimacy.

To promote collective collaborations and embrace emergence, stakeholders stress the significance of proactive communication. As a respondent representing a promoter elaborates, *“Communication is key. Knowing the stakeholders’ goals, values and KPIs, and what they want to get out of the partnership. Indeed, also communicating what Formula E’s goals are, keeping them informed of the championship as we grow, change and the reasons why. We need to let them know much in advance, as much information as possible, so they can plan. That is true collaboration. Communication makes sure that all goals are aligned”*.

4.5 Synthesising the empirical findings; what are the main takes?

Due to the systematic scope of the study, investigating a wide stakeholder sphere, the findings are synthesised in Table 6 on the next page; providing the reader the main takes for the analysis.

Table 6: The main takes of the empirical findings

<u>Internal context; stakeholders' core capabilities to Shared Value creation</u>		
<i>Stakeholder/Factor</i>	Profitability scope	How Shared Value is created
<i>International Governing Body (FLA)</i>	Mission-driven non-profit	Regulating for innovation; Carbon Measurement Tool; Smart Cities Initiative; Multiple embeddedness for knowledge sharing
<i>Promoters</i>	Mission-driven for-profit; sustainability = profitability	Platform for innovation; sponsorship activation; LCAs; legacies; influence mind-sets; innovation summits; stakeholder voices
<i>Teams</i>	Mission-driven for-profit	Technology spillovers; sponsorship activation; feedback with FIA; minimisation of energy usage (driver efficiency programmes)
<i>Sponsors</i>	Mission-driven; qualitative gains	Internalising externalities; Burn less - Burn Clean; industry harmonisations; network development
<i>Organisers</i>	Financially driven; inclusiveness necessary for profitability	Bridge global and local stakeholders; tailor events; inclusiveness; "Robin-Hood effect; edutainment; consultation with local stakeholders
<i>National Motorsport Associations</i>	Mission-driven non-profit; still, scarce resources	Central node in national motorsport networks; FIA's arm, promoting implementation of local and global best-practices
<i>Media</i>	Mission-drive crowded out	Reporting; independence to promote unbiased governance
<i>NGOs</i>	Mission-driven non-profit; independent funding	Influence mind-sets; identify shortcomings in businesses; knowledge sharing; demand-setting; tools for legitimacy
<i>Academia</i>	Mission-driven non-profit; private funds or tax money	Educate non-value appropriating leaders; constant questioning; honest broker for knowledge forums
<i>State</i>	Mission-driven non-profit	Law-making to foster legacies; difficult to regulate motorsports; shall not develop measurement systems for corporations
<i>Municipalities</i>	Mission-driven non-profit; sometimes funded by local industries	Foster linkage effects to local communities; demand-setting; influence mind-sets; able to gather local stakeholders to the table
<u>Minimising trade-offs by core</u>		
Change mind-sets, holistic picture; root causes, embrace platform for innovation; consider destinations for legitimacy; diversification of revenues; digital broadcasting; inclusive pricing; fair competition; risk sharing and collective collaborations; embrace ecosystem		
<u>External context</u>		
<i>Cultivating trust and communication</i>	Earliness and relational communication (Shared Value to survive staff turnover); win-win strategies; common goals; benevolence; trust cannot be contracted, free-riding not tolerated; compromising	
<i>Untapped stakeholder synergies</i>	Autonomy from promoters; norm-making; FIA to influence promoters more; embrace social value creation by local stakeholders; national and local industries; streamline supply chains; reduce differentiation variables	
Implementing collective collaborations		
<i>Initiation and leadership</i>	From "above", influential stakeholders fostering commitment; FIA and promoters globally; motorsport associations and municipalities locally; strong leadership in initial stages	
<i>Organisation and dedicated backbone support</i>	New collective and formal entity, franchise system, commitment and risk sharing; project groups, agility	
<i>Emergence and governance</i>	No quick-fixes; emergent solutions; medium-term approach to profitability; shared visions; common mind-set; promote new people; executive meetings for visibility; proactive communication	

PART III - ANALYSIS & CONCLUSION

5. Analysis

The analysis breaks down the current situation, investigating how Shared Value can be created to permeate the greater stakeholder sphere. Empirical data with most support is discussed integratively with previous research; providing the data credibility whilst enabling theoretical gaps to be identified. The process includes an analysis of trade-off minimisation within the core of motorsports, as well as an examination of how Shared Value can be created collectively throughout the industry.

5.1 Minimising the trade-offs within the core of motorsports

Stakeholders raise interesting aspects in relation to the core of motorsports, a scope the Shared Value literature (Porter & Kramer, 2011) specifically lacks. Nevertheless, the Conceptual Research Model generated (Figure 7), appears to support many empirical findings.

5.1.1 Profiting from environmental value creation

Not being able to prevent pollution on the short-term, whilst failing to develop clean technologies on the long-term; will eventually backfire (Hart & Milstein, 2003). Respondents describe this phenomenon as the “green race”, “there are no trade-offs” and “in the end, there is no turning around”. Of particular interest is the *root cause* to the problems with sustainability, not being motorsports but rather the logistics around it. As several respondents describe, the emissions from Formula One cars in one single season equal a flight from London to Los Angeles, flights which go every single day. Therefore, embracing motorsports and innovation can provide stakeholders a motivating platform to develop carbon neutral vehicles. Compared to traditional R&D, participation in motorsports yield economic value from sponsorship. Hence, technological spillovers derived from motorsports can enable logistic providers and private consumers to buy eco-friendly vehicles (Hart & Milstein, 2003). Therefore, stakeholders can draw economic payback by countering a root cause to global warming, providing further sponsorship during the process. As one respondent stresses, “*doing good is good business. It is attractive to sponsors, fans, and young people. Business and sport is a powerful thing*”.

The Sustainable Value Creation framework (Hart & Milstein, 2003) provides a sharper edge to the empirical material when integrating the dimensions of *sustainable vision* and *product stewardship*; yielding benefits not fully recognised by the stakeholder sphere. Through product stewardship, stakeholder needs can be incorporated in the value creation via dialogue and corporate governance⁴. Thus, *cause-related marketing* can increase promotion. Dialogue and knowledge sharing with other stakeholders can also assist with *life-cycle management* and *industrial ecology*;

⁴ However, the framework does not stress exactly how such dialogue nor governance should be conducted.

facilitating pollution prevention and clean technologies. Therefore, the benefits of repositioning and increased legitimacy can boost sales (ibid).

To realise product stewardship, implementation is dependent on *sustainable visions*; offering guidance through shared roadmaps. Many respondents underline *shared visions* for collective collaborations, arguments confirming that goal-setting facilitates action-orientation. Hart's and Milstein's (2003) framework appears fruitful when minimising the trade-offs of environmental value creation. However, social value creation does not appear to be central, an aspect requiring further investigation.

5.1.2 Profiting from social value creation

Stakeholders claim that social value creation falls short due to skewed power-distributions within the industry. As one respondent explains, *"in sports, everybody needs to be successful, or no one is"*. Interestingly, social value creation appears to have a dual scope within motorsports. One arises from the perspective of organisers, focusing on increased social value creation; able to be transferred to fans and local communities. The other scope underlines fair competition between teams to improve entertainment, a fundamental component for revenue generation.

5.1.2.1 Digital broadcasting, edutainment and inclusiveness

Stakeholders stress that promoters need to diversify revenue streams. Therefore, promoters ought to embrace digital broadcasting, not requiring fans to buy expensive TV-packages from commercial media. As the previous Chief Executive in Formula One emphasised, only charging fans US\$ 1 to view each race digitally, could theoretically make Formula One's total market value of US\$ 8 billion by itself. The digitalisation efforts include increased fan engagement through *edutainment*. Accordingly, organisers can be charged less to enable competitive ticket fees. Large and aging fan segments can be rejuvenated through inclusive ticketing and edutainment, attracting younger fan bases. Increased revenues from sponsorship would further be a result of the process. Thus, promoters can *"make the pie larger, not take larger bits"*.

The empirical data reassembles the SVIs of *reconceiving products and markets* (Porter & Kramer, 2011) and *competitive response* discussed by the 3C's approach (Maltz & Schein, 2012). By reconceiving products and markets, organisations can increase revenues through increased quantities. According to Bertini and Gourville (2012), the IOC leveraged such pricing for the World Olympic Games in London to *"enlarge the pie"* (8) and attract more spectators. Hence, edutaining fans whilst enabling people with lower disposable incomes (Prahalad & Hart, 1999) to attend major motorsport events; derives profitability out of social value creation.

5.1.2.2 Fair competition to improve entertainment

The second scope raised by the respondents, regarding the situation of teams, cannot be neglected. Larger teams, despite enjoying more privileges, are dependent on the success of smaller teams. A respondent exemplifies, *"no one wants to watch predictable sports entertainment"*.

Therefore, equalling the playing field by providing a fair competitive landscape, ought to be a priority. Under the current *Concorde Agreement* in Formula One for example, many individual contracts exist for teams. Furthermore, prize money is a major part of the revenue distribution, teams having a rich portfolio of resources usually ending up on top.

Most stakeholders believe that a new collective entity should be created, giving birth to new foundations and structures. Yet, many stakeholders also believe in informal projects groups, where an influential leader takes control for the greater good. Throughout the history of Formula One, informal partnerships have rarely survived the competitive dynamics. Today, the Strategy Group as an example only includes six out of ten teams (Straw & Barretto, 2017). In Formula E, shared visions foster informal relations and collective cooperation. However, Formula E is still in its infancy, and not near the size of Formula One. As Formula E grows, added complexity might test the informal relations and current management approaches (Hill, 2012).

A new collective entity might act as a solid backbone through its formality. Still, Hanleybrown et al (2012) underline that funding and accountability might become difficult to coordinate in such configurations⁵. The *franchise model* proposed by some respondents appears fruitful, providing concrete guidance. In a franchise system, all teams need to buy in into the sport financially. Teams are most likely not going to do so for short-term benefits, fostering stronger commitment. Concrete ownership also implies larger stability. As teams wish to exit, a new buyer has to be found and approved the Commission (see Appendix 9). Furthermore, dividends prevail over prize money, promoting fair competition. Hence, a franchise system as a collective entity incentivises collaboration (Hanleybrown et. al, 2012). Individual stakeholders are unlikely to suffer negative short-term performance; financial risks being shared whilst shareholder pressure avoided (Kramer & Pfitzer, 2016; Hart & Milstein, 2003). Therefore, fans can be fostered a more equal and unpredictable playing field; deriving economic value from social value creation.

5.1.2.3 *Ecosystems thinking, legitimacy and legacies*

Some stakeholders, mainly sponsors, claim that “*by internalising externalities, one can learn how to become profitable in the long-term*”. Albeit, internalising externalities without collective coordination can have detrimental results on a firm’s financial performance (Michelini & Fiorentino, 2012). Nevertheless, the sponsor which acquired a small logistics provider to manufacturer EV trucks, profited by minimising its carbon footprint; preparing its operations for long-term profitability. However, as financial costs are evident when internalising externalities individually (Michelini & Fiorentino, 2012); corporations ultimately turn to quick-fixes, leaving complex problems unsolved (Crane et. al, 2014). Therefore, an ecosystem must be embraced, where Shared Value can be created together with many stakeholders (Kramer & Pfitzer, 2016). *Ecosystems thinking* is confirmed by almost all stakeholders, where a wish for more collective collaborations are raised.

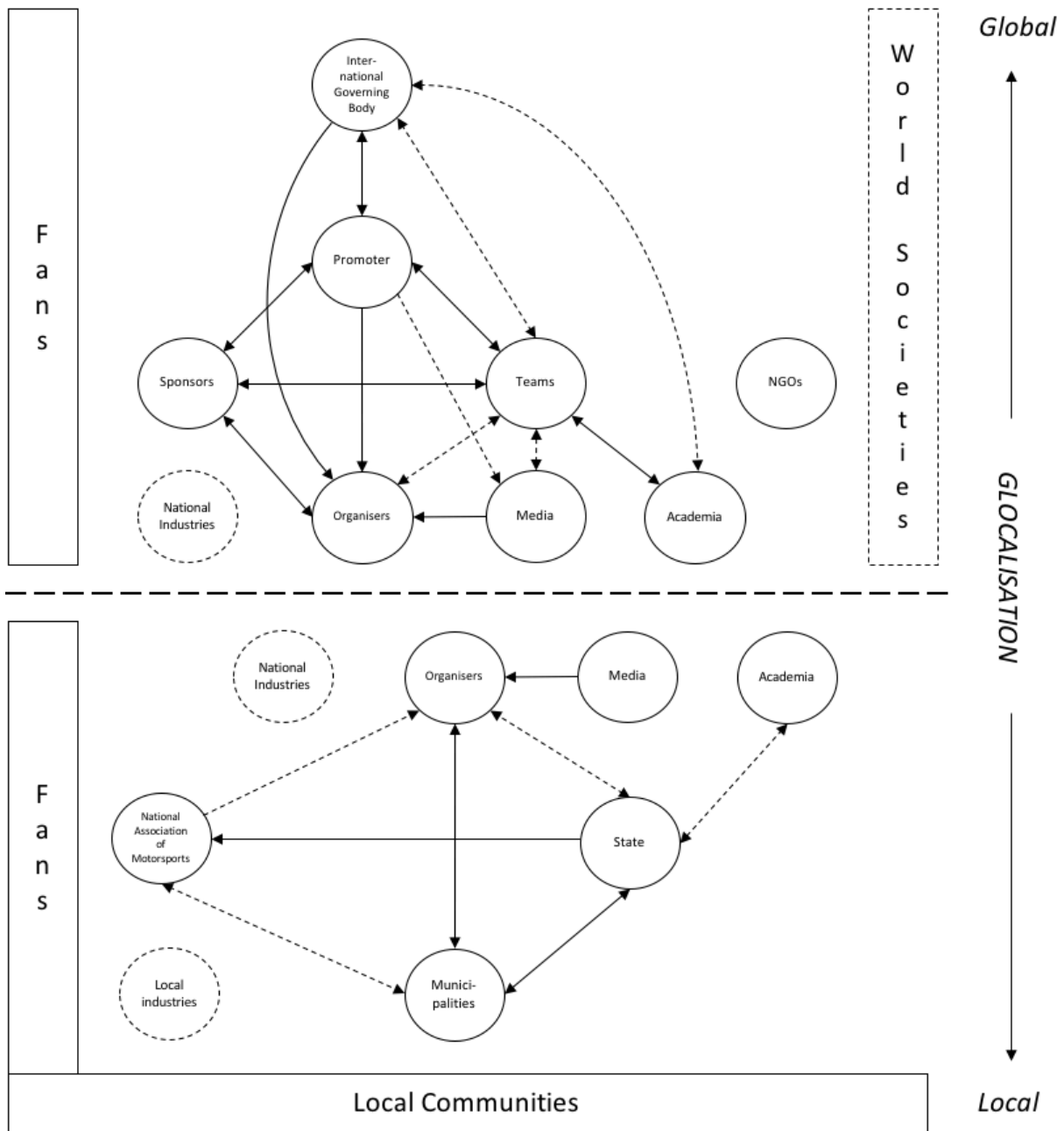
⁵ An aspect the Shared Value concept (Porter & Kramer, 2011) overlooks completely.

In fact, many stakeholders link collective collaborations to the legitimacy of motorsports. Like Beschorner and Hajduk (2017) suggest, Shared Value creation failing to include a wide array of stakeholders, will never achieve true legitimacy. The respondents representing the state and NGOs, take the discussion one step further; stressing that major motorsport events must consider the destinations chosen. Referring to the IOC's new strategy, the IOC has started to favour destinations respecting human rights. Furthermore, the IOC is ready to subsidise the next World Olympic Games with internal capital; promote organisation by such countries. If major motorsport events do not head in a similar direction, a deteriorated image puts promotion at risk (Michelini & Fiorentino, 2012; Porter & Kramer, 2011). Closely linked to the argument, includes a wish to embrace major motorsport events as catalysts for infrastructural development; leaving *legacies*. The argument resembles the Shared Value initiative of *enabling local cluster development* (Porter & Kramer, 2011). According to Porter and Kramer (2011), such actions can increase the local demand for one's products by employment generation, in this case motorsport events. In turn, utilising energy-effective infrastructure yields cost-efficiencies. Like Formula E strives to do, leave legacies by preparing destinations for carbon neutral energy supply. Such transformations usually require enhanced economic activity locally, promoting local employment. In turn, cost savings are enabled through efficient energy supply.

5.1.3 Glocal collaborations to minimise value appropriation

When reflecting upon why Shared Value creation fails to permeate the larger sphere of stakeholders, it is relevant to turn back to the current situation. In Figure 9, the stakeholder sphere has been segmented according to their main geographical dimension within the industry.

Figure 9: Glocally segmented stakeholder map



Note: Within the industry studied, organisers, media and academia mainly interact with both global and local stakeholders. Solid lines indicate a direct influence and strong communication intensity, dashed lines show an indirect influence and weaker communication intensity. The arrows illustrate in which directions the influence and communication goes.

By viewing the segmented stakeholder map, the influence and communication intensity seems to be more profound within the global stakeholder sphere. The large influence intensity on global levels indicate a difficulty to transfer Shared Value to local communities; reminding of *value appropriation* where profitability is not equally distributed within a network of actors (Gulati, 1998). Many stakeholders stressing that they are not viable on their own confirms *interdependencies* (Teece, 2014). Such can actually be illustrated by the large number of two-way arrows in Figure 9. Still, *stakeholder management* (Mitchell & Wood, 1997) appears to prevail over *stakeholder engagement* (Rhodes et. al, 2014; Strand & Freeman, 2015). To minimise the risk of profitability

becoming absorbed by the global stakeholder sphere, whilst facilitating transfers of Shared Value creation to local communities, requires further analysis of how global actors can engage more effectively with local ones (Kania & Pfitzer, 2016; Hanleybrown et. al, 2012; Rhodes et. al, 2014).

5.2 Towards Collective Shared Value Creation

According to Kania & Kramer (2013), stakeholders ought to be clustered in accordance to their potential complementarities. Therefore, collective collaborations can maximise the potential of Shared Value creation (Kramer & Pfitzer, 2016). Still, a collective agenda and shared measurements systems are required for collective collaborations to prosper (Kania & Kramer, 2011; Hanleybrown et. al, 2012). Therefore, the upcoming section explores alignment between the global and local stakeholders' profitability focuses and success measurements. Further on, the potential synergies existing between global and local stakeholders are investigated; to enable circularity of Shared Value creation throughout the ecosystem.

5.2.1 Shared measurement systems; global alignment

By returning to Table 5 in the empirical findings, local stakeholders appear to be more non-profit oriented than global ones. For example, local stakeholders prioritise linkages to local communities. In turn, global stakeholders focus more on linkage effects to other divisions of their focal organisations, one example being road cars.

Mission-drive permeates almost the complete stakeholder sphere; argued to be a requirement for both short and long-term profitability. For instance, organisers strive for inclusiveness in order to expand markets. Promoters argue that environmental business models provide cost efficiencies. Still, financial struggles can have a severe impact on the priority to create social and environmental value (Michelini & Fiorentino, 2012). This is mainly confirmed by organisers and teams competing with less resources, who eventually leave motorsports. Hence, for Shared Value creation to prosper on multiple levels, the industry must be profitable for all stakeholders. As one respondent explains well, *"in sports, everybody needs to be successful, or no one is"*.

The mission-drive offers opportunities globally as locally when embraced. Like Maltz and Schein (2012) suggest, mission-driven organisations are more prone to Shared Value creation. On a global level, mission-drive can promote profitable satisfaction of social and environmental needs; the drivers of the future economy (Kurucz et. al, 2008; Meadows et. al, 1992). One example is linkages to road cars sought by teams, another one is digital edutainment by promoters. Embracing such activities from the global sphere can further enable major motorsport events unique differentiation (Beschorner & Hajduk, 2017; Michelini & Fiorentino, 2012; Porter & Kramer, 2011).

On a local level, the aligned mission-drive increases the likelihood of collective collaborations between local stakeholders. As many local respondents emphasise, resources on local levels are scarce, requires risk sharing. By engaging with municipalities and the national associations of

motorsports, these can provide additional manpower and attract local industries into the co-creation. Therefore, increased financial risk sharing and integration of more capabilities can enhance the Shared Value creation and transfer of such to local communities (Kramer & Pfitzer, 2016; Hanleybrown et. al, 2012; Michelini & Fiorentino, 2012). By engaging the global and local stakeholder spheres, capabilities available throughout the industry can be leveraged to maximise the potential of Shared Value creation; Collective Shared Value Creation.

5.2.2 Maximising synergies through glocal clusters

For Collective Shared Value Creation, merely shared measurement systems are not enough (Kania & Kramer, 2011). To provide the discussion validity, the complementarities between global and local stakeholders requires further emphasis. The following section explores such to explaining the effects Collective Shared Value Creation can bring.

5.2.2.1 Global stakeholders

To start with, it is relevant to distinguish the FIA from nation states. Both actors have a fundamental similarity, regulating and setting demands for innovation and linkages. Albeit, they are not present on the same geographical level. Their core competencies to Shared Value creation reassemble the scopes of *reconceiving products and markets*, but also *enabling local cluster development* (Porter & Kramer, 2011). The main difference is the FIA's involvement in stakeholder partnerships like the Smart Cities Initiative, explicit partnerships nation states do not actively engage in. Therefore, nation states do not have a direct supply chain influence (Maltz and Schein, 2012). In fact, the respondents representing the state refute the five-stage framework for governments (Porter & Kramer, 2011). Instead, the respondents favour to outsource governance of societal developments to academia; described as more effective due to its neutral standpoint and research. Furthermore, the same respondents expect the FIA to regulate factors related to motorsports, being out of reach for nation states. Hence, states can be classified as support functions; not having any major ability to affect the global industry of motorsports. Furthermore, states do not co-create with local stakeholders directly when major motorsports are hosted⁶. On the other hand, the vital importance of the FIA within motorsports, but also its ability to create Shared Value, makes it a global stakeholder with an active presence.

Major motorsport championships would never exist without promoters. In turn, teams, sponsors and organisers make sure that core components and capital are in place. As earlier analysed, major motorsport events acting as platforms for innovation, enable teams and sponsors to profit from environmental value creation. Organisers act as the bridge with local actors, facilitating local cluster development (Hart & Milstein, 2003; Porter & Kramer, 2011). Although, promoters must provide embrace the ecosystem; promote inclusive pricing, edutainment and fair competition among others. Therefore, multiple stakeholders will be able profit from social value creation. Promoters, teams and sponsors clearly have a more global touch within the industry.

⁶ The situation is different for governments subsidising motorsport events. Albeit, as such involvements effectively contribute to a skewness of the industry, governmental influence of that kind is written off in this study.

Since organisers host motorsport events in local communities; it makes sense to classify the stakeholder as local.

5.2.2.2 Local stakeholders

Along with municipalities and national motorsport associations, organisers foster linkage effects to local societies (Porter & Kramer, 2011). If allowed to tailor events and set demands, these can *reconceive products and markets*, but also *redefine productivity in the value chain* (Porter & Kramer, 2011). Municipalities have an important capability currently unleveraged, including local industries in co-creation process. In turn, national motorsport associations use major motorsport events to promote sustainability and safety. Thus, these are happy to be welcomed in the value creation process, able to contribute with their manpower. As a result, many more stakeholder needs can be incorporated to foster a cleaner environment and legacies. All these local stakeholders ought to be engaged to maximise the local utilisation of resources and competencies available.

5.2.2.3 Support functions

Academia is present both on the global and local level, able to boost the development of major motorsport events through critical research. Yet, such Shared Value creation is indirect. The same is true for NGOs, mainly acting as a watchdog. In terms of governance, media has some similarities with academia and NGOs. All three are able to identify shortcomings and provide people with critical information. However, as outlined in Table 5, media's for-profit focus crowd-out such priorities to governance. Instead, reporting with 'entertainment value' prevails.

Still, welcoming these stakeholders to contribute with their knowledge can improve operations (Locke et. al, 2009). Therefore, Collective Shared Value Creation can benefit from such support functions. However, support functions must be provided independence. If not, there is a risk that subjective influence from specific stakeholders can cause promotion of skewed solutions. Table 7 summarises the stakeholders' suggested positions within the glocal industry.

Table 7: The stakeholders studied and their suggested position within the industry sphere

Global	Local	Support Functions
FIA	National Association of Motorsports	State
Promoters	Organisers	Media
Teams	Municipalities	Academia
Sponsors	National and local industries	NGOs

5.2.3 Initiation and leadership

5.2.3.1 From influential stakeholders “above”

Influential stakeholders from “above” must take the first step and promote Collective Shared Value Creation. Like Serra et. al (2016) argue, influential stakeholders possess the largest capacity for Shared Value creation, able to inspire others to follow. Most stakeholders prefer a dual leadership from the FIA and promoters. The FIA has the power to influence motorsports in a long-term direction, but also embeddedness across many organisations. In turn, promoters possess strong leaderships and are more attractive to the public. Therefore, combining their leadership can facilitate the development of a *total solution*, the FIA and promoters taking the role as influential champions (Hanleybrown et. al, 2012). In line with Bingham’s (2017) logic, trust must be established from the within the core, otherwise, progress is likely to struggle.

Nevertheless, strategy is a people problem, not a strategy problem (Bergman, 2017); influential champions have a fundamental people element. Like many respondents have aired, the FIA and promoters can benefit from additional and unbiased people (Kania & Kramer, 2011). Otherwise, the proposed influential champions may lack dedicated people for the new roles.

Interestingly, most respondents cannot imagine how the FIA and promoters would lead in practice. The history of motorsports has rarely involved collaborations of systematic nature. Albeit, many acknowledge that collective collaborations must survive a redistribution of power. Wheelan’s (2016) framework provides fruitful guidance about leadership for effective group development. During the initial stages, the FIA and promoter must apply hard leadership, otherwise, there is a great risk of passiveness and confusion. As the stakeholders become more comfortable within the collaboration, these are going to strive for more autonomy; something the influential champions must provide. Otherwise, system leadership will never be achieved. Instead, stakeholders will either remain dependent on the hard leadership, or most likely withdraw from the partnership due to a lack of benevolence. With time, the FIA and promoters shall take on a coordinating role, ultimately acting as expert advisers within the collective partnership. As a result, system leadership is going to be developed, maximising the synergies and effects of Collective Shared Value Creation.

5.2.3.2 Local leadership cannot be overlooked

Since many stakeholders are local, leadership on such levels cannot be overlooked. Many local stakeholders consider the national association of motorsports as the leader promoting collective collaborations on local levels. Since national associations lack internal resources to initiate systematic change, these welcome support from municipalities and organisers. Municipalities are very prone towards local collective partnerships, favouring creations of strong local clusters. Therefore, national motorsport associations ought to approach municipalities, initiate together to leverage resources and facilitate implementation.

5.2.4 Organisation as dedicated backbone support

According to Kania and Kramer (2011), *questions of legitimacy* and *free-riding* issues often cause *investment justifications*, being important barriers to overcome. Since SVIs can improve the conditions for competitors as well, selfishness often discourages such engagement (ibid). Therefore, organisation must act as dedicated backbone support, ensuring the viability of collective partnerships. Most respondents express a will for formal backbone support, especially on local levels. Still, such ought to start from the top.

5.2.4.1 Franchise system globally

According to most respondents, a new collective entity ought to be created for the core stakeholders in motorsports, global stakeholder. Commitment would be spurred as these become active owners in a new entity. Furthermore, a new global collective entity can more visible and legitimate. All of these aspects are also emphasised by Hanleybrown et. al (2012)

Although, many respondents favour project groups as well. Like Hanleybrown et. al (2012), the respondents stress the advantages of agility (ibid) and liberal nature, the latter acting as a motivational boost for participation. Therefore, project groups are frequently applied within motorsports, the Smart Cities Initiative being a current example. However, the effects of project groups are often inhibited by funding, a major concern according to the respondents.

As elaborated earlier in the analysis, a franchise system seems to be a concrete and plausible solution. In a franchise, global stakeholders benefit from consistent financial payback and decision-making. As free-riding becomes unprofitable due to penalties (see Appendix 9), well-grounded reasons for participation foster commitment. Therefore, a franchise system may act as a solid backbone organisation for global stakeholders.

5.2.4.2 Event management company locally

Many local stakeholders stress the need for a local backbone organisation as well. A franchise system can act as a *norm-making* measure towards local stakeholders (Reyes et. al, 2016). In fact, the national association of motorsports pleads that the FIA promotes such formal collaborations, inspiring many others to follow. Therefore, local stakeholders can be inclined to become like the influential champion (Reyes et. al, 2016); creating a local Event Management Company. Like a franchise system, a local Event Management Company can facilitate resource allocation and risk sharing. Therefore, questions of legitimacy can be overcome, whilst investment justifications are likely to be less of an issue (Kramer & Pfitzer, 2016). Furthermore, the active ownership of local stakeholders makes their core competencies included in the event company's business model. Consequently, local stakeholders can facilitate the transfer of Shared Value creation to local communities together.

Still, for the circularity of Collective Shared Value Creation to prosper, the two backbone organisations must work together proactively and share financial risks. If not, the risk of *value*

appropriation will still remain (Gulati, 1998). Furthermore, a lack of interaction between the entities will result in unleveraged knowledge spillovers, inhibiting the power of *emergent solutions* (Kania & Kramer, 2013). Global and local stakeholders are *interdependent*, they cannot satisfy social and environmental needs throughout multiple levels only based on their individual knowledge (Beschoner & Hajduk, 2017). By working integratively, the backbone organisations can create Shared Value for global societies, local communities and fans.

5.2.5 Embracing emergence

5.2.5.1 Shifting mind-set, shared visions and compromising

Respondents stress that *quick-fixes* never imply long-term viability; *emerging solutions* arising from collective collaborations affect the viability of motorsport events positively. All measures cannot be visible immediately, particularly the effects of social and environmental value creation. Therefore, such should not be inhibited by short-term thinking. However, old habits and norms make motorsports “*fast paced*”, where short-term thinking often prevails. Therefore, the FIA and promoters must leverage their influential capabilities to break *path-dependencies*. Otherwise, a collective mind-set embracing emergent solutions will be difficult to develop (Bartlett & Ghoshal, 2002). As with the backbone organisation, research advocates *norm-making* (Reyes et. al, 2016) and *change from within* (Bingham, 2017). If not, stakeholders will be less inclined to follow (Reyes et. al, 2016; Bingham, 2017), individual Shared Value initiatives tending to have negative implications on financial performance (Michelini & Fiorentino, 2012). Within a mind-set transformation, follows a need to agree on *shared visions* according to the respondents. Reassembling a *collective agenda*, stakeholders should not agree on all details, but the overall aim (Kania & Kramer, 2011; Kramer & Pfitzer, 2016); aspects are confirmed by respondents. One respondent emphasises the significance of *compromising*, one “loss” for a stakeholder can make a larger win in another case. Stakeholder can expect such due to benevolence, other actors being aware of the same focal benefits. Therefore, compromising is a key to trust and commitment.

Albeit, as motorsports is a competition at core, stakeholders must find a balance on *where to collaborate, and where to compete*. Without competition, innovation is not promoted (Hill, 2012). Meanwhile, lack of collaboration implies untapped synergies. In Formula E, variables to differentiation have been reduced; including downforce, chassis and suspension. The main differentiating variable is the range of the electric engine, emphasised to transfer linkages to road cars. Interestingly, Table 5 indicates many similarities between the stakeholders’ visions, having a fundamental mission-driven alignment to profitability. Therefore, there appears to be a large potential for stakeholders to agree on shared visions, vital for Collective Shared Value Creation (Kramer & Pfitzer, 2016).

5.2.5.2 Medium-term focus on profitability

Most respondents embrace a medium-term view on profitability, reassembling a *real options approach* (Hart & Milstein, 2003). Setting predetermined conditions are highly unlikely to recognise a variety of stakeholder needs. Moreover, they are likely to hinder an initiation of

collective partnerships due to an overload of details. Like the evolution of the human being, it was not predetermined, but rather a result of adaptations and superior mutations (Kania & Kramer, 2013). Compared to long-term visions, medium-term focuses often bring the advantage of action-orientation since outcomes are closer to the present. Furthermore, long-term targets risk to become obsolete (Hart & Milstein, 2003). According to many respondents within the core of motorsports, like the FIA and promoters, incremental steps are required due to cost and resource constraints. Hart and Milstein (2003) confirm their perspectives, emphasising that radical change is difficult to enforce quickly. Kramer and Kania (2013) provide another dimension to the argument, explaining that continuous alignment between stakeholders is able to enhance Shared Value creation without requiring breakthrough innovations or vastly increased funding. Solutions and resources previously unrecognised, become identified and adopted (ibid). Since the FIA and promoters are suggested to act as influential champions, such information is of significance.

5.2.5.3 Continuous communication to foster planning and execution

For continuous alignment to be realised, a large majority of the respondents emphasise relational and proactive communication. Otherwise, knowledge sharing, transparency and win-win partnerships are likely to be impaired; resulting in unmet stakeholder needs. Science confirms all these aspects (Kania & Kramer, 2011; Strand & Freeman, 2015). Currently, earliness is a major issue. Therefore, Shared Value creation is difficult to transfer to local communities as local stakeholders cannot plan effectively.

5.2.5.4 Informal communication to achieve relational rents and cooperative advantages

Within the aspect of communication lies a relational component, being a key to efficient collaboration by many respondents. Therefore, new stakeholder partnerships are potentially hindered by established relations (Dyer & Singh, 1998), being an important aspect to consider to the initiation of Collective Shared Value Creation. Proactive and informal communication (Kramer & Pfitzer, 2016) requires further emphasis. Without such, *relational rents* cannot be achieved (Dyer & Singh, 1998; Rhodes et. al, 2014), neither can the benefits of *cooperative advantages* (Strand & Freeman, 2015).

Relational rents and cooperative advantages spur trust and commitment, making stakeholders more inclined to share resources and knowledge. Furthermore, they promote proactive conflict resolution; frictions are inevitable in partnerships (Dyer & Singh, 1998; Strand & Freeman, 2015). Influential champions still play an important role, having the main responsibility to facilitate problem solving and alignment (Wheelan, 2016). Other researchers (Moon et. al, 2011; Serra et. al, 2016) stress the importance of continuous feedback on progress to avoid discouragement. That might explain why one respondent emphasises that Executives of the collaborating organisations meet two to three times per year over conferences. Otherwise, a lack of visibility might question the legitimacy of a Collective Shared Value Creation.



According to Kramer and Pfitzer (2016), such often cause free-riding and investment justifications.

6. Conclusion

The conclusion answers research questions of the study with the help of the analysis conducted. In accordance to the goal with conceptual mapping, the conclusion develops a strategy. After the research questions have been answered, the results are conceptualised in a model to illustrate the circularity of Shared Value creation, when applying the strategy. The theoretical contributions of the study are outlined further on, concluding with suggestions for further research a discussion related to managerial implications.

6.1 The long-term viability of major motorsport events

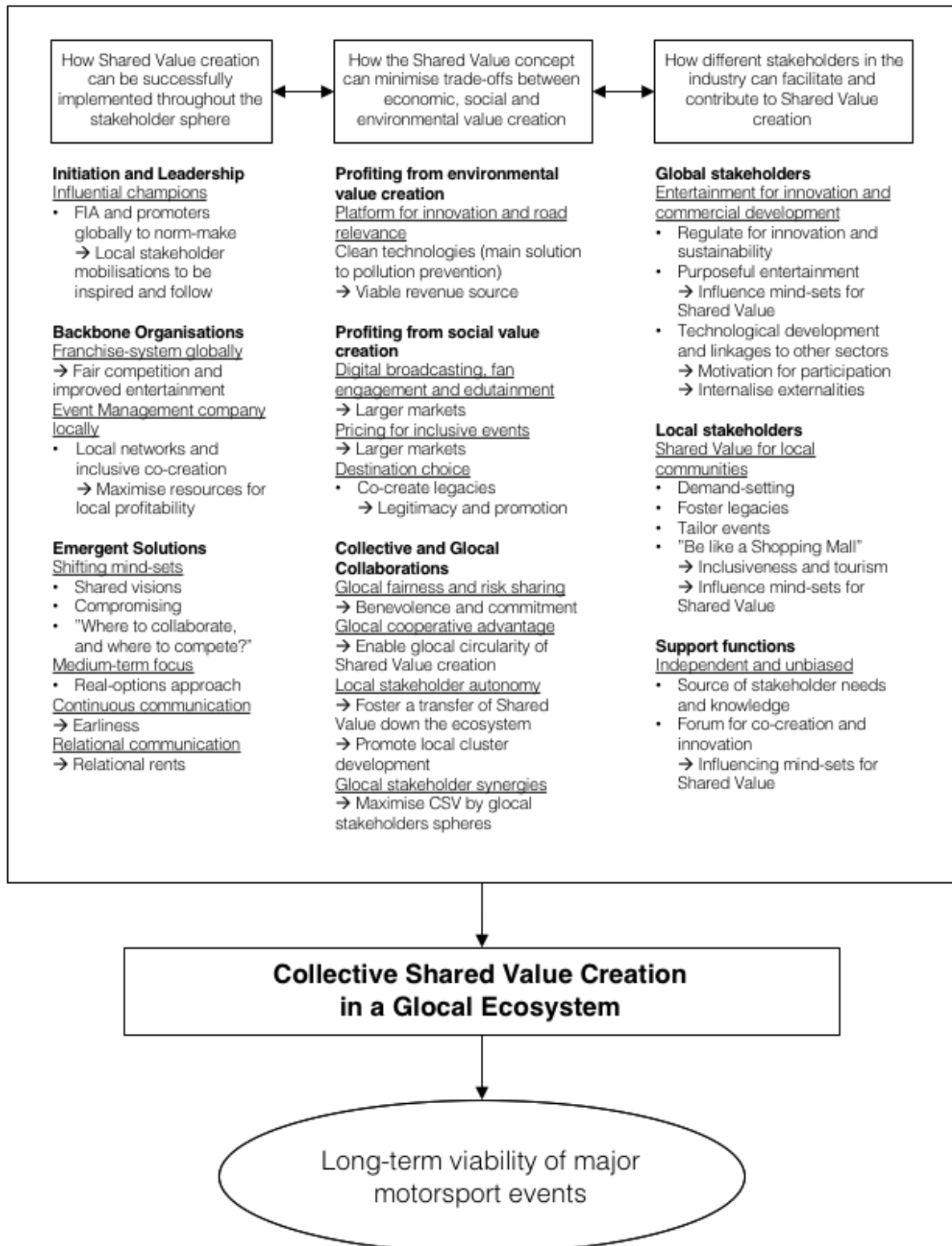
The final conclusion of the Master's thesis is inspired by the Conceptual Research Model (Figure 7), albeit contextualised within the case studied. To fulfil the purpose and answer the main research question, the sub-questions are vital. The phenomenon studied is the long-term viability of major motorsport events, broken down into three main issues.

- *How the Shared Value concept can minimise the trade-offs between economic, social and environmental value creation.*
- *How different stakeholders in the industry can contribute and facilitate Shared Value creation.*
- *How Shared Value can be successfully implemented throughout the stakeholder sphere.*

To enhance understanding, the conclusion refers back to the Investigation Model (Figure 1). The Concluded Investigation (Figure 10) presented on the next page summarises the discussion.

Figure 10: Concluded Investigation Model

How can major motorsport events become viable in the long-term by implementing Shared Value throughout the stakeholder sphere?



Authors' final recommendation

6.1.1 Minimising trade-offs by the core of motorsports

After conducting the analysis, three approaches to *trade-off minimisation* were discovered and scientifically supported. The first way focuses on minimising the trade-offs with *environmental value creation*. As motorsports and global logistics have a major common denominator, engines and vehicles, motorsports ought to embrace *road relevance* and *linkages* to other sectors. Therefore, teams and sponsors will be able to transfer *innovations* to logistics and other sectors. Compared to pure R&D, teams and sponsors gain commercial promotion during the process. Embracing such a combinative focus, can strongly motivate the participation of teams and sponsors in motorsports. Ultimately, innovations generated from motorsports sport result in eco-friendly products and infrastructure purchased by consumers and companies in world societies. Hence, there is large potential for creating both economic- and environmental value as Shared Value.

The second approach explores how to *profit from social value creation*. In Formula One for example, the consumer segment is aging whilst younger segments are poorly interacted with. Attending major motorsport events is also expensive, disincentivising younger segments further. Thus, promoters ought to diversify their revenue streams through digital broadcasting, enabling larger markets to be tapped. The digital approach also includes an emphasis on *fan engagement*, teaching people about the complexities behind the racing among other factors. Therefore, *edutainment* can be a powerful tool to the expansion of consumer bases. As promoters profit from diversified revenues streams, organisers can be charged lower hosting fees to and enable *inclusive ticket pricing*. Thus, cheaper tickets can make promote more people to consume major motorsport events live. Consequently, the pie can be made larger, all stakeholders profiting from larger bits. Issues related to *sportwashing* and *legitimacy* cannot be overlooked either. In line with the IOC's new strategy, major motorsport events ought to avoid destinations not respecting human rights. Otherwise, the image is likely to be deteriorated and spectators lost. Such destinations should merely be approved when the event is used as a *catalyst for change*, to creating *legacies* and therefore Shared Value.

The third approach to minimise trade-offs includes *collective and glocal collaborations*, including a strong cooperation and financial risk sharing between global and local stakeholders. Therefore, benevolence and commitment is likely to be spurred, fostering a *cooperative advantage* to maximise synergies. Nevertheless, it is important to grant local stakeholders more *autonomy*, currently lacking according to the evidence from the stakeholder sphere. Due to the difficulty of global stakeholders to fully understand local needs, local stakeholders should be granted the autonomy to satisfy these. Therefore, collective collaborations between glocal stakeholders can facilitate a *transfer* of Shared Values to *local communities* and promote *local cluster development*.

6.1.2 How different stakeholders can facilitate and contribute

To understand the effects of glocal synergies and how they are possible; it is significant to clarify which stakeholders are classified in the specific levels and what their *core competencies* are. Starting from the top, *global stakeholders* include the *FIA*, *promoters*, *teams* and *sponsors*. The FIA regulates for

innovation, safety and sustainability; forcing teams and sponsors to do the maximum out of defined limits. The FIA also creates forums proactively for knowledge sharing. Promoters design and administer championships, where *road relevance* ought to be at focus. Promoters can also work with the organisers in the strive for leaving *legacies* to destinations. Therefore, *purposeful entertainment* can *influence people's mind-sets* in a positive way. Teams and sponsors contribute with the race vehicles, components, infrastructure, capital and logistics. By embracing motorsports as a *platform for innovation*, teams and sponsors can foster knowledge linkages and technological spillovers to other parts of the business. Therefore, embracing such spillover effects can act as a strong motivational source for participation, helping teams and sponsors to make the future business case by *internalising externalities*.

Local stakeholders include *organisers, municipalities, local and national industries*, and the *national association of motorsports*. Organisers derive profitability from inclusiveness and “*being like a Shopping Mall*”; creating social value by offering something for everybody. Municipalities have strong local networks, able to gather local and national industries to the table. By including the latter into the co-creation, more capabilities resources can be leveraged locally. In turn, local and national industries can profit from the platform for innovation and increased promotion. As the FIA's national arm, involving the national motorsport association into the process brings further technicalities; safety related and environmental measures for example. As a strong and clustered entity, local stakeholders can influence people's mind-set through entertainment. Furthermore, they can share their best practices with global stakeholders, help them improve. The same goes for global stakeholders, to enhance the effects of Collective Shared Value Creation.

Stakeholders not creating value directly for motorsports are classified as *support functions*, these include *states, academia, NGOs* and *media*. Striving for impartiality and independence, support functions should be allowed so. States find it difficult to influence motorsports through national regulations. Albeit, states can influence the local stakeholders through their regulations. Since local stakeholders are recommended to interact closely with global ones, create cooperative advantages, states might eventually have an impact on motorsports. Although, the such influence is merely indirect. Through their knowledge pools and embeddedness within societies and organisations, academia and NGOs are sound sources of global trends and stakeholder needs. Academia and NGOs can create forums for co-creation and knowledge sharing, as one respondent describes, act as a “*honest broker*”. Their knowledge pools and embeddedness is not possible without bias. Media similar core characteristics to academia and NGOs, able to provide people with information. Compared to the other support functions, media has the largest presence within motorsports. However, its profit focus most often crowds-out reporting without entertainment value. Despite easy to ignore, support functions must be welcomed to participate in Collective Shared Value Creation to yield their indirect, albeit unique core competencies.

Table 7: The stakeholders studied and their suggested position within the industry sphere

Global	Local	Support Functions
FIA	National Association of Motorsports	State
Promoters	Organisers	Media
Teams	Municipalities	Academia
Sponsors	National and local industries	NGOs

6.1.3 Successful implementation throughout the stakeholder sphere

To implement Shared Value creation throughout the stakeholder sphere, *initiation* and *leadership*, *backbone organisations* and *emergent solutions* are required on both global and local levels.

Initiation and leadership

Within the global sphere, influential and powerful stakeholders must initiate and lead the way, act as *influential champions*. It ought to be the FIA and promoters together, having suitable complementarities, in order to develop a *total solution*. The FIA has power to influence motorsports in a viable direction, currently not interfering in the business models of promoters. In turn, promoters are strong leaders and attractive to the public. The process includes harder leadership in initial stages to establish structure, allowing teams and sponsors more autonomy subsequently to establish trust. Otherwise, there is a risk that the global stakeholders achieve system leadership and maximise synergies, remaining dependent on the hard leadership of the influential champions. Therefore, the influential champions can establish *norms*, inspiring local stakeholders to follow a similar path. Albeit, since implementation is a people problem and not a strategy problem, additional manpower is likely to be required. If not, old habits and path dependencies will be difficult to transform.

On local levels, the *norm-taking* ought to inspire local stakeholders to mobilise and share resources and financial risks. Local stakeholders view the national association of motorsports as the leader promoting such local collective partnerships. Although, these possess scarce capacity. Thus, these national motorsport associations ought to approach municipalities to utilise their resources. As described in the earlier section, municipalities have sound embeddedness in local networks, able to include local and national industries into the co-creation process.

Backbone organisations

To implement Shared Value creation throughout the global stakeholder sphere, backbone organisations are required on both global and local levels as well.

On a global level, a *new and formal collective entity* is recommended. Today, project groups are frequently utilised due to their agility and liberal nature. Although, as Shared Value creation is financially costly for stakeholders individually, most respondents emphasise the importance of

funding. Furthermore, the stakeholder sphere wishes to see something “new”, being more *visible* and *legitimate*. Yet, not many respondents are aware of how such a collective entity ought to be configured. A *franchise system* utilised by NASCAR in America and V8 Supercars in Australia were lifted by some respondents as best practices; offering concrete guidance. In a formal franchise system, teams and sponsors buy into the sport. Hence, financial risks are shared fairly, whilst yearly dividends prevail over prize money as the major source of income. Active ownership foster long-term commitment and decision-making influence. Ultimately, fairer competition can equal the playing field to promote a less predictable show as well, promoting market growth through fan growth.

By *norm-making* from “above”, such formalisation shall inspire stakeholders down the value chain to proceed in a similar path. Therefore, local stakeholders ought to create *Event Management Companies* for major motorsport events. Formal event management companies can bring similar advantages as franchises, including funding and inclusion of various core competencies into the value creation.

Emergent solutions

Value creation for the long-term is not always visible immediately, whilst *quick-fixes* never imply long-term viability. As collective collaborations proceed, a continuous alignment between stakeholders enables new synergies to be discovered. Resources and solutions previously unrecognised, become adopted. Therefore, *emergent solutions* might not even require vastly increased funding or breakthrough innovations to create Shared Value.

To embrace emergence, old traditions emphasising short-term oriented *mind-sets* must be overcome by influential champions. Specifically, these must gather stakeholders to agree on *shared visions*, acting as the fundamental guide for the collective collaborations. *Compromising* is another necessity for long-term collaborations. Stakeholders will never be able to agree on all details, therefore, compromising within the shared visions enables implementation. Through benevolence, a “loss” for a focal stakeholder can be a larger win in another case. Benevolence is vital for trust and commitment to be spurred, motivating stakeholders to *give and take* for the greater good. Albeit, as motorsports is a competition at core, stakeholders must agree on *where to collaborate, and where to compete*. Competition fosters innovation, whilst collaborations promote synergies required for Collective Shared Value Creation.

A *medium-term view on profitability* is recommended, also described as a *real-options approach*. Setting predetermined conditions are unlikely to recognise all stakeholder needs, hindering the initiation of collective collaborations. Compared to long-term goals, medium-term approaches offer action-orientation, breaking down plans easier into concrete stages. Thus, medium-term goals motivate governance to ensure successful progress, minimising the risk of goals becoming obsolete.

Communication is a final crucial component. Without it, continuous alignment will never be possible. Today, *earliness* is a major issue, jeopardising proactive planning and profitability. Continuous communication facilitates proactive planning and earliness. Nevertheless, the informal component of communication cannot be emphasised enough. Informal communication fosters *relational rents*, enabling synergies to be achieved without formal hurdles⁷. Moreover, as staff turnover happens with time, continuous and relational communication are required. Otherwise, Collective Shared Value Creation is likely to fall apart, remaining dependent on the people and not on the organisations as units.

6.1.4 Collective Shared Value Creation in a Glocal Ecosystem

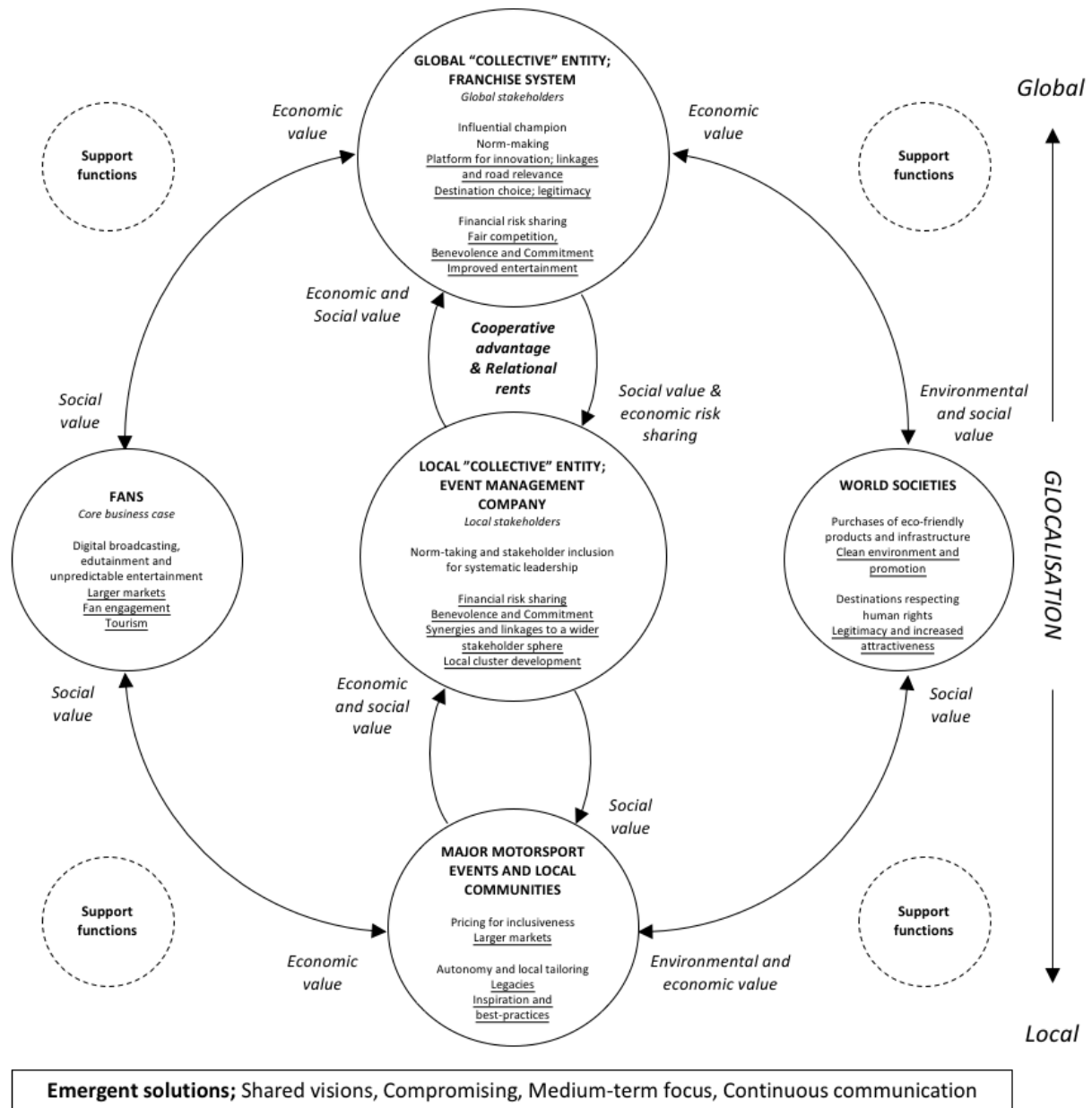
As all sub-questions of the thesis are interrelated, they provide answers to a greater picture. When merging these, *Circularity of Collective Shared Value Creation in a Glocal Ecosystem* can be generated. The ecosystem can be segmented between;

- Global stakeholders
- Local ones
- Fans as core consumers
- Local communities where major motorsport events are hosted, and
- World societies under influence of the environment, whose consumers can buy eco-friendly products.

Figure 11 synthesises the how an illustration of the answers to the sub-questions answer the main research question; how major motorsport events can become viable in the long-term by implementing Shared Value throughout the stakeholder sphere.

⁷ Since the backbone organisations are advised to be of formal nature, relational rents are of particular importance to leverage the maximum potential of the informal dynamics existing within as between formal organisations.

Figure 11: Circularity of Collective Shared Value Creation in a Glocal Ecosystem



Note: The text closest to the specific arrow imply the form of Shared Value created, and from which unit it is transferred. The text underlined are results of factors elaborated above it. To foster understanding, the authors' recommend the reader to view the ecosystem from top to bottom, focusing on the specific path individually (right, down or left). The holistic picture will be easier to comprehend later as a result.

6.2 Theoretical contributions

By applying the Shared Value concept on a business case where social and environmental value creation does not yield financial profitability yet, gives birth to many theoretical extensions and contributions. Shared Value creation must be viewed from a holistic perspective, an ecosystem, it is not a zero-sum game. Creating Shared Value (CSV) is difficult to succeed with individually, collective implementation is required to maximise its effect. Therefore, Bengtsson and Markovski (2017) have expanded the Shared Value framework (Porter & Kramer, 2011) with the Collective Impact concept (Kania & Kramer, 2011) to develop a framework for Collective Shared Value Creation (CSVC). Compared to the Shared Value concept (Porter & Kramer,

2011), the CSVC framework (Bengtsson & Markovski, 2017) includes implementation measures necessary for Collective Shared Value Creation to prosper. One example involves how to achieve glocal synergies. The aspect of *glocalisation* has previously been overlooked both within the Shared Value and Collective Impact literature. Measures to minimise trade-offs minimise between economic, social and environmental value creation have also been explored.

The Collective Impact framework (Kania & Kramer, 2011; Kramer & Pfitzer, 2016) is still relevant. Despite providing many sound implement measures, it falls short on the way towards system leadership. Therefore, the concept was merged with Wheelan's (2016) integrated model for group development. What the Collective Impact concept lacks mostly though, is clear guidance on what kind of impacts it can create. The Shared Value framework (Maltz & Schein, 2012; Porter & Kramer, 2011) provides such advices, although, appears short on environmental value creation. For example, *redefining productivity in the value chain* seems to focus on efficiencies and energy minimisation, one example being through technology sharing. Albeit, it does not explain how carbon neutral solutions can be achieved completely. Extending it with the Sustainable Value Creation framework (Hart & Milstein, 2003) adds the dimension; *clean technologies* able to yield *disruptive innovations*, being strong factors and competitiveness and differentiation.

As elaborated in the Conceptual Research Model (Figure 7), successful implementation of Collective Shared Value Creation (CSVC) is dependent on *relational rents*. Relational rents are derived out of *dynamic capabilities*, specifically; influential champions and backbone organisations facilitating emergent solutions and system leadership. Therefore, cooperative advantages can be achieved, spurring trust, commitment and effective conflict resolution. In the same vein, stakeholder engagement cannot be overlooked. By engaging support functions being prominent in the background, the Collective Shared Value Creation can be offer unbiased sources of knowledge.

6.3 Suggestions for future research

The contributions of the Master's thesis conclude that Collective Shared Value Creation in a Glocal Ecosystem is a way possible for major motorsport events to enhance their long-term viability. As this conclusion is the first of its kind within the field, Bengtsson and Markovski (2017) welcome future studies validating the results further.

A finding which came to be vital, deserving further research, is aspect of *inclusive pricing*. Bertini and Guerville wrote an article in the Harvard Business Review in 2012, called *Pricing for Shared Value*. This study concludes that pricing for inclusiveness must start from the global stakeholder sphere. However, can pricing for Shared Value have similar effects when initiated on local levels? Can local inclusiveness enhance overall demand through a chain reaction, benefiting global stakeholders as well? If so, when is there a risk for *value appropriation* (Gulati, 1998)? Such value chain-specific factors are vital to investigate further. Similarly, investigating how major

motorsport events further can enable people with lower-disposable incomes to consume the product, would imply larger markets and cross-selling opportunities through social value creation (Prahalad & Hart, 1999).

Since this study concluded a segmentation between global stakeholders and support functions, future research can investigate other potential synergies, both collectively as in multiple partnerships. Furthermore, a dual case-analysis of how the FIA and promoters ought to configure franchise systems in detail can offer more practical guidance to the literature of backbone organisations (Kramer & Pfitzer, 2016).

As earlier research has implied, Shared Value creation has not been clarified enough, often being described as a *buzzword* (Crane et. al, 2014; Dembek et. al, 2016). Hence, as Shared Value creation lacks requirements, there is still a risk that simple SVIs can be used for greenwashing purposes. This study underlines that Shared Value is difficult to prosper individually, therefore, should be created collectively. Albeit, how can Shared Value be *measured*? Research clarifying the concept and its measurements are required indeed. Developing industry praxis are likely to be fruitful, able to bring further legitimacy to the concept and incentivise Shared Value creation. Furthermore, investigating the ability to successfully create Shared Value individually would be interesting.

Even the respondents representing the state refuted the theoretical *role of governments and NGOs* as the *five-stage framework for Shared Value creation by governments* (Porter & Kramer, 2011). The implications for research are simple, although, as a government of socialist nature refutes such intervention for environmental and social value creation raises questions. As governments are preferable to be impartial, their role in Shared Value creation ought to be clarified. Adjacent, the finding recommending proactive co-creation between the FIA and promoters as influential champions, is most likely context-specific. Therefore, how influential supranational bodies of the world economy can promote and *regulate for Shared Value* is called for.

Through stakeholder engagement, *stakeholder management* is toned down. Albeit, Collective Shared Value Creation is complex, still requiring management. In a world where various influences imply power differences, the researchers advocate further research bridging the fields of stakeholder engagement and the management of business ecosystems.

Finally, as the world becomes increasingly digitalised and automated, traditional jobs become abundant. Collective Shared Value Creation requires additional manpower to foster relational rents and maximise synergies. Therefore, Collective Shared Value Creation might serve as the next step in the global economy, where an increased demand for people prevails. The systematic potential of Collective Shared Value Creation would be interesting to investigate further.

6.4 Managerial implications

Managers must embrace the holistic perspective and emergent solutions. By applying the Collective Shared Value Creation framework, managers can investigate how their stakeholder spheres can be segmented glocally to maximise the potential of Collective Shared Value Creation. The collective collaborations can include businesses, customers, local communities as civil societies. Consequently, managers can illustrate of how Shared Value creation and profitability can circulate within their specific ecosystems; how glocal stakeholders can collaborate to make the pie larger for everybody, not taking larger bits individually.

During the empirical data collection, many stakeholders appeared to prioritise energy minimisation throughout the supply chain to increase profitability and lower the carbon footprint. Unfortunately, such Shared Value creation merely offers costs reductions, not revenue increases. Stakeholders often overlook revenue increases derived from Shared Value creation, not applying *ecosystems thinking* is often an untapped opportunity.

Despite the Collective Shared Value Creation framework emphasising norm-making by influential stakeholders, all actors should strive for stakeholder engagement to promote further synergies and risk sharing. Norm-making does not only have to come from “*above*”. Thus, one’s specific ecosystem can be advanced as new stakeholder partnerships are attracted. Such behaviour can also facilitate a development of local clusters, ultimately enhancing the demand for one’s products through increased employment. Therefore, managers can utilise Collective Shared Value Creation to make the future business case, today.

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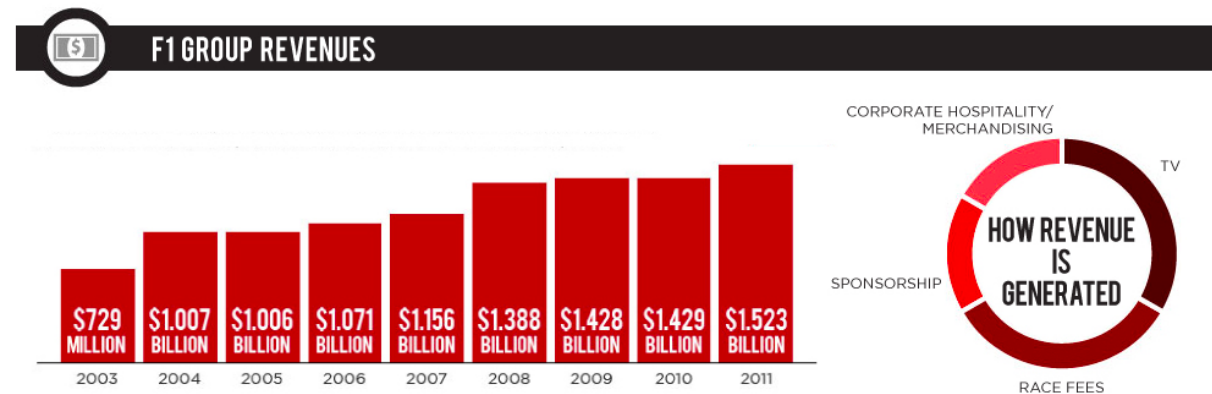
Appendix 1

Comparing Formula One Group's and Formula E Holdings' financial data from 2015

	Formula One	Formula E
Revenues	\$ 1,672.3 million	\$23.1 million
Operating profit/(loss)	\$239.9 million	-\$73.3 million
Staff	356	29
Average salary	\$121.514	\$185.618
Intangible assets	\$5,860.4 million	\$350,363

Source: Sylt (2016c)

Revenues of the Formula One Group between 2003-2011

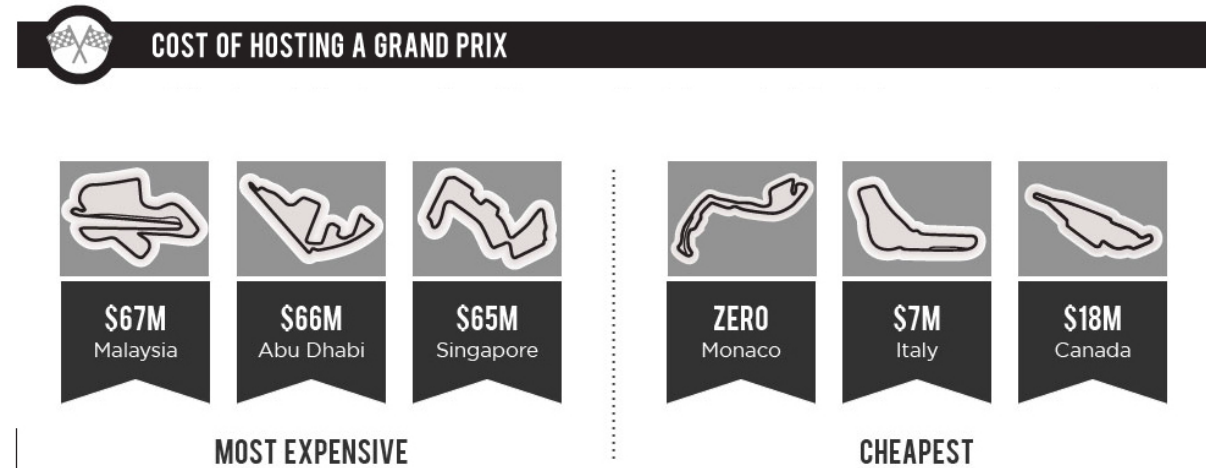


Source: Knight & Torre (2013)

Note: In 2015, the broadcasting made the largest share of the revenues of more than \$1.8 billion per year for the Formula One Group, being about 35% of the total revenues. Revenues from hosting fees account for another third, whilst 15% are derived from advertising and sponsorship. The rest of the revenues come from hospitality, licensing, TV production and others (Garrahan, 2016).

Appendix 2

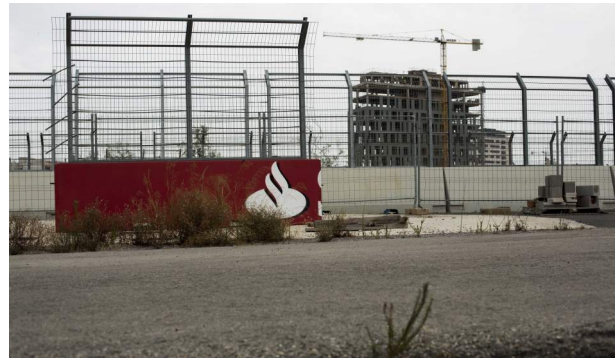
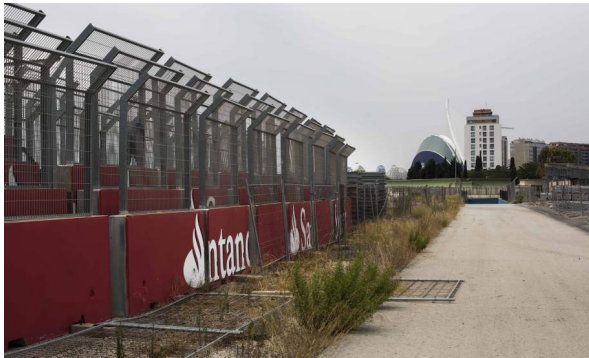
The costs of hosting a Formula One Grand Prix in 2013



Source: Knight & Torre (2013)

Appendix 3

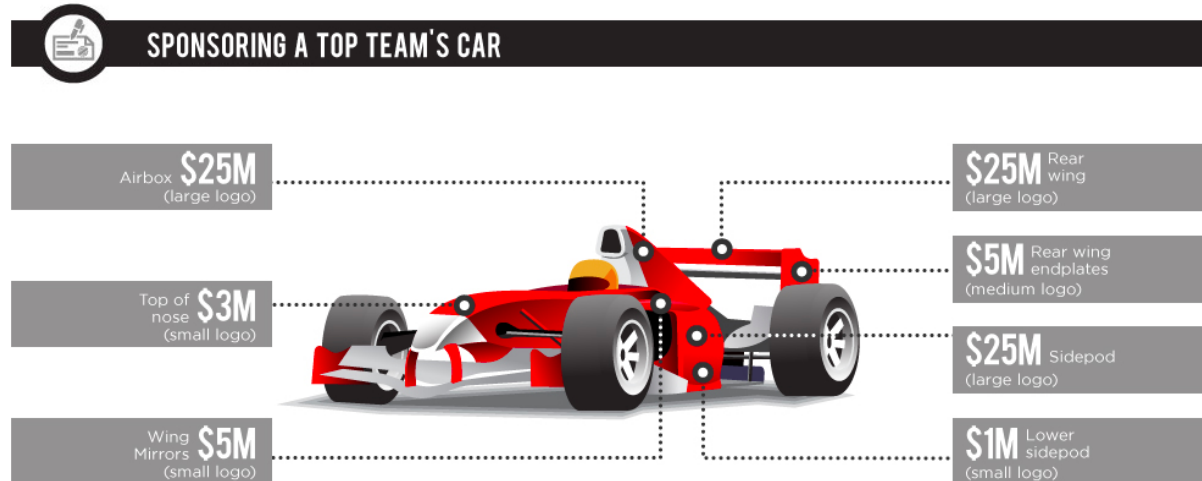
The white elephant of Valencia's Formula One race track



Source: Leslie (2013)

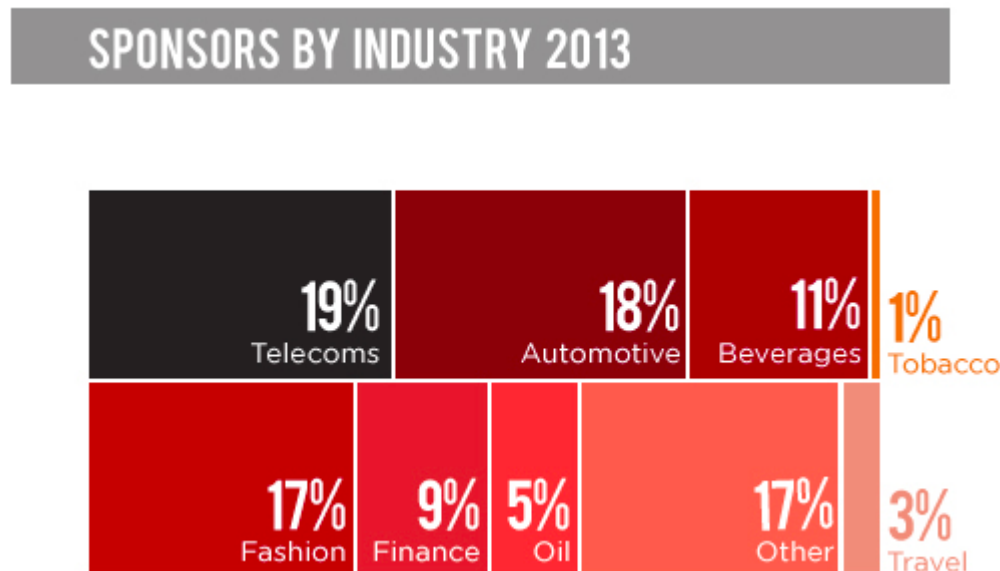
Appendix 4

The fees of sponsoring on a Formula One car in 2013



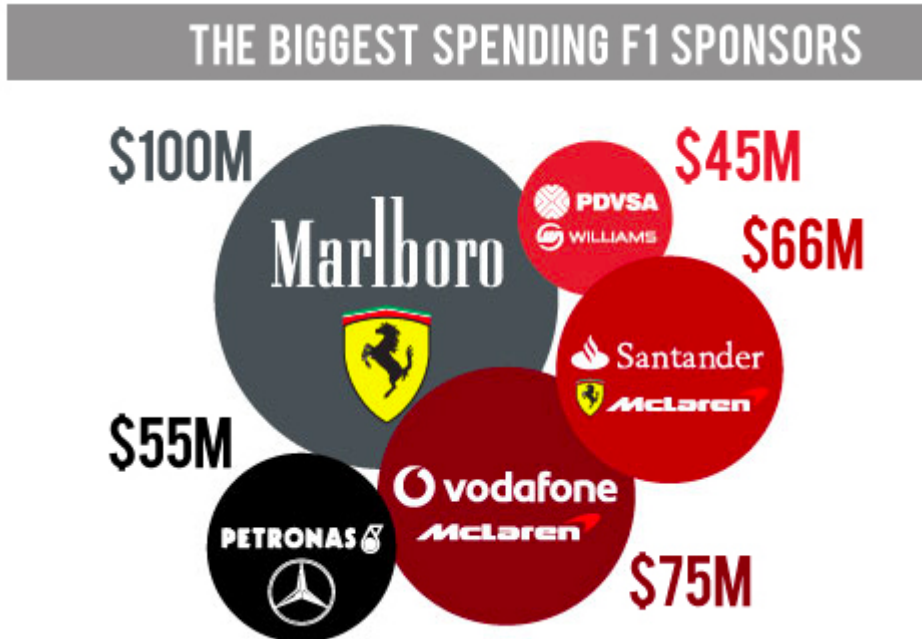
Source: Knight & Torre (2013)

Sponsors by industry in Formula One in 2013



Source: Knight & Torre (2013)

The biggest team sponsors in Formula One in 2013



Source: Knight & Torre (2013)

Appendix 5

The stakeholders interviewed and their international dimensions

International stakeholders	Both national and international stakeholders	National stakeholders
International Governing Body (FIA)	Organisers	State (Swedish Government and Parliament)
Promoters (of major motorsport events/operational bodies; Formula One and Formula E)	Universities/academy	Municipalities
Sponsors	NGOs	The Swedish Association of Motorsports
Teams	<i>No other stakeholder included</i>	Media

Note: The respondent's geographical dimensions and categorisations presented above indicate from which sources/stakeholders the international data mainly has been collected. Please see table of respondents below for further details.

The respondents of the study; their representations and relevance

Name	Position	Stakeholder relevance for the study	Date interviewed
<i>FIA (International Governing Body)</i>			
Lars Österlind	Elected Member of the World Motorsport Council	Influences the rule making in the world of motorsports, was also a brain behind the last Formula One GP in Sweden in the 1970s	30/3 - 2017 at the Swedish Association of Motorsports
Bo Swanér	Lars Österlind's Deputy in the World Motorsport Council	Has an important influence in the world of motorsports from his position	24/2 - 2017 at the Saab Museum in Sweden
Lars Edvall	Commissioner at FIA's Electric and New Energy Championship Commission	Influences the frames set to Formula E and is aware of FIA's long term implementations	30/3 - 2017 at the Swedish Association of Motorsports
Anonymous	Previous Head of Sustainability at the FIA Institute; consultant at FIA's task force for sustainability	Has been a vital driver in FIA's implementations of sustainability	27/4 - 2017, location undisclosed
Promoters			
Sam Piccione III	Chief Revenue Officer at Formula E	Plays an active role in Formula E's innovative approach to value creation	28/2 - 2017 at Formula E HQ in London
Julia Pallé	Sustainability Manager at Formula E	Has together with the FIA Institute created and implemented Formula E's environmental strategy	28/2 - 2017 at Formula E HQ in London

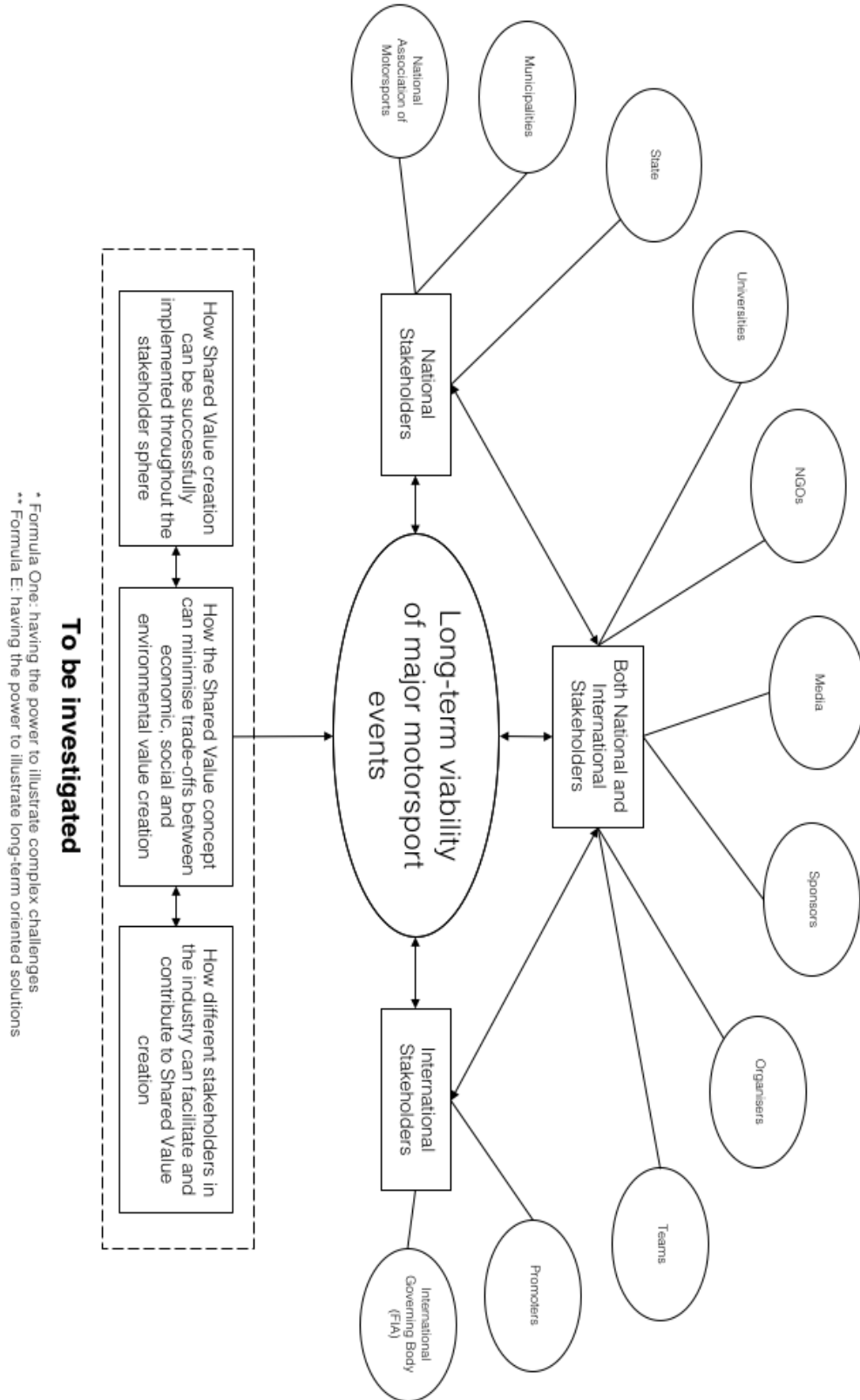
Matt Braid	Managing Director of V8 Supercars, a major franchise in Australia	Possesses rich insights about the unique franchise system utilised by V8 Supercars	28/4 - 2017 over telephone
Swedish Association of Motorsports (Svenska Bilsportförbundet)			
Thomas Jansson	CEO	Another important actor in the Swedish context	30/3 - 2017 at the Swedish Association of Motorsports
Organisers			
Stuart Pringle	Sporting Director of Silverstone Circuit	Aware of the challenges Silverstone as an iconic F1-track is facing	9/3 - 2017 at the Silverstone Circuit
Georg Seiler	Managing Director of HockenheimRing	Experienced Hockenheim Ring's exit out of F1	3/3 - 2017 at HockenheimRing
Kerstin Nieradt	PR Manager of HockenheimRing	Experienced Hockenheim Ring's exit out of F1	3/3 - 2017 at HockenheimRing
Jorn Teske	Marketing Manager of HockenheimRing	Experienced Hockenheim Ring's exit out of F1	3/3 - 2017 at HockenheimRing
Alec Arho Havrén	Founder and CEO of Gotland Ring	Gotland Ring is the world's first sustainable race track	17/4 - 2017 in Visby, Sweden
Ola Serneke	CEO of Serneke, a Swedish company listed on the Swedish stock exchange	Has plans to build a F1-licensed track in Gothenburg	4/4 - 2017 in Gothenburg, Sweden
Sponsors			
Sabrina Asendorf	Global Sponsorship Manager at DHL	The main manager of Formula One's and Formula E's sponsorship agreements with DHL	23/3 - 2017 over telephone
Anonymous	Sponsoring Executive at Julius Bär	Set up the main sponsorship deal with Formula E	14/3 - 2017 over telephone
Anonymous	Sustainability Executive at Julius Bär	Induces Julius Bär's sustainable strategy in the sponsoring of Formula E	14/3 - 2017 over telephone
Teams			
Adam Parr	Previous CEO of Williams F1 Team	Has also written a book with Ross Brawn and is a PhD himself	7/2 - 2017 in Weston Library, Oxford
James Southerland	Senior Partnership Activation Manager at McLaren	Has relevant insights of McLaren's stakeholder collaborations	13/3 - 2017 over telephone
Jim Wright	Chief Commercial Officer at Mahindra Racing Fe Team; Head of Team's Secretariat	Provides important aspects how Formula E teams create long-term value	10/3 - 2017 in Mendley by Thames in the United Kingdom

Anonymous	Team Principal a Formula E team; previous Team Principal of a Formula One team	Has a vast amount of experience from both Formula One and Formula E	10/3 - 2017 in Oxford
Christian Arnell	Design Engineer at Aston Martin Lagonda	Was an Aerodynamics Design Engineer at Red Bull Racing during their best era in F1	10/3 - 2017 in Milton Keynes
Silvia Halfar	Previous Marketing Manager at Manor Racing Formula 1 Team, and Partnership Executive at Red Bull Racing Formula 1 Team	Has up-to-date practical knowledge about F1, particularly about the situation of less wealthy teams	10/3 - 2017 in Milton Keynes
Jan "Flash" Nilsson	Founder of Polestar Cyan Racing, a Swedish racing team in WTCC, also the founder of STCC	Can provide interesting insights about implementation of major motorsport events	20/3 - 2017 in Karlstad, Sweden
Christian Dahl	The CEO of Polestar Cyan Racing	Yields interesting inputs from the Swedish context	4/4 - 2017 in Gothenburg, Sweden
Universities			
Mark Jenkins	Professor in Business Strategy at Cranfield University	Also known as the 'F1 Professor', aware of how universities can develop the world of motorsports	9/3 - 2017 at Cranfield University in Cranfield
Anders Sandoff	Senior Lecturer in Sustainability at Gothenburg University and Lector in Industrial & Financial Management	Possess nuanced knowledge about the Shared Value concept, but also offers insights in how universities can make a greater impact	22/2 - 2017 over Skype, follow-up interview the 26/2
Per Cramér	Dean at Gothenburg School of Business and Economics	Adds a relevant stakeholder dimension	22/3 - 2017 in Gothenburg
Media			
Janne Blomqvist	TV-host at Viasat Motor and F1 journalist	Can provide knowledge of how media can contribute to the development of motorsports	27/3 - 2017 in Uppsala, Sweden
Anna Andersson	F1 journalist and blogger at Aftonbladet	Can provide knowledge of how media can contribute to the development of motorsports	22/3 - 2017 over telephone
State			
Caroline Waldheim	Political Advisor of Sweden's Minister of Sports	Offer insights within the political arena, how governments and parliaments can influence the development of major motorsport events	31/3 - 2017 at the Swedish Government in Stockholm
Lars Hjalmered	Head of the Swedish Moderate Party's Industry and Commerce policies		29/3 - 2017 at the Swedish Parliament in Stockholm
Saila Quicklund	Head of the Swedish Moderate Party's Sports policies		29/3 - 2017 at the Swedish Parliament in Stockholm

Municipalities			
Lotta Nibell	CEO of GotEvent; Gothenburg municipality's event organisation	Offer insights in the government's implementations, and what is required to run a yearly recurring mega event	24/3 - 2017 in Gothenburg
Karin Mäntymäki	Director at Visit Stockholm, the city's destination marketing organisation		28/3 - 2017 in Stockholm
NGOs			
Mads Flarup Christensen	Executive Director at Greenpeace Nordic	Can share knowledge of how motorsports better can create social and environmental value	24/3 - 2017 over telephone
Kathleen McCaughey	Advisor and Responsible for Economic Actors and Human Rights at Amnesty Sweden	Can share knowledge of how motorsports better can create social and environmental value	31/3 - 2017 in Stockholm

Appendix 5 (cont.)

Synthesising model; the sampling choice, their international dimensions and relations to the research questions



Appendix 6



UNIVERSITY OF GOTHENBURG
SCHOOL OF BUSINESS, ECONOMICS AND LAW

Major motorsport events are under siege

*How major motorsport events can become viable in the long-term by
implementing Shared Value throughout the stakeholder sphere*

International Business and Trade

Master's Thesis

Interview Guide

Spring 2017

Authors

Bengtsson, Kasper

Markovski, Stefan

Tutor

Dr. Yakob, Ramsin

Interview Guide

Background of the industry and its challenges

Evidence from Formula One, being the largest motorsport in terms of revenues, indicate that many stakeholders are suffering heavy financial losses. On the other end of the spectrum, Formula E has demonstrated inspiring commitment towards sustainability, embracing long-term value throughout all levels. Yet, the focal organisation of Formula E suffers financial losses itself. Both cases indicate trade-offs in the operations, which ought to be eliminated in order to make the future business case.

Introducing the research frame

Shared Value is a new concept, not aiming to redistribute current value; but instead to minimise the existing trade-offs between economic, social and environmental value to enhance value generation. Shared Value can be achieved both individually and with different stakeholders. As a result, value creation through Shared Value Initiatives (SVIs) can produce greater value for the greater sphere of stakeholders. We extend the Shared Value theory with the Collective Impact concept, implying a commitment of different stakeholders to collectively solve social problems. The Collective Impact theory offers more practical guidance to “collective Shared Value generation”, which the interview questions also are inspired by.

Purpose of the study

As passionate fans of motorsports, with a large drive to make the most out of our education by adding a new dimension to major motorsport events; we aim to learn how your organisation creates long-term value, along with different stakeholders. As a result, we strive to investigate both existing and overlooked synergies, and discover how different stakeholders can work more integratively to make major motorsport events viable in the long-term.

Goal with the interview

To help major motorsport events take the next step in their evolution and minimise the existing trade-offs; the various perspectives, needs and contributions of different stakeholders must to be taken into account. Therefore, we look forward to learn your standpoints and insights, these will allow us fulfill the purpose of the study.

Practical information

- We view you as a representative of your organisation, meaning that we wish to learn your individual insights; as a mean to learn the perspectives of your organisation.
- The transcript of the interview will be confidential, only accessible by the researchers. Furthermore, your answers are going to be codified in the empirical chapter to enable anonymity.
- If you wish to verify your answers, we would be more than happy to send you the transcript of the interview afterwards.
- To capture all details from the interview and ensure proper transcription, we hope to record the interview as well. Indeed, recording will only be done upon your permission.
- To verify the reliability of our study, we need to disclose the significance and roles of the organisations and people we chosen to interview. Also disclosing the names of our respondents is beneficial from a research perspective, further enhancing the reliability of our study. Of course, disclosing your name will only be done upon your permission.
- To develop the optimal results sought within the relatively short interview time set, we ought to cover all themes outlined in the interview questions. Thus, we may be forced to interrupt you and move forward if we feel that one theme becomes too time consuming. We have written a guiding time limit for all the themes covered in the interview.
- Remember that there is ‘no right or wrong’. You are an important stakeholder in the industry of major motorsport events, possessing unique insights and ideas. To emphasise once again, your perspectives must be taken into account if the industry is to move forward optimally. Therefore, we look forward to learn your unique perspectives!

Interview Questions

Introduction and “warm up” (Guiding time limit: 10 minutes)

1. What is your organisation's vision?
2. What are the core competences of your organisation? (Defined as ‘what you do best’)
3. Who are You in the industry of major motorsport events?
(How do you view your organisation as an actor in the industry of major motorsport events?)
4. How do your actions impact other stakeholders in the industry of major motorsport events?
Please elaborate briefly.
5. How does your organisation deem investments/activities profitable?
 - a. How is profitability measured and investments justified?

Corporate Social Responsibility (CSR) (Guiding time limit: 5 minutes)

6. What is Corporate Social Responsibility for you personally?
7. Please explain your most influential CSR activity shortly, within the sector of major motorsport events (If non-existent; please describe your most influential CSR initiative overall)
 - a. Do your CSR initiatives impact financial profits negatively?
 - i. If negative; what is needed for these to improve the profitability?
 - ii. If positive; explain the success.

Creating Shared Value (CSV) (Guiding time limit: 15 minutes)

8. What is Shared Value for you?
 9. How do you believe that trade-offs between economic, sustainability and social value creation can be minimised?
 10. How do your products/services create social and environmental value in the sector of major motorsport events? (If applicable; please elaborate the three questions specifically below - if not applicable; please elaborate the three questions below in general)
 - a. Does such kind of value creation impact financial profits negatively?
 - i. If negative; what is needed for these to improve the profitability?
 - ii. If positive; explain the success.
 11. How is social and environmental value created in your value chain, with the main focus on major motorsport events? (Examples; sharing of knowledge, processes and technologies with different stakeholders)
 - a. Does such kind of value creation impact financial profits negatively?
 - i. If negative; what is needed for these to improve the profitability?
 - ii. If positive; explain the success.
 12. Do you create social and environmental value through collaborations with other stakeholders in the industry of major motorsport events?
-

-
- a. Does such kind of value creation impact financial profits negatively?
 - i. If negative; what is needed for these to improve the profitability?
 - ii. If positive; explain the success.
-

The interviews with respondents representing the state included other questions about Shared Value creation, since the state is considered a unique by the theory in the context (Porter & Kramer, 2011). These questions are presented below;

13. What is Shared Value for you?
 14. How do you believe that trade-offs between economic, sustainability and social value creation can be minimised?
 - a. How can governments ensure effective governance, to minimise these trade-offs?
 15. What social goals do you believe that major motorsport events can achieve, and how can these performances be measured?
 16. How much time should organisations be granted to adjust to new standards (linked to Question 10)?
 17. Is governmental compliance processes or timely/efficient reporting a better tool to foster Shared Value Creation (CSV)?
 - a. Should governments themselves create new reporting systems for corporations, collect data and follow-up on progress?
-

Stakeholder Collaboration (*Guiding time limit: 12 minutes*)

18. Which stakeholders do you collaborate with the most, why and how? (“Who are Your most important partners). Please provide as a brief introduction.
 - a. How do you measure mutual success?
 - b. How is communication conducted?
 - i. Are sound relations vital to stakeholder collaborations?
 - ii. How is trust and commitment cultivated?
19. Do you want to collaborate more with other stakeholders in the industry of major motorsport events? Please explain how, and suggest with whom.
20. Do you believe that any stakeholder(s) ought to be more proactive and contribute more to the long-term viability of major motorsport events in general?
21. Do believe that any particular stakeholder(s) are passive/doing “too little” in the world of major motorsport events today?

Collective Impact (*Guiding time limit: 12 minutes*)

22. Would you like to collaborate with more stakeholders collectively in the industry of major motorsport events? Why; why not?
-

- a. Do you believe that collective collaborations could minimise the trade-offs between economic, sustainability and social value creation? Please explain your thoughts.
23. For a collective impact initiative (collective collaboration with many stakeholders) to be successful, what would you suggest is required?
 - a. What is most important?
24. How would you suggest that a collective impact initiative should be organised? (Examples: a designated organisation, project group or a new “joint-venture”)
 - a. How do you believe that the leadership should be configured for an efficient collective impact initiative?
 - b. How do you believe that collective stakeholder collaborations are effectively governed and followed-up?
25. For a collective impact project to be initiated, must any particular stakeholder(s) take the first step and gather different stakeholders to the table? Please explain your thoughts.
26. How much patience would you accept in a collective impact initiative?
 - a. Do you believe in emergent solutions?
 - i. Do you believe that emergent solutions can enhance the shared value creation in collective impact initiatives?

Completing the circle - Destination Choice; an advocating factor? (Guiding time limit: 3 minutes)

27. Do you believe that the ability of (local) stakeholders promoting Shared Value and Collective Impact, should be an advocating factor for the destination choice of major motorsport events? Please explain your thoughts.

Others (Guiding time limit: 3 minutes)

28. Did you find any other important question(s) or themes(s) overlooked, that you want to address and/or explain?

We cannot thank You well enough for your contributions, without them, our study would not have been viable. We look forward to update You on our progress and share You our findings and recommendations.



Stefan Markovski



Kasper Bengtsson

Appendix 7

How communication is conducted, and trust and commitment cultivated

<i>Stakeholder /Theme</i>	How Communication is conducted	Cultivating Trust and Commitment
<i>International Governing Body (FIA)</i>	Initially formal through contractual procurements; mainly relational as partnerships develop.	Transparency and procurement to foster competition and commitment; important with charismatic and unbiased people.
<i>Promoters</i>	Transparency; benevolence, win-win partnerships; allowing stakeholders to speak collectively.	Win-win promotes trust and commitment.
<i>Teams</i>	Continuous communication and knowledge sharing with partners to foster relations despite staff-turnover; dialogue with the FIA is weak.	Having a common goal and continuous communication.
<i>Sponsors</i>	Very informal and relational-based, required to “help each other out”, very pushy in this; important with neutrality and multiple embeddedness.	Participation and engagement; show courage to change mind-sets and encourage others to follow.
<i>Organisers</i>	Many complaints from various stakeholders; no proactive nor relational-based communication from others but no active help, example being national association of motorsports; formal communication from the FIA.	Proactive help instead of passive critique.
<i>National Association of Motorsports</i>	Informal and relational-based, although, lacks resources for extensive communication.	Viewing the holistic picture and being proactive; work together for mutual success.
<i>Media</i>	Relational-based, difficult to obtain information without relationships.	Benevolence; not reporting false information.
<i>NGOs</i>	Mainly informal through advocacy; invites to dialogue and wishes to be invited.	Credibility, trust and benevolence; one must make compromises and understand stakeholder problems, sometimes, one loss can make another even greater success.
<i>Academia</i>	Contractual with the FIA, relational-based with teams.	Benevolent trust and transparency; trust cannot be bought or contracted; derived from implementation, not accepting illoyalty and free-riding.
<i>Government</i>	Common discussions with stakeholders informally; important with equality, viewed as vital for long-term viability.	Doing what is required.
<i>Municipalities</i>	Very informal, seminars and meetings; formal arrangements could be beneficial when seeking capital.	Continuous dialogue; important with clear guidelines from all levels.

Appendix 8

Which actor stakeholders believe should initiate collective collaborations

Stakeholder/ Who	Doesn't know who	FIA and/or promoter	Promoter	FIA	National Association of Motorsports	Organisers and municipalities	Must be initiated by all
<i>International Governing Body (FIA)</i>		x	xx	x			
<i>Promoters</i>			x	x			
<i>Organisers</i>	xxx	x	x		xx		
<i>Teams</i>		xxxxx	x	xx			
<i>Sponsors</i>		xxx					
<i>National Association of Motorsports</i>		x					
<i>Media</i>		x		x			
<i>NGOs</i>		x					x
<i>Academia</i>	x	xx					
<i>Government</i>				xx			
<i>Municipalities</i>	x					x	
TOTAL	5	14	5	7	2	1	1

How stakeholders believe that collective collaborations should be lead

Stakeholder/ Leadership	Hard leader-ship	System leader-ship	Soft touch; facilitate	Influent-ial champion (FIA + promoter)	No collective leadership	Qualitative responses
<i>International Governing Body (FIA)</i>				xxxx		Important to find unbiased sources of influences, and that these are influential and viewed "sexy" to the public. Promoters are argued to be just so. Yes, the FIA is influential, and could be more proactive.
<i>Promoters</i>				xx		Promoters can bring vision, passion and strong leadership, able to gather and make stakeholders follow. Yes, FIA has a lot of power of influence and must work integratively.
<i>Organisers</i>		xxx		xxxx		Promoters must be proactive and initiate, FIA not entrusted to enforce change. Both must be prepared to provide more autonomy and "loose power". National associations of motorsports should facilitate locally.
<i>Teams</i>	xx			xxxxxx		FIA and/or promoters should create a new backbone organisation, take control and engage stakeholders; important with clear guidelines and mission statements to bring change, otherwise, leadership will be vague.
<i>Sponsors</i>				xxx		A leader with a clear and strong vision is needed, others meet from time to time. "We are all in the same car, so we only need one driver".
<i>National Association of Motorsports</i>		x				Influential stakeholders who can open doors and get things done are vital, must be included systematically.
<i>Media</i>	xx					FIA must take control, lead the way. Could work with promoters as well, these must provide a "total solution".
<i>NGOs</i>			x		x	Advocates individual consultation, as weak stakeholders can get "run-over" by stronger ones. Afterwards, change should be formalised; change should also come from within organisations.
<i>Academia</i>	x	x	x			Hard leadership must come from the top, still, many stakeholders must be invited for dialogue to foster legitimacy.
<i>Government</i>				xxx		Since global sports is out of national regulations, higher end stakeholders like the FIA must lead the way.
<i>Municipalities</i>			x	x		Stakeholders higher up in the ecosystem should facilitate change, think holistically and avoid self-interests.
TOTAL	5	5	3	23	1	Influential stakeholders must be influential champions, FIA and promoters specifically; could be done together for maximise potential. Important that these foster system leadership throughout the process, along with clarity.

Appendix 9

The franchise system utilised by V8 Supercars in Australia

V8 Supercars of Australia was founded in 1997 by private actors and teams. Therefore, the series utilises a franchise system, where teams as stakeholders also are shareholders of the company. As teams buy into the sport, they retain a Racing Entitlement Contract (REC), allowing them to race. As long as teams possess RECs, they must to participate in every race. Not doing so results in fines. Hence, if a team wants to exit the championship or lacks funds to continue, its REC must be sold to another team wishing to enter. The takeover of the specific REC must also be approved by the Commission of the sport. Thus, the franchise system facilitates larger stability to the sport, always making sure that there are 26 cars (13 teams) at the starting line.

Moreover, the RECs act as shares, distributing the championship's financial profit through dividends to the teams. As dividends prevail over prize money, competition on equal terms is fostered along with commitment. Hence, teams are willing to market the championship to the fullest extent possible; bringing in more profit for the championship as a mean to increase their own incomes.

Due to the formality of the franchise system, teams get more influence over the championship; able to influence in which direction it is headed. Sponsors are not allowed to be actively engaged in the sport through ownership. Instead, these have partnership deals with the franchise, enabling teams to influence the sport exclusively.

Appendix 10

How stakeholders prefer collective collaborations to be organised

Stakeholder/ Organisation	Funder Based Organisation	New Collective Entity created	Existing non-profit	Government	Shared Across Multiple Organisation	Steering Committee Driven	
<i>International Governing Body (FIA)</i>	xx					x	Promoters should organise collective initiatives; important with globalisation though.
<i>Promoters</i>						xx	Important to use large networks of partners, which the FIA is possessing. Important to include stakeholders and foster synergies.
<i>Organisers</i>		xxx			xxxx		Divided opinions; some agree that centralisation is needed, others claim that collective initiatives should be voluntary. If centralised, new collective organisations can be used with various stakeholders for a specific purpose, having an interest for the sport and industry around.
<i>Teams</i>		xxxxxx			x	x	Equitable partnerships could bring more formality, fairer revenue-distribution and stronger commitment, franchise-models advocated as examples. Inclusive stakeholder partnerships are other approaches mentioned.
<i>Sponsors</i>						xxx	Agile project groups preferable; shorter meetings, "think fast, do fast". Use projects as learning opportunities. Important with resource allocation though.
<i>National Association of Motorsports</i>		x					The national association of motorsports should create a company including various stakeholders to share risks and resources, described as a "cluster organisation". Yet, the national association of motorsports does not have much capacity internally, can therefore not manage the operations of such a company.
<i>Media</i>		xx					A new organisation with a "total solution" is needed, project groups and such have never survived in the long-term.
<i>NGOs</i>					xx		Synergies should be fostered through individual dialogue with various stakeholders.
<i>Academia</i>					x	xx	Due to resource-differences throughout the stakeholder sphere, more informal partnerships should be promoted. Higher-end stakeholders should engage and include "all" in such partnerships, otherwise, legitimacy will be lost.
<i>Government</i>		xx				x	The national sport itself should create companies with local industries. Yet, project groups could reduce overhead.
<i>Municipalities</i>					x	x	Project groups or forums are advocated, considered more liberal.
TOTAL	2	14	0	0	9	11	Multiple perspectives exist throughout the stakeholder sphere, yet, new collective companies or project groups appear most preferable. Collective companies can bring larger formality and resource commitments, whilst project groups are considered more agile and liberal.