2010

The stakeholder scorecard: Evaluating the influence of stakeholder relationships on corporate performance

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ABSTRACT

The Stakeholder Scorecard:

Evaluating the Influence of Stakeholder Relationships on Corporate Performance

by

David J. Finch

M.A., University of Kent, 1993
B.A., University of Western Ontario, 1990

Dissertation Submitted in Partial Fulfillment
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Doctor of Philosophy
Applied Management and Decision Sciences

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ABSTRACT

In today's knowledge-driven economy, the majority of a typical firm's value comprises intangible assets ranging from its brand to the expertise of its employees. However, intangible asset valuation is inherently subjective, context dependent, and future oriented. This study addresses the empirical correlation between the quality of a firm's relationships with its stakeholders and indicators of shareholder value. Its main purpose was to develop and test a quantitative research method that would enable practitioners to identify the intrinsic value of relationship capital. This study is based on a multidisciplinary theoretical foundation that contributes to a holistic understanding of relationship capital. These theoretical contributions include Homans' social exchange theory, Freeman's stakeholder theory and Eisenberger's perceived organizational support theory. The research design used concurrent mixed methodology. The first phase incorporated a phenomenological study to verify a conceptual model that was designed to measure the value of relationship capital. Phenomenological data were used to develop a quantitative instrument and to test its validity and reliability using the data analysis technique of structural equation modeling (SEM). The second phase operationalized the variables and tested them empirically in a field-based process. The results of this study demonstrated that relationship capital is predicted by the variables of perceived reciprocity, reputation, relational duration and economic value. These results offer a significant contribution to social change by enabling a firm to correlate social investments to indicators of value creation, thereby allowing practitioners to test quantitatively the impact of these social investments on firm performance.

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DEDICATION

I would like to dedicate this study to my wife, Laurie. Without her support and dedication, I would have never accomplished this dream. Laurie is my best friend, life partner, sounding board, and editor. She encouraged me to follow this goal and offered me the ongoing support that I needed to complete it. Over the past three years, she often would take the boys and let me ―lock-up and just write. For all this, I owe Laurie the world. I would also like to dedicate this to my children, Andrew and Thomas. Although they had no idea what Daddy was doing, they showed great patience when I was at a playground, pool or a hockey rink with my laptop. We are all glad that those days are behind us.

I would also like to dedicate this dissertation to my parents, Bud and Lorraine Finch. In high school, I never pretended to be a student. However, it was their support, encouragement, and dedication that instilled in me the importance of higher education. Both my parents made innumerous personal sacrifices to see all six of their children attend university. This dedication and commitment has had a lifelong impact on me as a person, a professional, and a parent. Words cannot adequately represent the difference that they have made in my life.

ACKNOWLEDGMENTS

First and foremost, I would like to thank my committee for their support and professionalism. This includes Dr. Howard Schechter (Chair), Dr. Jose Quiles, Dr. Javier Fadul, and Dr. Norm O‗Reilly. Each member of my committee brought a unique and valued contribution to the process. Together, they enriched the research and the contribution of this study. I would like to offer a special acknowledgement to Dr. O‗Reilly, an associate professor at Syracuse University and a visiting scholar at Stanford University. Dr. O‘Reilly continually pushed me to be better scholar, while also reinforcing the value of my background as a practitioner as a means to deepen the insight in this research area.

In addition, I would like to acknowledge and thank the eighteen coresearchers who supported the phenomenological phase of this study. Their openness provided me invaluable insight and guidance that contributed greatly to the final project. I would also like to thank the management of the real-estate brokerage that was the subject of the SEM study. The management team went above and beyond to facilitate the data collection process. Without their support I could not have completed this research.

Lastly, over the past three years, I have had much support in my transition back to academia. I would like to thank Dr. Paul Varella for his encouragement as both a colleague and as a friend. Paul has encouraged me to straddle the line between academia and practitioner and is not afraid to tell me when I strayed too far in either direction. I would also like to thank my fellow student and friend, Kristen Baden. Together, we kept each other focused on the finish line. I look forward to the day that she completes her journey.

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INTRODUCTION TO THE STUDY

Introduction

In the past quarter century, Western economies have transitioned from an industrial to a knowledge-based foundation. As a result, less than 25% of an average firm‘s market value on the New York Stock Exchange comprises tangible assets, such as physical plant and equipment (Kaplan & Norton, 2004). In contrast, 75% of the market value is composed of intangible assets, such as corporate reputation or the firm‘s relationships with key stakeholders (Barney & Clark, 2007; Daum, 2002). Valuing intangible assets represents a significant challenge to firms and their shareholders, as intangible assets valuation is inherently subjective, context dependent, and future oriented.

Practitioners and scholars contend that the singular goal of a firm is to generate shareholder value (Barney & Clark, 2007; Kaplan & Norton, 1993; Porter, 1980). This study focused on the challenge of empirically demonstrating the relationship between intangible assets and shareholder value, with a specific focus on the intangible asset of relationships with stakeholders. It investigated the roots of stakeholder relations and analyzed their theoretical linkage to shareholder value. In addition, this study critically examined both the leading academic and applied methodologies that have been developed to value stakeholder relationships and synthesized these diverse methodologies from a broad range of disciplines into a holistic conceptual framework. This framework, the Stakeholder Scorecard, will enable researchers to test the predictive link between relationship capital and value creation.

The research incorporated a concurrent mixed methods approach. The qualitative stage leveraged the tradition of phenomenology by conducting expert interviews with both scholars and practitioners; this phenomenological research approach was used to refine and verify the conceptual model proposed in chapter 2. In the second phase of this research, the phenomenological approach was used to design and verify a quantitative research instrument that enables the Stakeholder Scorecard to be operationalized through the use of structural equation modeling (SEM). In this phase, I tested the proposed research instrument and conceptual model to confirm that the methodology possessed statistical reliability and validity.

Background to the Study

Creating shareholder value is the preeminent objective of any firm (Porter, 1980; Kaplan & Norton, 1993; Barney & Clark, 2007). However, Fadul (2004) argued that the term *value* is highly subjective and context dependent. Fadul stated that the value of firm can be measured on two principle dimensions: *fair market value,* the price that the firm is worth in the marketplace under common and non coercive conditions, and *intrinsic value*, the true value of a firm considering a range of financial and non-financial inputs. The concept of value and the underlying methods by which it is calculated was central to this study.

For publicly traded companies, shareholder value is ultimately defined in terms of share price and related elements such as dividends (Dowling, 2006; Luerhman, 1997). Both Dowling (2006) and Luerhman (1997) contended that return on investment in the form of cash is the single goal of any investor in the capital markets. They argued that shareholder value must be defined in terms of a competitive use of financial resources in order to receive maximum cash return to the investor. Barney and Clark (2007) agreed that shareholder wealth is inherently a competitive construct: Competitive advantage occurs when a firm is able to generate greater economic value than its rivals. Therefore, financial analysts have identified performance metrics ranging from earnings per share (EPS) to management quality that can act as effective predictors of intrinsic shareholder value (Barney & Clark, 2007; Fadul, 2004).

However, calculating the intrinsic value of a firm has become much more difficult in the past 30 years. As Western economies have become increasingly knowledge based, intangible assets have correspondingly become the largest component of a typical firm‘s value (Barney & Clark, 2007; Beutal & Ray, 2004; Daum, 2002). Tangible assets include fixed assets, current assets, and investments (Kaplan & Norton, 2004), while intangible assets are non-physical enabling attributes such as human expertise, brand, reputation, and relationships (Daum, 2002). The shift from tangible to intangible assets has been dramatic. For example, Daum (2002) found that the market value of American mining and manufacturing companies corresponding to tangible asset value steadily declined from 62% in 1982 to 16% in 1999. According to Kaplan and Norton (1996), ―The ability of a company to mobilize and exploit its intangible or invisible assets has become far more decisive than investing in physical, tangible assets” (p. 3).

Intangible assets are rarely of value in isolation; rather, they represent potential value. The value of intangible assets must be combined with other assets, either tangible or intangible, to be realized (Daum, 2004; Kaplan & Norton, 2001; see also Danthine & Xiangrong, 2007; Moon & Kym, 2006). Consequently, the value of an intangible asset is directly related to the contribution that this asset makes to achieving the strategic goals of the firm (Kaplan & Norton, 1992). The valuation of an intangible asset is dependent on disaggregating highly complex causal relationships (Kaplan & Norton, 1993). Understanding these cause-effect relationships is a central tenant of corporate strategy. Kaplan and Norton (1996) argued that effective performance management “should identify and make explicit the sequence of hypotheses about the cause-and-effect relationships between outcomes and measures and the performance drivers of those outcomes” (p. 31). For example, a strong corporate reputation is of little value in isolation, but it may contribute to building trust between a firm and a customer; this trust then generates increased loyalty, which contributes to increased market share. Therefore, to measure the intrinsic value of an intangible asset effectively, a firm must measure the interdependent and cause-and-effect relationships among a wide range of variables and their impact on corporate strategy.

The fundamental deficiency of traditional financial cost-based reporting is that it exclusively reports financial outcomes (e.g., effects). Moreover, traditional financial accounting is historical or backward-looking. As a result, modern accounting practices are not capable of recognizing the value of intangible assets. Every day, managers are confronted by the challenge of having to allocate tangible resources to foster the development of intangible assets. Such investments may range from employee training to corporate philanthropy and client hosting. The resources invested into each of these activities are tangible, yet the value generated is intangible. In the case of employee training or social events, the value may be an increase in employee morale; in the case of philanthropy, the value may be an increase in brand awareness; in the case of client hosting, the value may be a stronger relationship. This inability to effectively measure the value of intangible assets can contribute to managers making short-term accounting-based decisions to the detriment of long-term shareholder value. Therefore, if one cannot measure the value of intangible assets such as stakeholder relationships, then those assets become vulnerable to short-term, financially driven decisions. The challenge of quantifying the intrinsic value of intangible assets was at the core of this study.

This paper focused specifically on the intangible asset of stakeholder relationships, called *relationship capital* (Daum, 2005; Kaplan & Norton, 2004; see also Marr, 2008; Moon & Kym, 2006; Kong & Prior, 2007). Stakeholders can be the basis for competitive advantage, as these relationships are often rare, socially complex, and difficult to imitate (Barney & Clark, 2007). This study considered the contributions of a wide range of researchers who argued that value is generated through stakeholder relationships (Freeman, 1985; MacMillan, Money, Downing & Hillenbrand, 2004; Prior, 2006, 2007; see also Lacey, 2007; Ledingham, 2003; Moon & Ky, 2006; Ryals & Knox, 2003). Cai and Wheale (2004) explained:

> Corporations depend on and are obligated to each of their constituencies in different ways to achieve [a] combined aim. . . .If companies do not meet their moral, social, political, and legal obligations to their various stakeholders, they cannot function effectively in a democratic social system because they are dependent to a large extent on their stakeholders to execute business goals successfully. (p. 509)

Numerous researchers have been able to identify a direct correlation between the outputs of relationship capital such as loyalty and the financial metrics of value creation such as revenue (Kaplan & Norton, 2004; MacMillan et al., 2004; see also Daum, 2004; Lacey, 2007; Ledingham, 2003; Prior, 2006, 2007). However, few researchers have examined the value of relationship capital from a holistic systems perspective. Therefore, this study drew from a wide range of theoretical contributions to disaggregate the construct of relationship capital and quantitatively test its impact on a firm‘s value.

Statement of the Problem

Researchers have argued that relationship capital is intrinsically linked to shareholder value (Bontis & Serenko, 2009; Daum, 2002; Kaplan & Norton, 2004; Lacey, 2007; see also Ledingham, 2003; MacMillan et al., 2004; Porter, 1985, 2008; Prior, 2006, 2007). The problem is how to understand the empirical relationship between the quality of a firm‘s relationship with its stakeholders and shareholder value. To confront this problem, I designed and tested a statistical model and instrument that enables researchers to empirically link stakeholder generated relationship capital to shareholder value.

Purpose of the Study

The purpose of this study was to develop and test a quantitative research method that enables practitioners to identify the intrinsic value of relationship capital. The validation of this methodology will permit practitioners to calculate the return on investments oriented toward stimulating relationship capital.

Today, practitioners are confronted with the challenge of having to allocate tangible financial resources to strengthen intangible stakeholder relationships (e.g., donating to a charity). However, these investments in relationship capital tend to be based on subjective management intuition, as there is no effective means to calculate their impact.

The inability to calculate a return on relationship capital investment is at the core of this study and of central relevance to the Walden University social change mission.

Walden University‘s (2009) social change mission is defined as ―a deliberate process of creating and applying ideas, strategies, and actions to promote the worth, dignity, and development of individuals, communities, organizations, institutions, cultures, and societies" (para. 2). Private-sector *community investment* provides an essential enabling capacity to many community non-profit organizations. For the clarity of this study, community investment is defined as the convergence of commercial and social goals focused on providing increasing mutual returns to both society and the private sector (Porter & Kramer, 2002). In this context, community investment incorporates a variety of instruments including non-profit sponsorship, philanthropy, and non-profit partnerships.

However, one of the most controversial and intangible investments that a manager makes today is community investment (Porter & Kramer, 2002; Porter, 2007). Firms are being pushed to ensure that the allocation of every tangible and intangible resource is generating a measurable return. The most vulnerable line item in every corporate budget is the one that cannot demonstrate a measurable link to value creation, and research has not demonstrated a conclusive link between community investment and value creation. Inability to measure return on community investment results in reallocation of these resources to areas that are able to demonstrate tangible return (Lindgreen & Swaen, 2005). According to Porter and Kramer (2002), the value of corporate philanthropy as a percentage of profits has declined by 50% in the past 15 years. Consequently, this study proposed an applied methodology that enables practitioners to quantitatively link community investments directly to the value creation process.

In summary, the goals of this study were: (a) to make a scholarly contribution to the study of intangible asset valuation, (b) to test the validity and reliability of the proposed methodology in order to enable practitioners to measure their return on investments in relationship capital, and (c) to promote social change by providing a methodology to rationalize the link between community investment and shareholder value.

Nature of Study

Concurrent mixed methodology was used as the basis of this study. Concurrent mixed methods combine both qualitative and quantitative methods of inquiry in a single research initiative. Creswell (2009) explained that ―It is more than simply collecting and analyzing both kinds of data; it also involves the use of both kinds of approaches in tandem so that the overall strength of a study is greater than either qualitative or quantitative" (p. 4).

This study used the qualitative research tradition of phenomenology to refine a conceptual model. It incorporated interviews of 18 coresearchers from a diverse range of practitioners and scholars. The phenomenology study provided the researcher the ability to immerse himself in the phenomenon of the relationship between stakeholders and the intrinsic value of a firm.

In the quantitative portion, the statistical technique of SEM was used to examine the empirical relationship between the constructs that emerged from the phenomenological study. SEM was chosen as because it enables the researcher to simultaneously test the predictive relationship of multiple dependent and explanatory variables (Freedman, 2006; Lei & Wu, 2007). It also enables the researcher to test the relationship between traditionally non-measureable constructs though the use of non-experimental data (Lei & Wu, 2007). However, as a confirmatory technique, SEM must be only used when there is a sound theoretical foundation for the research. Therefore, SEM is the ideal statistical technique to test the reliability and validity of the Stakeholder Scorecard.

Conceptual Framework

To measure the intrinsic value of relationship capital, it is essential that the methodology be holistic in design. This enables researchers to capture the interdependencies and predictive linkages of the numerous variables that contribute to or are outputs of relationship capital. Therefore, the conceptual framework must incorporate the following dimensions:

1. Relational exchanges are context dependent. Therefore, the methodology must be able to consider both the stakeholder and the firm.
2. The methodology must possess a *predictive capability;* therefore, it must have the ability to measure the predictive relationship among key relational variables.
3. The methodology must provide *applied value* by providing guidance on how to most effectively allocate relationship resources for maximum return.

This study proposed a conceptual framework of analysis that can identify and quantify the predictive linkages between the constructs of relationship capital and value creation (Figure 1). This framework is based on the deconstruction of relationship capital into five isolated and concise variables. Once the specific predictor variables of relationship capital are isolated, their influence on other variables and on the intrinsic value of a firm can be analyzed. This model reflects a synthesis of numerous theoretical constructs and applied research methodologies. These include the works of Caruana, Cohen, and Krentler (2006), Huang (1998), MacMillian et al. (2004), and Porter (1985). The influence of the theoretical constructs and applied methodologies will be considered in chapters 2 and 3.

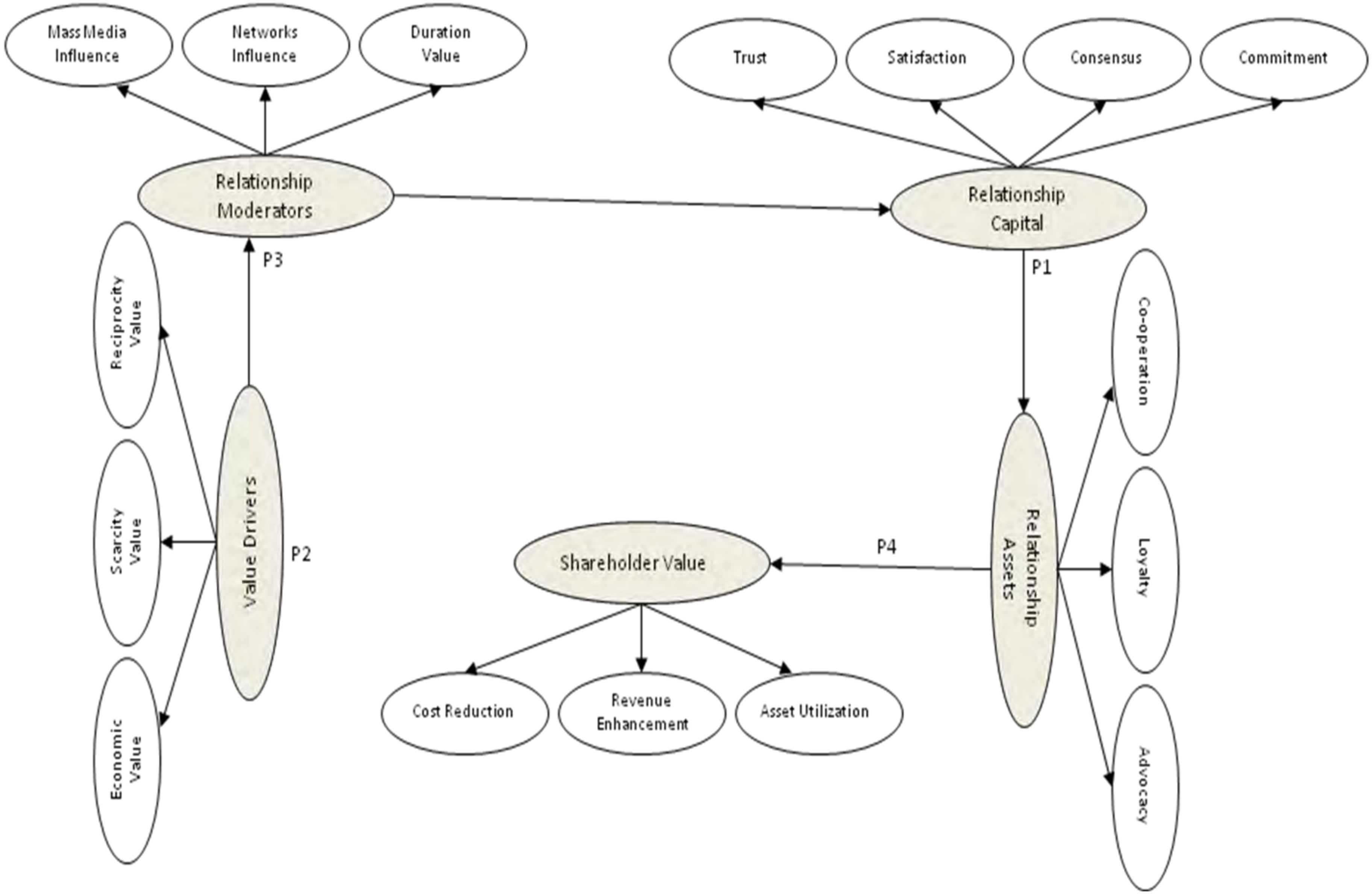

Figure 1. Stakeholder scorecard 1.0.

The five interdependent constructs of the Stakeholder Scorecard are defined as follows:

Relationship value drivers: The first stage of the Stakeholder Scorecard examines the sources of value that drive a stakeholder to seek or maintain an exchange relationship with a firm. These may include a mix of tangible value (e.g., a desire to possess a unique product offered by the firm) or intangible relational value (e.g., a perceived emotional connection with the firm).

Relationship moderators: Relationship capital is mediated through information processed from three fragmented yet interdependent moderating variables: mass media influence, peer network influence, and relationship duration value.

Relationship capital: Exchange relationships as defined by Homans (1961) are evaluative constructs in which an actor at a given point in time judges the quality and benefits derived from a specific relational exchange with another actor. The product of this evaluation is positive or negative relationship capital. The four major dimensions incorporated in this relationship evaluation are: (a) trust, (b) satisfaction, (c) commitment, and (d) consensus. These four variables are measured as individual constructs and incorporated in an aggregated relationship capital scale that was developed as part of this research initiative.

Relationship assets and liabilities: The relationship asset and liabilities stage is the conversion of relationship capital into an asset or a liability that can be monetized (positively or negatively) by a firm. An example is the transformation of an intangible asset, such as positive trust, into a relationship asset, such as increased customer loyalty. Customer loyalty can be directly monetized by a firm through lower costs and increased revenues. Therefore, relationship assets and liabilities act as a critical bridge between intangible assets and value creation metrics. For the purpose of clarity, this construct will be referred to only as *relationship assets.*

Sustained shareholder value: For publicly traded companies, shareholder value is ultimately defined in terms of share price and related elements such as dividends (Barney & Clark, 2007; Dowling, 2006; Luerhman, 1997). Therefore, analysts have identified and focused on a range of performance metrics that can act as effective predictors of shareholder value. Some of these metrics, such as customer retention or market share, are industry specific. Barney and Clark identified 14 common accounting ratios in four broad categories that are used as indicators of a firm‘s performance: profitability ratios, liquidity ratios, leverage ratios, and activity ratios. Some of these metrics include discounted cash flow (DCF), return on equity (ROE), earnings per share (EPS), and debt to equity (Barney & Clark, 2007; Luerhman, 1997; also see Money & Hillenbrand, 2006; McHale, 2006).

Research Questions

This study was guided by four research questions, with each question defining the independent and dependent variables considered:

1. What are the variables that contribute to the formation of relationship capital between a firm and a stakeholder?

   Independent variables: Trust, satisfaction, consensus, and commitment.

   Dependent variable: Quality of a firm's relationship with key stakeholders.

2. What are the sources of value that drive a stakeholder to seek a relational exchange with a firm? For example, what role does an economic value, such as a low price position, play in stimulating a relational exchange with a specific stakeholder segment?

   Independent variable: Value drivers of stakeholder relationships operationalized as economic value, scarcity value, and reciprocity value.

   Dependent variable: Quality of a firm's relationship with key stakeholders operationalized as trust, satisfaction, consensus, and commitment.

3. What are the variables that moderate and influence a stakeholder‘s evaluation of his or her relationship with a firm? For example, what influence does mass media play in moderating the evaluation of a stakeholder‘s relationship with a firm?

   Independent variable: Relationship moderators operationalized as media, peer networks, and relationship duration.

   Dependent variable: Quality of a firm's relationship with key stakeholders operationalized as trust, satisfaction, consensus, and commitment.

4. What relational assets act as significant predictors of increased shareholder value? For example, is it possible to demonstrate an empirical link between a variable such as stakeholder loyalty and a key performance indicator of shareholder value such as net profitability?

Independent variable: Relationship assets operationalized as cooperation, advocacy, and loyalty.

Dependent variable: Key indicators of shareholder value operationalized as net profitability, revenue per realtor, and profit per realtor.

Research Propositions

To answer the defined research questions effectively, this study focused on four research propositions. The theoretical basis of each proposition is supported by the literature.

Table 1

Research Questions and Propositions

Research question	**Research proposition**
Question 1: What are the variables that contribute to the formation of relationship capital between a firm and a stakeholder?	*Proposition 1 (P1):* Relationship capital between a firm and its stakeholders is an evaluative construct that is the aggregation of four interdependent dimensions: (a) relational trust, (b) relational satisfaction, (c) relational consensus, and (d) relational commitment.
Question 2: What are the sources of value that drive a stakeholder to seek a relational exchange with a firm?	*Proposition 2(P2)*: Firm stakeholder relationships are fundamentally a relational exchange. Therefore, there must be identifiable sources of value that act as stimuli for a stakeholder to participate in a relational exchange. Relationship value drivers can be clustered into three major groups: (a) economic value, (b) scarcity value, and (c) reciprocity value.
Question 3: What are the variables that moderate and influence a stakeholder's evaluation of his or her relationship with a firm?	*Proposition 3(P3):* Generation of relationship capital between a firm and its stakeholders is moderated through one or more of the following variables: (a) mass media influence, (b) peer networks influence, and (c) relationship duration value.
Question 4: What relational assets or liabilities act as significant predictors of increased shareholder value?	*Proposition 4(P4)*: Relationship assets or liabilities are composed of three dimensions: (a) loyalty, (b) cooperation, and (c) advocacy, which can be monetized by a firm and empirically linked to metrics of shareholder value creation.

Definition of Terms

Causation: Defines the world as a series of stimuli (e.g.,causes) and responses (e.g., effects). The existence of causation in the social and behavioral sciences remains a highly debated phenomenon.

Commitment: Defined as the amount of energy that a relational partner is prepared to spend in order to maintain a relationship (Huang, 1998). It is the combination of a desire to maintain the relationship minus the regrets that a partner may have for entering the relationship.

Community investment: Based on the convergence of commercial and social goals focused on providing increasing mutual returns to both society and the private sector. In this context, community investment incorporates a variety of instruments, including nonprofit sponsorship, philanthropy, and nonprofit partnerships.

Consensus: Defined as the power structure of a relationship. Also referred to as *control mutuality*, relational consensus is based on shared legitimacy and reciprocity. Relationship quality is determined by relational partners sharing common objectives and aligning on the power sharing structure of their relationship.

Construct: Used in SEM to define a latent variable.

Corporate reputation: The output of a stakeholder's perception of a firm's behavior over time through direct or indirect interaction (Dalton, 2003). It is a composite of the characteristics that a specific stakeholder attributes to a firm.

Customer relationship management (CRM): The strategic assessment and analysis of relational interactions with the goal of strengthening the relationship for the long-term mutual benefit of both a firm and its customers.

Diffusion: The bidirectional transmission of information between actors (Rogers, 1995).

Discounted cash flow (DCF): A forecast of a firm's cash flow discounted by the weighted average cost of capital (WACC). The DCF provides a single metric to compare the most efficient allocation of financial resources to realize maximum return for an investor. The calculation of discounted cash flow depends on the following variables: revenues, costs, a defined time period, and the WACC.

Hetrophily: When relational partners possess different languages, educational levels, or social status. Rogers (1995) contended that hetrophily creates a natural barrier to the development of close interpersonal relationships.

Homophily: When relational partners share many common characteristics. Homophily contributes to closer interpersonal relationships (Rogers, 1995).

Intangible asset: Firm assets that are not of a physical or investment nature but are considered of value. Intangible assets are often called intellectual capital (Daum, 2002).

Lagging indicator: An historical metric that reflects past performance. It is normally used in contrast to *leading indicator,* which signals future performance. For example, most accounting measures such as balance sheets are lagging indicators, as they are historical reflections of past performance. In contrast, a leading indicator may track a firm's market share. This metric provides a signal of a firm's future financial performance. One metric may be used as both a lagging and a leading indicator of performance. For example, quarterly profits are lagging indicators of a firm's quarterly financial performance but are a leading indicator of a firm's annual financial performance.

Latent variable: Abstract variables that cannot be directly measured, such as trust. Latent variables are indirectly measured in structural equation modeling (SEM) through manifest variables. Therefore, a latent variable is simply a composite output of an individual's response to the manifest variables.

Manifest variable: Single and direct indicators of indirectly measurable latent variables. This term is used in structural equation modeling, which states that at least three manifest variables are required for a valid latent variable.

Perceived organizational support (POS): Suggests that actors assign human-like interpersonal characteristics to a firm and use these characteristics to evaluate the quality of the relationship. This suggests that perceived reciprocity will influence an actor's attitude and behavioral intent.

Relationship capital: Intangible asset that recognizes that strong stakeholder relationships contribute to a firm's competitive advantage. Stakeholders that can generate relationship capital for a firm may include customers, suppliers, regulators, or distributors.

Resource exchange: The transaction of valued resources between two or more actors. This concept is the foundation of *social exchange theory,* which proposes that all relationships are founded on an exchange of valued resources between participating partners.

Revenue per realtor (RPR): Metric used in the real-estate industry that measures the performance of a brokerage based on the average annual revenue per realtor.

Sales per realtor (SPR): Metric used in the real-estate industry that measures the performance of a brokerage based on the average number of homes sold annually by each realtor.

Satisfaction: The extent to which a relationship meets one‘s needs in a positive manner. This metric is defined by a partner‘s perceptions of the relationship and/or future intentions.

Segmentation: Theoretical partitioning of a heterogeneous group into a smaller number of homogeneous groups that are differentiated through common attributes (Smith, 1956). Attributes used to segment heterogeneous groups may include tangible variables, such as socio-demographic dimensions (e.g., gender), or intangible variables, such as psychographic dimensions (e.g., personality traits).

Shareholder value: Shareholder value is ultimately defined in terms of share price and related elements such as dividends. Analysts have identified a range of key performance indicators that can act as effective predictors of shareholder value creation. Common indicators include variables that influence discounted cash flow and net profitability. In this study, these key performance indicators also include variables such as profitability per realtor and revenue per realtor.

Social change: –A deliberate process of creating and applying ideas, strategies, and actions to promote the worth, dignity, and development of individuals, communities, organizations, institutions, cultures, and societies" (Walden University, 2009, para. 2).

Social capital theory: The byproducts of human relations that produce incremental value to both actors and society. Social capital theory views all human interactions as producing a credit slip that can be used on a reciprocal basis in future interactions. Social capital theory does not consider self-interest and social interest as mutually exclusive but rather as complimentary constructs.

Social exchange theory: Proposes that all relationships are founded on the exchange of valued resources. This may include an exchange of tangible and intangible assets such as economic assets, physical assets, human assets, or psychological assets.

Stakeholder: Any actor that possesses a tangible or intangible resource that a firm requires to achieve a defined strategic objective.

Stakeholder collectives: A homogenous segment of stakeholders that share a similar interest in the firm (MacMillan et al., 2005).

Structural Equation Modeling (SEM): Complex statistical technique utilizes a combination of confirmatory factor analysis (CFA), path analysis, and linear regression. SEM permits researchers to analyze the relationships amongst multiple dependent and explanatory variables simultaneously. This includes analyzing the relationship between traditionally non-measureable concepts though the use of non-experimental data.

Systems theory: A broad paradigm that views the world as a highly interdependent system of cause-and-effect feedback loops. System theorists argue that there are multiple interrelated dynamics that occur simultaneously to influence both individual outcomes and the system structure itself. Thus, these theorists challenge the perspective that the world can be deconstructed into a series of linear static snapshots founded on autonomous causes and effects.

Tangible asset: Attributes of a firm that possess monetary value and are of a physical or investment nature. These include current assets, fixed assets, and firm investments.

Trust: A central dimension of relationship theory founded on predictability, reliability, integrity, and value congruence. It is based on the confidence that one will not be exploited by his or her partner.

Value driver: A preceding condition that acts as a stimulus or motivating variable to engage in a relational exchange with a partner. This study proposes that the relational value drivers can be clustered into three major groups for analysis: economic value, reciprocity value, and scarcity value.

Weighted Average Cost of Capital (WACC): The minimum return needed by an investor to justify the allocation of financial resources. It is a measure of both capital efficiency and investor risk.

Assumptions and Limitations

The conceptual framework, which is based on the synthesis of numerous theories and instruments from a wide range of disciplines including sociology, psychology, and management, served as the theoretical basis for this research. This study proposed that this conceptual model is generalizable across different industries and stakeholder segments. However, the researcher recognizes that the scope of this study is limited to a single industry and single population group. Hence, any attempt to infer results beyond the scope of this study must be done with caution.

Furthermore, a significant limitation is the inability to effectively measure the network effects of stakeholder relationships with any level of validity or reliability (Grunig & Hung, 2002; Gummerson, 2002, 2004). Therefore, when analyzing the value of a firm‘s relationship with a stakeholder group, the value is limited to the direct and measurable influence of this specific stakeholder relationship. The methodology does not purport to value the influence that this stakeholder relationship may have on other stakeholders groups through a medium such as word-of-mouth.

In addition, researchers have identified time as a key variable when analyzing the value of a relationship (Coleman, 1988, 1990; Granovetter, 1973, 1983; see also Ledingham, Bruning, & Wilson, 1999). Another limitation of this research is that it is not designed as a longitudinal study; the purpose is to design and test the validity and reliability of a research methodology and associated conceptual model at a single point in time. However, the methodology is designed to measure and identify trends in specific stakeholder's relationships over a longitudinal period.

Moreover, further research should consider the cognitive and emotive processes used to form attitude and opinion, which form the basis of relationship capital. From a management research perspective, future studies must define and segment stakeholders into actionable clusters and then identify the sources of value that influence their opinions. Both the qualitative and quantitative data collection phase extended from June to November 2009.

Significance of the Study

This study focused on confronting one of the most significant challenges facing managers today: how to quantitatively link the value of stakeholder relationships to shareholder value creation. Whether these stakeholders are customers, suppliers, regulators, or employees, the firm often invests a significant amount of its resources to strengthening these relationships, based on the assumption that they create value. These relationship capital investments may include people, research and development, advertising, public relations, hospitality, sponsorships, and philanthropy. However, there is no accepted methodology that enables a firm to calculate the return on the investment in these relationships. Consequently, the allocation of such investments is driven by a combination of trial and error and management intuition, neither of which are measurable or efficient.

Therefore, the significance of this study to the field of management is its focus on measuring the value of the intangible asset of relationship capital. Specifically, this research provides both practitioners and scholars a holistic model in which to test the predicative links between the attributes and stages of relationships. It is this model that will offer a foundation on which researchers can isolate the variables that stimulate relationship capital and trigger the behavioral changes that generate shareholder value.

This study synthesized multiple theories from a broad range of disciplines to develop and test the validity of a research methodology that can link quantitatively investments in relationship capital to metrics of shareholder value. The ability to identify empirically the predictive linkage between these investments in relationship capital and shareholder value is significant, as it enables firms to maximize the return on the allocation of their resources.

Summary

Today, intangible assets are the foundation of a firm‘s market valuation. These intangible assets are not of a physical or monetary nature; rather, they are abstract assets that may include employee skill, firm reputation, or the strength of relationships with key stakeholders. The practitioners who manage these assets must find a way to directly link these assets to value generation.

This study explored the challenge of intangible asset valuation. Specifically, it focused on examining methods and approaches to quantitatively value the return on investments in relationships. The rest of the paper is outlined as follows. Chapter 2 presents an extensive literature review that examines the roots of relational capital and value creation. From a synthesis of this literature, I proposed a conceptual framework. Chapter 3 explains why mixed methodology is the most appropriate method to analyze the defined problem. Moreover, it provides the rationale for selecting structural equation modeling as the most effective statistical method to identify the link between relationship capital and shareholder value. Chapter 4 presents the results of both the qualitative and quantitative phases of this research. Chapter 5 analyzes and discusses the implications of this research and its contribution to the body of knowledge.

CHAPTER 2: LITERATURE REVIEW

Introduction

This chapter presents a detailed literature review of the key theoretical issues and challenges associated with directly linking relationship capital to shareholder value. To support a clear and concise argument, this chapter is broken into four separate but integrated parts (see Table 2): Part 1: Defining Value Creation, Part 2: Relationship Capital and Value Creation, Part 3: A Conceptual Model for the Valuation of Relationship Capital, and Part 4: Review of Methods of Study and Conclusion.

Numerous sources were used for this literature review. These included EBSCO (Academic Search Primer and Business Search Primer), ProQuest Dissertations, Walden University dissertations, and the Theses Canada full-text databases. A subject-based approach was used for the search terms. The subjects searched included but were not limited to *stakeholder theory, social exchange theory, social capital theory, social network theory, systems theory, relationship marketing theory, resource-based view of the firm, theory of planned behavior, perceived organizational support, balanced scorecard, value creation, shareholder value, corporate reputation, brand, trust, recall, intangible assets, relationship capital, marketing segmentation,* and *structural equation modeling*.

Table 2

Literature Review Structure

	Title	Description
Part 1	Defining value creation	This section defines the concept of *value creation* and examines the metrics used by scholars and practitioners to quantify shareholder value. It then addresses the challenges of valuing intangible assets. Lastly, it conducts a comparative analysis of some of the leading methods and models used to value intangible assets.
Part 2	Relationship capital and value creation	This section examines the value of stakeholder relationships. It incorporates a comparative analysis of the leading methodologies that are designed to measure attributes of relationship capital. These methodologies act as a baseline for the development of the conceptual model that is empirically tested in the research phase.
Part 3	A conceptual model for the valuation of relationship capital	This section introduces the Stakeholder Scorecard as a conceptual model to measure the value of relationship capital. This model disaggregates relationship capital into five constructs, and their theoretical foundations are examined. This section introduces the research propositions that are both qualitatively and quantitatively tested in the research phase of this study.
Part 4	Review of methods of study and conclusion	The final section introduces a summary and rationale for the methods of study selected including the choice of structure equation modeling. Chapter 3 provides a comprehensive analysis of the respective methods and research design. This chapter concludes by summarizing the overall objectives of the literature review, and transition to the methods of study is examined in detail in chapter 3.

Part 1: Defining Value Creation

Both practitioners and scholars contend the singular goal of a firm is to generate shareholder value (Kaplan & Norton, 1993, 1996, 2001, 2004; McHale, 2006; Porter, 1980, 1985, 1987, 2008; see also Barney & Clark, 2007; Ryals & Knox, 2005). Shareholder value is the output of a series of cause-and-effect relationships. McHale (2006) argued that shareholder value ―encompasses structures, strategies, processes, systems, cultures and policies" (p. 38). In other words, managers must establish a strategy and then test the cause-and-effect of these various tactics on shareholder value. Based on the cause-effect nature of corporate strategy, Kaplan and Norton (1996) argued that effective measurement metrics ―should identify and make explicit the sequence of hypotheses about the cause-and-effect relationships between outcomes and measures and the performance antecedents of those outcomes" (p. 31). Therefore, to have a holistic view of shareholder value creation, a firm‘s key performance metrics must include both the effect on shareholder value (e.g., share price) as well as the cause (e.g., explanatory or predictive variables).

However, the existing cost-based financial reporting model measures only effects (Daum & Lev, 2004; Kaplan & Norton, 1991, 1996, 2001, 2004; see also Daum, 2001, 2002, 2004, 2005). The result is that today‘s methods of determining shareholder value are inherently flawed. Performance measurement systems that focus exclusively on historical lagging indicators are fundamentally flawed. Porter (1985) argued that value is generated not only by the individual components of a firm but also by the way in which these individual components interact to create incremental value and competitive advantage. Consequently, to understand fully the predictors of value creation, one must disaggregate a firm to the activity level.

Many researchers agree that these building blocks are highly interdependent (Porter, 1980; 1985; see also Barney, 1991, 1995, 2001; Barney & Clarke, 2007; Daum & Lev, 2003; Drozd, 2004; Kaplan & Norton, 1993, 1994, 1996, 2004; Shaikh, 2004). Therefore, the value of one specific variable in the value chain is highly influenced by its explanatory relationship with other variables. As Porter (1980) stated, ―Exploiting linkages usually requires information or information flows that allow optimization or coordination to take place" (p. 50). As a result, understanding value creation requires identifying the explanatory and predictive relationship among variables.

Intangible Assets and Value Creation

As Western economies have transitioned from an industrial to a knowledge base, the composition of the average firm‘s value has shifted dramatically from tangible to intangible assets (Bontis, 2001; Bontis & Fitz-enz, 2002; Danthine & Jin, 2007; Daum, 2001, 2002, 2005; see also Beutal & Ray, 2004; Dean & Kretschmer, 2007; Eccles, Newquist, & Schatz, 2007; Moon & Kym, 2006; Kong & Prior, 2007; Ulrich & Smallwood, 2004). I will first define the term *intangible assets* as it is to be used in this study.

Researchers have contended that intangible assets must be defined in the context of the term *assets* (Danthine & Jin, 2007; Daum & Lev, 2002; Kaplan & Norton, 2001). Daum (2003) and Marr (2008) defined assets as attributes of a firm that possess monetary value. Based on this definition, assets can be broken down into four categories as shown in Figure 2: (a) current assets, (b) fixed assets, (c) investments, and (d) intangible assets Although intangible assets are often described as *intellectual capital* (IC), this study will use the term intangible assets. The four assets classes are defined as follows:

Current assets: Assets that are likely to be consumed or sold within a one-year period.

Fixed assets: Physical infrastructure or property that has a useful life of greater than one year (Shaikh, 2004).

Investments: Include all stocks, bonds, and other monetary assets.

Intangible assets: All other assets that are not of a physical or investment nature but are considered of value to a firm. For the purpose of this study, intangible assets are categorized as (a) human capital, (b) structural capital, or (c) relationship capital (Daum & Lev, 2002; see also Danthine & Jin, 2007; Herremans, Isaac, & Bays, 2007; Kaplan & Norton, 2001; Moon & Kym, 2006; Shaikh, 2004).

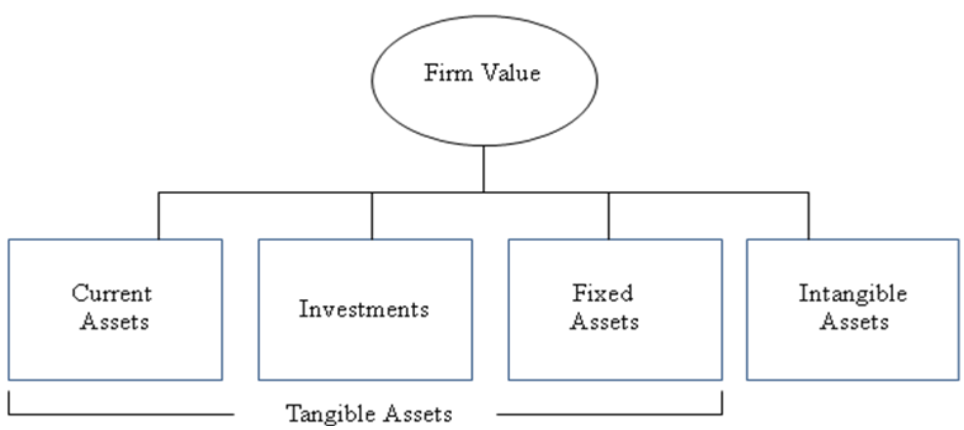

Figure 2. Defining the assets of a firm.

Daum (2002) conducted an analysis of American mining and manufacturing companies between 1982 and 1999. He found that 62% of the market value of these firms corresponded with tangible asset value in 1982, but that number declined to 38% in 1992 and 16% in 1999. Daum (2003) extended his analysis to consider the relationship between book value and market value for knowledge based companies. His analysis showed that only 9.8% of Microsoft's market value corresponded to its book value. Similarly, Kaplan and Norton (2004) found that tangible assets represent only 25% of the market capitalization of a typical firm. Shaikh (2004) noted that tangible assets have declined to as little as 10% of a typical firm's market value in the past 20 years. As Kaplan and Norton (1996) stated, "The ability of a company to mobilize and exploit its (in)tangible or invisible assets have become far more decisive than investing in physical, tangible assets" (p. 3). Thus, the accurate valuation of intangible assets has become a central challenge to both traditional financial accounting and to a firm's shareholders (Daum & Lev, 2002; Huang & Wang, 2008; see also Bontis, 2001; Danthine & Jin, 2007; Kaplan & Norton, 2001; Moon & Kym, 2006).

Huang and Wang (2008) conducted an empirical study of the firms that comprise the Taiwan 50 Index, excluding financial firms. After a regression analysis based on public data related to earnings and additional financial indicators, their findings confirmed that intangible assets represent a significant portion of a typical firm's value and therefore must be considered in conjunction with traditional financial accounting metrics. In a similar study, Chen, Cheng, and Hwang (2005) conducted a regression analysis of Taiwanese publically traded companies and identified a significant predictive relationship between intangible assets and a firm's financial performance.

To reinforce how industrialized economies have transformed, Dean and Kretschmer (2007) conducted a unique bibliometric study of the evolution of management literature from 1951 to 2004. By analyzing the international bibliography of social sciences, they demonstrated that the terminology in the field has transformed from one dominated by dimensions of tangible assets to one now being founded on “hybrid capital” (p. 579). Their study confirmed that the structure of the Western economy has radically transformed.

However, although the market valuation of the typical firm has shifted from tangible assets to intangible assets, it is important to note that two classes of assets are interdependent. Oladunjoye and Oneyeaso (2007) examined the influence of different resources on performance ($N = 9$). Their research concluded that intangible assets provide capabilities, whereas tangible assets provide resources. This distinction is important, because a firm requires both resources and capabilities to achieve a competitive advantage. Oladunjoye and Oneyeaso highlighted the central challenge of recognizing the value of intangible assets using traditional accounting methods.

Intangible Assets and Financial Reporting

The transformation to a knowledge economy has diluted the historical relationship between tangible assets and value creation (Daum & Lev, 2004; Kaplan & Norton, 2001; see also Barney & Clark, 2007; Bontis, 2001; Danthine & Jin, 2007; Dean & Kretschmer, 2007; Drozd, 2004; Moon & Kym, 2006). Industrial economies focus on methods that cannot support intangible asset valuation. As evidence, Drozd (2004) examined the public acknowledgement by firms of the role of intangible assets in generating value. This study analyzed public reports of 180 sampled companies from the Russell 3000. The researcher coded any reference to intangible assets (direct or indirect) and concluded that while intangible assets represent a majority of the market value of a typical firm, there is virtually no public disclosure of their value. This study illustrated the fundamental weakness of today's financial reporting models.

There is additional evidence that market analysts, even with their wealth of access to corporate information, also undervalue intangible assets. Amir, Lev, and Sougiannis (2003) examined available data from 1982 to 2000, representing a total of 26,521 firm-year observations, to determine that financial analysts consistently undervalued the intangible assets of a firm in their forecasts.

Danthine and Jin (2007) conducted an empirical study to identify the relationship between metrics of shareholder value and different asset classes. Using a two-sector equilibrium model, they divided their model between traditional firms that depend on tangible assets to generate value and new economy firms that depend on intangible assets. They then conducted a macro-economic study comparing assets to valuation variables from Profit/Earnings Ratio to Gross Domestic Product. They concluded that tangible and intangible assets possess distinct differences in relation to value generation. Tangible assets showed a consistent and linear connection to value; in contrast, the intangible asset relationship to value was highly volatile. In fact, there were periods in which intangible assets did not generate any measurable value to a firm; during other periods, that value accelerated. Thus, Danthine and Jin's research demonstrates that the valuation process must reflect the differences between intangible and tangible assets.

Indirect Intangible Value Creation

In a traditional industrial business, tangible assets can be directly correlated to key financial value creation metrics such as increased sales, lower costs, and higher margins. However, in a knowledge-based business, intangible assets such as investments in training possess no direct relationship (in both time and context) to value creation (Moon & Kym, 2006). Instead, these assets are components in a cause-and-effect chain of value creation that must be linked to corporate strategy. Therefore, researchers contend that understanding these relationships is critical to understanding value creation (Danthine & Jin, 2007; Herremans et al., 2007; Moon & Kym, 2006).

Context and Intangible Asset Valuation

Kaplan and Norton (1996, 2004), Herremans et al. (2007), and Bontis (2001) argued that intangible asset value is highly dependent on the strategic context; therefore, intangible assets cannot be considered in isolation. For example, the value of innovative engineering depends on whether innovative engineering is critical to a firm‘s strategy. Thus, corporate strategy and intangible asset valuation are highly interdependent.

Potential Versus Actual Value

Researchers have contended that unlike tangible assets, intangible assets are rarely of direct value. Rather, they are the foundation of potential value creation (Kaplan & Norton, 2001; see also Danthine & Jin, 2007; Moon & Kym, 2006; Kong & Prior, 2007; Daum & Lev, 2004). Danthine and Jin (2007) demonstrated the volatile nature of the return on intangible assets. Kong and Prior (2007) also illustrated the relationship between intangible assets and competitive advantage; for this value to be realized, the intangible assets must be combined with other assets to generate value. For example, a strong corporate reputation is of little value in isolation. Rather, a strong corporate reputation may contribute to building trust between a firm and its stakeholders. This trust may then trigger increased stakeholder loyalty, which can contribute to lower marketing costs and increased profitability (Danthine & Jin, 2007).

Based on these challenges, Daum (2003) as well as Beutal and Ray (2004) argued that intangible assets cannot be accurately valued until a firm is bought or sold, as the principle of *fair market value* is the only objective and defensible method of valuation. For years, intangible assets have been embedded as a portion of the *goodwill* of a firm: the difference between book value and market value (Beutal & Ray, 2004; Daum, 2002; Kumar, 2005). However, as Beutal and Ray noted, it was only in 2001 that the U.S. Financial Standards Accounting Board (FSAB) made the first step to recognize intangible assets. At that time, the Statement of Accounting Standards 141 and 142 were introduced, requiring for the first time that *identifiable* intangible assets be separated from goodwill during a transaction. In addition, the FSAB required that a “useful life” for these assets be defined and disclosed (Beutel & Ray, 2004). Though a positive first step, Bontis (2001) contended that intangible asset value recognition still remains outside of accepted modern accounting practices.

An Examination of Existing Methods for the Valuation of Intangibles

Researchers have argued that the value of an intangible asset is highly context-dependent and directly related to the contribution that it makes to a firm achieving its defined strategic goals (Kaplan & Norton, 1993, 1996, 2001, 2004; see also Barney, 1991, 1995; Barney & Clarke, 2007; Kong & Prior, 2007). However, the metrics to measure the effectiveness of corporate strategy are also highly context dependent. These metrics, called key performance indicators (KPI), enable managers to measure the impact of their strategy on corporate performance (Kaplan & Norton, 1991, 1996, 2001, 2004). Therefore, valuing an intangible asset is based on demonstrating a relationship between the cause (e.g., an intangible asset) and the effect as measured by a firm‘s key performance indicators. Consequently, to ascertain the value of an intangible asset, one must definitively prove the causal relationship between the asset, a firm‘s strategic objectives, and shareholder value (Kaplan & Norton, 1991, 1996, 2001, 2004; see also Daum, 2002; Herremans et al., 2007). However, is it possible to prove the causal relationship between an intangible asset and a firm‘s value? To understand this question, this study will now briefly explore the philosophical and scientific foundation of causality.

Causality is a concept that is embedded in every aspect of our society and is central to scientific research. However, the concept remains highly controversial. As one of the early theorists in causality, Hume (1740, 1777) introduced several principles that must be proven prior to suggesting the existence of a causal relationship. These principles remain the central pillars to the theory of causation today:

1. The cause must precede the effect.
2. There must be congruity and succession of the cause and the effect.
3. There must be regular, constant union between the cause and the effect.
4. The causation should repeat.
5. A cause-effect relationship must be consistent and without exception.
6. The causal circumstance must be specified.

The causation debate is particularly contentious in the social sciences, as researchers debate the very essence of whether causality can exist and whether it can be definitively proven. Sayer (2006) challenged the scientific community‘s widespread use of the term causality, arguing that causation in the social and behavioral sciences is an abstraction. Sayer maintained that because of the open nature of social and human systems, the minimum required evidence of causation (specifically, the removal of all other possible causal variables) is a threshold that is impossible to achieve. Thus, Sayer concluded that attempting to prove causal relationships definitively in social and human systems is an exercise of futility.

Senge (1993) extended this argument by suggesting that it is impossible to reduce the complexity and inter-relationships of the world down to autonomous causal variables. Senge believed that there is no such thing as a cause-and-effect in the human and social sciences; rather, the world is a highly integrated system in which every cause is also an effect, and every effect is also a cause. Therefore, reducing causality to a dimension of a single variable stimulating a single effect leads to simplistic and erroneous causal assumptions. He maintains that methodologies that view causation as a static snapshot in time are inherently misleading.

Based on this logic, this study contends that both Senge (1993) and Sayer (2006) would challenge the validity and reliability of any intangible asset valuation model that seeks to demonstrate a definitive cause-effect relationship between a specific intangible asset and a firm‘s value. To address this challenge, the leading approaches (Table 3) have focused on identifying correlations between intangible assets and metrics of value to infer a possible causal relationship based on this correlation (Herremans, et al., 2007). It was this subjective inference and inability to demonstrate definitive causality that contributed to the FASB's decision in 2004 to abandon further work on incorporating intangible assets into contemporary accounting practices (Kumar, 2005). Therefore, it must be acknowledged that the inability to prove definitive causality is an embedded constraint of any project that seeks to link intangible assets to value creation.

Table 3 compares and contrasts several of the leading intangible asset valuation methods and models. Shaikh (2004) conducted an audit of eight methodologies: the Balanced Scorecard (Kaplan & Norton, 1992), the Skandia Navigator (Edvinsson, 1997), the Intangible Assets Monitor (Sveiby, 1997, 2000), the Value Chain Scoreboard (Lev, 2000, 2001), Market-to-Book Value, and Tobin's Q. Moreover, Sveiby (2007) conducted a literature review and identified a total of 34 models that were developed to value dimensions of intangible assets. The final contribution was Bontis' (2001) qualitative study of five methods of intangible asset valuation.

The numerous approaches to intangible asset valuation captured in this study recognize the indirect role of intangible asset in the value creation process. Therefore, more sophisticated models such as the Balance Scorecard, Skandia Navigator, and the Intellectual Capital Realisation Process focus on overcoming the three identified challenges of intangible asset valuation by purporting to methodologically demonstrate a link between these assets and corporate strategy. Hence, intangible asset valuation is dependent on demonstrating a direct relationship between a defined asset and corporate strategy.

Table 3

Comparison of Intangible Asset Measurements

Model	**Contributing theorist (s)**	**Methodology**	**Significance to study**
Balanced Scorecard (BSC)	Kaplan & Norton (1993, 1996, 2004)	Incorporated four perspectives: (a) financial perspective; (b) customer perspective; (c) internal business process perspective; and (d) innovation and innovation perspective. Recognized that each of these generates value and must be causally linked to corporate strategy. Kaplan and Norton emphasized that the BSC must be customized and unique for each company.	This model acknowledges the inherent interdependency between strategy and intangible asset valuation. It also maintains that an operationalized model must be context specific.
Value Creation Index (VCI)	Baum, Ittner, Larcker, Low, Siesfeld, & Malone (2000)	Developed by Wharton Business School, Cap Gemini, Ernst & Young, and Forbes. Conducted survey of managers in durable and non-durable goods companies to identify the top non-financial value drivers. Included statistical analysis of S&P 500 to identify the relationship between intangible assets and value. Index identified innovation, employees, alliances, quality, environmental performance, brand investment, technology, and customer satisfaction as the dominant drivers of intangible value.	Limited applicability as the underlying methodology was not disclosed.

table continues

Model	Contributing theorist (s)	Methodology	Significance to study
Intangible Asset Monitor	Sveiby (1997)	Based on three classes of intangible assets: people competence, internal structure, and external structure. Linked to strategy through four value creation modes: growth, renewal, utilization, and risk reduction.	Model highlights the importance of valuing intangible assets through a link to supporting corporate strategy.
Skandia Navigator	Edvinsson (1997)	A framework developed to analyze the holistic value of a firm. This model incorporates up to 164 metrics across five areas: financial focus, customer focus, human focus, process focus, and renewal and development focus.	The scope and breadth of the Skandia Navigator is a benchmark for models. It demonstrates the importance of context in intangible asset valuation.
Market-To-Book Value	Generic Ratio	This is the simply the difference between a firm's book value (tangible assets plus goodwill) and market value. The difference represents the market valuing future opportunity and is hypothesized as a fair market reflection of the value of a firm's intangible assets.	This model is simple and provides a clear indication of the current deficiency of cost-based accounting methods that provide accurate valuation in a knowledge economy.
Tobin's Q	Tobin (1969)	Methodology that compares the market value of a firm to the replacement cost of its assets. This model is multidimensional as it incorporates market assets, market sentiment, and intangible assets.	When compared to proprietary models such as the Skandia Navigator, this methodology appears to have gained wider acceptance by practitioners.

Model	Contributing theorist (s)	Methodology	Significance to study
Intellectual Capital Realisation Process	Herremans, Isaac, & Bays (2007)	Model founded on activity based costing principles. Model broke IC into 160 *elements* and proceeded to trace each element's direct and indirect impact on cash flow. Longitudinal case study involved a single firm completing a monthly survey to track elements and correlate to cash flow. Study demonstrated the top seven elements correlated to 51% of the firm's cash flow. Findings presented in a matrix to demonstrate the comparative relationship of each element to cash flow. Authors acknowledge inability to deal with indirect impacts on cash flow.	This model reinforces the need to disaggregate elements of value creation as well as the need for a holistic model to test linkages. Model highlights the challenge of measuring indirect impacts of intangibles on value creation.
Intellectual Capital Classification Scheme	Moon & Kym (2006)	Conducted a survey (n = 200) of employees of 50 manufacturing firms to examine dimensions of human, structural, and relational capital. Researchers used SEM to identify the relationship among latent variables. Findings identified that human capital is an antecedent of relationship capital and that both relational capital and human capital are antecedents of structural capital.	Model provides a significant contribution to the study of intangible assets by considering the relationship amongst these assets. The researchers' use of SEM reinforces this as an appropriate statistical technique.

Part 2: Relationship Capital and Value Creation

The valuation of intangible assets is fundamentally more complex than the valuation of tangible resources (Herremans et al., 2007; see also Barney & Clark, 2007; Bontis & Serenko, 2009; Bontis & Fitz-enz, 2002; Daum, 2002; Kaplan & Norton, 1993, 1996, 2001, 2004). However, the inability to demonstrate definitive cause-and-effect has created an insurmountable barrier for both practitioners and scholars. To explore this issue further, this study now focuses on analyzing the single intangible asset of *relationship capital* and its link to a firm‗s competitive advantage and value creation process. The following section explores the theoretical value of relationship capital. From this analysis, this study proposes a conceptual model that enables researchers to link drivers of relationship capital quantitatively to shareholder value using structural equation modeling (SEM). Based on the acknowledged challenges associated with proving causality in the social and behavior sciences, this model does not suggest a causal relationship; rather, it uses SEM to identify the predictive variables that statistically stimulate a quantitative increase in relationship capital between a firm and a specific stakeholder segment. The model then analyzes the statistical relationship between specific dimensions of relationship capital and the key performance indicators of a firm. Testing the validity and reliability of this model is the central research effort of this study.

Defining Relationship Capital

Barney (1995) argued that ―When a firm‗s resources and capabilities are valuable, rare, and socially complex those resources are likely to be sources of sustained competitive advantage" (p. 55). Using a case study method, he concluded that these traits are difficult for competitors to imitate. Barney demonstrated that a firm‗s relationships with its key stakeholders, from employees to customers and suppliers, can be a critical resource. Freeman, Wicks, and Parmar (2004) agreed that ―Business is about putting together a deal so that suppliers, customers, employees, communities, managers, and shareholders all win continuously over time" (p. 365).

The value that is generated through stakeholder relationships is called *relationship capital* (Daum, 2005; see also Kaplan & Norton, 1991, 1996, 2001, 2004; Marr, 2008; Moon & Kym, 2006). For clarity, relationship capital is defined as an intangible asset that recognizes the value of strong stakeholder relationships. Relationship capital is context specific; the value of a relationship will vary based on circumstance. Relationship capital possesses a competitive dimension, as its value is a direct reflection of a competitor‗s ability or inability to replicate the advantages that a specific relationship can provide. Therefore, relationship capital reflects both past and future value to a firm. Relationship capital can also possess both positive and negative dimensions. Positive capital generates relationship assets such as stakeholder loyalty, whereas negative capital generates relationship liabilities such as negative word-of-mouth. Stakeholders that can be a source of relationship capital may include but are not limited to customers, employees, suppliers, regulators, and distributors.

The contention that stakeholders provide intrinsic value to a firm is supported by a broad range of management scholars. These include researchers in brand theory (Aaker, 2004; see also Heath & Hyder, 2005; Graham & Havlena, 2007; Mizik & Jacobson, 2008; Pawle & Cooper, 2006); public relations (Huang, 1998, 2001, 2004; see also

Bruning, Castle & Schrepfer, 2004; Grunig & Hung, 2002; Grunig, 2006;); relationship marketing (Gummersson, 1995, 1998, 2004; see also Hunt, Arnett & Madhavaram, 2006; Lindgreen & Swaen, 2005; Sirdeshmukh, Singh & Sabol, 2002); intellectual capital (Bontis & Fitz-enz, 2002; Bontis & Serenko, 2008; see also McFadyen & Cannella, 2004); corporate reputation (MacMillan, Money, Downing, & Hillenbrand, 2005; see also Barnett, Jermier, Lafferty, 2006; Eccles, Newquist & Schatz, 2007; Kim, Bach, & Clelland, 2007); resource theory (Arnett, German, & Hunt, 2003); stakeholder management (Ahearne, Bhattacharya, & Gruen, 2005; Hall, 2006; Yau et. al., 2005) and corporate strategy (Kaplan & Norton, 2004; see also McHale, 2006; Palmatier, Dant, Grewel & Evans, 2006; Palmatier, Gopalakrishna, & Houston, 2006; Porter, 2008; Ryals & Knox, 2005). Table 4 summarizes the range of contemporary researchers that have studied the link between relationship capital, performance, and value generation. In addition, this table identifies the significance of each of these studies to this dissertation.

Table 4

Stakeholders as a Source of Value

Contributing theorist(s)	**Description**	**Significance to study**
Aaker (2004)	Aaker provided a theoretical analysis of the value of a corporate brand to a firm. Through the use of case study examples, he qualitatively demonstrated the strategic role of corporate brand on a consumer.	Aaker identified how a strong corporate brand could be linked theoretically to firm performance. The brand attributes studied include differentiation, energizers, credibility, brand integration, clarity, and consistency.
Arnett, German, & Hunt (2003)	Researchers examined the influence of identity salience on stakeholder behavior. A survey was designed and conducted across three population groups (N = 953). Structural equation modeling and associated statistical techniques were used to examine the relationships amongst the latent variables.	This study identified the importance of segmentation when examining both antecedents and outcomes.
Ahearne, Bhattacharya, & Gruen (2005)	The objective of this research was to explore the influence of customer perception on relationships with an organization and on their behavior. Researchers conducted phone surveys with 2000 physicians. Structural equation modeling was used to identify the antecedents and the outcomes of these relationships. Research demonstrated empirically that closely identifying with a firm directly influences customer consumption and advocacy.	This research is significant both for its methodology and for its results. On both these dimensions, the study explored moderating influences on relationship behavior. A result of this research is the suggestion that relationship capital can exist on two levels: (a) between a stakeholder and a firm and (b) between a stakeholder and a specific individual at the firm. It also identified that these two relational levels may influence different behavior.

Contributing theorist(s)	Description	Significance to study
Barnett, Jermier, Lafferty (2006)	Researchers conducted a meta-analysis to code the varying applications of the term *corporate reputation* in the scholarly literature. Researchers coded 49 different definitions of corporate reputation in the literature from 1980 to 2003.	This study highlights the risk of aggregation and misinterpretation of the scholarly literature. The proposed model incorporates numerous abstract concepts that could lead to misinterpretation and misuse unless well defined by the researcher.
Berman, Wicks, Kotha, & Jones (1999)	Researchers examined the statistical relationship between a firm‘s stakeholder orientation and its financial performance. The sample was based on a study of 81 firms between the years 1991 and1996. These researchers used regression to examine the link between stakeholder relationship strategy and return on assets.	By disaggregating stakeholder strategy, they were able to identify specific variables that predicted improved financial performance. Simultaneously, they identified dimensions that had no significant impact. The weakness of this study is that it assesses stakeholder‘s holistically and not as individual segments.
Bontis & Fitz-enz (2002)	Conducted a mixed method study on 25 companies in the financial services sector. The study incorporated structural equation modeling and identified relationship capital as a predictor of human capital effectiveness. The model also identified human capital and structural capital as predictor variables of relationship capital.	This study‘s use of mixed methodology incorporating SEM was influential as a research approach. The finding that relationship capital stimulated additional intangible asset value through human resource effectiveness highlighted the challenge of capturing the indirect value of relationship capital.

table continues

Contributing theorist(s)	Description	Significance to study
Bontis & Serenko (2009)	This study surveyed 10 credit unions' employees (N = 396) and used the instrument from Bontis and Fitz-enz (2002). The goal was to identify the antecedents of human capital. Structural equation modeling and incorporated statistical tests were conducted to examine the relationship between latent variables.	This study reconfirmed the role of human and structural capital as statistically significant antecedents of relationship capital.
Bruning, Castle, & Schrepfer (2004)	Authors conducted a survey (N = 135) using the Bruning and Galloway (2003) 24-point instrument to test if firm-stakeholder relationships possessed personal, professional, and community dimensions.	This study found that both stakeholder loyalty and commitment increased if the respondent perceived the relationship to be of a more personal nature (as opposed to institutional).
Eccles, Newquist, & Schatz (2007)	This case study of BP and Merck was on the based analysis of reputational risk.	These researchers identified reputation as inherently stakeholder-specific and found that reputation can also possess highly negative dimensions that will negatively impact firm performance. Their position was that reputation is inherently oriented towards risk mitigation. This study recognized the important link between stakeholder perceptions and firm value.

table continues

Contributing theorist(s)	Description	Significance to study
Grunig & Hung (2002)	This study examined the interdependency of the constructs of reputation and relationships. The research method incorporated a sample of 140 students who completed a 52-question survey.	Research identified that relationships and reputations are highly interdependent constructs, as most stakeholders possess experiential relationships and reputation relationships with a firm. Thus, they concluded that measuring stakeholder relationship quality is a more appropriate unit of analysis, as it captures both relational and reputation dimensions.
Grunig (2006)	Through an extensive literature review, Grunig examined the theoretical foundation of public relations and its value to strategic management.	This study interconnected the range of theories and methodological approaches used over the past 40 years to evaluate public relations and stakeholder management.
Gummersson (2004)	In this literature review, Gummersson hypothesized that relationship marketing theory should be incorporated into business–to-business relationships.	The author identified the key importance of network effects as a key intangible return on relationship capital. The methodological challenge of monetizing network effects is an identified limitation in the valuation process and a significant limitation to this study.

table continues

Contributing theorist(s)	Description	Significance to study
Heath & Hyder (2005)	This study examined the subconscious impact of recall on advertising impact. This research identified that the metric of conscious recall provides only a limited perspective of the measurement of advertising. Their quantitative study involved two sample groups (N = 318 and N = 180) and examined the statistical influence of specific advertising using an ANOVA technique.	This study suggested that behavior could be moderated through subconscious variables. The results of are considered in the research design phase of the present paper.
Hunt & Arnett (2003)	This study examined resource-advantage theory and its relationship to financial performance. The paper is a literature review and theory-based.	The significance of this study is Hunt and Arnett's contribution to defining a firm's financial performance as both a relative and competitive construct.
Hunt, Arnett, & Madhavaram (2006)	The researchers conducted an extensive literature review examining the theoretical foundation of relationship marketing and its applied benefits and costs. The research identified 10 unique uses of the term *relationship marketing* and through their analysis sought to establish a holistic model.	This research is one of the few studies that merge the concepts of stakeholder management and relationship marketing as common constructs united by resource exchange. Moreover, its holistic approach identifies concise benefits, costs, and factors that influence its success.

table continues

Contributing theorist(s)	Description	Significance to study
Kaplan & Norton (2004)	Kaplan and Norton's theoretical study focused on the influence of intangible assets in a firm's strategy and value creation.	Kaplan and Norton developed a model referred to as a *Strategy Map* that incorporated key elements of the Balanced Scorecard methodology. This model infers a relationship between the numerous variables of a firm and the value creation process. This study identified the theoretical role of intangible assets in this process.
Kim, Bach, & Clelland (2007)	The researchers explored the influence of the reputation management approach on financial performance. Reputation management was defined as either symbolic or behavioral. The researchers examined the financial performance of 104 firms and compared this to the firm's approach to reputation management. The reputation management approach was defined by the number of press releases over a two-year period. The hypotheses were tested using structural equation modeling.	This research identified the important role that a firm's performance plays in the perception of a firm's reputation. It also highlighted the limited role that superficial symbolic tactics can have on a firm's reputation. This study was also significant methodologically, because the author's provided four structural models for considerations and analysis. This approach provided an effective way to compare and contrast the relationship among the defined variables.

table continues

Contributing theorist(s)	Description	Significance to study
Lindgreen & Swaen (2005)	This research is based on an extensive literature review and case study that argued that corporate citizenship is a fundamental tactic of relationship marketing.	This research demonstrated the strategic role of corporate citizenship in relationship marketing. The researchers argue that corporate citizenship is an extension of relationship marketing and that the metrics designed to measure its value should align with those of relationship marketing.
McFadyen & Cannella (2004)	The authors used panel data methodology to track scientists (*N* = 173) from 1989 to 1999. This data were collected annually. The study aimed to identify the relationship between social capital and knowledge creation. The variable of knowledge creation and collaboration was tracked through scholarly publishing. Research used social network theory to assess statistical correlation of social networks and knowledge creation.	This study empirically found a direct relationship between knowledge creation and interpersonal relationship capital. Researchers also found that although relationships generate a return, there is opportunity cost associated with investing in this relationship. This recognition that relationships are not free provided a unique insight into the allocation of resources required to sustain a relationship.
McHale (2006)	This study conducted a test of a stakeholder quality index tool. The paper is presented in case study format.	This methodology of this study was unique in that it approached the valuation of relationship capital by measuring relational satisfaction and relating it to financial performance. The methodology enabled the researcher to identify the variables that had the most significant influence on relationship strength and improved performance.

table continues

Contributing theorist(s)	Description	Significance to study
MacMillan, Money, Downing, & Hillenbrand (2005)	These researchers hypothesized that trust and commitment are mediating variables of reputation. The relationship of these variables was tested using structural equation modeling.	This research provided the empirical evidence to support the proposition that trust is a significant mediating variable in stimulating positive stakeholder behavior. The research methodology incorporated by MacMillan et al. was used as a baseline for the present research.
Graham & Havlena (2007)	Graham and Havlena demonstrated in their quantitative study of 35 brands over a 26-week period (N = 700) that the influence of peer networks was moderated by advertising.	This study suggested that media and peer networks are interdependent variables. Therefore, assessing the influences of this interdependency is required to appreciate the role of indirect media in moderating stakeholder relationship evaluation.
Hall (2006)	Hall explored the value of corporate philanthropy and community programs on firm performance, completing 401 surveys completed and analyzing data using ANOVA.	This research demonstrated the positive attitudinal shift of the sample group based on recall of corporate philanthropy activity.

table continues

Contributing theorist(s)	Description	Significance to study
Huang (2004)	Huang incorporated mixed methods research to develop and test a scale designed to ascertain the measuring impact of public relations strategies on stakeholders. This included collecting a total of 853 surveys from 3 sample populations and 18 interviews. Huang used both exploratory and confirmatory factor analysis as the statistical tests for the development of the scale elements. The researcher also used Cronbach's alpha to test reliability.	This research provided an excellent methodological template for scale development. Huang's specific approach to testing the moderating influence of particular media activity on stakeholder behavior provided guidance for this research project.
Mizik & Jacobson (2008)	This study examined the financial impact of brand attributes based on the Young & Rubicon Brand Asset Valuator. This research included a sample of 2400 surveys examining the attributes of 120 brands. The researchers examined sales and return on assets to examine the relationship between specific brand attributes and financial performance. Financial performance was measured using stock return response modeling.	The Y&R BAV incorporated five distinct attributes of a brand: differentiation, relevance, esteem, knowledge, and energy. This approach provided guidance to what attributes are required to be incorporated into the Stakeholder Scorecard . Moreover, the stock return response model may provide an ability to extend the testing of the Stakeholder Scorecard and financial performance. However, such an extension is outside of the scope of the present study.

table continues

Contributing theorist(s)	Description	Significance to study
Palmatier, Dant, Grewel, & Evans (2006)	These researchers contended that a significant gap existed in the analysis of intangible assets and dimensions of value creation. Palmatier et al. conducted an extensive meta-analysis of relationship marketing literature from 1987 to 2004. The final sample included 94 articles. Each article was coded, and a structural equation model was designed based on the data.	This article was influential, because it considered the stakeholder from a holistic perspective from antecedents to outcomes. As a meta-analysis, it captured and coded a broad range of variables.
Palmatier, Gopalakrishna, & Houston (2006)	This research explored the empirical methods to measure the return on investments in business-to-business stakeholder relationships. It conducted surveys of 313 people from 34 customer companies. An additional 143 surveys were completed by salespeople. Both sample groups represented a range of industries. Regression was used to test the relationship between investments and customer behavior.	One of the key conclusions of this research was that relationships must be disaggregated into measurable variables that can be linked to outcomes. Moreover, the model identified the importance of keeping the unit of analysis staying at micro level. Lastly, it identified the highest short-term return on hospitality and social investments.

table continues

Contributing theorist(s)	Description	Significance to study
Ryals & Knox (2005)	This study explored the methodology to calculate a customer‘s lifetime value and contribution to shareholder value. The researchers used a mixed method case study of a single company. This methodology supported the development of a quantitative method through in-depth interviews and focus groups with company employees. The researchers then quantitatively analyzed a sample of 12 key accounts.	The significance of this research is two-fold. First, through mixed methods, the researchers were able to focus and develop an applied quantitative research mode. Second, the researchers‘ approach to empirically linking the influence of relationships to shareholder value provides guidance for the present paper.
Pawle & Cooper (2006)	These researchers conducted an empirical test (N = 300) of the role of emotion in branding across three product categories. Research used structural equation modeling to examine the influence of numerous emotional attributes (intimacy, passion, and trust) on a respondent‘s love and respect for a brand.	The research identified statistically different influence across product categories. This reinforced the context dependency proposition of the present research model.
Porter (2008)	Porter updated his original *Five Forces Model* through the use of case study method.	Porter‘s Five Forces Model identified the importance of the interaction of four distinct stakeholder segments (suppliers, customers, new entrants, and existing competitors) and a fifth variable (product substitution) on the competitive context of an industry. Porter‘s model identified the complexity of these interactions and how they can influence value creation.

table continues

Contributing theorist(s)	Description	Significance to study
Sirdeshmukh, Singh, & Sabol (2002)	Researchers examined the role of trust, value, and loyalty in consumer exchange relationships. Researchers designed a survey that was deployed across three population groups (N = 472). Researchers used structural equation modeling to examine the relationship among multiple variables.	This research examined the impacts of multiple (and sometimes contradictory) variables on consumer behavior. The overall research method provides an excellent framework on which to design the present study.
Yau et. al. (2005)	Researchers identified and defined a scale of stakeholder orientation into four categories (customer, competitor, shareholder, and employee). The scale was incorporated into a 20-item survey (N = 144).Cronbach‘s alpha was used to test the reliability of the scale. The researchers then used structural modeling to identify relationships among variables.	This research used segmentation to identify the linkages amongst key stakeholder characteristics. Specifically, this research model tested the development of a scale and used SEM to test the relationship among the variables. This model provides an excellent framework for the present research.

A Multi-Theory Approach to the Valuation of Relationship Capital

The construct of relationship capital emerged from a rich and diverse theoretical foundation. According to Eiriz and Wilson (2006), the recognition that stakeholders generate value evolved from the disciplines of economics, political science, organizational sciences, sociology, social psychology, and law. They identified ten foundational theories that contributed to a holistic understanding of the role of relationship capital in the value creation process. These theories include commitment trust-theory (Morgan & Hunt, 1994); stakeholder theory (Freeman, 1984); social exchange theory (Homans, 1958, 1961); social network theory (Granovetter, 1973, 1983, 1985); systems theory; (Senge, 1993); relationship marketing theory (Gummersson, 1995, 1998, 2004;, Lacey, 2007); resource-based view of the firm (Barney, 1996, 2001; Barney & Clark, 2007); and the theory of perceived organization support (Eisenberger, Huntington, Hutchison & Sowa, 1986). Table 5 analyzes the contribution that these theories make to the valuation of relationship capital. Consequently, the present study focuses on synthesizing their contributions into a holistic model that enables both scholars and practitioners to link dimensions of relationship capital to tangible indicators of value creation.

Table 5

The Value of Relationship Capital: A Multi-Theory Approach

Theory	**Contributing theorist (s)**	**Significance to study**
Commitment-trust theory	Morgan & Hunt (1994)	Argues that relationship commitment and trust play a significant mediating role in exchange relationships. Recognizes that trust leads to commitment. Identifies both positive and negative dimensions of relationships that generate positive and negative outcomes.
Stakeholder theory	Freeman (1984)	Views legitimate stakeholders as central to a firm's performance. Recognizes that firm-stakeholder relations are founded on a mutual exchange. Suggests that stakeholder relationships possess a competitive dimension, as decisions to support the needs of one group may conflict.
Social exchange theory	Homans (1958, 1961); Bagozzi (1974)	Proposes that relationships are fundamentally an exchange of resources between two partners. Introduces the concept of equilibrium and reciprocity. Examines marketing as an exchange process.
Social capital theory	Coleman (1988, 1990)	Examines the value and benefits that are generated through dyadic and network relationships. Recognizes that the perceived value of a relationship is influenced by both direct experiential dimensions and moderating variables. Argues that the return on investments in relationships is rarely direct and therefore must be considered over the duration of the relationship.

table continues

Theory	Contributing theorist (s)	Significance to study
Social network theory	Granovetter (1973, 1983, 1985)	Perceives relationships composed of a network of interdependent nodes rather than dyadic. Identifies social networks as a moderating influence in the formulation of attitude and opinion.
Systems theory	Senge (1993)	Challenges the nature of causation by arguing that every cause is also an effect. Suggests that systems are constantly changing and therefore any attempt to isolate a cause-effect relationship is inherently flawed. Argues that it is essential to identify *leverage* in a system to have maximum influence not only on a single effect but also on the outputs of the system as whole.
Relationship marketing theory	Gummersson (1995, 1998, 2004); Lacey (2007)	Transitions marketing from a transactional exchange to a relational exchange. Argues that consumer value should be calculated from a lifecycle perspective and that the resources allocated to facilitate this relationship should be based on the total value of this relationship.
Resource-based view of the firm	Barney (1991, 1996, 2001); Barney & Clark (2007)	Suggests that a firm's access to resources is the basis of its competitive advantage and that a specific dimension provides sustained competitive advantage. Identifies resources that provide maximum competitive advantage as those that cannot be imitated, provide value, and are rare. Argues that stakeholder relationships possess qualities that can enable a sustained competitive advantage.
Perceived organizational support	Eisenberger, Huntington, Hutchison & Sowa (1986)	POS suggests that that actor's assign human-like interpersonal characteristics to a firm and use these characteristics to evaluate the quality of the relationship. Perceived reciprocity is central to this study, as it suggests that perceived reciprocity will influence an actor's attitude and behavioral intent.

To start our examination of relationship capital, let us consider the theoretical nature of relationships. All relationships are founded fundamentally on a reciprocal exchange of resources (tangible or intangible) that generates value for the relational partners (Homans, 1958; 1961; see also Arnett, German, & Hunt, 2003; Barney, 1991, 1995; Barney & Clarke, 2007; Cai & Wheale, 2004; Coleman, 1990; Eisenberger, Huntington, Hutchison & Sowa, 1986; Morgan & Hunt, 1994; Prior 2007, 2007). Actors either control resources or require resources that another actor controls. These resources may include assets that are economic, physical, human, or psychological (Barney & Clarke, 2007). An exchange is defined as a transaction of resources between two or more actors that possess value as defined by the actors (Arnett, German & Hunt, 2003; Homans, 1958, 1961). The concept of value is defined individually by each actor and positively or negatively influences the motivation of an actor to enter a relationship for the purpose of exchange (Granovetter, 1973, 1983, 1985; Homans, 1958, 1961; Morgan & Hunt, 1994). Value within an economic relationship may be the exchange of goods or services for currency. Within an interpersonal relationship, the exchange is based on the value of friendship and intimacy. Hence, this research contends that the exchange of intangible or tangible resources is central to all relationships.

Homans (1958, 1961) explains that there are two primary types of resource exchanges: transactional and relational. Transactional exchanges are single moments with little likelihood of future engagement with one‘s exchange partner. This type of exchange has reciprocity but excludes the dimension of time, which is a prerequisite of trust, predictability, commitment, and intimacy (Granovetter, 1973, 1983, 1985). Because a transactional exchange is founded on a synchronous exchange or goods or services, it also excludes social capital (Coleman, 1988, 1990). It requires an immediate benefit for both actors as neither anticipates further transactions that would stimulate the desired motivation to invest in creating social capital. Such exchanges are rare, because even a simple purchase of a beverage at a local coffee shop creates the possibility of a future transaction and thus creates the incentive to invest.

In contrast, relational exchanges are resource exchanges that are based on the potential for a future exchange between two actors. Relational exchanges, which are based on relationships developed over time and founded on the principles of trust, accumulate social capital and stimulate network development, which provides an actor with a return on investment (Gummersson, 1995, 1998, 2004; Hunt, Arnett, & Madhavaram, 2006). They comprise the vast majority of exchanges between actors in our society and serve as the foundation of relationship capital.

Fundamentally, a relationship is based on this exchange of resources (Barney, 1991, 1995; see also Barney & Clarke, 2007; Coleman, 1988, 1990). Hence, if a manager of a firm identifies that one of the critical resource gaps is a specialized component, he or she will seek to close this gap by sourcing the component from a supplier. Once a supplier is found, he or she will evaluate the supplier and its ability to close the resource gap effectively through an exchange. Simultaneously, the potential supplier will evaluate its own resource needs. The resource value to the supplier is the near-term sale revenue associated with the customer and the long-term potential of a positive referral. To support this proposition, Hunt and Morgan (1995) stated that ―Resources are the tangible and intangible entities available to the firm that enable it to produce efficiently and/or effectively a market offering that has some value for some market segment or segments" (p. 6). Moreover, Cai and Wheale (2004) contended:

> Corporations depend on and are obligated to each of their constituencies in different ways to achieve (a) combined aim . . . if companies do not meet their moral, social, political, and legal obligations to their various stakeholders, they cannot function effectively in a democratic social system because they are dependent to a large extent on their stakeholders to execute business goals successfully. (p. 509)

Therefore, firm-stakeholder relations are founded on a reciprocal exchange of valued resources.

With this in mind, the tangible and intangible resources that a firm or stakeholder may acquire through a relational exchange may be as diverse as capital, employee productivity, political will, supplies, community goodwill, or purchasing power. These resources provide a firm with an *enabling capacity* that offers the potential of a competitive advantage through one of four means: (a) enabling cost-reduction; (b) enabling asset utilization; (c) enhancing revenue; or (d) expanding revenue (Barney, 1996, 2001; see also Barney & Clarke, 2007; Hunt, Arnett, & Madhavaram, 2006; Porter, 1980; 1985, 2002, 2007, 2008). Hunt and Morgan (1995) explained that ―when a firm has a resource or more often, a specific assortment of resources that is rare among competitors, it has a potential for producing a comparative advantage for the firm" (p. 7). Hence, stakeholders, through this enabling resource exchange, are central to a firm's competitive position and ultimately to the value that it generates for its shareholders.

As discussed above, the principle of reciprocity is central to relationship theory. However, reciprocity is a perceptual construct as it is based on an actor's perceptions of value. The concept of perceived reciprocity is central to the theory of *perceived* *organization support* (POS). POS was originally designed as framework to explain the relationship between employees and a firm (Eisenberger, Huntington, Hutchison & Sowa, 1986). Social exchange theory is central to POS and contends that an actor‘s relationship with an organization is influenced by perceptions of reciprocity value (Eisenberger, Armeli, Rexwinkel, Lynch & Rhoades, 2001). This theme of reciprocity as a source of value in relationship is also central to Coleman (1988, 1990), Gouldner (1960), Homans (1958, 1961) and Granovetter (1973).

POS suggests that actors assign humanlike interpersonal characteristics to a firm and use these characteristics to evaluate the quality of the relationship. For example, people will make judgments‘ of whether an organization ―cares about them" or ―respects them." Harris, Harris, and Harvey (2007) contend that if actor perceives their relationship with a firm to possess interpersonal reciprocity an actor will ―Reciprocate with positive feelings, job attitudes, and behavioural intentions towards the organization" (p. 635). Scholars content that POS stimulates affect and attachment between the actor and the firm (Eisenberger, Huntington, Hutchison & Sowa, 1986). POS and the principle of perceived reciprocity provide important contributions to this study.

We will now examine a range of existing models and methodologies that purport to measure dimensions of relationship capital. The lessons learned from this analysis contribute to the conceptual model that is the core of this research initiative.

Relationship Capital Valuation: A Comparative Analysis

To develop a holistic methodology for the valuation of relationship capital, one must first dissect the abstract concept of relationship capital into isolated, concise, and measurable variables. Those individual variables can be analyzed for their interdependencies and their influence on value creation. However, the isolation of these variables is within the recognized constraints defined by Senge (1993) and Sayers (2006). Therefore, this study does not identify causation among these variables; rather, it focuses on identifying predictive and explanatory relationships among them.

The research conducted for this literature review has identified dozens of methodologies that measure various components and attributes of relationship capital. The weakness of most measures is that they analyze only a single dimension of relationship capital and rarely attempt to link that dimension to the value creation process. For example, there are numerous commercial or scholarly trust metrics (Delgado-Ballester & Munuera-Aleman, 2003; Edelman, 2008) that are often reliable and valid for measuring dimensions of trust such as perceptions of confidence, reliability, and predictability in a relational partner. However, these approaches rarely consider the antecedents of trust or the variables that may moderate its effects. Moreover, these approaches rarely demonstrate the relationship between trust and key relationship assets such as loyalty, commitment, and advocacy (Money & Hillenbrand, 2006; see also Delgado-Ballester & Munuera-Aleman, 2003; Grunig, 2006). They are therefore unable to demonstrate the direct relationship to indicators of shareholder value such as revenue, profitability, or cost reduction. Therefore, many of the methodologies analyzed herein contribute to understanding individual components of relationship capital but lack a holistic systems framework to understand their interdependencies.

An important criterion that guided the development of the conceptual model is the ability for practitioners to operationalize the model. To support this objective, Garcia de

Madariaga and Valor (2006) conducted case study research of Spanish companies representing 43% of the value on the IBEX-35. In-depth interviews were conducted with company management and coded. This research identified a significant gap between the recognition of stakeholder relationships as a strategic resource and the implementation of a management plan to maximize the return on these relationships. Therefore, one essential criterion for this research is to ensure that the conceptual model can transition from scholarly theory to practical application.

This literature review has identified dozens of methodologies related to dimensions of relationship capital. To maintain the focus of this study, the researcher has selected seven methodologies as part of this comparative analysis (Table 6). These seven models reflect a diverse range of approaches to analyzing the value of relationship capital for a firm. However, few approaches have taken a holistic view of relationship capital. This comparative seeks to identify individual methods or approaches that could contribute to developing a holistic systems framework of relationship capital valuation. The synthesis of this work has provided an effective analytical framework to examine the interdependencies of relationship capital and value creation.

Table 6

Relationship Capital Valuation: A Comparative Analysis

Model	**Author (s)**	**Methodology**	**Significance to study**
Reputation Quotient (RQ)	Fombrun (1996); Fombrun &Van Riel (2004)	Survey conducted annually and published in *The Wall Street Journal*.	Identifies value drivers. Highlights the risk of a generic model.
Stakeholder Performance Indicator Relationships Tool (SPIRIT)	MacMillan et al. (2004)	Mixed methods research including focus groups (N = 35) and survey (N = 2825). Data analyzed using factor analysis, Cronbach's alpha, frequency, and regression tests.	Holistic research methodology that considers relationships from antecedents to behavior. Mixed method approach provides a template for research component.
Brand-Trust Scale	Delgado-Ballester & Munuera-Aleman (2003)	Two-staged quantitative method (N = 272, 192). Study conducted a confirmatory factor analysis (CFA) to confirm and refine the scale and used structural equation modeling to identify the attributes of trust.	Methods for testing instrument validity and reliability. Incorporates both evaluative and prescriptive components.

table continues

Model	Author (s)	Methodology	Significance to study
Edelman Trust Barometer	Edelman Public Relations (2008)	Conducted global survey in 18 countries (N = 4075) to identify trends in attributes of trust. Study segmented by age (25-34 and 35-64). Examined issues of institutional and personal trust.	Identified commercial dimensions of research instrument.
Organization Public Relations Assessment (OPRA)	Huang (1998)	Mixed method approach used to developed and test scale (N = 311) using CFA and Cronbach's alpha. Also used long interviews to refine scale. Second stage of research (N = 235) used to refine scale with second population group.	Both the attributes identified and the mixed methodology used to refine the scale were highly influential in the research design.
Compensating Variation	Grunig & Hung (2002)	Method involved identifying the potential *cost of doing nothing*. Once this cost was defined, compensating variation was the incremental cost associated with changing a future scenario.	Method identified the challenge of valuing *what ifs*. This issue remains a significant barrier to effective valuation of intangible assets.
Multi-Dimensional Relationship Scale	Bruning & Galloway (2003)	Bruning and Galloway introduced a 24-point scale to test a wide range of relational attributes.	Introduced relationships with professional, personal, and community dimensions. Argued that relationships are inherently competitive and a result of choice.

Model 1: Reputation Quotient

The first model to be examined focuses exclusively on the attribute of corporate reputation and its influence on relationship capital. Fombrun (2004), in conjunction with global research firm Harris Interactive, developed a tool for measuring corporate reputation called the Reputation Quotient (RQ). Together, they conducted an annual global survey based on 20 questions designed to provide a consistent measure of corporate reputation. The results of this global survey are published annually in *The Wall Street Journal*. Gardberg and Fombrun's (2002) RQ model was founded on six key attributes that influence stakeholder perception:

1. Social responsibility,
2. Emotional appeal,
3. Products and services,
4. Vision and leadership,
5. Financial performance,
6. Workplace environment.

This model considers all potential influencing variables of corporate reputation. Its value is in its simplicity as a comprehensive scorecard tool. Therefore, the basic structure and the content of Fombrun's model made a significant contribution to understanding the building blocks of corporate reputation.

However, the RQ model had difficulty transitioning from a theoretical framework to an applied research instrument. There are several issues that limit the usefulness of this methodology. First, the deployment of a macro-level global reputation quotient is inconsistent with the premise that all firms are dependent on specific and unique stakeholders. Fombrun‘s RQ methodology weighs each area equally regardless of stakeholder type or category. It forces individuals to make a judgment about a firm in areas that may have little relevance to this specific individual. To illustrate this problem, consider the following question: What are the workplace practices, profitability, and management vision of your corner store? Questions may include: Do workplace practices, profitability, and management vision impact the reputation of your corner store to you? The vast majority of those surveyed may have little or no opinion on many of the 20 questions included in the survey. In light of this, the very basis of a comprehensive macro-level reputation model is its fatal flaw.

A more appropriate methodological approach would be to focus the instrument at the micro level as an industry and stakeholder-specific tool. The instrument should be structured and deployed to specific stakeholder groups who possess the knowledge to provide an informed perception on the specific areas that these stakeholders have deemed critical to their contextual definition of reputation. This approach would make the consolidation of various stakeholder perceptions much more complete.

RQ Model: Contribution to defining a model of relationship capital valuation

1. One of the critical weaknesses of the RQ model is that it defines six consistent reputation antecedents for all stakeholders. This consistency permits all firms and stakeholders to be compared and contrasted. However, it also creates a methodological risk of respondents being forced to answer a question in an area of which they have little knowledge.
2. The second issue is that the model is designed with a consumer orientation and therefore provides limited value for non-consumer companies and non-consumer

stakeholders. An effective model must balance the ability for customization while simultaneously offering a level of consistency that enables a firm to compare and contrast stakeholder perspectives.

Model 2: The SPIRIT Model

The Stakeholder Performance Indicator Relationship Improvement Tool (SPIRIT) was designed with two goals: (a) to provide management an evaluation of stakeholder relationship quality and (b) to identify the motivational dimensions of both stakeholder perceptions and behaviors (MacMillan et al., 2004). SPIRIT's goal was to measure the quality of stakeholder relationships. Designed as a template to be customized by client and stakeholder, SPIRIT overcame this weakness of the RQ model. The methodology adopts a five-stage, mixed methods approach to achieve higher levels of validity and reliability (Figure 3).

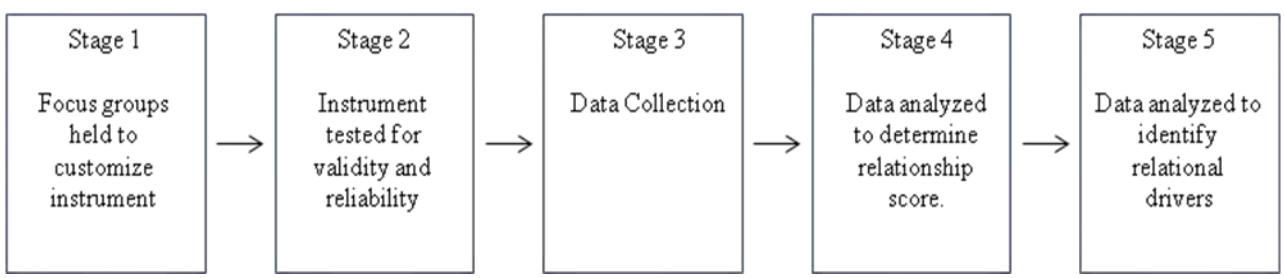

Figure 3. The five-stage SPIRIT model.

The quantitative component of SPIRIT measures the following four interdependent constructs using the 60-question instrument designed and tested in Stages 1 and 2 (MacMillan et al., 2004):

1. *Stakeholder direct experience of a business's behavior:* This broad construct includes 33 questions covering eight dimensions ranging from shared values to material benefits.
2. *Stakeholder moderated experience*: This construct presents five questions that focus on the formation of stakeholder opinions through the indirect moderated experience of both uncontrolled media and peer networks.
3. *Stakeholder behavioral support:* This construct is composed of 12 questions covering five dimensions: subversion, advocacy, cooperation, extension, and retention.
4. *Stakeholder emotional support:* The final construct of SPIRIT incorporates 10 questions including trust, emotion, and emotional commitments.

The SPIRIT model is one of the more robust methodologies evaluated as part of this analysis. Its value lies in the broad yet clearly defined objectives. Unlike many of the other models considered, SPIRIT evaluates the antecedents of a specific stakeholder relationship. These antecedents enable management to focus on relationship drivers by specific stakeholder segment (MacMillan et al., 2004). Moreover, SPIRIT identifies and weighs intangible assets such as trust that form the attitudinal foundation of the stakeholder relationship. The final component of SPIRIT gives management an understanding of stakeholder intentions. By identifying intentions such as advocacy or cooperation, this model enables management to map a relationship from attitude formation to behavior. The common methodological gap that SPIRIT shares with its peers is that its scope does not extend directly to shareholder value. As a result, this model does not provide a direct empirical link between its stakeholder relationship metrics and value creation.

SPIRIT Model: Contribution to defining a model of relationship capital valuation

1. This methodology incorporates a holistic approach to relationships from the sources of value that drive a relationship to the behavior that this relationship stimulates.
2. The mixed methods approach permits customization for a range of industries and stakeholders.

Model 3: Brand-Trust Scale (BTS)

Delgado-Ballester and Munuera-Aleman (2003) designed the brand-trust scale based on the premise that an individual's relationship with a product or service possesses common dimensions with interpersonal relationships. Specifically, these researchers contended that trust is the foundation of commitment, loyalty, and satisfaction. Delgado-Ballester and Munuera-Aleman extracted much of their theory from interpersonal trust literature including social psychology and sociology. This literature argues that trust is based on the dimensions of predictability, reliability, confidence, competency, and willingness to accept risk on behalf of another.

Delgado-Ballester and Munuera-Aleman (2003) constructed their brand-trust scale based on two central attributes. The first construct was defined as *brand reliability*. This attribute measures an actor's perception of the technical competency of a brand to meet the consumer's needs and deliver on its promises. It considers the predictability dimension of trust. To determine brand reliability the brand-trust, the following four questions are asked:

1. _______ is a brand name that meets my expectations

2. I feel confidence in _______.
3. _______ is a brand name that never disappoints me.
4. _______ guarantees satisfaction.

The second construct of the brand-trust model is *brand intention*. This construct measures whether consumers believe that the company is looking out for their best interests. Core elements of this dimension include honesty, dependability, and fairness (Delgado-Ballester & Munuera-Aleman, 2003). The BTS instrument asks the following four questions to define brand intention:

1. _____ would be honest and sincere in addressing my concerns.
2. I could rely on _____ to solve the problem.
3. _____ would make any effort to satisfy me.
4. _____ would compensate me in some way for the problem with the product.

Delgado-Ballester and Munuera-Aleman (2003) explicitly excluded any behavioral context from their scale, because of the argument that intention equates to behavior (Morgan & Hunt, 1994). As a result, they believed that measuring behavior would be redundant.

The BTS Model: Contribution to defining a model of relationship capital valuation

The BTS provides a methodological framework for how to construct and test a scale design that possesses high levels of both reliability and validity.

1. The BTS is a concise scale that contains both evaluative and prescriptive components. Specifically, the scale provides a firm's brand trust score as an evaluation of its performance. In addition, it allows researchers to test relationships between consumer trust levels and future intentions.

Model 4: Edelman Trust Barometer

The Edelman Trust Barometer is a commercial index developed by Edelman Public Relations, a UK-based consultant. Edelman has used this index since its first global research report released in 2004. The model uses a 9-point Likert scale and is operationalized through 30-minute qualitative interviews. The barometer was designed primarily as a public relations tool for Edelman and thus lacks the statistical rigor of academic research.

The Edelmann Trust Barometer design provides only a single question in each construct; as a result, its reliability and validity must be questioned. The issue of reliability and validity is particularly challenging when dealing with abstract concepts such as trust. For example, one question asks, ―How much do you trust each institution to do what is right?" (Edelman, 2008). Because the concept of ―what is right" is abstract, this question requires the respondent to pass judgment on the institution and the concept of right and wrong. These issues, combined with the documented margin of error of up to 14%, challenge both the reliability and validity of the results.

The Edelman Trust Barometer: Contribution to defining a model of relationship capital valuation

1. The Edelman model provides an effective baseline for an applied research model. This baseline is important when developing a model that balances the needs of practitioners with scholarly rigor.
2. The Edelman model provides a broad scope across multiple dimensions of trust. For example, it includes dimensions to identify and measure the antecedents of

trust as well as relational channels; it also included methods to measure respondent intentions.

Model 5: Organization Public Relationship Assessment (OPRA)

The OPRA model was developed out of the school of public relations and challenged methodologies with a focus on single attribute of stakeholder relationships such as trust or reputation (Huang, 1998). Huang believed that firm-stakeholder relationships are highly complex, so measuring a single attribute of this relationship dynamic is insufficient. OPRA was designed to evaluate holistically the quality of relationships based on methodologies from interpersonal relationship theory, inter-organizational relationships, systems theory, and management. Huang designed OPRA to reflect that stakeholder relationships possess characteristics similar to interpersonal relationships, including trust, power, exchange, satisfaction, and commitment. Huang constructed OPRA as a measure of five attributes of firm-stakeholder relationships. These included four from Western culture: (a) *control mutuality,* (b) *trust;* (c) *relational satisfaction*; and (d) *relational commitment*. In addition, Huang included a fifth from Eastern culture deemed *face and favor*.

Control mutuality. The first relational dimension of OPRA, a construct extracted from marriage relationship theory (Hendricks, 1988; Huang, 1998), *defined* the power structure of a relationship based on shared legitimacy and reciprocity. Huang viewed relationship quality as being influenced by the actors being aligned on both the objectives and their roles in the relationship.

Trust. Trust is a central attribute of relationship theory. Trust is founded on dimensions of predictability, reliability, integrity, and value congruence. At its foundation, it is based on confidence that one will not be exploited by one's relational partner. Huang (1999) noted that trust is a critical mediating dimension when relational conflicts exist.

Relational satisfaction. Relational satisfaction is the evaluation of whether a relationship is meeting one's needs in a positive manner. This metric is defined by a partner's perceptions of the relationship and his or her future intentions.

Relationship commitment. Relationship commitment is defined by Huang (1998) as the amount of energy that one is prepared to spend in order to maintain and promote the relationship. Huang noted that commitment is central to social exchange theory and brand loyalty research. Huang measured relationship commitment by assessing two different dimensions: a partner's desire to maintain the relationship and regrets that a partner may have with the relationship.

Face and favor. This measure acknowledges that most relationships, commercial or social, involve an exchange of tangible or intangible assets. Therefore, this element evaluates a relational partner's willingness to conduct favors on his or her partner's behalf.

The OPRA Model: Contribution to defining a model of relationship capital valuation

1. The OPRA instrument is flexible and has achieved high levels of statistical reliability and validity; therefore, its design provides a template for consideration in the application section of this project.
2. The five dimensions of OPRA provide an excellent framework to consider components of a relationship capital scale.

Model 6: Compensating variation

Grunig and Hung (2002) contended that the value of intangible assets such as relationship capital is primarily risk mitigation. They argued that relationship capital is fundamentally defensive in nature and therefore must be measured in the context of risk management. They believed that a return on relationships is not immediate; relationship capital is built over time and only withdrawn during a negative relational experience.

Grunig and Hung (2002) suggested a method first introduced by Hicks (1939) called compensating variation. From an economics perspective, compensating variation is the principle of identifying the investment that an actor is prepared to make (independent of cost inputs) in order to achieve his or her goals. In the context of relationship capital and risk mitigation, compensating variation is an independent financial value placed on a positive relationship. For example, what is the value of having strong relationships with a municipal council that will support and efficiently approve a firm‘s building permits? The firm may consider the cost of permit delays or non-approvals and then assign a compensating variation price that reflects the value of these relationships. The firm will then deduct that price from the actual cost of fostering these strong government relationships. The output of this calculation will demonstrate either a positive or negative return on the relationship investment:

Defined value of positive relationship - Cost of positive relationship

= Return on relationship

Compensating variation: Contribution to defining a model of relationship capital valuation

1. Compensating variation highlights the empirical challenge of assigning a value to an unknown or ―what if" scenario. This issue raises a significant methodological challenge for this study.
2. This model also identifies the importance of factoring input costs into any relationship capital model. Therefore, it is insufficient to consider only the value of a relationship; rather, it is important to calculate the return on this relationship when considering the allocation of future resources.

Model 7: Multi-dimensional relationship scale

The final model to be studied is the Multidimensional Relationship scale, a 24-point scale developed to measure the diverse aspects of stakeholder relationships. Based on their evaluation of interpersonal relationship literature, Bruning and Galloway (2003) suggested that the concept of *commitment* is central to relationships and must be evaluated on two levels: personal and structural. Personal commitment considers the relational partner‗s commitment to his or her partner. This evaluation includes questions such as ―I want my relationship with ABC company to continue for a long time" (Bruning and Galloway p. 312). In contrast, structural commitment is relative to other relational options. This includes questions such as ―I think another company could meet my needs" (Bruning and Galloway , p. 312).

After testing their model, Bruning and Galloway (2003) concluded that relationships have five dimensions that need to be considered. First, all stakeholder relationships possess interpersonal relationship dynamics such as trust. Second, relational partners expect professional benefits as a result of the relationship. Third, stakeholders expect a relational partner to demonstrate a personal commitment. Fourth, relational partners expect firms to play a role in their community. Finally, there is a competitive dimension that recognizes stakeholder relationships as the result of conscious choices.

Multi-dimensional relationship scale: Contribution to defining a model of relationship capital valuation

1. This scale introduces several new attributes in the evaluation of relationships. The concept of all relationships possessing professional, personal, and community dimensions is novel and must be explored further.
2. This scale also introduces the unique idea that relationships are inherently competitive. The concept of commitment as a choice is an important characteristic that has not been identified in the other models.

Part 3: A Conceptual Model for the Valuation of Relationship Capital

Part 3 of this literature review is a detailed examination of a proposed conceptual model for the valuation of relationship capital. This section reviews three principles that contribute to the design of this proposed model.

Guiding Principles

Principle 1: Relationship capital is context-dependent

A central challenge facing both scholars and practitioners of relationship capital is finding a model that provides a theoretical examination while extracting meaningful and actionable insight. To this point, it is important to recognize that firm-stakeholder relations and the associated value creation process are highly context-dependent (Bontis, 2001, 2009; see also Barney, 1991, 1996, 2001; Barney & Clarke, 2007; Gabbioneta, Ravasi & Mazzola, 2007; Lubatkin, Schulze, Mainkar & Cotterill, 2001; Pawle & Cooper, 2006; Reed, Lubatkin, & Narasimhan, 2006).

Reed et al. (2006) conducted a study that focused on the contingent dimensions of intangible asset valuation through a sample of 832 banks in the United States. Specifically, these researchers identified human and social capital as the independent variables and the banks‘ interest income as the dependent variable. The researchers segmented the banks between personal and commercial banks because of the unique nature of these businesses. Through a Chow-test, *t* test, and regression analysis, they identified the value of the intangible assets as contingent on the value of the other intangible assets. Moreover, they identified significant differences between personal and commercial banks, which confirmed the risk of aggregation bias when assessing the value of intangible assets. This supports the proposition that the value drivers of an exchange relationship depend on the relational context of each partner.

Bontis (2009) concluded that it is reasonable to consider the development of a conceptual framework at the industry level. He maintained that although the framework may need to be slightly adapted for a particular company, relational components are consistent for the most part. Reed et al. (2006) challenged this position by suggesting that industry definitions are arbitrary and ―suffer from serious aggregation bias" (p. 873). Therefore, Reed et al. argued that considering *resource niche* as a key variable for sub-segmentation is effective and consistent with the resource-based view of the firm. They contended that using *financial services* as the foundation for an industrial analysis is insufficient, since this aggregates diverse segments into a single cluster. To provide more meaningful theoretical insight and operational relevance, the analysis must occur at the resource level. The issue raised by Reed et al. is consistent with the weakness identified earlier in the Reputation Quotient model (Fombrun, 2003). Therefore, the conceptual model must be designed to be implemented at the resource level; however, it must also be flexible enough to consider the relational context of each stakeholder segment. As a result, the operationalization of a model must focus the instrumentation on identifying and testing situational and context-specific variables.

Principle 2: The model must have a predictive capability

One of the core weaknesses of many existing models is that they were designed to measure individual variables in isolation from the overall relationship. However, a relationship is a complex, interdependent system (Senge, 1993; Granovetter, 1973, 1983, 1985; see also Coleman, 1988, 1990) therefore, the conceptual model must consider both the autonomy and the interdependencies of these variables.

In this regard, SPIRIT (MacMillan et al., 2004) provides a conceptual template for this study. This model is influential in how it deconstructs and analyzes the individual constructs of a stakeholder relationship. Money and Hillenbrand (2006) adopted a similar methodological approach when examining corporate reputation. Similar to the SPIRIT model, they suggested that reputation can be deconstructed into measurable explanatory variables. In both cases, the authors argued that deconstruction permits the identification of statistically significant predictive (not causal) relationships among variables. This principle of deconstruction is supported by numerous contemporary scholars (Kaplan & Norton, 1991, 1996, 2001, 2004; MacMillan et al., 2005; Porter, 1985; see also Bontis, 2001; Bontis & Serenko, 2003; Caruana, Cohen, & Krentler, 2006, 2009; Herremans et al. 2007; Kim, Bach, & Clelland, 2007; Ledingham, 2003; Palmatier, Dant, Grewal, & Evans, 2006).

Principle 3: The model should have applied value

The conceptual model must possess scholarly rigor while simultaneously providing actionable value to practitioners. Therefore, when operationalized, the conceptual model must possess the following three characteristics:

1. *Relationship status:* The model must evaluate the status of stakeholder relationships and the impact of relationships on shareholder value.

2. *Resource allocation*: The model must provide guidance on how to generate maximum shareholder value through an efficient allocation of resources designed to strengthen relationship capital.

3. *Segmentation:* The model must incorporate the ability to segment stakeholders based a range of context-specific variables. Identifying these trends by segment will permit practitioners to devise actionable strategies.

The Stakeholder Scorecard

Based on these three principles, this researcher proposes the Stakeholder Scorecard as a conceptual model for the valuation of relationship capital. A firm must measure and monitor stakeholder relationships with the same rigor as a financial balance sheet. A balance sheet is composed of assets and liabilities that provide a snapshot of a firm‘s financial health at single point of time. Moreover, a balance sheet identifies both opportunities and risks that act as predictors of a firm‘s future performance. Thus, the

Stakeholder Scorecard (Figure 4) is designed to enable a firm to link empirically the two concepts examined in this literature review: shareholder value and relationship capital.

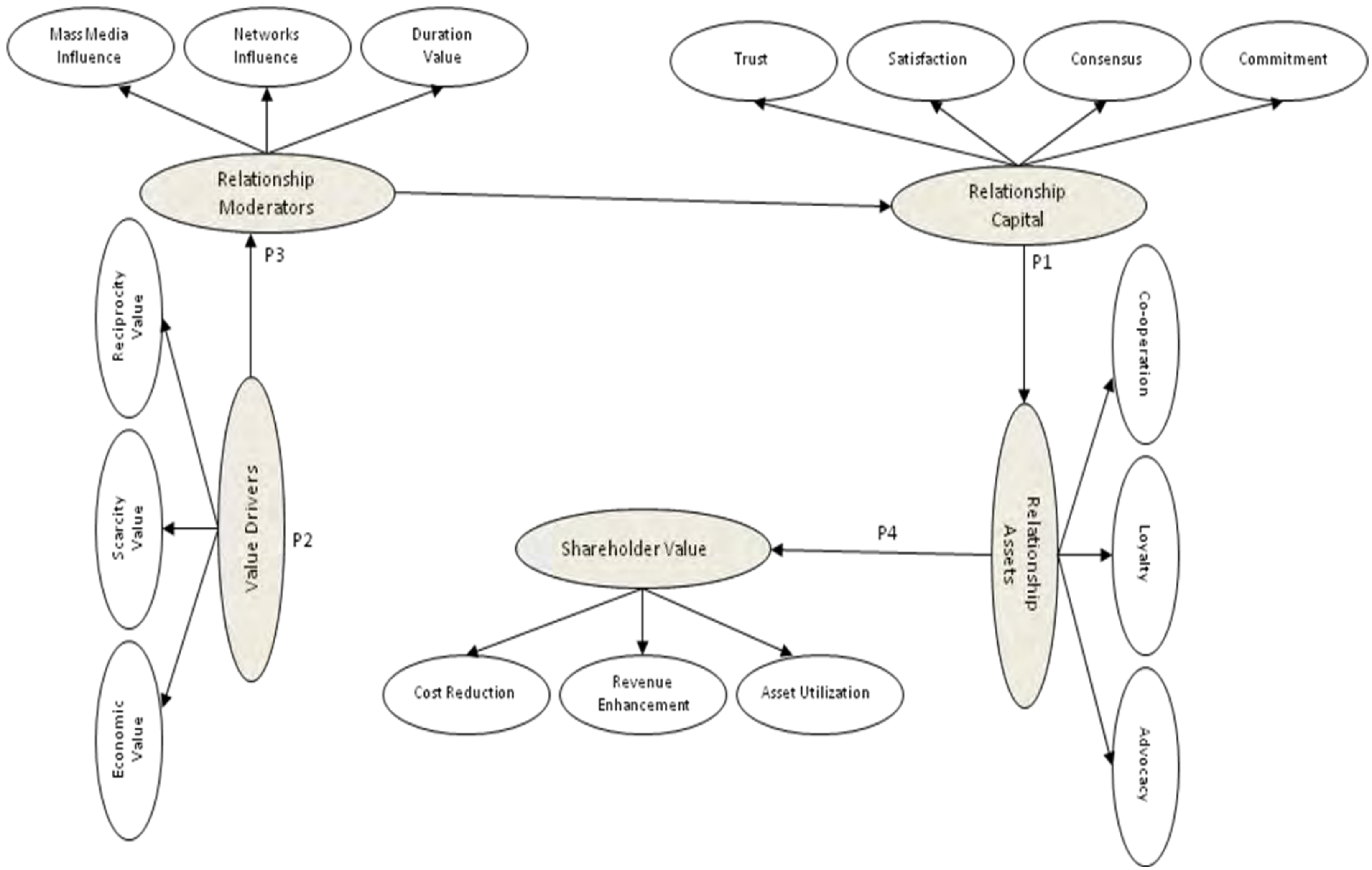

Figure 4. Stakeholder scorecard 1.0.

The following section provides a detailed literature review of the four core constructs that compose the Stakeholder Scorecard:

1. Relationship capital,
2. Relationship value drivers,
3. Relationship moderators,
4. Relationship assets and shareholder value.

Relationship Capital

Interpersonal relationship literature from the fields of sociology and psychology examines the nature of human relations (Homans, 1958, 1961; Coleman, 1988, 1990; Granovetter, 1973, 1983; see also Ajzen, 1991; Hendrick, 1998). In recent years, management scholars have extrapolated interpersonal relationship theory into the domain of firm-stakeholder relations. This has included work in the fields of public relations (Huang, 1998, 2001, 2004; see also Bruning, 1999; Grunig & Hung, 2002; Ledingham, 2003); relationship marketing (Gummersson, 1995, 1998, 2004; see also Lacey, 2007; Morgan & Hunt, 1994); and reputation and brand management (Aaker, 2007; Fombrun & Van Riel, 2004; see also Delgado-Ballester & Munuera-Alemain, 2003; Fombrun, 1996; Fombrun & Gardberg, 2000; MacMillan et al.; 2004; Money & Hillenbrand, 2006). A central theme of these works is that all human relationships (positive or negative) are based on a process of evaluation (Homans, 1958, 1961; Caruana Cohen & Krentler, 2006; see also Ajzen, 1991; Bruning & Ralston, 2000; Coleman, 1990; Granovetter, 1973, 1983; Grunig & Hung, 2002; Hendrick, 1988; Hendrick, 2001; Huang, 1998, 2001, 2004; MacMillan et al., 2004; Money & Hillenbrand, 2006).

Researchers across numerous disciplines have developed methodologies to measure relational attributes such as trust, reputation, consensus, satisfaction, and commitment. Many models are limited by their narrow focus. They may be effective at measuring a single relational attribute, but they do not explore its antecedents or the contributions that it may make to current or future shareholder value. For example, Bruning and Ralston (2000) conducted a study to identify the impact of stakeholder relationship attitude on stakeholder behavioral intent. They conducted a survey ($N = 62$) based on a 16-point relationship scale to test perceptions of relationships against future intent. The researchers used discriminant analysis to analyze the relationship between attitude and intent statistically. Burning and Ralston demonstrated that relationship evaluation by a stakeholder predicted behavior intent.

Based on the analysis of leading theorists (Table 7), this study contends that relationship capital is an attitude that is composite of four explanatory variables: (a) trust; (b) satisfaction; (c) consensus; and (d) commitment. When evaluated holistically as a scale, these variables enable a firm to monitor the quality of specific stakeholder relationships empirically. Moreover, this scale, if deployed on a longitudinal basis, enables a firm to monitor and trend relationship capital. By empirically monitoring relationship capital at the stakeholder level, researchers will be in a position to identify predictive variables that contribute to strengthening or weakening relationships. This would allow managers to identify emerging relational risks proactively and to allocate resources more effectively. We define each of the variables in the following sections.

Table 7

Attributes of Relationship Capital

Relationship Capital Attribute	Contributing Theorist(s)	Definition
Trust	Barney & Hansen (1994); Homans (1958); Coleman (1990); Granovetter (1973); MacMillan et al. (2005); Cai & Wheale (2004); Bruning & Ralston (2000); Ledingham, Bruning, & Wilson (2000); Grunig & Huang (2002); Bruning (2001); Grayson, Johnson, Chen (2008); Ledingham (2003); Hall (2006); Morgan & Hunt (1994); Palmatier et al. (2006)	Relational trust contains both cognitive and affective attributes. Key attributes as defined for this study include confidence, reliability, predictability, value congruence, and confidence that one will not be exploited by one's partner.
Satisfaction	Bruning, Castle, & Schrepper (2004); Bruning & Ralston (2000); Ledingham, Bruning, & Wilson (2000); Grunig & Hung (2002); Huang (1998, 2001, 2004); Hendrick (1988); Bruning (2001); Ledingham (2003); Hall (2006); Palmatier et al. (2006)	Relational satisfaction is defined as the emotional evaluation of whether a relationship is meeting the needs of the partner. It is the extent to which a partner feels favorable towards the other partner.
Commitment	Bruning & Ralston (2000); Grunig & Huang (2002); Huang (1998); MacMillan et al. (2005); Bruning (2001); Ledingham (2003); Hall (2006); Lund (2008); Canary, Stafford, & Semic (2002); Palmatier et al. (2006); Morgan & Hunt (1994)	Relationship commitment is defined as the amount of energy that one is prepared to spend in the future in order to maintain and promote the relationship. Measurement also tests the level of regret for past investment in the relationship.

table continues

Relationship Capital Attribute	Contributing Theorist(s)	Definition
Consensus	Bruning & Lambe (2002); Bruning & Ralston (2000); Bruning & Wilson (2000); Canary & Stafford (2002); Coleman (1988, 1990); Granovetter (1973); Grunig & Huang (2002); Hall (2006); Hendrick (1988); Ledingham (2003); Money, Downing, & Hillenbrand (2004)	Relational consensus is defined as the power structure of a relationship and is based on the principles of shared legitimacy and reciprocity. It assumes that both relational partners align on the objectives and power sharing structure of their relationship. It is the extent to which a partner is satisfied with the level of control that they have in the relationship.

Trust

Theorists across multiple disciplines contend that trust is the foundation of a strong relationship (Wicks & Berman, 2004; Coleman, 1988, 1990; see also Bruning, 2001; Bruning & Ralston, 2000; Cai & Wheale, 2004; Granovetter, 1973, 1983; Grunig & Hung, 2002; Hall, 2006; Homans, 1958, 1961; Ledingham, Bruning, & Wilson, 2000; Ledingham, 2003; MacMillan et al., 2005; Morgan & Hunt, 1994; Palmatier et al., 2006). Wicks and Berman (2004) suggested that trust has both cognitive and affective attributes: cognitive attributes involve the rational prediction that an actor will act reliability, while affective attributes refer to belief in the moral character of an actor not to exploit the other actor opportunistically. Weber and Gobel (2006) explained:

> If you have the basis of trust, it also has to do with predictability. You know the other‘s decision making parameters with relative precision…this ―shadow of the future" fosters trust-building, provided that the actors deter short-term benefit maximization in favor of longer-term returns on cooperation (p. 319).

MacMillan et al. (2005) defined trust as a ―future oriented construct related to stakeholder expectations in this way, trust defined as stakeholder expectations that the business will be reliable and dependable and will continue to act in their interest in an uncertain future" (p. 221). Trust is a major contributor to future stakeholder behavior in the form of creative cooperation, loyalty, and advocacy. Grayson, Johnson, and Chen (2008) analyzed trust as having two dimensions: dyadic and contextual. Based on structural equation modeling (*N* = 586), their research suggested that dyadic trust is a significant predictor of customer satisfaction and that contextual trust acts as a predictor of dyadic trust. As a result, both dyadic and contextual trust are considered in this study.

Satisfaction

Relational satisfaction is been a central attribute to a wide range of relational scales from numerous disciplines (Hendrick, 1988; Huang, 1998; Palmatier et al., 2006). For the purpose of this study, relational satisfaction is defined as the emotional evaluation of whether a relationship is meeting one‘s needs in a positive manner over the duration of the relationship. This metric is measured by a partner‘s perceptions of the relationship and the partner‘s future intentions.

Commitment

Similar to satisfaction, relational commitment is an attribute that is central to a broad range of relational scales (Huang, 1998, 2001, 2004; see also Lund, 2008; Morgan & Hunt, 1994; Money, Downing, & Hillenbrand, 2004; Palmatier et al., 2006). It is defined as the amount of energy that one is prepared to spend to maintain and promote the relationship. Huang (1998) measures relationship commitment by assessing a partner's desire to maintain the relationship and the regrets that a partner may have with the relationship.

Consensus

Relational consensus, defined as the power structure of a relationship, is based on the principles of shared legitimacy and reciprocity. The attributes that form the basis of relational consensus have a rich theoretical background in a range of disciplines, including social psychology, sociology, communications, and management (Bruning & Lambe, 2002; Bruning & Ralston, 2000; Bruning & Wilson, 2000; Canary & Stafford, 2002; Coleman, 1988, 1990; Granovetter, 1973, 1983; Hall, 2006; Hendrick, 1988; Ledingham, 2003; Money, Downing, & Hillenbrand, 2004). The present study defines power as the ability of one actor in a relationship to influence the actions and behavior of another actor. This influence may be in the form of negative coercion through a withholding of benefits or in the form of reward by incenting specific actor behavior (MacMillan et al., 2004). Thus, power and dependency are central to relationships (Coleman, 1988, 1990; Granovetter, 1973, 1983; Preble, 2005). Huang (1998) defined this concept as *control mutuality*. Therefore, this variable is based on relational partners aligning on both the objectives and their respective roles in the relationship.

Proposition 1: Relationship Capital

Relationship capital between a firm and its stakeholders is an evaluative construct that is the aggregation of four interdependent dimensions: (a) trust; (b) satisfaction; (c) consensus; and (d) commitment.

Relationship Value Drivers

The Stakeholder Scorecard recognizes that firm-stakeholder relationships are founded on a relational exchange. Thus, the Stakeholder Scorecard must enable a firm to identify the sources of value that driver a stakeholder to participate in a relational exchange. These value drivers are central to the stakeholder perception of value that is generated through this exchange. Understanding these value drivers will allow practitioners to allocate future resources more efficiently and to strengthen these relationships more effectively.

The theory of planned behavior (Ajzen, 1991) provides the framework to examine the sources of value in a relationship. Ajzen suggested that behavioral intention is influenced by three interdependent beliefs: (a) behavioral beliefs; (b) normative beliefs; and (c) control beliefs. Behavioral belief is an actor‘s perception of the outcome of a certain behavior. Normative beliefs consider the influence of social norms on an actor‘s beliefs. Lastly, Caruana, Cohen and Krentler (2005) used this theory to analyze how a stakeholder‘s attitude towards an organization is influenced by their beliefs. This attitude will then predict their behavior towards the firm.

Let us begin the relational analysis by examining one of the more mature fields of relationship theory: customer relationships management (CRM). Lacey (2007) identified numerous sources of value that can be clustered into three distinct areas: (a) economic, (b) scare resource, and (c) social. Lacey surveyed customers in a restaurant and a department store (N = 3215). He used structural equation modeling to examine the antecedents of consumer behavior. His findings demonstrated that relationships rarely result from a single value driver; rather, a relationship reflects a complex intertwining of multiple context-specific sources of value.

This research uses Lacey‘s (2007) model as a foundation for analyzing the value drivers of all stakeholder relationships. The present study modifies the scope of his three constructs to consider the broader sources of value that drive stakeholders to engage in a relational exchange with a firm. The relational value drivers in the proposed model include: (a) economic value, (b) reciprocity value, and (c) scarcity value. This study will now critically examine the literature that supports the use of these relational value drivers that are the basis of the Stakeholder Scorecard.

Economic Value

These sources of value directly relate to a financial transaction and act as an incentive for a stakeholder to engage in a relational exchange (Lacey, 2007; MacMillan et al., 2004). Table 8 provides an overview of the major economic value drivers and the contributing theorists who have supported this position.

Table 8

Economic Value

Economic Driver	Contributing Theorist(s)	Definition
Price and cost	Lacey (2007); Grunig & Hung (2002)	The perceived price or cost advantage that a particular relational partner may be able to provide over other potential suppliers.
Termination costs	Lacey (2007); MacMillan et al. (2004); Morgan & Hunt (1994)	Tangible and intangible costs of ending a relationship that must be considered as part of a cost-benefit analysis.
Switching costs	Lacey (2007); MacMillan et al. (2004); Grunig & Hung (2002)	The perceived tangible and intangible costs associated with switching suppliers, which include costs associated with searching for an alternative supplier.

A relational exchange that is exclusively founded on economic value drivers is extremely vulnerable to commoditization (Lacey, 2007). In other words, economic value is transactional and based on an actor‘s immediate consumptive motivation (ibid). Therefore, if a relationship is based purely on economic value, it is at risk of being commoditized by another exchange partner that offers a greater economic value proposition. Hence, economic relational value may provide the mechanism to engage a specific stakeholder initially, but they will not foster a sustained stakeholder relationship (ibid).

Scarcity Value

Lacey (2007) defined scarcity as a unique higher-order combination of tangible or intangible resources that cannot be made available through alternative exchange partners. Barney (1991, 1996, 2006) agreed that control of rare resources is a source of value in relational exchanges. Table 9 provides an overview of some of the major sources of value derived scarcity as identified by theorists from a range of disciplines.

Table 9

Scarcity Value

Scarcity driver	**Contributing theorist(s)**	**Definition**
Reputation	Aaker (2007); Barnett, Jermier, & Lafferty (2006); Eccles, Newquist, & Schatz (2007); Grunig & Hung (2002); Lacey (2007); MacMillan et al. (2005); Fombrun (1996); Fombrun & Van Riel (2004); Mizik & Jacobson (2008); Pawle & Cooper (2006); Zabala et al. (2005)	A dynamic cognitive representation of a firm (including its products and services) by a specific stakeholder group. May include both rational and emotional dimensions. The representation may possess attributes that a stakeholder perceives as scarce and thus valuable.
People	Lacey (2007); Fombrun (1996); Fombrun & Van Riel (2004); Gabbioneta, Ravasi, & Mazzola (2007)	A stakeholder identifies the qualities and attributes of the employees of a firm as unique and central to providing value to the exchange relationship.
Service	Lacey (2007); Fombrun (1996); Fombrun & Van Riel (2004); Gabbioneta, Ravasi, & Mazzola (2007); MacMillan et al. (2005)	A stakeholder perceives the service of a firm as unique and central to providing value to the exchange relationship.
Intellectual property	Lacey (2007); Gabbioneta, Ravasi, & Mazzola (2007); MacMillan et al. (2005)	A stakeholder identifies particular intellectual property of a firm as unique and valuable.

table continues

Scarcity driver	Contributing theorist(s)	Definition
Expertise and skills	Gabbioneta, Ravasi, & Mazzola (2007); Lacey (2007); Palmatier et al. (2006)	A stakeholder perceives value in the expertise and skills that a firm can provide.
Heritage	Aaker (2007); Gabbioneta, Ravasi, & Mazzola (2007)	A stakeholder perceives value in the history and background of a firm.
Vision and leadership	Fombrun (1996); Fombrun & Van Riel (2004); Gabbioneta, Ravasi, & Mazzola (2007)	A stakeholder identifies a firm‘s vision and leadership position as valuable.

Scarcity value includes both physical assets that only a single stakeholder is in a position to supply and intangible assets such as superior reputation, customer service, intellectual property, and unique human resource expertise and skills (Preston, 2004). The value of both these tangible and intangible resources is driven by their scarcity and the difficulty for a firm to secure resources of equivalent value from another supplier (Mizik & Jacobson, 2008; Prior, 2006, 2007). Thus, scarcity can be a significant source of economic value in driving stakeholders to seek a relational exchange with a firm.

Perceived Reciprocity Value

Eisenberger, Huntington, Hutchison, and Sowa (1986) contend that an actor‘s attitude and behavior is influenced by perceived relational reciprocity. The concept of perceived reciprocity is also central to the concept of social capital (Coleman, 1988, 1990). Coleman argued that perceived reciprocity influences an actor‘s behavior through the credit and debit or promissory note dynamic of relationships. This promissory note permits an asynchronous exchange of resources between actors driven by the motivation of future benefit (Coleman, 1988, 1990). Akdere and Roberts (2008) extended the concept of perceived reciprocity as a significant value driver by contending that relationships are based on a future return. Table 10 identifies and defines reciprocity value drivers that reflect the scope of this abstract concept for this study.

Table 10

Perceived Reciprocity Value

Reciprocity driver	**Contributing theorist(s)**	**Definition**
Reciprocity	Arnett, Palmatier et al. (2006); Eisenberger, Huntington, Hutchison & Sowa (1986); German, & Hunt (2003); Ledingham (2003); MacMillan et al. (2005); Palmatier, Gopalakrishna, & Houston (2006)	Perception that each relational partner is mutually sharing the benefits of a relational exchange. Incorporates dimensions associated with both partners mutually influencing the future direction of the relationship.
Affect	Heath & Hyder (2005); Lacey (2007); MacMillan et al. (2005); MacMillan et al. (2004); Mizik & Jacobson (2008); Pawle & Cooper (2006); Ledingham (2003).	Perception that one shares an intangible emotional relationship with their relational partner. Embodies dimensions such as shared trust and values.
Value congruence	Lacey (2007); MacMillan et al. (2005); MacMillan et al. (2004); Morgan & Hunt (1994); Palmatier et al. (2006)	Perception that relational partners share fundamental beliefs, principles, and standards about what is right and what is wrong. Includes dimensions of compassion and cooperation.

Based on this definition, let us now consider the role that perceived reciprocity can play in stimulating a relational exchange. Cai and Wheale (2007) suggested that reciprocity is central to sustainable stakeholder relations. Similarly, Willis and Brennan (2003) demonstrated that reciprocity and social capital have both positive and negative influences on relationships. Both studies highlighted the network effect of reciprocity and its influence on value creation. Therefore, the present research proposes that perceived reciprocity can play an influential role in stimulating a relational exchange. This conclusion leads to the first proposition.

Proposition 2: Relationship Value Drivers

Firm-stakeholder relationships are fundamentally a relational exchange. Therefore, there must be identifiable sources of value that act as stimuli for a stakeholder to participate in a relational exchange. Relationship value drivers can be clustered into three major groups: (a) economic value, (b) scarcity value, and (c) reciprocity value.

Relationship Moderating Variables

The perceived quality of a relationship is the output of a relational partner‘s cognitive and emotive processing of information at a single moment in time (Caruana, Cohen, & Krentler, 2006; see also Bruning, 2001). This judgment is based on the information from a wide range of often fragmented sources. Social psychologists have identified direct experience as one of the most influential sources of information in the formation of attitude and behavior (Ajzen, 1991; see also Ajzen & Cote, 2008; Baron, Byrne, & Branscombe, 2006). For example, an actor‘s direct experience with an airline‘s customer service will be a highly influential source of information when cognitively and emotional evaluating this airline. This direct experience will influence both attitude towards this airlines and future behavior (Ajzen, 1991; see also Caruana, Cohen, & Krentler, 2006; Money & Hillebrand, 2006).

Although this direct experience will influence attitude, it is often moderated by other indirect sources of information (Karaosmanoglu & Melewar, 2006; see also Caruana, Cohen, & Krentler, 2006; Schwaiger, 2004). These moderating variables may include information from a range of sources such as mass media or peer networks. To extend the airline example, even if a customer has had a positive direct experience with this airline, their perception may be moderated if they read a newspaper article suggesting that the airline has a terrible customer service rating. Moreover, their perception may be moderated further if a close friend tells of a terrible experience that they had with this airline. Therefore, relationship capital is moderated by information sources. Thus, to understand the nature of a relationship, one must examine several of its key underlying elements.

Media as a Relationship Moderating Variable

Researchers contend that a relational partner‘s evaluation of relationship quality can moderated by media (Soh, Reid, & Whitehill, 2007; see also MacMillan et al., 2004; Smith, Coyle, Lightfoot, & Scott, 2007, Palmatier et al., 2006). For the purpose of this study, media is segmented into two primary sources: (a) controlled media, including sources such as advertising or corporate websites that are controlled by a firm, and (b) uncontrolled media, incorporating a wide range of sources including broadcast news, blogs, or rating systems such as Consumer Reports (Karaosmanoglu & Melewar, 2006).

Table 11 provides a summary of the two types of mass media moderating variables considered in this study.

Table 11

Media as a Moderating Variable

Controlled media	Uncontrolled media
Advertising	Print news
Press releases	Broadcast news
Financial reporting	Social networking sites
Company website	Broadcast talk shows
Internal communications	Blogs
Sponsorships	Message boards
Philanthropy	Third-party websites
	Analyst reports
	Rating systems (e.g., Consumer Reports)
	Competitors

Karaosmanoglu and Melewar (2006) argued that these influences, when combined with intrapersonal context such as emotion, become the basis of a stakeholder‘s evaluation of a firm:

> [I]t is also imperative to understand how unplanned (uncontrolled) communication elements can change the dynamics of corporate image formation…Corporate image is not only a product of company controlled communications but also non-company controlled message. Corporate communications takes place amidst the external messages sources that are interpersonal (word-of-mouth from close environment), intrapersonal (company-consumer identification, emotional attachment, company knowledge) and

> intermediary (word-of-mouth via mass media, nongovernmental organizations (NGOs), governmental institutions) modes of communications (p. 197).

However, not all sources of information and influence are equal. The moderating influence of a source is highly context-dependent and must be measured based on the unique context of the relational partners. Maathuis, Rodenburg, and Sikkel (2004) conducted a qualitative study ($N = 100$) that examined credibility and its influence on behavior. These researchers identified that credibility of the sending source (e.g., the sender) is a key variable when a stakeholder (e.g., the receiver) is forced to judge the value of the message. In addition, Soh, Reid, and Whitehill (2007) conducted an empirical study ($N = 259$) that hypothesized that trust in the sending source is central to the communication process. These researchers used an ANOVA test to examine the role of trust in the communication process among a range of both media and demographic segments. They concluded that if trust does not exist between the sender and receiver of message at a macro-level, then the information becomes obscured by persuasion (Soh, Reid, & Whitehill, 2007). Moreover, they also concluded that trust in the sending source varied dramatically; to understand its moderating influence, it is essential to examine its effect at a segment level. Similarly, Jo‘s (2005) empirical study ($N = 39$) found that the credibility of the information source plays a significant role in moderating online relationship strength. Therefore, stakeholder context is a key dynamic when analyzing the influence and importance of a specific moderating variable, which must be integrated into the research methodology.

Peer Networks as a Moderating Variable

The credibility of the sending source is highly influential in the cognitive processing of information (Soh, Reid, & Whitehill, 2007; see also Maathuis, Rodenburg, & Sikkel, 2004). Researchers from a range of disciplines have identified peer networks as the most trusted sources of information and thus the most persuasive in moderating perceptions (Rogers, 1995; see also Granovetter, 1973; Maathuis, Rodenburg & Sikkel, 2004; Soh, Reid, & Whitehill, 2007). As a result, the Stakeholder Scorecard incorporates the influence of peer networks in moderating relationship capital.

Relationship Duration as a Moderating Variable

Granovetter (1973, 1983) viewed relationship duration as a key variable that can moderate the strength of a relationship. Coleman (1988, 1990) also identified the duration of a relationship and the dynamic of time as important components in the generation of social capital and the benefits that it provides to the respective relational partners. Freeman, Wicks, and Parmar (2004) as well as Prior (2006, 2007) agreed that relationship duration is a principle attribute of stakeholder theory. Ledingham, Bruning, and Wilson (1999) examined the influence of time on relationship evaluation using a 57-item survey (N = 404) and multivariate analysis of variance to identify relationship duration and relationship perceptions. They found that relationship duration can moderate the perception of relationship quality in three distinct stages: (a) formative (less than 4 years); (b) middle (5 to 30 years); and (c) mature (more than 31 years). This study supported both Danthine and Jin (2007) and Grunig and Hung‘s (2002) research, which concluded that the value of an intangible asset does not possess linear characteristics; therefore, measurement of relational value can only be considered on a longitudinal basis.

As a result of the contribution of these authors, this researcher contends that *relationship duration* is a potential moderating variable in evaluating relationship capital. Therefore, the model will test the perception of the importance of duration on the relationship between the firm and its stakeholder.

Proposition 3: Relationship moderating variables

Generation of relationship capital between a firm and its stakeholders is moderated through one or more of the following variables: (a) mass media influence, (b) peer network influence, and (c) relationship duration value.

Relationship Valuation

The final component of this model is determining the predictive link between relationship capital and shareholder value. Strong stakeholder relationships are of no tangible value to a firm in isolation. These relationships must be converted into assets that can improve a firm‘s competitive position and ultimately be monetized (MacMillan et al., 2004; see also Aaker, 2004; Arnett, German, & Hunt, 2003; Gummersson, 1995, 1998, 2004; Helm, 2005; Money & Hillenbrand, 2006). For example, relational trust in isolation generates no tangible value; it is the influence of trust in stimulating loyalty that transforms this intangible asset into tangible value. Thus, once the predictive relationship between trust and loyalty has been statistically confirmed, the link between loyalty and cash flow (in the form of higher revenues and lower costs) can be empirically demonstrated through accepted methods. Helm‘s (2005) study used structural equation modeling (N = 952) to examine the influence of reputation on loyalty. This research identified a significant predictive relationship between a positive evaluation of a firm by a stakeholder and this stakeholder's loyalty. Therefore, this researcher contends that relationship assets are the critical bridge between intangible stakeholder relationships and value creation. Table 12 provides an overview of the three dominant relationship assets identified in the literature review: (a) loyalty, (b) advocacy, and (c) functional cooperation.

Table 12

Relationship Assets and Contributing Theorists

Relationship assets	**Contributing theorist(s)**	**Definition**
Loyalty	Fombrun (2004); Helm (2005); MacMillan et al. (2005); Money & Hillenbrand (2006); Palmatier et al. (2006); MacMillan, Money, & Downing (2004); Willis & Brennan (2003)	This multi-dimensional concept incorporates intentions, attitudes, and performance indicators to maintain an existing relationship. MacMillan, Money, and Downing (2004) refer to this as *"an active allegiance"* (p. 75).
Advocacy	Fombrun (2004); MacMillan et al. (2005); Money & Hillenbrand (2006); Palmatier et al. (2006); Willis & Brennan (2003)	The likelihood that one's relational partner will refer his partner to another. It includes the willingness to defend one partner to another.
Cooperation	MacMillan, Money, & Downing (2000); MacMillan et al. (2005); Money & Hillenbrand (2006); Morgan & Hunt (1994); Napahiet & Ghoshal (1998); Palmatier et al. (2006); Willis & Brennan (2003)	Support actions lead to furthering common goals of both relational partners. Cooperation is proactive. Dimensions of functional conflicts as defined by Morgan and Hunt (1994) are also incorporated into this definition.

It is important to note that the valuation of relationship assets according to key performance indicators is a mature research field. To this point, numerous industry-specific methodologies currently exist that enable practitioners to analyze the linkage between relationship assets and value creation metrics. For example, a mobile phone company possesses extensive data to define the cost savings that customer retention has on its financial performance. Moreover, financial analysts use customer churn as a critical metric to forecast a firm‘s future earnings per share that likely will influence future share value. Therefore, demonstrating the connection between relationship assets, competitive, advantage and value creation is highly industry-specific and examined based on the industry that is the focus of this study.

Proposition 4: Relationship valuation

Relationship assets or liabilities are composed of three dimensions: (a) loyalty, (b) cooperation, and (c) advocacy. These assets or liabilities can be monetized by a firm and empirically linked to metrics of shareholder value creation.

Part 4: Review of the Methods of this Study

Concurrent mixed methodology is used to test the four research propositions. In general, concurrent mixed methods combine both qualitative and quantitative methods of inquiry in a single research initiative. The value of concurrent mixed methods research is that it allows a research to leverage the strength of each method to strengthen the validity and reliability of the study (Creswell, 2009).

Specifically, the concurrent mixed method model involves the qualitative research tradition of phenomenology to support the refinement of the Stakeholder Scorecard and the development of an associated quantitative research instrument. The phenomenology phase incorporated interviews with a broad range of both practitioners and scholars in the area of stakeholder relationship and intangible asset valuation. The goal of the phenomenological research was to identify common themes associated with stakeholders that existed across the coresearchers. This included exploring the relationship between stakeholders and value generation. The outcome of the phenomenological research contributed to the refinement of the conceptual Stakeholder Scorecard.

The quantitative portion of this mixed method approach statistically tested this quantitative instrument and then conducted a preliminary SEM analysis to examine the relationship of the constructs incorporated in the conceptual model. This phase specifically explored the relationship between population group of realtors and their real-estate brokerage. It also used a self-administered web-based questionnaire to maximize efficiency to secure the minimum required sample size of two hundred required in a SEM study (Garson, 2009).

Structural equation modeling was chosen as the statistical technique for this study, because it allows the researcher to test simultaneously the predictive relationship of the multiple dependent and explanatory variables incorporated in the SSC (Freedman, 2006; Lei & Wu, 2007). Moreover, it enables the researcher to test the relationship between traditionally non-measureable constructs though the use of non-experimental data (Lei & Wu, 2007). As a confirmatory technique, it requires a researcher to first develop a theoretical model and then proceed to empirically test the validity of the model (ibid). This confirmatory technique is ideally suited to test the validity of the proposed Stakeholder Scorecard.

Conclusion

This chapter analyzed the interaction of relationship capital and shareholder value. It explored the key theoretical issues and challenges associated with empirically demonstrating a causal link between stakeholder relationships and value creation. The analysis defined the concepts of competitive advantage and value creation and the metrics by which they are measured.

A key component of this chapter was the comparative analysis of existing methodological approaches designed to test the linkages between specific dimensions of relationship capital and value creation. These existing models, combined with a broad theoretical foundation, contributed to the development of the Stakeholder Scorecard, which integrates the processes of relationship capital and value creation into a single framework to test empirically the links between relationship capital and shareholder value.

The Stakeholder Scorecard does not suggest a definitive causal relationship between relationship capital and shareholder value. As discussed, the inability to prove causality definitively is an embedded constraint of any method that seeks to link intangible assets to value creation. Through the use of structural equation modeling, the Stakeholder Scorecard enables scholars and practitioners to infer a predictive relationship between relationship variables and shareholder value. Understanding these predictive relationships allows practitioners to more effectively allocate resources intended to stimulate relationship capital and ultimately shareholder value. The next chapter provides a detailed overview of the research design for this study.

CHAPTER 3:

RESEARCH METHODS

Introduction

This chapter provides a comprehensive overview of the concurrent mixed methods research design used in this study. The chapter is composed of two parts. Part 1 describes the phenomenological research phase, and Part 2 details the instrument design and model validation phase. The Walden Institutional Review Board approval number for this research study was 06-03-09-0376338.

Part 1: Model Refinement and Verification Through Qualitative Research

Choosing Among the Five Research Traditions

The five qualitative research traditions described by Creswell (1998) were considered for this study. Caelli, Ray, and Mill (2003) contended that qualitative methods are diverse and often conflicting. As a result, careful consideration is required. Caelli et al. identified rigor as a central component when evaluating methodology. Specifically, they guided researchers based on the following:

1. Researchers must articulate how the tradition chosen will contribute to enhancing methodological rigor.
2. Researchers must identify a method “that is philosophically and methodologically congruent with their inquiry” (p. 15).

After a careful assessment, phenomenology was chosen as the preferred research approach. A summary of the rationale for this choice is provided:

Ethnography: Ethnography is the study of a specific cultural group over an extended period (Creswell, 1998). Examination of the strategic issues associated with the valuation of relationship capital assesses broad methodological issues and not unique cultural dimensions. As a result, ethnography was rejected as a research approach for this study.

Narrative research: Narrative research focuses on individual life experiences in story form (Creswell, 1998). As this research was focused on identifying broader strategic issues associated with the valuation of relationship capital, the narrative research tradition did not meet the needs of this study.

Grounded theory: Grounded theory is oriented for research that has little theoretical foundation. However, as demonstrated, relationship capital has a rich theoretical tradition across multiple disciplines. Therefore, grounded theory was rejected for this study.

Case study: The case study tradition was considered for this study. However, a case study involves a single historical situation, is constrained by time and context, and seems to provide only limited value to this research. Accordingly, the case study was judged as inappropriate.

Phenomenology: Creswell (1998) defined phenomenology as an exploration of a specific human experience. Trochim and Donnelly (2007), Creswell, and Singleton and Straits (2005) believed that phenomenological research provides insight into a person‘s subjective interpretations, beliefs, perceptions, and frames of reference of the specific human experience under study. Hendrick, Dicks, and Hendrick (1988) noted that phenomenology is an appropriate method to study human relations because ―Personal relationships constitute a phenomenological context within which partners‘ co-construct relationship meanings" (p. 137). Therefore, phenomenology is the most effective qualitative tradition to verify the Stakeholder Scorecard.

Phenomenological Research Methodology

To conduct the phenomenological phase of this study, a multi-stage process was adapted from the works of Giorgi and Giorgi (2003), Graham (2006), and Moustakas (1994).

Stage 1: Conduct in-depth interviews.

Stage 2: Transcribe data.

Stage 3: Confirm data and conduct follow-up interviews.

Stage 4: Review final interviews (both transcripts and audio).

Stage 5: Establish meaning units.

Stage 6: Transform meaning units.

Stage 7: Determine psychological structure of meaning units.

Stage 8: Conduct post-structural analysis and identify composite themes.

Stage 9: Provide findings to subjects for review to confirm validity.

The following sections provide the methodological details on the phenomenological study.

Population and Sample for the Phenomenological Study

Population

Qualitative research can provide significant value in supporting the development of a quantitative instrument (Creswell, 2009; see also DeVellis, 2003; MacMillan et al., 2004; Singleton & Straits, 2005). To support this, the researcher chose purposeful sampling to ensure a diverse representation of expertise. A total of 18 in-depth interviews with two expert population groups provided a wide range of perspectives into the phenomenon of relationship capital. The first population group was scholars who have theoretical background in disciplines associated with relationship capital. This includes intangible asset valuation, social capital, psychology and corporate reputation. The second population group comprised practitioners who possess experience in areas related to relationship capital valuation. This included stakeholder management and corporate finance. Table 13 describes the two population groups.

Table 13

Population Groups

Population	**Contribution to Study**
Scholar-experts	Leading researchers in the fields of intangible asset valuation, social capital, psychology, and corporate reputation.
Practitioner-experts	Senior executives in the field of stakeholder management or finance.

Sampling Procedures

Creswell (1998) defined phenomenology data collection as conducting a minimum of 10 lengthy interviews with a targeted population group that understands and is experienced in the phenomenon under investigation. As Polkinghorne (2007) explained, ―The focus of qualitative inquires is on describing, understanding, and clarifying a human experience" (p. 139). Singleton and Straits (2005) argued that participants should be selected because they will provide insight and a unique perspective to the phenomenon. To this point, Polkinghorne contended that qualitative research should not attempt to adopt the principle of sampling from quantitative research; rather, participants should be the result of a purposeful selection process. This principle of targeted purposeful selection was also endorsed by Creswell (1998), Horsburgh (2003), and Singleton and Straits (2005). As a result, purposeful selection was used for the selection of participants in this phenomenological study.

The 18 coresearchers who participated in the phenomenological study were purposely selected to provide specific expertise to support the goals of this research (Polkinghorne, 2007). Table 15 presents individual coresearcher profiles.

Table 14

Participant Credentials

Coresearcher	Title/ Role	Gender	Age	Years experience	Industry	Stakeholder group (s)
Coresearcher 1	Owner Operator	Female	37	9	Organic Farming	Consumers/ Farmers
Coresearcher 2	National Sales Manager	Male	55	22	Tobacco	Distribution
Coresearcher 3	Chief Financial Officer	Female	50	20	Healthcare	Physicians
Coresearcher 4	Vice President	Male	44	22	Energy (Pipeline)	First Nations
Coresearcher 5	Chief Executive Officer	Female	51	19	Children's Health Foundation	Families
Coresearcher 6	Marketing Manager	Female	38	15	Real Estate	Realtors
Coresearcher 7	Vice President, Marketing	Male	44	21	Transportation	Consumers
Coresearcher 8	Vice President, Corporate Communications	Female	42	17	Pharmaceutical	Patient Groups
Coresearcher 9	Manager, Sustainability	Female	43	6	Municipal Government	City Managers/ City Council
Coresearcher 10	Chief Executive Officer	Male	62	25	Healthcare	Employees
Coresearcher 11	Assistant Professor	Male	45	23	Strategy & Organizational Behavior	Not Applicable
Coresearcher 12	Managing Partner	Male	61	30	Management Consulting	Communities
Coresearcher 13	Chief Executive Officer	Male	50	22	New Media	Photographers
Coresearcher 14	Manager, Public Relations	Female	38	6	Energy Trust	Communities
Coresearcher 15	Managing Director	Male	45	19	Investment Banking	Not Applicable
Coresearcher 16	Assistant Professor	Male	44	10	Marketing	Not Applicable
Coresearcher 17	Assistant Professor	Male	32	10	Accounting	Not Applicable
Coresearcher 18	Assistant Professor	Female	38	10	Industrial Psychology	Employees

In selecting the participants for the phenomenological portion of this study, the researcher sought experts with extensive personal experience in stakeholder management. Fourteen of the selected participants were practitioners with an average of 17 years experience. A key consideration was to ensure adequate practitioner representation from both a business-to-consumer (B2C) and business-to-business (B2B) perspective. The final participants represented 14 different industry categories. Moreover, nine practitioners were from organizations with a B2B orientation; five were from organizations with a B2C focus. In addition, four scholar-coresearchers were also selected to participate in the study. These scholars were targeted to provide specific expertise in social capital, intangible asset valuation, industrial psychology, and relationship marketing. These 18 diverse coresearchers provided a rich narrative that explored the linkages between stakeholder relationships and value generation. This richness provided the foundation for the quantitative instrument used in the structural equation modeling.

Questions

A semistructured interview protocol provided a consistent general structure for all participants. All questions were designed to be open-ended to stimulate the participant to explore their perceptions of the issues as they relate to the valuation of relationship capital. In the design of the interview protocol, a search of the ProQuest dissertation database was conducted with the keywords *phenomenology* or *management* in the title or abstract. Thirteen dissertations were identified, some of which were reviewed by the researcher. Interview protocols designed by Darazsdi (1996), Elias (2008), Graham (2006), White (2007), and Wirkkula (2007) were considered in the design stage.

O'Reilly's (2007) interview protocol was also considered, as it was specifically designed to be used with experts in the field of sponsorship and community investment valuation.

The interview protocol was structured to gain participant insight into the themes associated with the research questions and propositions. Given the distinct differences between the practitioners and academic populations, two separate protocols were designed. This ensured that the interviews were designed to provide value based on the defined research questions. The introduction of the Stakeholder Scorecard was considered only at the end of the interview, so as not to bias the participants' subjective perceptions. Below is a summary of the main themes considered (see Appendix A for detailed interview protocols):

1. Review participant's expertise in research subject.
2. Review participant's definition of relationship capital as it relates to their area of expertise.
3. Review participant's perception of how stakeholders can impact company performance.
4. Explore participant's perception of the challenges that practitioners face when attempting to measure the value of relationship capital or a return on the investments that a company makes in these relationships.
5. Ask participant to review and provide feedback on the scorecard.

Role of Researcher in the Phenomenological Study

The researcher was responsible for phases of this study, including research design, data collection, analysis, and reporting. The researcher was also responsible for confirming the participation of specific interviewees. The researcher coordinated all logistics associated with the interviews, including audio taping, transcribing, and preparing the report.

The role of the researcher in a phenomenological study is unique, as it requires him or her to be deeply engaged in the process and to extract meaning from the research (Moustakas, 1994; Creswell, 1998). Graham (2006) believed that it is essential for the researcher to play the role of an ―An active by neutral listener, who listens deeply and carefully to perspectives offered by the participants…and look for themes as they emerge (p. 74). Findlay (2009) and White (2007) defined hermeneutic phenomenology as a circular process that is interactive and conversational. In this regard, the structure of the interview is a mere starting point to engage the participant. White regarded the participant as not a ―subject" but rather as a ―coresearcher" (p. 81). Findlay referred to this interactive dynamic as relationship phenomenology.

> [R]elational approaches are discovery orientated and emphasize how data emerges out of co-created, embodied, dialogical encounters between researchers and coresearchers (participants). The researcher‘s attention slides between focusing on the coresearcher‘s talk/thoughts/feelings and exploring the relationship between researcher and coresearcher as it unfolds in a particular context. (p. 3)

As a result, it was the intention of the researcher to design the study in a way that integrated the participants as coresearchers to explore the central research questions.

Measures to Protect Participants

Participant protection was essential given the sensitive nature of this study. This research study adopted the following participant protection methods as proposed by Creswell (1998):

1. All participation was voluntary and participants were under no pressure from any third party (e.g., company management). Voluntary participation was reconfirmed at the start of the interview process.
2. It was acknowledged in advance in writing that participant contributions to this study would be public information.
3. The researcher secured all audiotapes and transcripts under lock. All data were password protected.
4. All participants were coded by reversed initials and organization name.
5. All data will be kept for a minimum of five years.

Data Collection Procedures for the Phenomenological Study

The researcher invited all nominated individuals to participate in the interview through a phone call and a follow-up e-mail invitation. According to Creswell (1998), that structured interviews can be conducted in a variety of forms, but face-to-face structured interviews are most appropriate for phenomenological studies. Singleton and Straits (2005) agreed that one-to-one interviews minimize misinterpretation while allowing the researcher to gain a deeper understanding of the issue through the observation of body language and tone. Dillman‘s (1977, 1978) survey method was adopted to ensure that the data collected in face-to-face interviews were compatible with those from telephone interviews. An adapted version of White's (2007) data collection methodology was used. This included (a) a recorded journal to identify any researcher bias, (b) researcher logs to track decision making process, (c) audio taped narratives from each interview, and (d) transcriptions of each interview.

Each participant was interviewed in private at a location of his or her choice. Each interview was scheduled for 75 minutes and was audio recorded and transcribed. Participant consent forms were used to confirm approval (see Appendix B). All transcribed interviews were submitted to each participant for review and additional comments (White, 2007).

Data Analysis and Coding for the Phenomenological Study

Ivey and Ivey (2006) recommended reviewing transcripts and audiotapes for verbal and non-verbal themes, respectively. Creswell (1998) suggested that the data analysis and coding for phenomenological studies are based on horizontalization of the data. This permits central themes (called *meaning statements*) to emerge that reflect the meaning of phenomena under study. Horizontalization involves removing all repetition and nonessential statements and focusing on statements made by the subject that explore their perception of relationship capital. Graham (2006) noted that horizontalization constitutes an interpretation of the data and must be done carefully to avoid compromising the reliability of the data. The final meaning statements were then translated into textural examples of the subjects' perceptions to provide context for each experience. From this analysis, the researcher established a composite *structural description* to interconnect the meaning statements from the range of interviews.

To support the verification process, the researcher also used open coding methodology to transform the qualitative research into quantitative data (Strauss & Corbin, 1990; see also Creswell, 1998; Huberman & Miles, 1994). This process involved examining the dominant themes from the interviews and then proceeding to link these to one or more key words. The researcher then analyzed the full transcripts and coded the use of these key words at the coresearchers. The researcher then analyzed the data across all coresearchers. This process enabled the researcher to quantify the phenomenological research results and co-relate these empirical trends to the qualitative interpretations.

Relation to Overall Study

The conclusions of the phenomenological research component permitted refinement of the Stakeholder Scorecard, which enabled the researcher to proceed to the instrument design and model validation phase of this study.

Dealing With Researcher Bias

The researcher is the central conduit for data collection and analysis. Creswell (1998) noted that phenomenology is ―Largely related to the researcher‘s interpretation" (p. 207). As a result, a risk of bias exists. The present researcher has conducted previous commercial market research for this firm in the past. The results of this research provided context and depth to support the overall research design. The researcher used the processes proposed by Creswell as a means to overcome bias and to support the verification of the findings. As Creswell contended, qualitative research cannot seek validity and reliability as in quantitative research; rather, qualitative research seeks methods to verify results.

Lincoln and Guba (1985) recommended that qualitative research should seek credibility, transferability, dependability and confirmability. Creswell (1998), Singleton and Straits (2005), and Trochim suggested using a third-party scholar-expert to review the data collection and to confirm the identified patterns. The present study leveraged the scholarly expertise of the dissertation committee to verify the qualitative component of this study. Moreover, the researcher used Creswell‘s five questions as a framework to test objectivity and to verify the qualitative findings of this study:

1. Did the researcher manipulate the content in a way that the results do not represent the subject‘s real experience?
2. Is the transcription accurate?
3. Are there other potential alternative conclusions that the researcher could have made as a result of these interviews?
4. Is it possible to reconnect the conclusions to specific examples from the interviews?
5. Can the structural description be generalized beyond the group interviewed?

Part 2: Instrument Design and Model Validation

Summary

The second phase of the mixed methods research leveraged the qualitative research phase to develop and test a quantitative research instrument (Creswell, 2009; DeVillis, 2003). The instrument design and model validation phase was critical to test empirically the fit of the instrument while examining the various constructs of the proposed conceptual model. Specifically, confirmatory factor analysis was used to test statistically the instrument to ensure that the observed variables were reflections of common latent variables (DeVillis, 2003; see also Hendrick, 1988; Spainer, 1976). This analysis allowed refinement of the instrument by identifying multicollinearity among the proposed latent variables and any weaknesses in the proposed manifest variables.

After conducting a pilot test of the instrument, a full SEM study was conducted on the observed data. The objective of this study was to examine the validity of the proposed conceptual model and the hypothesized relationships among identified constructs. Several statistical stages were used, including estimation of the model parameters; evaluation of the model through goodness-of-fit tests; and examination of the relationship among constructs using standardized regression (Chin, Peterson, & Brown, 2008; Mazzocchi, 2008). Following this analysis, the researcher was able to judge the validity of the proposed Stakeholder Scorecard. The data analysis techniques are detailed later in this chapter.

Target Population and Sample

The target population for the quantitative phase of this study comprised approximately 650 contracted real-estate agents of a large Canadian real-estate brokerage. This is a defined limitation of this study. The relationship between agent and broker was the focus of this research for several reasons:

1. Brokerages' intrinsic value is highly dependent on its intangible assets valuation.

2. The financial performance of a brokerage is completely dependent on revenues derived from a single stakeholder group: its agents. As a result, shareholder value is directly dependent on this relationship.
3. The dependency between a brokerage‘s financial performance and its realtors permitted the study to empirically test the predictive link between relationship capital and its key performance indicators.
4. Consistent with Porter and Kramer‘s (2002) research, this firm has begun to reduce its community investment activities due to lack of empirical evidence that these investments have influenced agent loyalty or financial performance.

A minimum sample of 238 realtors was required to test the reliability and validity of the instrument (Hoyle, 1995). This is an estimated 37% response rate, which is acceptable; a minimum sample size of 200 (31% response rate) is required when conducting a full SEM analysis that incorporates more than 10 latent variables (Garson, 2009). Quiles (1998) maintained that the conventional power analysis of $p = 0.05$ is acceptable for the significance test when considering Type-I error. Quiles also stated the statistical power of 0.80 combined with the specific medium size effect is an acceptable means to calculate sample sizes that mitigate Type-II error risk.

Data Collection Procedures

The researcher utilized a self-administered web-based data collection process for this study. This method is both efficient and effective when collecting data from a targeted controlled population group (Singleton & Straits, 2005; see also Varella Connors, 2006). Specifically, Singleton and Straits (2005) noted several advantages associated with web-based self-administered questionnaires: convenience, privacy, speed, and significant cost savings. On the negative side, response rates for self-administered questionnaires tend to be lower than other methods.

In addition, self-administered web-based questionnaires present a risk of non-response bias as it requires a respondent to have access to a personal computer (Singleton & Straits, 2005). However, this issue was not of significant concern to the researcher given the population group had universal access to computers. The researcher utilized what Quiles (1998) defined as the *reasonable care approach* developed by Fuller (1974). This approach considers the risk of non-response bias at all stages, from design to analysis. Specifically, the researcher monitored and assessed whether the observed respondents were represented proportionate to the general population. The major socio-demographic variables considered included gender and age.

The targeted population (650 agents) was sent an e-mail by brokerage management inviting them to voluntarily participate in this research initiative. The e-mail stated that all information collected was anonymous and confidential. Several reminder e-mails were sent by brokerage management. In addition, brokerage management provided an optional incentive for realtor participation in the form of a prize draw for realtors who completed the survey. The personal information collected for the drawing was optional and fully detached from participant responses, thus maintaining confidentiality.

Data Analysis

The data collected was downloaded in an MS Excel spreadsheet and imported into SPSS AMOS 16.0 for analysis. The instrument design and model validation phase sought to test and refine this instrument and the conceptual model using statistical techniques identified by DeVillis (2003); Hendrick (1988, 2001); Huang (2001, 2004); MacMillan et al. (2004); Morgan and Hunt (1994); Spainer (1976), and Stafford and Canary (1991).

The first step in the data analysis was to use Cronbach‘s alpha to test the instrument‘s reliability by examining its internal consistency (Huang, 2001, 2004; MacMillan et al., 2004). Following this test, a first order CFA statistically examined each latent variable of the model and analyzed the hypothesized factor structure (Blunch, 2008; Byrnes, 2010; Chin, Peterson, & Brown, 2008; DeVillis, 2003; Huang, 2001, 2004; Suhr, 2006). This CFA leverages several statistical techniques including chi-square test, comparative fit index and root mean square error of approximation. A *t* test was also conducted. The CFA identified any manifest variables with a poor fit. It also identified any multicollinearity that existed amongst the proposed latent variables. The data analysis phase then proceeded to conduct a second-order CFA to examine the unidimensional structure of the second-order constructs of relational value drivers, relationship capital, and relationship assets. Following instrument testing, the model parameters were estimated using maximum likelihood, which provided estimates based on the maximum probability of reproducing the observed results (Garson, 2009).

The final stage of SEM data analysis incorporated the use of multivariate regression. AMOS 16.0 permits the calculation of standardized regression coefficients referred to as beta coefficients (Blunch, 2008). Consistent with standard regression analysis, the coefficients of ε and δ are fixed at one. Numbers close to one suggest a stronger predictor of causation; negative numbers suggest a negative predictor of causation (Mazzocchi, 2008). This stage is one of the most critical in the SEM process, which tests theoretical models until they find the one with the best fit (Chin, Peterson, & Brown, 2008; see also Mazzocchi, 2008). However, it is important to recognize that there is no single correct answer in SEM. As a result, the data analysis phase is highly dependent on a consistent application of the theory on which the original model was founded. Chin, Peterson, and Brown (2008) explained “That in every SEM application there are a number of theoretically plausible models that cannot be distinguished empirically from each other on the basis of the global model” (p. 292). Thus, unbiased evaluation of the variety of models is essential at this stage of the SEM process.

Role of Researcher

The researcher was responsible for all dimensions of the instrument design and model validation phase of this study including data collection, analysis, and reporting.

Measures Taken to Protect Participants

Participant protection is essential given the sensitive nature of this study. Similar to the qualitative phase of this study, the quantitative phase adopted the following participant protection methods as proposed by Creswell (1998):

1. All participation was voluntary, and there was no pressure to participate from any third-party (e.g., company management). Voluntary participation was stated in all communication with the population group.
2. All participant names were kept confidential and detached from specific survey responses; therefore, it is impossible to connect a specific respondent to a specific survey.
3. All data were password protected on a computer hard drive.

4. All data will be kept for five years and then destroyed.

Dealing with Researcher Bias

Researcher bias is a serious risk during the development of structural equation modeling (Chin, Peterson & Brown, 2008). Thus, unbiased evaluation is essential to ensure accuracy. To mitigate researcher bias, this researcher has specifically chosen a concurrent mixed methods approach to permit additional follow-up interviews if required to gain additional insight to support interpretation of the test data.

Relation to Overall Study

The instrument design and model validation phase permitted the researcher to test the reliability and validity of the quantitative research instrument and conceptual model on a statistically sufficient sample. The successful completion of this phase established a quantitative instrument and conceptual model that can be operationalized by practitioners and scholars in future structural equation model studies. Moreover, it enabled the use of SEM to examine the predictive relationship between firm-stakeholder relations and the value creation process. This allows practitioners to effectively calculate the return on the investments oriented towards stimulating relationship capital.

Conclusion

This chapter presented an overview of the research design that was used in this study. This included rationalizing the choice of concurrent mixed methodology as the most effective method to achieve the defined objectives of this study. Moreover, it explained the choice of phenomenology as the more effective qualitative tradition for this research. It then provided context to the choice of structural equation modeling as the correct statistical technique for this study. Each of these sections provided detail on the role of the researcher, populations, data collection strategies, data analysis strategy and techniques used to maximize validity and reliability. Chapter 4 presents the findings of this study, focusing specifically on the major themes related to each research question and associated research proposition.

CHAPTER 4: RESULTS

Introduction

This study used concurrent mixed methodology to explore the relationship between the intangible asset of relationship capital and shareholder value. Chapter 4 is structured in two main sections based on the interrelated research methodologies. The first section examines the results of the phenomenological phase of this study. The second section examines the results of the structural equation modeling phase. Both sections provide detail on the respective population characteristics, the data collection process, the data analysis process, and the results of each phase. This research project is guided by the following four research questions:

1. What are the variables that contribute to the formation of relationship capital between a firm and a stakeholder?
2. What are the sources of value that drive a stakeholder to seek a relational exchange with a firm?
3. What are the variables that moderate and influence a stakeholder's evaluation of his or her relationship with a firm?
4. What relational assets or liabilities act as significant predictors of increased shareholder value?

Part 1: Model Refinement through Qualitative Research

Data Collection

To support the refinement of the Stakeholder Scorecard, the phenomenological phase sought to leverage the insights and experiences of experts in the field of stakeholder management. This provided the foundation for the development of the quantitative instrument to be used in the SEM phase of this research.

Eighteen individual interviews were conducted between June and November 2009. Sixteen of the interviews were conducted face-to-face, two by telephone. Two separate semi-structured open-ended interview protocols were used (see Appendix B). The first protocol was used in the interviews with the practitioners. A second protocol was used in discussion with academics. The semi-structured nature facilitated understanding of the unique experiences of each participant. All interviews were approximately 75 minutes in length with one exception,, which lasted 124 minutes. The files were transcribed verbatim to text.

Evidence of Quality

The objective of the phenomenological portion of this research was to gain insight from the personal experiences of the coresearchers (Creswell, 1998). This methodology provided insight into an individual‘s perceptions, enabling new meanings to emerge (Singleton & Straits, 2005). This methodology does not suggest a universal truth, as experiences are highly personal and context-specific; rather, it seeks to identify common themes (White, 2007). According to Pattni-Shah (2008), ―To make a contribution to the existing body of knowledge, qualitative researchers need to make certain that the findings of their studies are credible, trustworthy and reliable” (p. 109). To ensure that the desired contribution is made, the researcher incorporated a range of techniques to verify the results and maximize reliability.

To ensure quality, the data analysis process was adapted from the works of Giorgi and Giorgi (2003), Graham (2006), and Moustakas (1994). The full interview transcripts were returned to each coresearcher for data verification and reliability. Each coresearcher was asked to review the transcript for accuracy. Coresearchers were then asked if they would like to offer any additional insights.

Upon confirmation of accuracy by the participants, the researcher reviewed the audio tapes of each interview and the transcripts in their entirety. This provided a holistic perspective of each interview. Moreover, this process enabled the researcher to begin identifying meaning-units at the individual coresearcher level. The content of each coresearcher transcript was color-coded manually by meaning-units. Upon completion of this coding, 63 composite meaning-units were identified across all coresearchers. This second stage of the reduction process eliminated duplicate or overlapping categories. This reduced the data to 48 composite meaning-units.

As stated by Moustakas (1994), this reduction process must be done in a manner that elevates the composite meaning-units without losing the integrity of each coresearcher‘s contribution. To mitigate this risk during the reduction process, a separate document was maintained by the researcher of all coresearcher content removed during the analysis. The final process transformed the composite-meaning units into themes identified as ―invariant constituents” (Moustakas, 1994, pp. 120-121). This process identified a total of 21 major composite themes. These final composite themes were then linked to the related research questions and the associated propositions as defined in chapter 3. Upon final consolidation of the major themes, the researcher returned to the original horizontalization document to verify that no individual coresearcher meaning-units were lost in the reduction process.

Upon identification of the 21 central themes associated with this phenomenon, the researcher then verified the results by conducting open coding analysis (Strauss & Corbin, 1990; see also Creswell, 1998; Huberman & Miles, 1994). Although open coding is more common to grounded theory, it provided an effective tool for verification. This process involved identifying the key words or phrases central to each theme (e.g., trust). Direct and indirect extensions of each term were also identified (e.g., trustworthiness, trusting, reliability, confidence, and integrity). Each coresearcher‘s transcript was analyzed, and a key word count was conducted. Trends were identified at both the individual coresearcher level and as a composite across coresearchers. These word count trends were tested against the central themes and conclusions.

The value of this process was two fold. First, it allowed the researcher to transform the qualitative data into empirical units for verification and to test for potential bias in the horizontalization process. Second, it enabled the researcher to examine the reach of certain identified themes across coresearchers (Creswell, 1998). For example, the term trust was used by 17 of 18 coresearchers for a total of 161 times (the sole exception was the professor of accounting). In contrast, the term ―power" was used by 10 coresearchers for a total of 36 times. This analysis triangulates and supports that trust is perceived as a dominant construct in the generation of relationship capital.

To summarize, the researcher consistently considered his bias log to ensure that he maintained objectivity during phenomenological data analysis. This bias log was continually consulted to ensure minimal risk of bias.

Data Analysis

The phenomenological data analysis will be presented as themes in the order of the four research questions.

Research Question 1: Stakeholders and Value

The phenomenological data analysis associated with Research Question 1 is broken into two sections. The first section will analyze the relationship of stakeholders to value creation. The second section will examine the components of relationship capital.

At the start of each interview, all coresearchers were asked to define a stakeholder. As a follow-up, they were then asked to provide an example of one or more high priority stakeholders in their business and explain what made them valuable. The responses from the coresearchers highlighted four major themes shown in Table 15.

Table 15

Defining the Relationship between Stakeholders and Value

Major Themes	
1.	Stakeholders are those actors who influence the future performance of a firm.
2.	Perception is reality. Therefore, if an actor perceives themselves as a stakeholder, they are a stakeholder. This includes actors that have both direct and indirect relationships with a firm.
3.	Stakeholder relationships are founded on a perceived reciprocal exchange of resources.
4.	Stakeholders are components in a highly interdependent system.

Theme 1: Stakeholders are those actors who influence the future performance of a firm. The coresearchers agreed that stakeholders are actors (either individuals or organizations) that have some level of influence on the future performance of an organization. For example, coresearcher 5 stated: ―A stakeholder is anybody that influences your organization or you influence their decisions." Therefore, though the relationship between a firm and a particular stakeholder may have a long history, its value is derived from this actors ability to influence (positively or negatively) the future performance of the firm. The following excerpts demonstrate the influence of a stakeholder on the future performance of a firm:

> Coresearcher 3:
>
> So being in healthcare, stakeholders—be it the patients and families and the health professionals, the physicians, everyone involved, governments, Ministry of Health—so there are a lot of internal and external stakeholders. And in order to move anything forward, you need to totally consider stakeholder engagement in order to move anything forward.

> Coresearcher 4:
>
> For me, a stakeholder is an individual who has some degree of influence over the performance of the company, and so it could be anything from a shareholder who has an ownership position and can vote with his or her feet in respect of the perceived value of the investment, to a stakeholder who can intervene in a regulatory process and potentially impede development growth of a company, to a stakeholder who can take an action because of the interaction of the relationship with the company that can impugn the reputation of the company.
>
> It all goes back to the earlier questions about my definition of a stakeholder and again, the potential influence on both the performance of the enterprise and the reputation of the enterprise, and I see them as inextricably linked.
>
> Coresearcher 8:
>
> So if you're a pharmaceutical marketer, that's really your job. It's how can I convince the doctor this is the right drug to prescribe to their patient because the other interesting thing is that this is not a direct to patient sell; that's against the law in Canada….You have to sell primarily to doctors. The patient groups still get involved because doctors talk to them, hospitals, funding committees, and government funding talks to them.

Theme 2: Perception is reality. Perception was a theme that dominated several interviews. Coresearcher 13 stated that "The definition of stakeholder is sort of in the eye of the beholder." Therefore, this coresearcher argued, if a stakeholder views him or herself as a stakeholder, then they are a stakeholder. Conversely, if a firm views a particular actor as a stakeholder, then this actor is a stakeholder whether or not they choose to be. For example, coresearcher 7 explained:

> My definition of a stakeholder is anybody that effectively has an actual or perceived relationship with. . . .[a] product or a service or an offer ….[I]t may have a direct relationship, meaning they specifically buy that product themselves [or] an indirect relationship where they experienced that product through some other means. A good example of that is you might be in a Hilton Hotel and experienced a certain kind of brand of soap that they just happened to have, and that's an indirect relationship. Or you might not actually use that product or service, but you might be aware of it. And if you were aware of it, then you'll likely have a comment on it, and that's just from one standpoint. There are,

> obviously, all other stakeholders that are involved from an internal perspective that they go into making the product designing the product or service, board of directors who guide it, executive management teams, and brand managers, and all of those other internal stakeholders as well.

Another characteristic of a stakeholder is one who often actively engages or should engage with an organization. coresearcher 14 stated that ―I think a stakeholder would be any individual or group that is affected by our operations directly or affected by an outcome or a ripple effect with something that we've done.” For example, the coresearchers identified customers, shareholders, employees, suppliers, regulators, and any group impacted by an organization as legitimate stakeholders. The terms used by coresearchers to describe these stakeholders included actors who care about an organization, are interested in an organization, or need to be informed, consulted or engaged. The following excerpts further illustrate this:

> Coresearcher 8:
>
> So a stakeholder is somebody who cares about your business for a variety of reasons. They may care, and by care, I don't mean, love. . . .They care about what you're doing because it's either a shareholder, so they want to make sure you're making money and that you're giving them the return on equity, [or] they care about your business because it's in their community. . . .[D]epending on your type of business, you could be polluting the water, you could be contaminating the water, you could be creating a lot of jobs, you could be the hub of the community.
>
> Coresearcher 12:
>
> Because it works both ways. You're a land owner quietly, I mean, quiet enjoyment of your property, and somebody comes along and wants to drill a well. This is a pain in the butt for me. Why do I need to get engaged in all that kind of stuff? You're forced to get into a relationship with the proponent. Because the proponent is required by regulation to talk to you. And I don‘t know whether it‘s by law, but you are forced to reciprocate. You can‘t say, ―No, I‘m never going to talk to ABC Oil and Gas,” or ―I‘m not going to let them on my property.” You will be required eventually to talk to them.

Theme 3: Stakeholders relationships are based on a perceived reciprocal exchange of resources. The coresearchers that participated in this study provided support for the proposition that a relationship between a firm and its stakeholders is founded on a reciprocal exchange of valued resources. coresearcher 5 stated that ―Well, it's an even flow, so contributors would be. . .giving resources or some kind to the organization, but they're also taking away from the organization, too, in the form of warm fuzzies . . So, yeah, it goes both ways."

Perceived reciprocity was discussed in the context of perceived risk-return calculation. The perspective that a relational exchange is based on a calculation of the risk and return supports research by Gummersson (1995, 1998, 2004) and Hunt, Arnett, and Madhavaram (2006). For example coresearcher 13 identified an exchange as central to relationships, ―You know, let's drill that down. So I mean, I've been patronizing you for a while now. I'm loyal to you. I trust you, but now what are you going to do for me?" Below are additional excerpts from coresearchers to support the proposition that relationships possess exchange dimensions:

> Coresearcher 2:
>
> I guess in our business, I mean, a stakeholder is a customer or partner of ours, and usually it's mutual in benefit. You know, they get something, you know, whether it be our expertise, our sharing of market knowledge, and, in return, you know, we get whether it be listings, placement with in store, or assistance.
>
> Coresearcher 12:
>
> It just makes me think of the duration of the relationship. . . .Is the relationship just a means to an end? So like for project proponents, the only reason that we‘re going to build this relationship is because I want to do something. If I didn‘t want to do this, then you and I wouldn't have a relationship. I wouldn't want to go and build a relationship with you.

> Coresearcher 16:
>
> Yes, I think the exchange [is] applicable to a great extent and continues for services, for instance. Sometimes there is nothing tangible for [those] exchanges . . . .Obviously, you can say that there is an intangible benefit that is exchanged and, as a result, yes, that the exchange [can] be extended to the service context as well. But you can also see somewhat of a difference in that, you know, the whole idea of value co-creation, for instance, in services. It means that the customer also contributes to the creation of value, and, as a result, you might have to extend the definition of an exchange to cover a service context.
>
> Coresearcher 18:
>
> I think satisfaction is what you're getting out…I'm looking at measuring your inputs to outputs. So if you're in a relationship and you're saying, "Do I trust this person?" You can define trust as being able to predict what they're going to do. You know, they're going to scream me over if I go and ask for this, "Do I get this back?" It's free. You can't predict what the other person will do typically in a situation, and likely that makes sense. Satisfaction…makes sense too, but is that talking about, "If I am happy in a relationship, then I would be happy with the input/output ratio?". . . . I'm thinking about I'm in a work relationship or even a personal relationship. If I think about satisfaction with it or if I'm happy in a relationship, I have to be happy with what I'm putting in than what I'm getting back. It doesn't have to mean they have to be equal.

Theme 4: *Stakeholders are components in a highly interdependent system.*

Coresearcher 12 extended the construct of a social exchange by contending that stakeholder relationships are rarely dyadic. Rather, each relationship is part of a much larger interconnected network of relationships. This principle of interdependency supports the research of Granovetter (1973, 1983). Therefore, it is difficult if not impossible to perceive individual stakeholder relationships in isolation from other stakeholders, as coresearcher 12 explained:

> [I]t isn't linear; it's mutually reinforceable. My partner and I were giving a talk up in Edmonton at a conference a couple weeks ago. We were taking the relationship of aboriginal people to industry, Federal and Provincial governments. And the model that we used was the solar system of an atom…So it becomes three-

> dimensional…Whatever's at the heart, in the middle, and we put the First Nation there. That the other parties to the relationship are spinning in orbits around that heart, as well as themselves…It's almost like metaphysics in a way. It's the electrical charges and tension between the different parts of the atom…One thing gets out of sync, then the whole thing starts to unravel.

Coresearcher 7 identified how his firm's actions to satisfy one stakeholder simultaneously alienated another stakeholder group:

> So we ran a promotion that for a limited period of time, there was an incentive of a price reduction to use the transportation service that was designed to increase travel. So one stakeholder group, a large stakeholder group, which was a consumer market, loved it because the consumer was directly impacted and liked the 30 percent reduction in price. We saw increases in volume of usage, which was the primary intent in the first place, and overall, it was fairly well received. At the same time, we had some stakeholders that vehemently objected to the promotion because [of] what it did [to] that stakeholder, specifically. . . the local Chambers of Commerce. Because what was happening was it took people from small communities and encouraged them to learn pricing to be able to live their small community and go to other communities and not [give] their local hard-earned dollars in their own community, but go and spend them elsewhere in big cities like Vancouver.

The recognition that stakeholders are part of an interdependent system supports the hypothesis that networks moderate the formation of relationship capital. This implication will be considered later in this chapter.

Research Question 1: Defining Relationship Capital

P1 hypothesized that relationship capital is a composite of four relational attributes: (a) trust, (b) satisfaction, (c) consensus, and (d) commitment. To explore this hypothesis, the phenomenological study examined the role that each of these attributes play in the relationship between a firm and a stakeholder. The interview protocol was designed to discuss each of these constructs individually; however, this proved impossible, as all researchers had difficulty dissecting the construct of relationship capital into these highly interdependent attributes. This difficulty in itself was informative for the researcher and provided valuable insight to support the instrument design and model validation phase of this study. The following section (refer to Table 16) provides analysis of seven major themes that emerged from the coresearcher interviews.

Table 16

Defining Relationship Capital

Major themes
1. Trust is at the foundation of relationships.
2. Trust and relational duration are highly interdependent.
3. Reputation acts a primary source in the early stages of a relationship to judge past behavior to enable a partner to predict future behavior.
4. Trust is a multi-dimensional construct that influences the strength of stakeholder relationships on two levels: (1) interpersonal trust and (2) institutional trust.
5. The evaluation of trust and satisfaction is often a viewed as a relative, not an absolute, construct.
6. Relational consensus is highly intertwined with interdependency.
7. The construct of commitment is an abstraction.

Theme 1: Trust is the foundation of relationships. Trust has long been identified as a foundation of a strong relationship (Coleman, 1988, 1990; Granovetter, 1973, 1983; Homans, 1958, 1961; see also MacMillan et al., 2005; Wicks & Berman, 2004). The central role of trust in firm-stakeholders relationships was reinforced in 17 of the 18 phenomenological interviews. However, the exact role that trust plays in the development of relationship capital remains highly debated. Numerous coresearchers viewed trust as a value driver. In this context, trust acts as an enabler of satisfaction and commitment.

Below are several excerpts from coresearchers on the role of trust in their relationship with their stakeholders:

> Coresearcher 12:
>
> We work on four principles that we try to have…all of our clients follow. The first is respect. The second is understanding. The third is trust. And the fourth is mutual benefit. And it‘s an evolution. So respect. Understand that…it doesn‘t mean that you have to agree, that we have to agree, but we can respect one another…You have certain rights; I have certain rights. You're a landowner; I‘m a mineral lessee. However, you have absolute control, and you should be able to do whatever you want with your rights. . .I hope you‘ll understand that I should have every opportunity to take advantage of my rights. So respecting others‘ rights, respecting their views, respecting their values. I‘m not saying we agree, but let‘s just get to a place where we can respect the people . . . and then it moves to understanding. Understanding what those rights are. And then from respect and understanding comes trust. . . It‘s more of [an] eco-systematic process.
>
> The two dimensions could be trust and satisfaction. As trust and satisfaction get higher. . . eventually you get up into that top right-hand quadrant where maximum trust, maximum satisfaction [exists]. You're obviously collaborating with one another. . .where minimum trust and minimum collaboration, or minimum satisfaction is ―we‘re not doing anything."
>
> Coresearcher 13:
>
> Trusting that we were not just a disguised version of another Getty [Images] was important to people. So how we behaved in everything from the manner in which we moderated forums, to how we dealt pricing, to how we dealt with remuneration to the photographers and when they've got the checks and how they, you know, how the business was run. It was paid attention to because the model was so disruptive. There was trust. If you were a consumer, then you needed to trust the authenticity and copyright integrity and ability to have mainstream acceptance of the imagery, which was important.
>
> Coresearcher 15:
>
> Yes, because we have done a bunch of things internally on relationship building and obviously, trust is. . . one of the first pillars. . .I was just trying to think of the equation. It kind of has credibility, intimacy over time or something like that.

Moreover, several coresearchers viewed relational satisfaction and trust as interdependent constructs. For example, satisfaction was often tied to dimensions of reliability, transparency, and confidence. coresearcher 2 expanded on the notion of the relationship between reliability and satisfaction by stating that ―I guess satisfaction comes in a lot of different things. In the case of a wholesaler. . . delivery has become very important. . . [W]ith wholesalers, time has become a very crucial instrument.” The interrelationship between the central attributes of trust and satisfaction also emerged as a dominant theme with coresearcher coresearchers 1 and 4. This interdependency was tested quantitatively in the second phase of this study.

> Coresearcher 1:
>
> Service level straddles the line between trust and integrity and quality of product. What straddles that line is environmental commitment, especially for a residential customer, although for some of our chefs as well. The fact that we're certified organic is important to them…Beyond just organic certification, I think that most of our farmers believe that we are responsible stewards of the land and then our choice to grow organically is not. . . you know, that we're not just doing it environmentally as we possibly can so we can get the price premium that organic gets, but we're in it for the right reasons. You know, that we care about the land.
>
> Coresearcher 4:
>
> Well, satisfaction is in the form. . . that the agreement is signed . . . Where there's dissatisfaction, there. . . [are] complaints. [Y]ou see it in phone calls and e-mails and escalated complaints to senior management, corporate management, and then to governments, to MLAs, to media. Those are signs of dissatisfaction.

These coresearchers also stated that pricing transparency was an important antecedent of relational satisfaction. Transparency in this context generates trust and confidence in their relationship, because the stakeholder is confident that they are being treated equitably and not being exploited. This notion of transparency, fairness, and satisfaction was central for coresearcher 1, who stated, ―Everybody knows that if you're big or small, you pay the same price, so that, you know, the little guy knows that the big guy isn't getting an advantage on them.”

Theme 2: Trust and relational duration are highly interdependent constructs. The definition of trust varied widely, incorporating characteristics such as integrity, reliability, transparency, consistency, predictability, and confidence. However, these characteristics all maintained the principle that time and trust are highly interdependent, because past behavior acts as the primary predictor of future behavior (Weber & Gobel, 2006; MacMillan et al., 2005). As coresearcher 13 stated, ―You can‘t get to a trust-based relationship until you've spent some time respecting and understanding the other party.” Moreover, coresearcher 12 stated that ―trust is all about doing what you say you‘ll do…It doesn‘t mean that we agree, but I can assure you that what I say I‘m going to do, I‘ll do.” Furthermore, when coresearchers were asked how trust is generated, many responded by invoking examples of past behavior. Below is a selection of comments made by coresearchers regarding their definitions of trust:

> Coresearcher 1:
>
> On the farmer's side, first of all, I think they believe we have a lot of integrity. I think that they believe that we're hard-working. I think that they believe that we're not primarily motivated by money, and I think that's very important to our farmer stakeholders.
>
> Coresearcher 6:
>
> Trust is massive. Because it‘s probably the most important factor and it also matters to the public…[I]n real-estate, it is [a] very emotional time for everybody, and when you do need help, you need to do it right away. It‘s not something that can wait a week or just drop an *e-mail*. You have to have access to the knowledge and the management support instantaneously.
>
> There are different levels to that relationship. There are reasons why you place trust in each part of that…. For example, management [is] a key factor we can show that it is true just by the growth of one of our offices. One manager who left] created such a sense of trust and loyalty and unwavering support that she was referred more than any other one of our managers. But other realtors, on the other hand, would say, ―You should come to us, because if you need help, this is the company that will give it to you. You can trust this manager.” Real-estate can be a

difficult environment to work in, because you never know when you next deal is going to come. You get scared, and you have expenses coming in all the time, and you might not get paid out for three months. It is important for the companies to stay consistent, so in the long run, it will create trust within the eyes of the realtors.

Coresearcher 7:

I would say probably, in this context, trust means safety. . . I would define it operationally as two things. One that you get me there safely and that you get me there. You leave when you're supposed to leave, and I arrive when I'm supposed to arrive…Whenever either one of those two variables were impacted, the concept of trust was impacted.
So I would say that the concept of trust was impacted if the service left half an hour late….If the service experienced a mechanical failure and had to return or was unable to complete a voyage, absolutely trust was impacted. It is confidence and reliability.

Coresearcher 9:

Trust is massive. It's, I would say, probably the most important component. . . The work that I did on our environmental management system…[was] something totally different than all these business units had been doing in the past. And it was having to build that trust, because many of them perceived our group, being kind of a corporate group, as coming in and trying take over their business or certain lines of business.

Coresearcher 10:

Trusting the executives, the people that are running the place, to be honest. To communicate as much as possible, to me, as an employee, to let me know what‘s happening. To be progressive….Moving the hospital forward in current technologies, research, current equipment. Don‘t let the place run down. Keep it looking nice. Keep it clean. Make the environment enjoyable to work in. Confidence in the executive. If they don‘t continue to deliver what they say they‘re going to deliver, you lose confidence in what they say. And that becomes pretty negative too, because then you feel like no matter what they say, it isn‘t going to happen, and you‘re going to be negative about that. Negative, in a sense, around the people you‘re working with.

Coresearcher 12:

If I meet you for the very first time, I can‘t trust you. I don‘t know you. So within the first 30 seconds, within the first minute, within the first 5 minutes, how we interact with one another and you're starting down a road of building some

> respect, maybe to understanding and maybe to an inkling of trust…Unless you know something about the person before you meet them, so you have some history or understanding of who they are and what they've done in the past. You don't have a basis to make any kind of observation about whether or not you trust them.
>
> Coresearcher 13:
>
> I think the key element of trust was the amount of transparency that we gave to all aspects of the business. So typically, you know, your customers are not touching, and even your suppliers are not touching your operational strategy and the nuances of your strategic plan and things like that, and we did kind of effectively that most things through this community-based filter before. . . I mentioned the importance of the license agreements with many photographers and what usage customer was able to effect through a download. And so when we made a change to the license agreement, we typically would start a forum and post about it and say we're thinking of doing this and here are the reasons why. What do you think?
>
> Coresearcher 18:
>
> If you cannot predict what someone is going to do from the side of the employer from time to time, then you don't have trust, which means you don't know your inputs and outputs can change day-to-day and you do have a lot of understanding, but they are totally interrelated to satisfaction.

Theme 3: Reputation acts a primary source in the early stages of a relationship to judge past behavior to enable a partner to predictor of future behavior. The interdependence of trust and relational duration illustrates the dynamic and systematic nature of relationship constructs. In this regard, time, trust, and reputation are highly interdependent constructs that are moderated by both duration and intensity. As coresearcher 11 stated, ―I have a hard time separating reputation from trust." Numerous coresearchers stated that almost all relationships start as indirect and are highly influenced by the construct of reputation. As coresearcher 12 explained, ―You'd have to be pretty isolated, not to have a preconceived notion…When people mention, you know, ABC company, if you‘ve been in the industry at all, or you‘ve been in the community at all, that triggers something.”

This suggests that reputation acts as a bridge in the early stages of relationships to overcome the vacuum caused by a lack of relational history. Thus, reputation permits an actor to evaluate the past behavior of another in order to allow them to predict their future behavior. Consequently, this suggests that the value of a reputation in a relationship declines as a relationship strengthens through time and intensity. Therefore, as a relationship matures, direct interaction displaces reputation as the primary source of information. In this regard, the role of reputation is relevant at the personal, product, and firm level.

> Coresearcher 2:
>
> I think the longer a company has been around, there's a lot more respect on both sides. . . There's a lot more to respect, because there's a history. And especially if it's a successful history, one of mutual respect and one where both parties are trying to mutually…increase their share.
>
> Coresearcher 6:
>
> I think the longer that people are with a brokerage shows they had satisfaction, that they trust them and that they‘ve chosen to grow their personal business with that particular brand. And I think the longer it‘s in place, the stronger the relationship can get.
>
> Coresearcher 7:
>
> The organization used to be, as I've mentioned, part of government. So there was an ingrained belief for decades that that product or service was a subsidized service offered by the government of the province and so . . . there was a sense of entitlement, and that part of that sense of entitlement was . . . perceived cost of using that government service. So there was history that was built up for decades.

> Coresearcher 15:
>
> You know, frankly, people want to trust us with some of their key strategic decisions and thinking. . . We've been around them for a long time; we need to run alongside with them on a lot of things. What they're thinking of doing that frankly, they don't do, and part of what they check to see is whether or not we come back right with the same sort of enthusiasm, same level of commitment, and so on. So, you know, we almost need to get through the first seven no's before we get the deal. . . Our clients like to know we're going to be there with good times and bad. It's kind of my own theory…You can't buy trust.

Moreover, coresearcher 18 emphasized the interdependence relationship between perceived reciprocity, trust, reputation and relationship duration and intensity:

> You've been with employee for ten years….It can take more things before it has an impact on POS. So an example is you're working for ten years and maybe greater. You feel like your POS score is very high. You believe that Mother Shell cares about you as a person and will support you, and all these inputs that Shell would inspire its supervisor or by the policies by providing a healthy work environment is provided. So you have this great image of Shell, and that's where intuition separation says you have it for a long period of time. But then what happens is that, say, your supervisor has a bad day and says no, you can't leave early. I don't care how sick your kid is. You can get your husband to pick them up or your spouse to pick him up or whatever they decide to do, and so you can take it in because you've had ten years of really great POS. And similarly, if you've had a really lousy POS for a long period of time, most people don't stay but say they have to stay for financial or other reasons. You could add a positive thing in the bucket and that's not going to turn the boat around it. It's like a giant tanker. It's takes a lot, I believe, to turn that around or to turn that one way or the other.

Theme 3: Trust is a multi-dimensional construct that influences the strength of stakeholder relationships on two levels: interpersonal trust and institutional trust. The construct of trust occurs on two levels. The first is a form of dyadic interpersonal trust that was clearly articulated by all coresearchers. coresearcher 11 noted, ―At the end of the day, there will be two individuals sitting on each side of the table to come to an agreement. And if the component of trust is not there, it's not going to happen." The role of interpersonal trust highlighted by the coresearchers corroborates research by Grayson, Johnson and Chen (2008), and Ahearne, Bhattacharya, and Gruen (2005).

The second level of trust that emerged was defined by coresearcher 11 as *institutional trust* that exists in the core institutions of a society or culture. These institutions include governments, regulatory agencies, corporate structures, and professional designations (e.g., medical doctor). Institutional trust emerges as an important form of risk mitigation. For example, coresearcher 11, a native of Brazil noted:

> Risk and return makes trust more important. So, for instance, the difference [between] doing business in North America or in Brazil. People say in North America, we do business, then eventually we become friends, because contacts make us believe in institutions. We don‘t need to have to develop the lateral interpersonal trust. You trust the legal system. You trust the institution to cover you. But in Brazil, we do exactly the opposite. People say we have to be friends first, and then we‘re going to do business together as well.

Coresearcher 3 highlighted the institutional trust that patients have in the judgment of doctors. In this context, trust is rooted in the credentials that society granted upon this individual:

> Trust is huge. I think just as our physicians, doctors, from a patient perspective, [have] authority in God…We're getting smarter to be able to challenge and push back and, you know, research our own health care, and look [into] things, and compare it to, you know, other generations…We may think that one person doesn't absolutely know everything, but at the end of the day, we're putting our whole trust into a physician who is going to guide [us] and make those decisions.

Coresearcher 2 argued that trust must exist on both levels to be of functional value. One must trust the individual who is central to the relationship and the institution that this individual represents. His position is that core attributes of trust such as reliability and predictability require trust to exist on both levels:

> Trust would have to be the biggest issue, I would say, and both on a personal level to the individuals that you deal with and [to] a company as a whole. Because you can have individuals that you trust, but the company doesn't necessarily follow suit with an individual or vice-versa. I mean, sometimes, you have a company that's great but an individual that you can't trust. So, yeah, I guess, it the first attribute would have to be trust. That they trust that, you know, you're doing things in their best interest as well.

Theme 4: The evaluation of trust and satisfaction is often a viewed as a relative, not an absolute, construct. Coresearchers noted that dimensions of trust and satisfaction are often viewed as a relative construct. For example, there is no universal definition of integrity; rather, integrity is context-specific and relative to the other actors who share a similar context. The coresearchers identified stakeholder relationships as often possessing a competitive dimension. For example, consumer stakeholders can purchase from a wide range of suppliers, and employee stakeholders can choose to work for a variety of firms. Thus, when an actor judges the trustworthiness of a relational partner, they do so relative to other relational options. Coresearcher 13 explained this phenomenon when he noted that their stakeholders compared their company with the incumbent (Getty Images):

> [Photographers] know what the price is, so they know what the revenue is. Getty had no such transparency to its business. The public company knew what the top line was, but a photographer never knew. If the photographer was getting paid eighty grand or one-hundred thousand dollars, they are really, really good. They would never see a direct relationship between their provision of inventory and Getty's top line, whereas, at iStock Photo, right down to the photographer level, you could see not only what the company was earning, if you want to add up total downloads, but you could see what a particular photographer was earning.
> The measurement of that trust was increasing the size of the buyers…As we grew, we were getting more recognizable and used on the list, which, you know, they would not have cared necessarily that we were democratizing access, too. For them, it was consuming a commodity at a hundred, you know, or two hundred times cheaper priced than Getty or Core. So for them, it was more of the some of the economic elements of that relationship were driving their behavior as opposed to, I would say, the vast majority of our early customers, and most of our photographers were much more interested in the social, the softer side of what we

> were doing, their passion around the photography generally. . . We talked about forums as if there's a single forum, but there are, in fact, many, many topics and people. . . If you were a photographer and you wanted to come to iStock, you could find at any hour of the day because it was twenty-four, seven and truly global in its scope.

Coresearcher 13 also argued that trust is role-specific. In other words, the attributes that a stakeholder use to evaluate trust vary due to the nature and role of the stakeholder in a relationship: “I think that trust was definitely important part of the relationship, and the weighing of it differed with the individual and including whether the individual was a photographer only or a photographer and a consumer.”

Theme 5: Relational consensus is highly intertwined with interdependency. The construct of *relational consensus* was not easily recognizable for most coresearchers. The attributes of relational consensus and power appear to be more subtle than other proposed constructs of relationship capital. However, consistent with the findings of Coleman (1988, 1990), Granovetter (1973, 1983) and Preble (2005), the construct of relational consensus emerged in the form of dependence and interdependence.

Coresearchers identified that the dynamics of relational consensus and interdependence are both intertwined with the underlying competitive and reciprocal nature of specific stakeholder relationships. For example, when coresearcher 2, a national sales manager, considered the relationship that his company has with their distribution channels, he noted that power is directly influenced by market share: One or two [retail] chains [are becoming] very dominant in the marketplace. Now, with dominance, it becomes that power of I now control.” In other words, if one is dependent on a particular relationship and there are no viable alternatives, then the power structure is not reciprocal, and consensus does not exist. This dependency can contribute to distrust, a sense of vulnerability, and potential exploitation (Wicks & Berman, 2004). Below is a broad range of excerpts from the participating coresearchers that examine the phenomenon of relational consensus:

> Coresearcher 1:
>
> [Consensus] might be why one of the reasons that our relationships with caterers don't tend to work very well. They want odd orders at odd times at different delivery days, different inconsistent quantities, which all would be workable except there's this weird thing about consensus, I guess. We don't have enough history with a lot of that constituency and not enough interaction from me to feel like they understand or respect our constraints and why I can't just, you know, pick and deliver whatever they want any particular day of the week and probably from their side as well, it's probably, you know, a similar thing like there's this weird thing like we don't know who has the power in the relationship.
>
> Coresearcher 2:
>
> You have to recognize…[that] they (major retailers) do control a lot of the market share. However, if you let them dictate to you pricing or any other terms, it only gets snowballed more and more, because they know that they can come to you and demand more down the road. . . We put up a very good defense, and we don't usually cave. And I guess, again, it's because we are the only smokeless company in Canada [that] we can do this.
>
> Coresearcher 5:
>
> When I founded it, I wanted it to belong to the families. That was really important…It had to feel like it was their organization, that [they] were consumers of it, but they had to feel that they were part of it that they could give us their feedback, that they could use the services, that they will feel free to volunteer and to donate to it, too, but it's their organization. And now that we've taken the next step in our genesis and bought our own camp, the first thing that came to my mind was how incredible these kids are going to feel…when they see this new camp facility that we've bought for them.
>
> Coresearcher 6:
>
> The realtor has the ultimate power at the end of the day in their mind, because they control the transaction. They control who they‘re going to work with, They control the paper work they‘re going to use, when they‘re going to put it through. They really feel that they have control. But I guess where it‘s going to really hit them hard is when there is fraudulent activity or an investigation…The realtor

investigation body [makes] sure that realtors do not compromise the integrity of the public, period.

I think brokerages have done a good job [of] stepping aside and letting the realtor feel as if they are the ones in charge…Because they are kind of becoming the boss in many ways, because we want them staying with us. So we don‘t bully them around or try to make them feel that they don‘t have that role, but ultimately the reality is that when you take on the listing, you‘re not on that listing. It is the brokerage listing, so you don‘t push that, because it‘s such a competitive industry, and we want the realtors to feel that they have control.

Coresearcher 7:

With any transportation provider—meaning rail, ferry, airline, you name it—a passenger is always subject to experience a loss of power, a feeling of hopelessness, when you have no ability to be able to personally make that plane, train, or ferry [do] wherever you want it to.

. . . A good example is you're sitting on a plane for twenty minutes and it has not pulled away from the terminal…Your sense of frustration goes up, and your sense of powerlessness goes up, because there's nothing you can do. . . And that's where the sense of power or lack of power comes from in this relationship.

Coresearcher 8:

They are very mercenary relationship[s], the relationship between the pharma and patient groups. There are lots of nice fuzzies, beautiful meals, [but] the bottom line is they both need each other for a very clear reason: one needs access to product, the other one needs access to money, and that's the relationship.

Coresearcher 9:

Power and control [do] influence a lot. . . There are a few [stakeholders] that [are] really passionate about what they do and really passionate about seeing the city move towards a kind of sustainable realm. . .They're the ones that take control, because nobody else is doing it. . . It's not something that falls within anyone's mandate to say, "Okay, this is ours. This is ours." But you've got a few that are saying, "You know, I don't really care. Let's just get out there." And they start taking charge, and they start instantly. There's a group of directors that instantly are going to be turned off by that and whether they believe it or not, you know, believe in sustainability or moving towards that direction, they'll just shut it off. I've seen it.

Theme 6: The construct of commitment is an abstraction. Coresearchers were asked to define *commitment* and the role that it plays in stakeholder relationships. Similar to notions of trust and satisfaction, it was difficult for researchers to consider commitment in isolation from the other constructs central to relationship capital. In fact, when coresearchers were asked to discuss the role of commitment in a relationship, they often defined it as an outcome of relational satisfaction. For example, coresearcher 5 stated that ―commitment for us would be if the child wants to come back to more programs." Moreover, coresearcher 12 argued that ―commitment it‘s absolutely critical to the relationship, but the relationship still exists without commitment."

In contrast, other coresearchers interpreted the construct of commitment as an input to satisfaction and trust. In this view, commitment was required to build trust and contribute to satisfaction. As coresearcher 4 explained, ―satisfaction and then trust can only be earned in my experience if commitments are met." He further identified how meeting commitments contributes to trust:

> When you move on to the agreement and execute, and so, for example, we have a First Nations relationship, which is extremely testy and there were, honestly, you know, at least three calls per day from the chief and chief's uncle and this was over a period of months and we have reached an agreement and we're executing on that agreement and the calls have stopped because the parties are now executing on commitments.

Coresearcher 1 considered the role of commitment as central yet circular. Commitment contributes to trust and satisfaction, which then leads to a deeper commitment:

> It matters to us that they have that commitment. . . .If a caterer calls me one week ahead of, you know, a massive function going on and says, "Hey, you know, I got this big function. I absolutely need local food." if I sell all of our salad greens to that one customer…I'd be violating that trust that I have with all my other customers that, you know, I won't be able to give them that reliability, right? So I, you know, in that case, I would tell the caterer, "Sorry, man. I'm sure you

> understand, but I can't. I can't sell to you. You know, I have to meet my obligations to my regular customers first.

Coresearcher 6 clearly viewed commitment as a behavior: ―Our commitment to [the] realtor [is] huge. We are extremely committed to the realtors. And I think it up‘s the challenge, because we are so dependent on them. We have to be. If you‘re not, you‘re not going to grow."

Consistent with POS, numerous coresearchers explained that commitment often possesses highly personal dimensions. Coresearcher 7 suggested:

> Commitment, I think, is more from an interpersonal level, meaning the employee that works in this organization likely has either a direct relationship with that consumer, that frequent traveler, or is a friend of a friend…So that sense of commitment would be commitment from the standpoint of not wanting to fail or not wanting to hurt the personal relationship with that employee. . . .That's my sense on it, because I think they view the organization in its entirety as a kind of just amorphic, can't really understand it and don't even want to try, but I know Frank who works on, you know, over there.

When asked about the role of commitment in stakeholder relations, several coresearchers emphasized the personal nature of commitment:

> Coresearcher 1
>
> Commitment is really important to us. . . Our box customers, for example. . . [are] subscribers to the program; they pay in advance. We're flexible on how far [in] advance they have to pay, but we definitely want them to feel like they are our customers, and we are their farmers. . . It's not just a box of produce. . . We definitely want to foster that idea that, yeah, you are our customer. . . All my zippers [are from the] YKK brand, but I don't feel like I'm an YKK customer. Do you know what I mean?

Some coresearchers suggested that commitment weakens dramatically when it is depersonalized. This may provide an excellent means to contrast the two different constructs of commitment. The first construct views commitment as an attitude. As demonstrated, this form of commitment was observed and defined as possessing highly personal values and emotional dimensions. In this sense, commitment is a state of mind. In contrast, a consumer may commit to a financial service firm in the form of a mortgage contract but may do so void of any emotional commitment. Three coresearchers articulated the difference between these two forms of commitment:

> Coresearcher 6:
>
> I don‘t think they‘re as committed as we think they are. Because real-estate [is] such a personal relationship, and it‘s usually with your manager. So if the manager has done a good job of creating a sense of loyalty to them, that‘s going to be much more important than them saying to themselves, ―Oh I don‘t want to leave, because they‘re such a great company.” In my conversations with people, they still see themselves as the business, and they don‘t necessarily deem the brokerage to be that important when it comes to the overall. It‘s all about them, so it‘s not about the brokerage.
>
> Coresearcher 7:
>
> You're absolutely right that it's perceived by some as the necessary evil, you know, a monopoly environment. You've got to use it. There is no other option. But where commitment comes in, I think, is more on a personal level, meaning a lot of the people that work in this organization live in the communities that the consumers live. Our friends were the consumers who use the service. So the commitment, I think, is more from an interpersonal level, meaning the employee that works in this organization likely has either a direct relationship with that consumer, that frequent traveler or is a friend of a friend or know[s] somebody, and so that sense of commitment would be commitment from the standpoint of not wanting to fail or not wanting to hurt the personal relationship with that employee.
>
> Coresearcher 18:
>
> My belief is that satisfaction is more of a feeling. It's an emotion, and commitment is more of a cognitive construct. It's so much as an affect…It's not like ―I'm mad. I'm sad. I'm unhappy.” It's more like your brain is going through, "Here's the inputs. Here's my outputs. Here's everything it's going through. I'm committed."…It doesn't have the same affective elements as satisfaction does, I would say, but in the psychology literature from ten years ago, it was seen [as] cognition.

This abstract interpretation of commitment by the coresearchers will be a factor in the development of the quantitative instrument. If the concept of commitment possesses characteristics that transcend the constructs of trust, satisfaction, loyalty and cooperation, then it will be impossible to measure it accurately as a statistically unique construct.

Research Question 2: Relationship Value Drivers

To examine Question 2 and its associated research proposition, the researcher asked each of the coresearchers to identify the top priority stakeholders of their firm and what, from their perspective, motivates each actor to engage in this relationship. This case study design permitted the coresearchers to provide deep insight into this phenomenon. These discussions highlighted four major themes (refer to Table 17) linked to the phenomena of sources of value in a relationship.

Table 17

Relationship Value Drivers

Major themes
1. Economic and scarcity value are core to the economic exchange and must be considered simultaneously.
2. Perceived reciprocity is influenced by interpersonal relationships.
3. Perceived reciprocity and value congruence are strongly related.

Theme 1: Economic value and scarcity value are both central to the economic exchange and must be considered simultaneously. Economic value was identified as central to a commercial relationship by all coresearchers except the CEO of the children's health foundation. However, the original definition of *economic value* may be too narrow

of a category to capture the scope of how this source of value was defined by the coresearchers. Coresearchers consistently stated that the perceived value of the relationship is highly influenced by the value of the goods or services that compose the commercial exchange. Therefore, this value driver appears to capture the broader scope of all value generated through the exchange process.

Coresearcher 1:

> I've had restaurants comment that even though our produce is more expensive per pound, it actually ends up being a good financial position for them, because there's a lot less prep time involved and a lot less wastage.

Coresearcher 2:

> You know, they get something…whether it be our expertise, our sharing of market knowledge and in return…we get [something] whether it be listings, placement with in store, or assistance…The bottom line would be economic gain for everybody along the whole supply chain …What comes out first is just a relationship.
>
> Everybody is here to make money, and so you need the right products at the right price on your shelves. . . The other driving motivator, obviously, is have we got the right products at the right price, you know, out in the marketplace?…Are [the salespersons] out there, you know, doing justice at the retail level to making sure these products are out there? So I guess, you know, in a roundabout way to answer your question, it's a two-fold, it becomes both personal and financial, you know, as a business relationship.

Coresearcher 3:

> Because they are not an employee, [physicians] bill the province for absolutely everything they do. So the more they do, the more tests they order…Transactions increase their income…So we say, what's in it for them? Okay, maybe we don't have to close an operating room for a day if you can come to the table…Instead of ordering the most expensive or the name brand drugs, you order off the generic list, and it will save us as much money annually…But they're motivated, because they know if they don't come to the table, they're losing business, and it's their income.

Coresearcher 6:

The number one reason why someone would be coming to a company like ours is because they feel like we will help them succeed. Because most people are coming in fresh with no background per se in sales, it's a totally new industry for them half the time. So the way the company is positioned it's sort of like Wal-Mart in some ways, where you got all different class and types of people buying at Wal-Mart because it's a value. You can have executives shopping at Wal-Mart and people who are really struggling financially. I think people are really starting to see that in us, that we provide value to each demographic.

Coresearcher 7:

For every dollar increase, there was… a marked decrease in transportation. I can't remember exactly what the ratio was, but there was correlational variable in price elasticity, too. For every dollar increase in price, there was corresponding drop off in volume. . . What you were doing to try to meet this specific need to one specific audience [was] now being compromised, so that audience doesn't feel necessarily that they're also being treated unique anymore. So it ended up diluting that, the perceived uniqueness of that product for that market. It made managing pricing dynamics very, very difficult because, you know, what route and what price you might have on one specific transportation route, you had to effectively play that albatross, that pricing albatross off [of] what was the impact on other routes.

When they start to look at the cost of using that service, it can create an emotional relationship when you've got frequent travelers or residents that are effectively. . . [trapped] in one market. They have a very, clear emotional point of view about not only your goal in their lives and how important you are in their lives, but also the cost of that relationship that they experienced maybe day in and day out as the necessary evil of you, if you want to call it that.

Coresearcher 8:

So, of course, the big thing is funding their organization. So patient groups ought to be very careful about that, because they can't be seen to be on the "payroll" of a pharma company. But there are lots of different ways that you can give an organization money. There's arm's length grants and the, if you're interested in this, the R&D, which is the pharmaceutical lobbying group in Ottawa. There's a whole list of guidelines in terms of donations to patient groups and how it should be structured and so on.

Coresearcher 14:

But, you know, when we go into an area and we say, yes, we are going to be active, we have a number of drills that are scheduled to occur in whatever quarter.

> Those are trickled down in economics, right? We've got guys in the area. They're going to need to go for lunch somewhere. They're going to need to fill the trucks with gas somewhere. They're going to need services. We're going to be relying on service companies, either for mud or equipment or trucking or hotshot services or whatever.

The notion of a value driver that incorporates all economic value central to the exchange process is consistent with the theory presented by Lacey (2007), which contends that a relationship based exclusively on economic value is at risk of commoditization. The proposed construct of scarcity assumes that a relational partner possesses resources that are rare and thus provide increased leverage in the risk-return calculation central to the exchange process (Barney, 1991; 1996, 2006; Lacey, 2007). The coresearchers that participated in this study confirmed the role of scarcity as a value driver; however, it was often highlighted in context of the economic exchange process and the competitive dynamics of a particular industry or product category. Therefore, in certain categories that have limited or no competition, scarcity was often mentioned as important source of value in the economic exchange.

> Coresearcher 2:
>
> In our case, we have a unique situation, because we have no competition in our direct category. We go in and we train their people like if they have a sales force….We go into their buyers or key people and we do product presentation, marketplace presentation….Every store should have these ten products at least. So it's educating them.
>
> Coresearcher 5:
>
> We don't have a lot of competition in the field, but…we're up against for the donated dollar from other agencies, other children's health-related agencies. So, you know, we're kind of in the middle, because we're children, and we're health.

Coresearcher 7:

Well, effectively, with the exception of flying, it's really the only option that's available to them so there's, by default, there's a relationship that they kind of must have. If they want to take their vehicle, if they want to take their vehicle with them, they have to effectively use that service. There is no other option.

Coresearcher 8:

So as a pharmaceutical company, when you're launching a new product, you need to have patient groups on site for a variety of reasons. You need them to advocate for your product, not necessarily directly—they'll never do that—but to be able to say that it's one of many options, or it's a new option. You want them involved in focus group testing in terms of how the drug is going to be positioned in front of pairs.

Theme 3: Perceived reciprocity is influenced by interpersonal relationships.

Coresearchers rarely identified reciprocity as an attribute of an organization, firm, or brand. Rather, it appeared as an attribute of a personal relationship between two individuals. As coresearcher 2 stated, ―They have a very one-on-one relationship with a great number of their suppliers and, you know, we‗re one of them, and it's very personal. Everything is down on a personal level first and then a business level.” This personal dimension of these relationships transcends product and industry categories and stakeholder types. The powerful role of personal relationships identified by the coresearchers reinforces the conclusions of Bruning, Castle, and Schrepfer (2004). Below is an excerpt from a variety of coresearchers who highlighted the very personal dimension of reciprocity:

Coresearcher 1:

I try to make these personal contacts as often as I can, but the only person I see on a regular basis is our delivery guy. . . You can really see when he's not happy… I remembered one of my more volatile chefs, basically him and this chef sort of got in a scrap. And this chef who is very volatile and very Italian and I remember him calling me about the delivery guy and just F‘ing this and F‘ing that, F‘ing. I got three messages to that respect. It was just hilarious. . . but interspersed with all of that was a lot of. . . but you know, I fucking love you like. . . He's like, "And that's the reason I still deal with you guys, but I fucking love you guys."

Coresearcher 2:

In many stakeholders, yeah, it becomes a very personal thing. You know, we're interested in growing their business, and they're reciprocating like they're looking for some way to help us.

It is our personal relationship that we have with them. So, in a great many cases, these people will say, "Yeah, we will give them an hour's time, because, you know, I know their business. I know they're good people. I know they're looking after my business.

Coresearcher 4:

The relationships get deeply personal, and this is my own personal observation. It's the culture of the desire to deal chief-to-chief, much of it oral, you know, in its nature, until a suitable arrangement is met. And then everything is papered, you know, considerably with the assistance of lawyers.

Coresearcher 12:

It gets back to the respect. At the end of the day, we may not agree on everything, but we can agree to disagree. I respect that you have those values. I respect the fact that you don‘t want to have this well in your backyard. All that good stuff. . . You understand why I want to do what I want to do and respect the fact that I own the oil and gas rights underneath your property. We‘ve worked together to understand what our interests are. And while we took a list of issues that were this far apart, and we‘re still this far apart from getting an agreement, and we can‘t get any closer. We‘ll go in front of the regulator. We‘ll let the regulator make the decision about this last little piece to be resolved, and we‘ll do it in a way that‘s mutually respectful. You and I can still go have a beer at the end of the day. It‘s not personal. We both have values and. . . even though we don‘t agree, we can separate the issue from us as individuals.

Coresearcher 13:

Converting photographers to exclusivity was an indicator of strength of the relationship. Interestingly, within the photographer group, regardless of exclusivity or non-exclusivity, we had these concepts. . . we use iconographics to avatars to identify a bunch of things. So if you were a photographer and you had a certain number of downloads, you've got a different colored icon, right? And so there was internally. . . we got to a point where, you know, talking about

> cavorting research and measurement, people would buy their own images, sometimes to get to the next icon, not in massive volume because we're not wealthy people, by and large. But it was interesting to see how effective the meritocracy was within that, within group.

Theme 4: Perceived reciprocity and value congruence are strongly related. Value congruence and perceived reciprocity are strongly related. The influence of value congruence in stakeholder relationships has been identified by a wide range of scholars (MacMillan et al., 2004; see also Heath & Hyder, 2005; Lacey, 2007; MacMillan et al., 2005; Mizik & Jacobson, 2008; Morgan & Hunt, 1994; Palmatier, et al., 2006; Pawle & Cooper, 2006; Ledingham; 2003). As an extension of this, a theme emerged that suggests perceived reciprocity and value congruence are strongly related.

Coresearcher 1:

> I'm hearing more often as well is the community aspect. . . That farming could be a pretty isolated activity. It's the reinvigoration they get through their interaction with the group of other farmers instead of doing it on their own, everything from sort of really pragmatic, you know, in our casual conversations while we're packing produce together hearing, "Oh, this week I'm seeding my peas, or, you know, this is a new solution I'm trying for my flood problem," or whatever that kind of advice down to just, oh, I don't know, just support when they're feeling overwhelmed in that height of the season.
>
> They like the idea that we're a group of women who work cooperatively… and some of them, again, not all, but some of them like the fact that two out of three of us have kids and that we're small scale, family-run farm.
>
> We had a man doing the job that my partner and I do now. I had been doing it, and then I took it back over after the one year that we had our friend being our administrator and, you know, salesperson. He was very competent. There was nothing measurable that we could see about the service he was giving to our restaurants. It was. . . inferior to this service that I give to restaurant and yet, when he was making the calls, the sales dropped a lot. They dropped significantly that year and at that time, we thought, "Oh, well, maybe it's a slow year for the restaurant. You know, maybe it's a slow tourism year or something like that." But I don't that was the case, but there was something about the sound of his voice. I think to a large degree it may be because he was a male, and most of the chefs we deal with are male, and they like talking to a woman.

Coresearcher 5:

When they're diagnosed. . . they have no idea what they need. You know, they just need to feel comfortable. They need to feel comfortable, and they have real huge desire to feel normal again. And if they can find that through our foundation in the programs that we provide, then great.

Well, first of all, they need to know that they're not alone, that they're not the only one that's going through the experience, and they need information. They need support. They need programs that help them to come together with other families and other children and just by being in a fun and relaxed atmosphere that they're doing something generally recreational, because that's our specialty.

Coresearcher 9:

What I certainly realized though is if you're looking at who you do want relationships with, who you need relationships with, you know, absolutely, these now come into play. If not, it's just about, you know, the social capital will cover a lot, but really, it's like that I'm working with Council. There are some members that are driven by that. Your relationship will be based on that, or you won't have a relationship.

Coresearcher 12:

You know, it gets back to the values. . . If you're going to meet somebody, ideally for both you and them, you'd like it to be productive. And for a productive meeting to take place, it's important to know what the agenda is. What are we going to talk about?

Coresearcher 13

If you are, in fact, capable of introducing this emotional values-based connection to whatever it is. When it becomes more ubiquitous, what's the next step? How can you solidify that emotional connection? Well, maybe, it's having a more convenient transparent ecosystem where they are actually interacting with those community donors on a meaningful level. . . Maybe it's volunteering that's tied at. . . I don't know what it is, but you just can't think this platform is it.

Well, if I am completely indifferent to a brand because my product orientation is a commodity one as opposed to a specific one, then there may be elements in your social capital bucket or whatever we want to call that, which are much more persuasive than other attributes. Because all else being equal, I might be influenced by my personal orientation. My values are kind of basic stuff.

So anyone on those segments to whom community and disruption and democratization and social benefits and, you know, all of those certain things. They would tend to be voting either voting with their feet or they'd be minimized as the voice of economic clout kind of took over.

Research Question 3: Relationship Moderators

The literature review identified relationship capital as being moderated by a range of variables. Proposition three (P3) hypothesized that these variables could be clustered into three major categories: (a) mass media influence, (b) peer networks influence, and (c) relationship duration value. During the phenomenological research, three major themes emerged that will now be considered (refer to Table 18).

Table 18

Defining Relationship Moderators

Major themes
1. Direct interaction is the most influential variable in the generation of relationship capital.
2. Mass media and peer networks are interdependent constructs.
3. The role of peer networks is highly influenced by a range of structural dimensions.

Theme 1: Direct interaction is the most influential variable in the generation of relationship capital. Coresearchers identified direct interactions between a stakeholder and a firm as the single most influential factor when evaluating a relational partner. This principle is consistent with the notion that firm-stakeholder relationships often possess highly personal dimensions that are driven by the concept of perceived interpersonal reciprocity. Therefore, moderators are simply variables that moderate the evaluation of a stakeholder‘s direct experience. Literature suggests that direct experience in the form of a personal interaction or product use is the most trusted source of information for an actor to pass judgment (Allsop, Bassett, & Hoskins, 2007). Below is a broad range of excerpts

from coresearchers that highlight the importance of direct interaction as the dominant source of relational information:

> Coresearcher 2:
>
> They have a personal relationship with them, like they have them over for a barbeque on a Saturday night. . . .We take them out to special events, you know, Calgary Stampede for example. . . .We rent a tent there and we bring, you know, X number of people there and…just for a good time. People, we take them to hockey games or whatever it is. So a great many of these people, we have a very, like, one-on-one actual personal relationship with, and second, it becomes very touchy. . . You've got to know when to cut off the personal relationship with a business relationship. So in a great many cases, these people will say, "Yeah, we will give them an hour's time, because. . . I know their business. I know they're good people. I know they're looking after my business.
>
> Coresearcher 5:
>
> I think most of our families' relationship or opinion about us will come from the experiences that their kids have had at our programs. . . and that's directly related to the staff and volunteers and how well they've done at their job. If their kid comes home and they can't quit talking about camp or can't quit talking about an event or a program that they went to, I think that that really has a strong influence on parent's experience. I mean, there's nothing more important than your kid's happiness.
>
> Coresearcher 10:
>
> Being happy with the experience more comes around to the people that you deal with. It‘s the staff that you deal with— their attitudes, how they treat you, what the food is like. It‘s amazing how much of a satisfaction is driven by the food they eat. It has very little to do with how well you came out.
>
> Stimuli for those relationships? The patient. What‘s the patient like? Is he an ornery person, or is he a nice person? What‘s your manager like? What are your fellow staff members like? What‘s their attitude? Good people? Bad people? Did they have a bad day? Are they bitchy? Are they happy? All of these things in your environment throughout the day are going to have an impact on how you feel about your day.
>
> Coresearcher 12:
>
> It‘s being in the community, sitting down over a cup of tea, or a glass of beer, or whatever it happens to be, lunch, whatever, and talking about what really matters to them. And for the proponent to talk openly and honestly about what really

> matters to them, so that people can begin to understand…what's out there and try to help them find some common ground.

Theme 2: Mass media and peer networks are interdependent constructs. Theorists such as Granovetter (1973, 1983) have long identified the influence of peer networks on attitude and behavior. Katz and Lazarsfeld (1955) first hypothesized that peer networks and mass media are highly interlinked in what they deemed a *two step flow of communications*. This theory suggests that mass media influence is highly intertwined with homophily peer networks. Mass media can build awareness, but it is the embedded trust of peer networks that have the power to persuade. The interdependence of media and peer networks was further supported by Graham and Havlena (2007).

The fundamentals of this theory emerged as a dominant theme among coresearchers. In isolation, media was rarely identified as a significant moderating variable. However, media consistently emerged as a theme when the researchers discussed networks. In this context, media embeds an impression amongst a single member of group, and this impression leverages the credibility of its members to diffuse in the network. Below is an excerpt explaining how attitudes form through these external stimuli:

> Coresearcher 4:
>
> It will start as a grassroots discussion, and my experience is that First Nations will conduct research, so very much as you mentioned the annual report. Very savvy individuals who can cite off your earnings and your assets and revenues and utilize those in the negotiations. In terms of advertising, I've heard that reference as well. I've experienced in negotiations, the First Nations' negotiators linkage between our brand building and our community investment and reputation and how inability to come a suitable agreement with First Nations could impugn that reputation, so I've seen everything and heard everything.

Coresearcher 6:

They do look at our advertising, and they look at the image of our company and form opinions. And I think there is some dissatisfaction with our image and our ability to provide professional looking material. So that could affect their ability to think better of themselves. So when they are competing with a company with a stronger brand, it can be intimidating, because they might not have that perception that there as professional if they don‘t have the confidence yet and built up the skill to not want to be so associated with the brand and being successful.

Coresearcher 7:

The other major influencing factor was the media. This organization was a lightning rod, partly because of the history of being in government, but partly because of that previous bad management decisions and politically motivated decisions that articles…significantly impacted and continues to impact people's perceptions about that organization.

Coresearcher 12:

We go up into a nice office, sit down, and the buyer, Executive Director, walks over, picks up a binder, sets it down on the table, and says to the employee of my client, ―Here‘s every press release that your company‘s ever put out in the past four years. My understanding is this is what you're doing, why you want to do it, when you want to do it. The whole economics of this place, all about what the geology‘s all about. What would you like to talk about?" They knew more about the company—In fact, I think they knew more about the company than what the employees did, which is us. It was kind of scary.

The other thing to think about too is—depending on the size of your company—is what‘s the relationship between this project and all of your other projects as a company? And so that if you mess up, any of the big multinational companies, if you mess up in Northeastern Alberta, let‘s say you're Total or Conoco Phillips or Imperial or whoever, and things go sideways on you in Alberta, what does it mean and what‘s the impact?

Coresearcher 13:

We talked about forums as if there's a single forum, but there are, in fact, many, many topics and people. . . If you were a photographer and you wanted to come to iStock, you could find at any hour of the day, because it was twenty-four, seven and truly global in its scope. You could find somebody who would chitchat with you about an issue, about how to shoot. . . On a scale of not very to wildly, they were wildly.

Coresearcher 14:

> I'm trying to form indirect relationships with who we deal with. So, for example, we're large supporters of 4-H, and we're also large supporters of Canadian Petroleum Discovery Centre. So I can kind of step back one day and went, "Ha, why wouldn't facilitate a field trip for the kids at the 4-H camp to go to the Canadian Centre for Petroleum Discovery because it's our industry?" So why not help the kids learn more about the industry? We can facilitate it. We'll have a few key people in the field to answer questions, but what a great way for us to bring those two groups that we both support to meet each other.

Theme 3: The role of peer networks is highly influenced by a range of structural dimensions. The influence of peer networks is context-dependent. In this research, the coresearchers identified a wide range of structural variables that impacted a peer network's moderating influence. The variables that were highlighted by the coresearchers included:

1. The size of the network;
2. The influence of the opinion leaders;
3. The primary communications channels (face-to-face or virtual); and
4. Relationship duration.

Below is a range of excerpts from coresearchers who discussed how peer networks influence attitude and behavior:

Coresearcher 1:

> The reason that they become customers in the first place, the reason they hear about us, is not advertising. We don't advertise. It's word-of-mouth. The chef community is pretty small, so, you know, two chefs at one restaurant becoming executive chefs somewhere else, and, you know, executive chefs of the hotels, then move on and start their own restaurants. . . I would say that the majority, probably the majority of the chefs in sort of upper mid- to upper-end restaurants in town, have at least heard of us.

Coresearcher 2:

If you just take the tobacco industry as the master category, it is a very cliché, almost like a unique club… The reputation of an individual or company. . . is quickly passed. . . at these meetings and everybody talks, the buyers. They talk. I mean, you go in to see them when they started saying, "Well, I heard. . . XYZ about XYZ company. . . any truth to it?" So we're a very close company at a close category…

Coresearcher 5:

Lots and lots of families become close personal friends, either after their child is off treatment or even after the child may pass away, there's still lots of friendship support from this disease. And it's interesting why that happens. It's because, of course, you know, misery loves company, but also it's that understanding that you don't have to explain everything to everybody every time you want to go out.

Coresearcher 7:

I would say you probably saw most of the peer networks from the [smaller] stakeholder groups that were impacted, not the majority of mass consumers. So the peer network perceptions would absolutely be affected by the people that were part of a chamber of commerce or that were part of or represented the tourism industry or represented the commercial trucking industry.

Coresearcher 13:

Yeah, so I mean, the influence of others would be through the [online] forums mostly. I mean, in terms of, you know, that's where these top leaders and, you know, larger contributors would weigh in typically. And if they didn't weigh in, they would be sought out by someone to weigh in, and so the influence of those top leaders or higher producers would be quite impactful on their perception of positively or negatively and what might be going on in a particular area.

Coresearcher 14:

If you're out there living and working and you've got kids going to school, the last thing you want is, you know, Burt Smith standing behind you in a line in a bank and say, "You're going kind of fast there last week, weren't you?"

You know, in some cases, we may have employees that are traveling into centers to, you know, take battery readings or do service work, but then in other towns, we actually have employees that are living and working in that area. One example is Joe. I had the wife of our superintendent phone me yesterday and she said, "Sundays, we can barely go outside for a walk without people coming to say, 'Oh, Joe, you know, kid's Little League is next week. Can your company give us

> some money?'" You know, she said we get that everywhere we go, and they get mails sent to their house with our company name on it, because people know where they live.
>
> Coresearcher 18:
>
> [The] impact of the peer I'm proposing is greater if the relationship is shorter in duration, because if you're dating a company and you're thinking, "Oh, I have this offer and I have two offers," and everyone is like, "Wow, don't go near that one." . . . But if you've been there for 30 years, you might go down from eight to seven, but if you've been there for three months and you hear all that stuff and you're like, "I'm out of here."

Research Question 4: Monetizing Relationship Capital

To test the two propositions, each coresearcher was asked about the perceived relationship between stakeholders and the firm's key performance indicators. In addition, each was asked how they currently measure this relationship and any challenges that may face. Six major themes emerged from these discussions. The following section (refer to Table 20) will analyze each theme and their implications on the proposed Stakeholder Scorecard.

Table 19

Monetizing Relationship Capital

Major themes
1. Stakeholder metrics must demonstrate a stakeholder‘s link to firm‘s strategic priorities.
2. Both loyalty and cooperation can be directly linked to all metrics of value generation through revenue generation, cost reduction, and asset utilization.
3. Unlike loyalty and cooperation, advocacy is not directly or causally related to shareholder value generation; it is an antecedent of both relational loyalty and cooperation.
4. Relationships are intangible assets, and therefore most coresearchers referred to intuition as the most effective tool to assess relationship and their impact on a firm‘s performance.

Theme 1: Stakeholder metrics must demonstrate a stakeholder's link to firm's strategic priorities. The interviews explored the perceived value of stakeholders and specifically how they measure the relationship between stakeholders and value generation. One of the dominant themes that emerged is that the value of a stakeholder is related to their impact on a firm‘s strategic priorities. Therefore, stakeholders possess an enabling function for firms. According to the coresearchers, any measurement of stakeholder value must be directly linked to the firm‘s priorities. This principle is consistent with the Balance Score Card (BSC) used by Kaplan and Norton (1996, 2004). Below are a wide variety of excerpts from coresearchers that explore this theme:

> Coresearcher 3:
>
> [The patient satisfaction survey] is not well-known or linked to the BSC and that's a disconnect, so these stakeholders should be contributing value on all quadrants. But that's something where the circles or the balance scorecard will go up in, you know, to the board. None of these physicians would have a clue of what any of that is.

Coresearcher 4:

Yes, we've had to build business cases…to secure management's support for incremental investment, activity initiatives, policies. . . It can't be intuitive or gut. You have to put it in business terms. And so avoided cost, risk mitigation, competitive advantage—those consequences are all extremely important.

Coresearcher 5:

Being diagnosed with childhood cancer is, you know, it comes at a really high cost. The treatments, the cure, the personal devastation that it causes to a family . . . We're trying to mitigate all that devastation by our programs. . . Our focus is on putting back into society a child that has survived their disease. . .with the best set of skills and confidence and thriving nature that they can possibly can.

Coresearcher 7:

There were revenue targets and profitability targets. There were ridership targets. . . There [were] different types of revenue that were always good performance indicators, meaning sale of merchandise or food services on board, or any other amenities that were available on board. Metrics like [the] number of trips without incident, on-time departures, on-time arrivals, incidences where no employees were hurt, days where no employees were hurt—a whole slew of different kinds of performance metrics.

Coresearcher 8:

At J&J, every two years, they do the Credo survey. And, of course, the Credo is the fundamental tenet of the company that people actually believe and talk about. And it's in every board room I every was in at Johnson & Johnson.

If you look at the first lines of the Credo, our first responsibility is to the doctors, mothers and fathers, and patients who use our products. So if you were about to do anything that was going to damage that, that wasn't a good business decision, no matter how much money it was going to give you.

Coresearcher 10:

Trying to get down to the critical measures of each 20 to 25 that we charted, we tried to make them into pictures, rather than numbers. To show change over time and put them into a scorecard booklet.

Coresearcher 12:

Maximizing shareholder value is the ability for you, as a proponent, to be able to attract capital, so you can deploy that kind of stakeholder engagement is, in part, a means to put aside the regulatory. . . .What we try to position for clients is, if we can get out and engage with this community and find out early on what conditions and concerns are, get them addressed as fast as we can, you‘ll be able to put steel and the ground faster return on the capital and stakeholder value.

Coresearcher 14:

How are our relationships with MLAs and different government officials right now for the province of Alberta as compared to a year ago? Well, actually, we think they're pretty good. But why do we think that? Well, if you look at 2007 or 2008 compared it with 2009—in 2008, we only had six meetings with these panels. In 2009, we had 28 meetings before June 1st with these elected officials about these topics, so no wonder we feel so we're in a better place. So I don't know if that's the right way to do it right now, but that's how we started.

Coresearcher 18:

This is something that I spent a lot of my time with. It‘s convincing leaders in the organizations as a business partner that their behavior impacts employees' responses. And these responses do come back, and they're very much present. And they do either help or harm the manager directly or the company, and so this has a lot of worth in the world over the last ten years…It always bothered me as an HR practitioner that we tend to focus on financial outcomes, because it seems like that's the only outcome that CEO or senior executive will actually pay attention to it. . . People, senior executives, are there and choosing not to look for the other behaviors, because they don't have value. Shareholders don't come to them because they have 94 percent turnover, and they don't care. It's just with a bottom line, but all are there. And [those] behaviors are visible, and they're easy to see if you pay attention to them…Executives are always baffled by it, but they are they in front of them. I would also say that also there it's an intangible.

Theme 2: Both loyalty and cooperation can be directly linked to all metrics of value generation through revenue generation, cost reduction, and asset utilization. Both relational loyalty and cooperation were cited as essential goals by numerous coresearchers. However, many coresearchers had difficulty differentiating the two constructs. To many participants, loyalty was simply a form of relational cooperation.

However, one common trend was that the construct of loyalty was most often cited by coresearchers who discussed their relationships with either consumer stakeholders or employee stakeholders. In contrast, the terms ―cooperation” and ―collaboration” were often cited by coresearchers who highlighted external stakeholders such as retail channels, regulators, or communities.

Loyalty from a consumer stakeholder can be demonstrated by reliable repeat purchases or by increasing the number of products purchased from a firm. For example, coresearcher 7 explained that ―the positive aspect of that relationship or the positive behavior that you would see is increase in ridership.” Below are several excerpts from coresearchers on how loyalty generates value for the firm:

> Coresearcher 1:
>
> Consumption and. . .the duration of our relationship matters in that way, because the more people, the box customers, for example. Turnover is costly to us, actually on both ways, financially- and job satisfaction-wise, because financially of course, you know, it's more administratively heavy if we're doing that.
>
> Coresearcher 7:
>
> Somebody might join our organization or become a customer of our organization for one specific product because they saw a good rate or because it's close to their home or they heard it from a friend. And the more they then try it and experience it, the positive nature of their relationship might mean they buy another product . . .and they then go on to buy multiple products.
>
> Coresearcher 9:
>
> Again, whether they're performance targets or more management-based targets, specifically around that performance-based targets, we need loyalty. . . I see groups that are loyal to us, and I see groups that are not loyal to us. They would just turn their backs and then they'll say, "You're trying to take over everything. We're not playing ball with you," that kind of thing.

Coresearcher 18:

> They were loyal. They [were] what we call in psychology ―extra role behaviors," the above-and-beyond behaviors, or relationship behavior is also what they called [it]. So they would do all of those things that weren't in their job description, and they'll be happy to do it. . .All the peers thought it was a great place to work. . . They trusted that they wouldn't get screwed over. . .As a result, we have high customer retention, high customer satisfaction, and revenues were actually really, really great.

Coresearcher 4 explained why he did not think loyalty was a reasonable objective in external non-consumer stakeholders:

> The context here—the way we operate is—we're not invited in. We are looking for permission to provide services to customers who are thousands of miles away and, you know, we are in the business of connecting them. And it means going through a lot of private land, into communities, and so we are invited in. And these stakeholders aren't looking to have a relationship with us. So the issue, this loyalty question really doesn't, in my view with this model, the loyalty concept doesn't apply.

In this context, these firms did not seek loyalty from a stakeholder. In building a positive relationship, they sought a minimal level of cooperation to provide a *social license to operate*. This social license mitigated risk by offering a level of predictability. Coresearcher 9 defined cooperation as ―the ability to do what you want to do in the timeframe that you want to do it, whatever that happens to be." Coresearcher 12 provided an example of cooperation when the stakeholder ―told the regulator, ‗We are not intervening on this application because we worked out an arrangement'." Therefore, similar to loyalty, coresearchers could often directly and causally link increased cooperation to value through revenue stimulation, cost reduction, or asset utilization. Below is a range of excerpts from coresearchers who identified cooperation as an essential asset that contributes to increasing firm value often in the form of increased profitability:

Coresearcher 1:

I called probably one of my favorite chefs and said, "Well, it was really hot today. My strawberries are ripe and softer than I thought they were going to. You know, can I sell you some strawberries?". . .Other times, when I'm making my calls with some of my best chefs, I can say if there's an item that just not selling, I'll say, "Can you please buy this?" And they'll say, "Okay, yeah. I can rework my menu. I can work that in."

Coresearcher 2:

When you need a favor from the government, you call in your favor and ask them, . . . can you write a letter. . . on our behalf saying…this is unfairly taxed, et cetera, et cetera?…It's a gut feeling in a lot of cases, and. . . it's a partner that should you require information, a hand, assistance in almost any issue that you can go to them and ask them. . .without fear.

Coresearcher 3:

They say, "Oh, my God. I didn't know the cost of one hundred dollars for this and two cents for that. Of course, I'd make that change, but I just wasn't aware." So most often, it is in the awareness, and it's not that they don't want to play the game. They just don't know, and they don't realize how hospitals are funded. Because they're just thinking of themselves, and they think we bill for every patient that walks through the door, and we bill like they bill.

Coresearcher 5:

Some of the assets that they could create for us [are], of course, [on] the revenue side. I mean, the money, the funds, and the volunteers. The spirit and their enthusiasm to say, "You know, we're not only giving to you, and we're going to volunteer for you.". . . It's one of those hard to measure things as well, but let's just do it. We're on the right track.

Coresearcher 9:

It actually has to go back to being very pragmatic. It has to go back to the success of, like when we do take reports, when we do go specifically to Council wanting them to approve things we're doing, either for the administration or for the citizens. You know, you do have that behavior where they're like, "You know what? We know you've done your work. You've done a good job. We're just going to just approve it."

You do have the collaboration and the advocacy. And it's so critical, like all the relationships that you're working on are really so critical in that capacity. I have seen, like when I started at the city and you have them want to where it is

> now. It's gotten a lot better in terms of people working together and seeing the value in that and seeing that we're all working towards a kind of the common good.
>
> Coresearcher 12:
>
> The word we would use for that would be ―collaborative.”. . .We‘ll just use those two dimensions, as trust and time increases. Then on the line going up, would be no information at all. The next step up would be ―Well, I‘ll start sharing information and start giving you stuff.” Then moving up a little bit further, I‘m actually going to ask you about what you think about what you‘ve got and where your issues and concerns are. And then you go further up, and say, ―Not only am I interested in what you think, do you want to work together and try to do something collectively together on this?” So you go from nothing to informed, to consult, to collaborate.
>
> Coresearcher 13
>
> They would spread that love in the forums on topics. By way of support, they would spread that love by word-of-mouth to external sources. . . When we went to these straight shows, for instance, we sent two or three people, our booth would have 30 iStock people because they come from the local city.

Theme 3: Unlike loyalty and cooperation, advocacy is not directly or causally related to shareholder value generation; it is an antecedent of both relational loyalty and cooperation. According to the coresearchers, advocacy is not directly or causally related to shareholder value generation. Instead, advocacy enables future cooperation and loyalty:

> Coresearcher 4:
>
> I did a poll. [We were] trying to determine who had the most credibility, and the politicians and the parish priest rated the lowest. With governments and the company, just a little bit higher, but without fail, the highest was their neighbors.
>
> Coresearcher 5:
>
> They'll not only tell other parents about us, but they'll also go to their employer and say, "You know what? You should be supporting this, because this is a really vital program. And you know many I've taken three months off work because

little Johnny was diagnosed with cancer. And now, I'm back and he's going straight to recovery. We need to invest in this program, because it has helped us so much." So, you know, it extends out that way as well for that, and then they, you know, come back and volunteer.

Coresearcher 9:

It goes back to advocacy. . . people that will advocate on your behalf, you know, when you're not there. They see the value in what you're doing and they will advocate that. But there are people that will come to us. You know, they know we do good work. . . They need to be working with us, and they will always come back to us for things they need or just to be a part of what we're doing.

Coresearcher 13:

They would spread that love in the forums on topics. By way of support, they would spread that love by word-of-mouth to external sources. . . When we went to these trade shows, for instance, we sent two or three people, our booth would have 30 iStock people because they come from the local city.

Coresearcher 14:

Just recently when we went into Community A, we had a barbeque in the parking lot of the Catholic Church thing. So I phoned her and I said, "We're doing this as such. We have an open house here last year, but this year, we're just going to do barbeque, meet and greet, and just have folks come out and see some of the faces of our employees, and we would love it if you would come." And that mayor said, "Oh, yeah, that sounds great." So I hang [up] the phone, and a few minutes later, she calls back, "I didn't even think to ask is there an opportunity for me to say a few words at your function. Just to say thank you so much for coming into our community and just say how appreciative we are of you." And well, that's really great…that she would actually feel strongly enough that she wanted to say a few words to the community about what it meant for us to be there.

Theme 4: Relationships are intangible assets; therefore, intuition is the most effective tool to assess relationships and their impact on a firm's performance. Most coresearchers emphasized intuition as their existing approach to measuring stakeholder relationships. This highlights the often personal nature of stakeholder relationships. Coresearchers continuously mentioned that stakeholder relationships are rarely between two people rather than two firms. As coresearcher 12 stated, ―It‘s people who work for companies build relationships. The corporate entity doesn‘t build a relationship. It‘s all the people who work for the company." Therefore, coresearchers feel that they do not need sophisticated empirical models to tell them whether they have a positive or negative relationship with stakeholders. Below is a range of excerpts that demonstrate the role of intuition in evaluating how stakeholder relationships influence firm performance:

> Coresearcher 1:
>
> We definitely rely on them providing a certain quantity of produce every week, and we see them all the time. So I guess the way that we measure our relationship with them is actually quite personal. You know, talking with them every week. You know, asking what they are doing and actually, physically being able to see that. . . Because we are working so closely with them, we can see that most of their production is channeled through us and that they're not on their own seeking out other customers.
>
> ABC Organics make[s] money, and then we look at…did my farm make money? Because my farm of course, is selling to ABC Organics. So, yeah, did ABC Organics make money? And then we also look at were our staff happy, and are they returning? And also for us, three owners, how happy are we? How burned out were we in the height of the season and, you know, do we feel like we're not equipped, or are we feeling okay? . . .We always feel like jumping off a cliff in September. But, you know, by mid-winter, are we keen again?
>
> [There are] none of the female farmers that we work with that I haven't seen cry, so, you know, it's pretty personal.
>
> Coresearcher 5:
>
> Well, you know, it's interesting because we always have a great year, and, you know, because we don't have the bottom line of how much, you know, how much profit. . . So that's how we gauge success by, you know, the numbers of kids who came to programs, that they had a good experience, that we were able to affect a part of their life, that families are feeling supported and more confident and stronger, that they are being able help their children battle childhood cancer from a position of strength. That's a success—that the kids are feeling like they're getting their childhood back.

Coresearcher 10:

> And they become those assets that you can't measure, you can't feel, and you start cutting out education and organizational development and the good things. You don't know whether they were good. We don't know whether cutting them out is bad. You measure the outcome.

Numerous coresearchers identified the accounting challenges associated with linking stakeholder relationship to shareholder value. This embedded limitations of traditional cost-based accounting has been highlighted by a range of management scholars (Kaplan & Norton, 2001; Daum & Lev, 2004; see also Bontis, 2001; Danthine & Jin, 2007; Dean & Kretschmer, 2007; Drozd, 2004; Moon & Kym, 2006). According to four coresearchers with a background in corporate finance or accounting, the subjective and intangible nature of relationships is the most significant barrier to effectively valuing these assets. The common theme is that any value assumed on a balance sheet must be able to be verified by a third-party. When asked about assigning a value to stakeholder relationships, coresearcher 10 responded:

> You can't audit it. You can't verify it. That's what you're trying to do…It's a business that essentially runs from a financial point of view, given an amount of money, and spends an amount of money. It has no real objective for profit, which would measure a success business. Often, what I was doing was asking the question, ―Are we doing a good job?" And you can't tell from the financial numbers. Breaking even or spending what you get doesn't tell you that you're doing a good job. In the intangible, there is that answer to the question, ―Are you doing a good job?" And who's going to answer that? In the health care field, the obvious stakeholder is the patient, and patients can be treated well or treated poorly. But if the outcome is good, that's a good thing. But are you doing enough of it, or not enough of it, with the money that you've been given? So if it became, early on, as I was working, we really just focused on you're given $100,000,000, and you control your spending within $100,000,00 and do everything you can. But at the end of the day, sitting on a Board meeting, and you can say, ―We made $9,000 surplus at the end of the year, on $100,000,000," that's a good thing. But it doesn't tell anybody about what the business is we're in. And ―How do we measure that?" was always the question I had. That's being intangible, that goodwill of, ―Are the patients satisfied with what they got?" Broader than that,

> ―Are we serving enough of them in our community to do the best with the dollars we get?" It‘s really a tough thing to answer.
>
> It‘s a soft cost of spending. My experience[s] in health care was in organizational development, education, all the rather nebulous things. You don‘t know whether or not something good came out at the end of it. Generally, you do, because it‘s the flavor of the month; it‘s the recent book written. It‘s caught the CEO‘s attention.
>
> Coresearcher 13:
>
> But as I said I think if someone had had an eye on the intangible asset being the relationship and the culture, and in some way to assess the risk of that asset deteriorating or the opportunity to grow it, I mean, it would have meant a different price. And I would say, in my case, if I could do it, it would have meant a much lower price. I would never buy a company that he was the CEO of, because he's too important.

Coresearcher 17, a professor of accounting who specializes in intangible asset and intellectual capital valuation, took a similar position in regards to third-party verification of intangible asset value:

> So initially I started looking at. . . why we expand research development and capitalize it, because in the long run, there are a lot of costs that would add value. So far, accountants. . . more adhere to the cost principle and the reliability of information that is reported in the balance sheet. So, therefore, like all of these metrics developed for intellectual capital. . . there is no consensus on any of these models that have been developed before.
>
> Because so far, accounting has tried to stick more with reliability rather than the relevance of the information. So in the process, like as you said, allocating and determining the value of different types of intangible assets is very subjective.

Coresearcher 15, the managing director of an investment bank, explained the subjective nature of intangible assets. Specifically, he highlighted the *point in time* dynamic of intangible valuation. In other words, some intangible asset that is perceived of value today may have no value tomorrow:

> Double entry accounting says that…for every one entry…there are always two sides to the ledger on any entry that you make . . . From a capital markets perspective, where businesses are valued on multiple of earnings….everyday that I have a good day or a good year and end up writing my distribution channel

> because I've become better at it than everybody else, then I end up booking the other side of the ledger as some kind of gain on my fixed data, which is, you know, subjective. Right? Because at the end of the day, maybe the next year, I have [a] not-quite-so-good year, and I end up having to write down a value with that distribution channel. And accounting, for the most part, though, I know it had its knocks in Canada, it's more judgment-based, but there is still certain basic principles that you apply and, you know, unless you can see it, touch it, feel it, point to it, you know, frankly, it's hard to justify revaluing assets, particularly if there has been no change with control.
>
> For any valuation we do, it's arranged and it's as at a point in time, right? So what it does is it captures a range of potential outcomes and, you know, when we look to it, there are some variables that, you know, have little or no impacts on value. There are others that have much bigger impact, and they can be an external factor like growth in the market, for example.

In the above statements, the coresearcher highlights the importance of valuation of intangible assets during the change of control process. This process assigns an objective market value to the defined intangible asset. Daum (2003) and Beutal and Ray (2004) viewed this process as the only objective way to define intangible asset value.

Coresearcher 15 explained how practitioners in the mergers and acquisitions field attempt to overcome the subjective nature of intangible asset valuation by relying on triangulation methodology to support the valuation process:

> They can figure out what that is. Then you could deal with Joe's used cars who doesn't have the same build up on cost that Ford has, but he knows that [the] 2004 Ford Escort is worth roughly $75,000. It was only $7,000 today or whatever. It's worth $5,000. So two different approaches to valuing something. You know, a very detailed, bottoms-up approach that quantifies everything impute to return on capital. And so on, then you've got your traders who, you know, just have a good sense for what assets are worth and they'll do it on, you know, their gut feel for value…In my view, [multiples] are a proxy for a very detailed approach to valuation. When I do a valuation for a business, I look at it from multiple different approaches. There is no one single approach to value. So I can do a discount to cash flow analysis for a business that, you know, has multiple divisions within, you know, multiple geographies, and I can do an operating build up to a consolidated PNL. I can blow out a balance sheet and a cash flow statement based on some working capital assumptions and some assumptions on what a normalized capital structure looks like, and I can calculate the value, then I can go to the market, and I can take a look at. . . ten other companies that are more or less

> in the same industry, and I can see where they trade and I might apply one of those multiples to kind of a static at Year 1.

Open Coding Content Analysis

Following the identification of the 21 major themes, the results of this reduction process were verified by adapting open coding content analysis common to grounded theory. The researcher proceeded to isolate specific key words that were central to one or more of the themes identified. This led to the creation of 13 major themes. From these major themes, the researcher focused on identifying potential synonyms or phrases that would capture the essence of the theme. Table 20 summarizes the 13 major themes and lists the key words and phrases included in the open coding content analysis.

Table 20

Open Coding Themes

Themes	**Keywords or phrases coded**
1. Profitability	Return on investment, investment, profit, make money, return on equity, return on capital; return on money.
2. Values	Values, emotion,, emotional, personal
3. Trust	Trust, trusting, trustworthy, mistrust, integrity, reliable, predictable, transparent, authentic, honesty.
4. Consensus	Consensus, power, control, controlled, uncontrolled, in-charge
5. Commitment	Commitment
6. Satisfaction	Satisfaction
7. Networks	Network, peer networks, social networks, word of mouth
8. Media	Media, advertising, advertised, TV, radio, newspaper, internet, online, web.
9. Reputation	Reputation
10. Loyalty	Loyalty, loyal
11. Risk	Risk, risky, risked
12. Advocacy	Advocacy, advocate, advocated
13. Cooperation	Cooperate, cooperatively, collaboration, collaborate, collaborative

As previously discussed, the value of open coding is to verify the conclusion of the phenomenology process. Moreover, open coding provides an opportunity for the researcher to identify the frequency of each theme amongst the coresearchers. In addition, it allows the researcher to consider the relative frequency of themes. Figure 5 provides a synopsis of the output of the open-coding analysis and demonstrates several major issues that will now be considered.

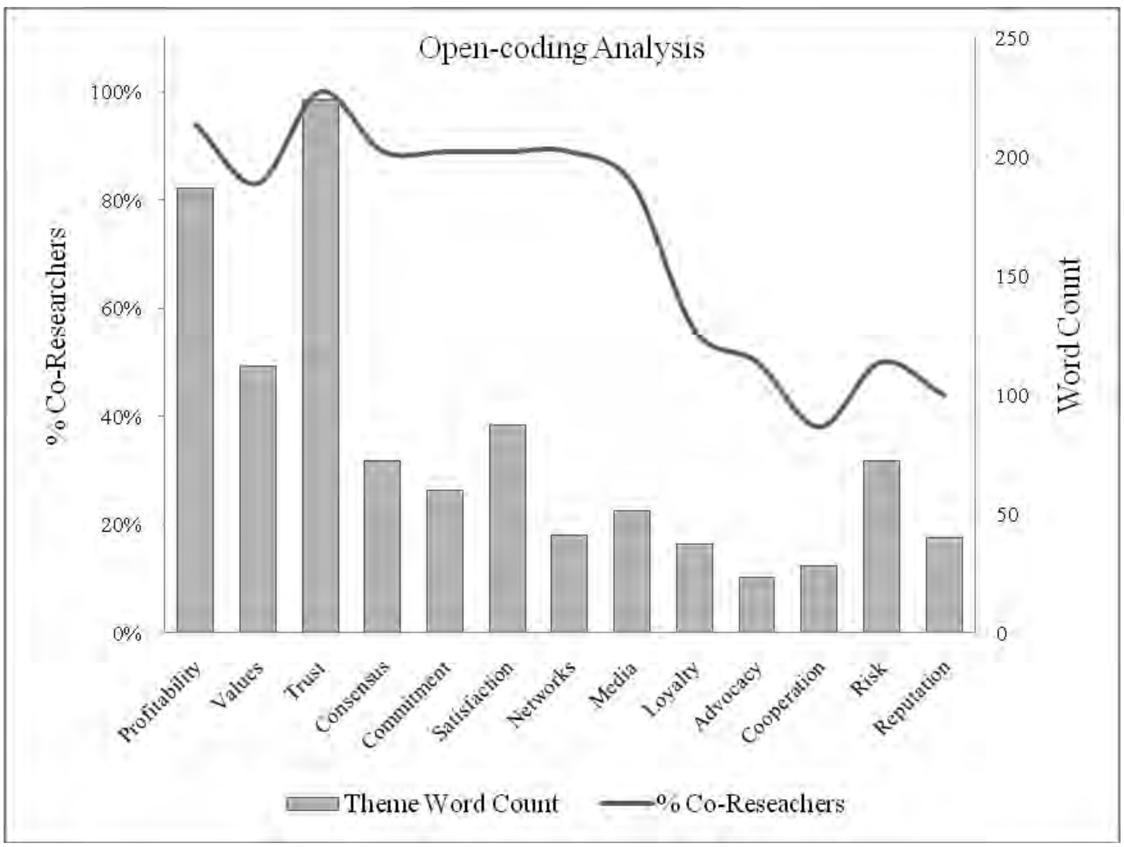

Figure 5. Open coding analysis

Relationship capital: All components of relationship capital were considered during open coding verification. This analysis confirmed the central importance of trust that emerged during the phenomenological research. Trust was the only theme that was identified at least once by 17 of the 18 coresearchers. Moreover, this theme was used 224 individual times during the interviews.

Additional constructs of relationship capital including satisfaction, consensus and commitment were also themes that emerged, as 89% of coresearchers used these terms. However, as shown in Figure 5, these terms were used far less often than trust. Therefore, this analysis supports the theme identified in the phenomenological study that trust is one of the central constructs used to evaluate relationship quality.

Focus on profitability: The theme of profitability as a dominant metric of value creation became apparent during the phenomenological study; this role was verified during open coding content analysis. The theme of profitability was mentioned by 94% of the coresearchers, for a total of 187 individual mentions.

Value congruence: The personal nature of stakeholder relationships emerged as an important theme during the phenomenological reduction process. To triangulate this result through open coding, the researcher analyzed a range of words and phrases linked to values and emotion. This analysis confirmed that 83% of the coresearchers considered the theme of values. However, it was at a much lower frequency compared to trust or profitability.

Relationship moderators: During open coding, the researcher also wanted to verify the relationship moderating variables of media and networks. Relationship duration value was not tested during the open coding process, as the researcher concluded that there were no clear phrases or terms that could reliability capture this theme without risk of misrepresentation or being taken out of context. Both media and networks were used by 83% and 89% of the coresearchers, respectively. However, these moderating variables were used less often than the constructs of relationship capital. This comparatively lower frequency suggests that direct interaction between relational partners was the dominant input variable into an actor‘s evaluation of relationship quality. Therefore, relationship moderators are simply variables that may moderate a relationship evaluation based on direct interaction between two actors.

Relationship assets: The open-coding content analysis also considered the relationship assets in the Stakeholder Scorecard. Themes of loyalty, advocacy, and cooperation did not triangulate with the conclusions of the phenomenological research. In all three cases, the themes appear to have limited breadth and depth. For example, the theme of cooperation was only mentioned by 38% of the coresearchers for a total of 26 times. In comparison, loyalty was mentioned by 56% of coresearchers for a total of 38 times. The other rationale for the lack of both breadth and depth of these themes may validate the following two themes from the phenomenological study.

The first theme emphasized the context-specific nature of relationships; therefore, it is not possible to identify single words or phrases that reflect the broad context-specific value that is generated through stakeholder behavior. Moreover, the context-specific nature of value may also explain why these themes emerged amongst only a small group of coresearchers. In other words, when a firm considers the value of relationships, they do so on a single dimension. For example, a firm may be focused on generating exclusively loyalty from a stakeholder; therefore, advocacy and cooperation are not considered objectives.

Moreover, the tool that most coresearchers use to value stakeholder relationships is intuition. Therefore, they do not analyze the value of relationships in terms of measurable assets or liabilities; instead, they just know they need to keep Customer A happy if they want to keep them as a customer and be profitable.

Risk and reputation: The researcher chose to test with open coding two additional themes that emerged from the phenomenological study. The theme of risk mitigation was mentioned by a total of 50% of the coresearchers and for a total of 72 times. Risk mitigation appeared to be a central theme among coresearchers specific to the resource sector such as oil and gas. Moreover, the frequency was skewed by coresearcher 11, who referred to it a total of 45 times during his interview.

Reputation was the second theme from outside the proposed Stakeholder Scorecard that the researcher tested. A wide range of scholars have identified reputation as a source of intangible value for a firm (Barnett, Jermier, Lafferty, 2006; Fombrun, 1996; Fombrun & Van Riel. 2004; Helm, 2005; Newquist & Schatz, 2007; Kim, Bach, & Clelland, 2007; MacMillan et al, 2004; Pawle & Cooper, 2006). Reputation is defined as a composite of the characteristics that a specific stakeholder attributes to a firm. It is the output of a stakeholder‘s perception of a firm‘s behavior over time through direct or indirect interaction (Dalton, 2003). Moreover, it is often cited as a relationship asset that is highly intertwined with the construct of trust. The theme of reputation was used by 44% of the coresearchers for a total of 40 times in the interviews. The phenomenological study suggests that the researcher will need to better define the role of reputation the Stakeholder Scorecard to ensure it is effectively represented in the model.

Summary of Findings: Phenomenological Study

The phenomenological study identified a range of significant themes that provide a framework to refine the Stakeholder Scorecard and support the development of the associated research instrument. Table 21 provides an overview of the major themes that emerged from the phenomenological study that had direct implications on the instrument design and model validation phase of this study (Refer to Appendix E for a summary of the full results). The conclusions of phenomenological study contributed to the refinement of the Stakeholder Scorecard (refer to Figure 6 for the Stakeholder Scorecard 2.0, which was tested during the quantitative stage). Chapter 5 will provide a broader discussion on the management implications and inferences of the phenomenological study.

Table 21

Implications of Phenomenological Research

Phenomenological theme	Significance to instrument design and model validation phase
Context Matters. The phenomenological study validated the proposition that the relationship between a stakeholder and firm value is context-specific.	The instrument must be robust enough to reflect the specific context of both the firm and the stakeholder. It should include firm-specific key performance indicators that are required to link empirically relationship capital and the metrics of value creation.
Relationship value drivers. Perceived reciprocity value and economic value were identified as unique constructs. However, components of the proposed construct of scarcity were often interpreted as possessing economic value, which could lead to difficulty in measuring these two constructs as unique variables.	This suggests that scarcity should be repositioned for the quantitative phase. Economic dimensions should be captured in the construct of economic value, while the intangible dimension of reputation value should be isolated as a unique construct in the revised Stakeholder Scorecard. It is noted that the relationship between scarcity and economic value may be context dependent.
Interdependence of constructs. This research suggested that numerous of the constructs were highly interdependent and may be difficult to measure as statistically unique constructs.	The instrument should attempt to strong differentiate between the constructs. Moreover, the researcher must consider the implications of multicollinearity on goodness-of-fit.
Dynamic relationships: This research reinforced the dynamic nature of relationships and verified that these relationships are constantly evolving. This has led them to rely on intuition as the primary manner to judge the value of stakeholders.	This suggests that the final Stakeholder Scorecard will be most effective if applied on a longitudinal basis to capture relationship dynamics over an extended period of time.

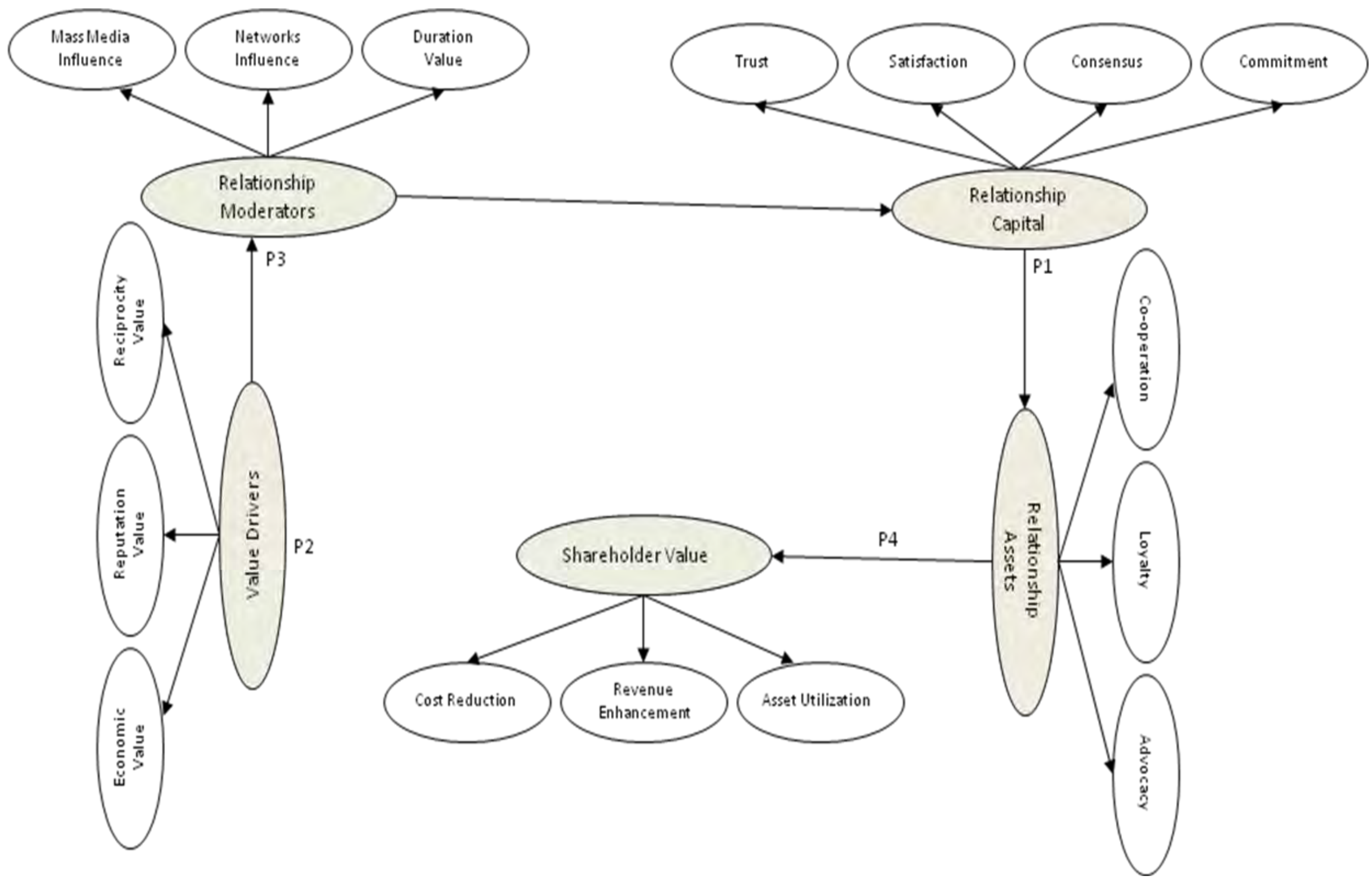

Figure 6. Stakeholder Scorecard 2.0

Part 2: Instrument Design and Model Validation

Part 2 of this chapter reviews the results of the instrument design and model validation phase of this study. The results are presented sequentially. It begins by examining the process used to develop and pilot the instrument used in this study. It then profiles the characteristics of the full study sample and presents the results of the statistical tests used to examine the validity and reliability of the instrument. The final section examines two competing structural equation models that meet the minimum acceptable fit indices in order to compare and contrast the results of this study.

Instrument Design Phase

A central theme that emerged from the phenomenological research was that context is a critical variable in the valuation of relationship capital. This study identified two specific contexts: industry and stakeholder group. Therefore, any empirical instrument attempting to measure the value of firm-stakeholder relationships must be context-specific. This conclusion is supported by Arnett, German and Hunt (2003) and MacMillian et al. (2004).

With this recognition, the researcher began the instrument design process by examining the published instruments used in the relevant studies cited in the literature review chapter. In several key studies (Bruning & Galloway, 1999; Grunig & Hung, 2002; MacMillian et al., 2004), the instrument was not published in its entirety with the research results. In these cases, the researcher requested access to a full copy of the instrument. Bruning and Galloway (1999) and Grunig and Hung (2002) provided the instruments for consideration. MacMillian et al. chose not to release their instrument. Table 22 identifies the 18 existing instruments that supported the instrument design.

Table 22

Instrument Design

Research instruments contributing researcher(s)	**Instrument name/ study**	**Contribution to instrument design**
Azjen (2009)	Sample Theory of Planned Behavior Questionnaire	Framework to examine relationship between belief, attitude, and behavioral intent
Arnett, German & Hunt (2003)	Identity Salience Scale	Advocacy, satisfaction, exchange, income
Bruning & Galloway (1999)	Relationship Instrument	Trust, satisfaction, consensus, commitment, loyalty, cooperation
Cohen (1963)	Corporate Reputation Scale	Product satisfaction, customer satisfaction, corporate leadership, concern for individuals
Eisenberger, Huntington, Hutchison, & Sowa (1986)	Survey of Perceived Organization Support	Reciprocity value, loyalty, satisfaction
Grunig & Hung (2002)	Relationships and Reputation Instrument	Scarcity, structural investment, commitment, loyalty, cooperation, consensus
Hendrick (1988)	Marriage Satisfaction Scale	Trust, satisfaction, commitment, consensus, loyalty
Huang (2004)	Public Relations Strategic Assessment Instrument	Mediated communications, peer network
Huang (2001)	Organization Public Relationship Assessment Instrument	Trust, satisfaction, commitment, consensus
Fombrun (2000)	Relationship Quotient	Vision, leadership, workplace environment, products and services, social responsibility, financial management
Lacey (2007)	Drivers of Customer Commitment	Commitment, trust, economic value, shared values, reputation, loyalty, cooperation
Lund (2008)	Investment Scale	Economic value, scarcity value, reciprocity, trust, satisfaction, consensus, commitment, loyalty, cooperation
MacMillian et al.(2004)	Reputation in Relationship Scale	Economic value, scarcity value, value congruence, trust, satisfaction, consensus, commitment, loyalty, cooperation

table continues

Research instruments contributing researcher(s)	Instrument name/ study	Contribution to instrument design
Palmatier, Gopalakrishna, & Houston (2006)	Returns on Business-to-Business Marketing Investments	Economic value, scarcity value, value congruence, trust, satisfaction, consensus, commitment, loyalty, cooperation, revenue, cost-reduction, asset allocation
Remplel, Holmes, & Zanna (1985)	Interpersonal Trust Scale	Trust
Spainer (1976)	Dyadic Adjustment Scale	Interpersonal communications, shared values
Soh, Reid, & King (2009)	Adtrust Scale	Trust, affect, mediated communications

Based on the adaptation of appropriate measurements from these instruments, a preliminary Stakeholder Scorecard instrument composed of 178 individual items was developed. A series of interviews were held with the management of the brokerage to refine the questions in order to ensure maximum clarity for the target audience. The instrument was also submitted to the researcher's dissertation committee for consideration. Following this, a final pilot instrument composed of 116 items was submitted and approved by the IRB for use. This pilot instrument was designed with between seven and nine observed variables for each construct, well in excess of the minimum three recommended by Mazzocchi (2008). This excess of observed variables was intended to mitigate risk if either the pilot study or the full study required variables to be trimmed from the model due to poor fit or the identification of multicollinearity.

In August 2009, a pilot study was conducted to test the reliability of the instrument using confirmatory factor analysis (CFA). The pilot used a purposeful sampling methodology. A total of 40 realtors were selected by brokerage management to participate in the pilot study. Over a seven-day period, 23 web-based surveys were completed, representing a completion rate of 57.5%. The researcher conducted first order CFAs on each proposed construct. The CFA enabled the researcher to examine the relationship between the manifest variables and the constructs that they purported to represent (see Appendix F for full results). As identified by Byrne (2010) and Blunch (2008), these tests are highly sensitive to sample size. Therefore, it was recognized that this pilot study could provide only limited guidance regarding the goodness-of-fit indices.

The 13 CFAs identified 15 questions (from a total of 116) that inadequately represented the constructs. A specific weakness was identified in the manifest variables intended to represent peer networks. After discussion with brokerage management, nine questions were removed from the instrument. The other six questions were retained, as the content was deemed relevant to the study and could be removed at the full study stage if required. In addition, the wording was modified for several of the weaker variables in an attempt to improve their performance (Refer to Appendix G for the final instrument).

Characteristics of Cohorts

The primary objective of the quantitative phase of this mixed methods study was to test the reliability and validity of the proposed Stakeholder Scorecard. A secondary objective was to test the validity of the corresponding conceptual model. Therefore, this chapter limits its analysis to the performance of the instrument and the conceptual model. The researcher considers the unique characteristics associated with the population group in this study as they contribute to providing additional insight into the reliability and validity of the instrument or the conceptual model.

However, it is important to provide context to the population group used to test the instrument. The demographic characteristics of the cohorts are outlined in Table 23 and were generally representative of the population group. The gender split skewed 59.2% male, which is consistent with the population as a whole. The ages of the respondents ranged from 21 to 76 years old with a mean age of 46.45. The mean years as a realtor were 8.06 with a range of 0.2 to 33 years. Lastly, the respondents ranged from 0.2 to 27.5 years of service with the firm for a mean of 5.69 years. The duration of service with this firm skewed longer than the population as a whole. The most significant variance was associated with respondents who had less than one year of service. Today, 15.2% of the firm's realtors have less than one year of service; however, in the sample cohort, only 4.84% of the realtors had service of less than a year. The researcher was cognizant of this non-response bias for realtors with less than one year of service but concluded that it will have no impact on the ability to test the validity and reliability of the instrument and associated model.

Table 23

Characteristics of Cohorts (*N* = 290)

Factor	***N***	**%**	**Factor**	**N**	**%**
Gender			Education		
Male	171	59.2	Grade School	2	.7
Female	118	40.8	High School	69	23.9
			College/ Diploma	115	39.8
			University Degree	86	29.8
Age			Post-Graduate	17	5.9
<20	0	0	Income		
20-29	21	7.6	<$19,999	34	11.8
30-39	62	21.45	$20.000-$59,999	85	29.4
40-49	75	25.95	$60,000-$99.999	86	29.8
50-59	86	29.75	$100,000-$149,999	44	15.2
>60	44	15.22	>$150,000	40	13.8
Years as Realtor			Years at Firm		
<1	6	2.08	<1	14	4.84
1-2	48	16.61	1-2	69	23.88
3-4	66	22.84	3-4	74	25.61
5-9	91	31.49	5-9	80	27.68
10-19	47	16.26	10-19	48	16.61
>20	31	10.73	>20	3	1.04

Response Bias

For the full study, the link to the survey was distributed to the total population via e-mail by the president of the brokerage. Three reminder e-mails were sent to the total population over the seven-day period. The researcher monitored the responses daily to ensure a gender split consistent with the population. It was determined that that gender ratio in the sample (59.2% male and 40.8% female) was representative of the total population. The minimum sample of 238 was achieved in six days, at which point the researcher, in conjunction with brokerage management, decided to close the survey at the end of the seventh day. A total sample of 290 was achieved.

Overall, a response rate of 37% was projected to achieve the minimum statistical requirements. The final response rate was 44.6%. Multiple chi-square tests were conducted to test the fit of the sample to the population relative to a range of variables. Specifically, the chi-square tests were conducted on gender (x-square = 9.720, p=.002); age (x-square = 1.219, p=.000); years as realtor (x-square = 455.955, p =.000); years at firm (x-square = 603.495, p=.000); and income (x-square = 45.135, p=.000). This analysis confirmed that the sample provides an acceptable fit for the population group under study.

Instrument Validation Phase

Numerous scholars contend that structural equation modeling is not oriented to identify a single solution (Chin, Peterson, & Brown, 2008; see also Byrne, 2010; Mazzocchi, 2008). German and Hunt (2003) argued that SEM is most effective when used as a methodology to compare two or more approaches. In this regard, comparison can provide guidance on both the performance of the constructs and how they relate with each other. The following sections present the study's findings in sequential order based on the methodology used to test the validity of the model.

First Order Confirmatory Factor Analysis

The proposed instrument incorporated over 100 manifest variables that were designed to define and measure the unique characteristics of 16 latent variables. Byrne (2010) suggested that complex hierarchical structural equations models often require multiple confirmatory factor analyses to test the unidimensionality of both the first- and second-order constructs. First-order CFA is intended to test the strength of individual latent variables (Chin, Peterson, & Brown, 2008; see also Blunch, 2008; DeVillis, 2003; Huang, 2001, 2004; Suhr, 2006). Consequently, first order CFA was conducted to test the factorial validity of each of the thirteen constructs in the proposed Stakeholder Scorecard.

Fifteen of the sixteen variables loaded as unidimensional constructs with acceptable goodness-of-fit indices (see Appendix H). In each case, the researcher was required to reduce the manifest variables due to poor loading or multicollinearity that was impacting the goodness-of-fit indices (Byrne, 2010). However, the minimum of three manifest variables was maintained for each latent variable as prescribed by Mazzocchi (2008).

Peer network influence was the single latent variable that failed the first order CFA. The influence of peer networks has been identified by scholars (Granovetter, 1973; Rogers, 1995; see also Karaosmanoglu & Melewar, 2006; Maathuis, Rodenburg & Sikkel, 2004; Soh, Reid, & Whitehill, 2007) and by the phenomenological research phase as possessing a significant moderating effect on relationships. The researcher chose

Huang‘s (2004) instrument for guidance in the development of the measurements to be incorporated into the instrument. The final instrument included the following six measures related to peer network influence:

1. I trust the opinions of my friends, family, and colleagues about (company name).
2. The opinions of others influence my view of (company name).
3. I don‘t care what others say about (company name).
4. I judge (company name) based only on my personal experiences.
5. (Company name) is well-respected among other realtors.
6. Working for a company that is respected by others is important to me.

A preliminary CFA was conducted to test the relationships among these six manifest variables. The two weakest manifest variables were eliminated from the final proposed construct. As a result, the CFA did not achieve the minimum acceptable results. This reflects the same issue encountered in the pilot study phase.

The researcher believes that the challenges of measuring the influence of peer network can be linked to a theme that emerged during the phenomenological research. Peer network influence is a context-dependent construct. A range of structural variables, such as the size of the network and the channels of interaction, influence the role of peer networks at the individual actor level. Therefore, the context-dependent nature of peer network influence may reveal why it was not possible statistically to measure this construct. The context of a stakeholder includes not only the nature of the industry (e.g., real estate) but also the context of each individual stakeholder. Therefore, as all stakeholders possess unique contexts, the ability to design a generic research instrument that reflects the breadth of theses contexts is arguably an unreasonable expectation. Due to the inability of this study to measure its reliability, the construct of peer network influence was removed at this stage from further consideration. It is important to note that this conclusion does not suggest that peer networks are not influential moderating variables. Rather, it suggests that the variables chosen in this study are not effective representations of this construct. The implications of this will be discussed in chapter 5.

To summarize, the first order CFAs suggest that 15 of the 16 latent variables incorporated in the Stakeholder Scorecard are effectively represented by the proposed instrument. Specifically, the factor loading suggests that the final manifest variables for each construct are excellent measurement indicators. Moreover, the goodness-of-fit indices suggest that the data are representative.

Second Order Confirmatory Factor Analysis

Byrne (2010) contended that second-order CFA be conducted on hierarchical models such as the one proposed in this study. For example, Proposition 1 hypothesizes that relationship capital is composed of four latent variables: (a) trust, (b) satisfaction, (c) consensus, and (d) commitment. The first order CFA independently confirmed the unidimensional nature of each of the four latent variables. However, second-order CFA on the construct of relationship capital allows the researcher to test simultaneously the validity of this aggregated construct as well as each individual latent variable that contributes to it. In addition, second-order CFA considers the interaction among all manifest variables and their respective latent variables. The following section provides the results of the second-order CFAs for relationship capital and relationship assets. Note that second-order CFAs were not conducted on value drivers or moderators, as there is no theoretical support to suggest that the associated latent variables form a unidimensional construct.

Relationship capital. P1 hypothesized that the construct of relationship capital is a composite of four latent variables: (a) relational trust, (b) relational satisfaction, (c) relational consensus, and (d) relational commitment. The phenomenological phase of this study verified these four variables as important to an actor's evaluation of relationship quality. However, this research also highlighted the challenge of transitioning theory to real-world application. For example, when asked to define trust, coresearcher 4 identified commitment as one of its central attributes:

> Trust comes down to the filling or delivering on commitments…whether they're, you know, a commitment to hire someone or to correct or mediate an environmental matter to undertake a policy initiative or some type of initiative. If a commitment is made and not delivered on, trust disappears very quickly…Delivering on these commitments will engender the trust to do the next deal or sign the next agreement.

As Figure 7 and Table 24 demonstrate, the interdependency of these constructs had a dramatic impact on the construct of relationship capital. The full results of the CFA are available in Appendix I.

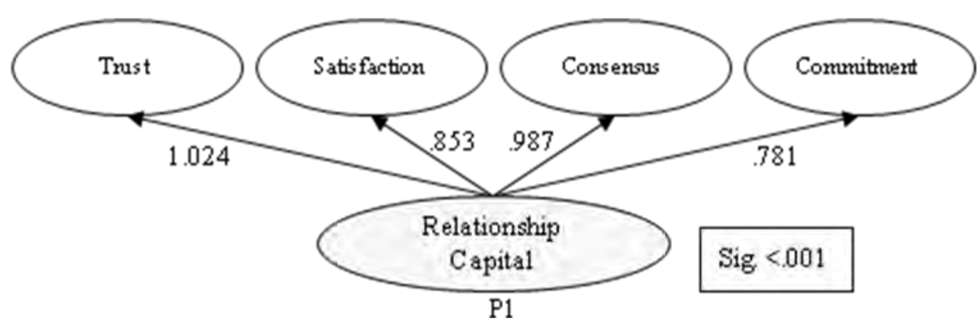

Figure 7. Relationship capital

Table 24

Fit Indices: Relationship Capital

Fit indices	**Results**
CMIN/DF (chi-square/ degrees of freedom)	3.260
Root Mean Square Residual (RMR)	.044
Goodness-of-Fit Index (GFI)	.835
Comparative Fit Index (CFI)	.874
Root Mean Square of Approximation (RMSEA)	.088

This CFA identified significant statistical relationships among manifest and first order latent variables. Consistent with the perception of coresearcher 4, the construct of commitment was identified as causing significant multicollinearity in the model. For example, trust had a standardized regression in excess of one (1.024), and consensus was measured at .987. The interdependency of these constructs contributed to unacceptable goodness-of-fit indices (GFI = .835, CFI = .874, RMSEA=.088). As a result, the proposed instrument is unable to effectively measure the construct of relationship capital as a composite of the four latent variables of trust, satisfaction, consensus, and commitment. Consequently, P1 is not supported by this quantitative research. The impact of this conclusion will be discussed later in this chapter.

Relationship assets. Proposition 4 hypothesized that relationship assets were composed of three unique constructs: (a) loyalty, (b) cooperation, and (c) advocacy. The phenomenological phase of this study supported this proposition; however, it also highlighted the challenge of operationalizing the separate constructs of loyalty and cooperation. The use of these terms by coresearcher 14 highlights the interchangeable nature of these constructs:

> Cooperation, collaboration, and support. Yeah, you know, we need contractors and service companies to show up when they say they're going to when we've got expensive equipment on the site. When people don't show up for work or we don't have things that are delivered, it costs us money. So we want to make sure that we've got, you know, getting back to trust and, you know…comfort levels that we can all depend on each other to show up when we say we're going to and action on certain projects…The other thing that is interesting is the loyalty piece, and I think that's something that we've really worked on internally quite significantly in the last year.

Figure 8 and Table 25 provide a summary of the second-order CFA for relationship assets (see Appendix I for full results). These results suggest that these latent variables possess unidimensional characteristics. Although not excellent, the goodness-of-fit indices were on the high-end of the acceptable range (CMIN/ Df = 2.048, GFI = .900, CFI = .925, RMSEA = .060). Thus, P4 was supported by this research. The implications will be discussed later in this chapter.

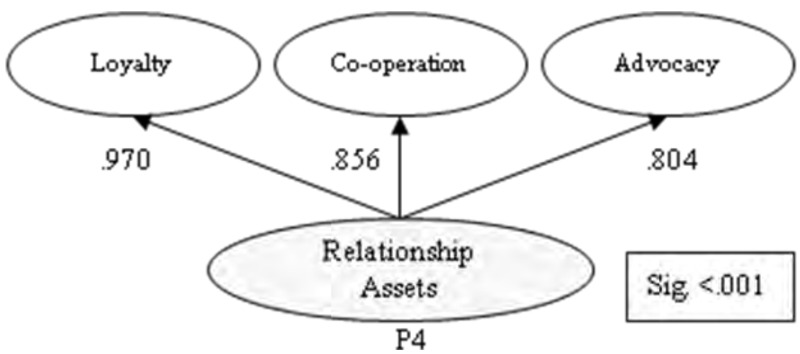

Figure 8. Relationship assets

Table 25

Fit Indices: Relationship Assets

Fit indices	Result
CMIN/DF (chi-square/ degrees of freedom)	2.048
Root Mean Square Residual (RMR)	.043
Goodness-of-Fit Index (GFI)	.900
Comparative Fit Index (CFI)	.925
Root Mean Square of Approximation (RMSEA)	.060

To summarize, the second-order CFA exposed the challenges associated with hierarchical structural equation models identified by Byrnes (2010). Moreover, it highlighted the issues raised by coresearcher 16 associated with transitioning theoretical constructs to real-world applications. However, these results, when combined with the findings of the phenomenological phase, provided important guidance to the researcher. As leading scholars have contended, the failure of hypothesized models are common in SEM (Chin, Peterson & Brown. 2008; see also Blunch, 2008; Mazzocchi; 2008). However, this failure is only the first step in the SEM data analysis process. The researcher must now respecify the model by combining the current results with the underlying theory that is driving the study. The following section reviews this process.

Model Respecification

Researchers contend that the respecification of a hypothesized structural model is an essential part of the modeling process (Chin, Peterson & Brown. 2008; see also Blunch, 2008; Mazzocchi; 2008). However, respecification does not suggest that a researcher has the latitude to use the data for exploratory purposes. In contrast, Chin, Peterson, and Brown noted that it is essential to remain consistent with the underlying theory and to avoid using SEM as an exploratory technique. As Blunch and Byrne (2010) pointed out, numerous equivalent statistical models will exist if a researcher only considers the raw data. Therefore, a researcher must ensure that the respecification process maintains a solid theoretical framework. The researcher followed the guidance of Chin, Peterson, and Brown to analyze the data set and its relationship with the theoretical framework of this study. This respecification process involved several sequential but highly interdependent stages. This process will now be reviewed.

Exploratory Factor Analysis

Given the level of multicollinearity identified during the second-order CFA, the researcher began the respecification process by examining the data set in SPSS using exploratory factor analysis (EFA). Please refer to Appendix N for the correlation table associated with this analysis. An EFA is designed to examine the statistical relationship among individual manifest variables. The goal of this EFA was to gain a better understanding of the root causes of multicollinearity in the construct of relationship capital.

The EFA identified that 51.37% of the overall variance in the model could be consolidated into ten components. Moreover, it suggested that a single component represented 27.29% of the total variance in the data. After further analysis, the researcher concluded that this single component incorporated 36% of all manifest variables, including 82% of the variables associated with the constructs of trust, satisfaction, and consensus. In addition, it incorporated 43% of the constructs associated with loyalty and cooperation. The EFA provided quantitative validation to several of the key themes that emerged from the phenomenological research. Specifically, the EFA demonstrated statistical interdependence among the variables that compose relationship capital and relationship assets. This interdependence provided important guidance in this respecification process.

SEM: Relationship Capital as a Predictor of Relationship Assets

As demonstrated in the phenomenological study, coresearchers often had difficulty separating the dimensions of relationship capital, such as commitment, from those of relationship assets, such as loyalty or cooperation. Moreover, the EFA suggested a significant statistical relationship between the seven latent variables that compose relationship capital and relationship assets. Based on these findings, the researcher sought to examine in greater detail the statistical relationship between the manifest variables at the root of relationship capital and relationship assets. To do this, the researcher constructed a structural equation model to test the relationship between relationship capital and assets.

A summary of the results of this structural model is provided in Figure 9 and Table 26; the full results are located in Appendix J. Because of the failure of the second-order CFA for relationship capital, it was recognized that this model would not achieve an acceptable goodness-of-fit. However, the results may provide additional guidance to support the respecification process. The results of this SEM analysis were significant, because it identified a standardized regression weight of 1.005 between relationship capital and relationship assets. In other words, the data suggest that the constructs of relationship capital and relationship assets are unidimensional. This analysis was further supported by analyzing the modification indices output of AMOs, which identified significant multicollinearity between a wide range of manifest variables.

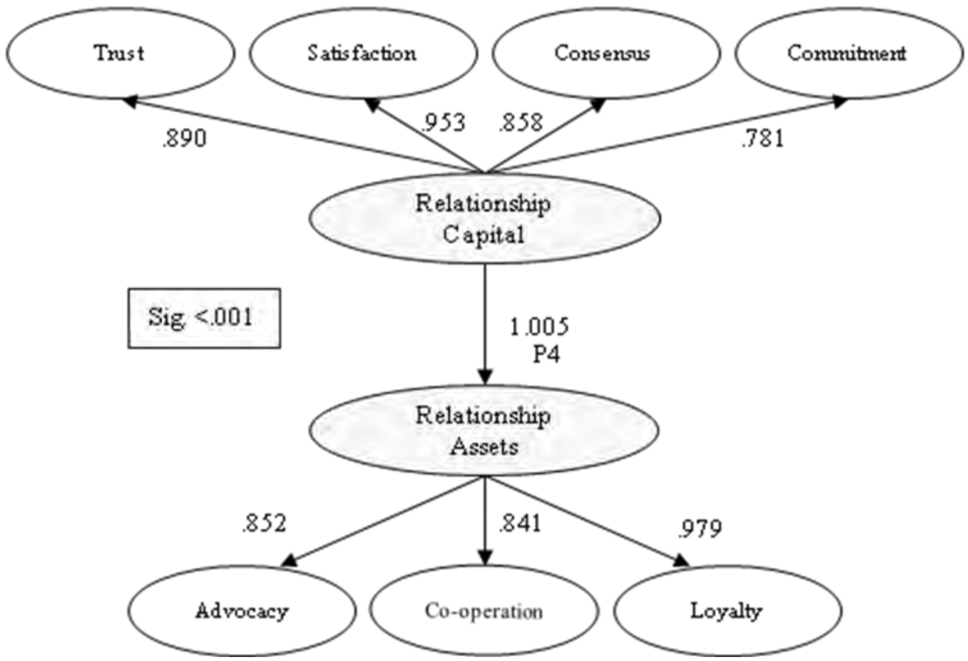

Figure 9. Relationship capital model

Table 26

Fit Indices: Relationship Capital Model

Fit indices	Result
CMIN/DF (chi-square/ degrees of freedom)	2.455
Root Mean Square Residual (RMR)	.043
Goodness-of-Fit Index (GFI)	.741
Comparative Fit Index (CFI)	.824
Root Mean Square of Approximation (RMSEA)	.071

The results of this structural modeling suggest that the attitudinal attributes of trust, satisfaction, consensus, and commitment within the construct of relationship capital are synonymous with the attributes of loyalty, advocacy, and cooperation. This suggests that a respondent‘s attitude (measured through relationship capital) mirrors their behavioral intentions (measured through relationship assets). This result supports similar conclusions by Caruana Cohen and Krentler (2006). These authors cited a variety of studies that identify a strong correlation between attitude and behavioral intent. This includes a study by Fishbein and Ajzen (1974), which identified a .63 correlation between attitude and behavior. Similarly, Armitage and Conner (2001) conducted a meta-analysis that confirmed a .49 correlation between these two constructs.

The EFA and the preliminary structural equation model provided empirical support for several of the themes that emerged from the phenomenological research. Together, the qualitative and quantitative research suggests that the constructs of relationship capital and relationship assets were over-specified. This over-specification reflects the challenges of transitioning sound theory to a real-world application. Other researchers have identified similar challenges (Bass, 2000). In a follow-up interview, coresearcher 16, a scholar in relationship marketing, discussed the challenges of transitioning theoretical relational constructs to a quantitative model:

> We found it very, very difficult to differentiate. We found lots of overlaps between these, you know, trust, loyalty, commitment, relationship strength, and relationship quality, you know, the bond between them, a whole bunch of variables we looked at. And we too found that there were many, many characteristics which are very common, you know, the underlying, what we call the prototypes of the constructs are very similar. There may be a few which are distinct, but statistically it would be nearly impossible to separate them because of the predominant overlapping characteristics.

Based on this analysis, the researcher conceded that relationship capital and relationship assets in the context of this study represent a single construct. After reviewing the literature, there were two potential techniques that could be used to consolidate the constructs of relationship capital and relationship assets. These will now be considered.

Model 1: Manifest Variable Model

A common technique used to respecify a model is to reduce the number of manifest variables (Blunch, 2008; Byrne, 2010; Chin, Peterson & Brown, 2008; Mazzocchi, 2008). This can reduce the multicollinearity that leads to unacceptable goodness-of-fit indices. However, this respecification method is constrained by the fact that each latent variable should maintain a minimum of three manifest variables to ensure that it maintains a valid representation of the intended construct (Chin, Peterson, & Brown, 2008). Based on this technique, the researcher consolidated the constructs of relationship capital by removing a wide range of variables, while maintaining the theoretical integrity of the model. This new construct, deemed relationship capital, was measured by seven manifest variables related to an actor‘s attitudinal and the behavioral intentions (see Table 27). Each of these seven manifest variables represents one of the original latent variables (Refer to Appendix K for full results).

A first order CFA was conducted to test the unidimensional nature of this construct and its goodness-of-fit. Table 27 demonstrates that the revised construct of relationship capital loaded as a unidimensional construct with standardized regressions ranging from .754 to .584 and all $p <.000$. Moreover, Table 28 demonstrates that the goodness-of-fit indices were acceptable (CMIN/ DF=1.715, GFI = .975, CFI = .984, .RMSEA = 050).

Table 27

Relationship Capital (Manifest Variable Model)

Measure		**Construct**	**Loadings[1]**	**S.E[2]**	**C.R.[3]**	**P-Value**
I want to have a long-term relationship with (company name).	<---	Relationship capital	.658			
(Company name) managers keep their promises.	<---	Relationship capital	.631	.122	9.070	***
I refer to (company name) whenever I have the opportunity.	<---	Relationship capital	.660	.101	9.420	***
Compared to its competitors, I think that (company name) is well-managed.	<---	Relationship capital	.584	.120	8.499	***
I enjoy being an agent for (company name).	<---	Relationship capital	.754	.108	10.430	***
If I hear someone criticize (company name), I defend the company.	<---	Relationship capital	.597	.095	8.657	***
If I am a real estate agent, I would be a (company name) agent.	<---	Relationship capital	.698	.134	9.852	***

[1]Standardized regression. [2]S.E = Standard Error [3]C.R = Critical Ratio

Table 28

Fit Indices: Relationship Capital (Manifest Variable Model)

Fit indices	**Result**
CMIN/DF (chi-square/ degrees of freedom)	1.715
Root Mean Square Residual (RMR)	.019
Goodness-of-Fit Index (GFI)	.975
Comparative Fit Index (CFI)	.984
Root Mean Square of Approximation (RMSEA)	.050

Following the confirmation of the validity and reliability of each multiple construct embedded in the respecified model, SEM was used to test the relationships among the constructs. Using multiple regressions, SEM identified the predictive relationships between the latent variables embedded in the model (see Figure 10). As Table 29 demonstrates, this model achieved the minimum goodness-of-fit indices (CMIN/ DF = 1.618, GFI = .903, CFI = .936, RMSEA = .046). The implication of this model will be interpreted and discussed in chapter 5.

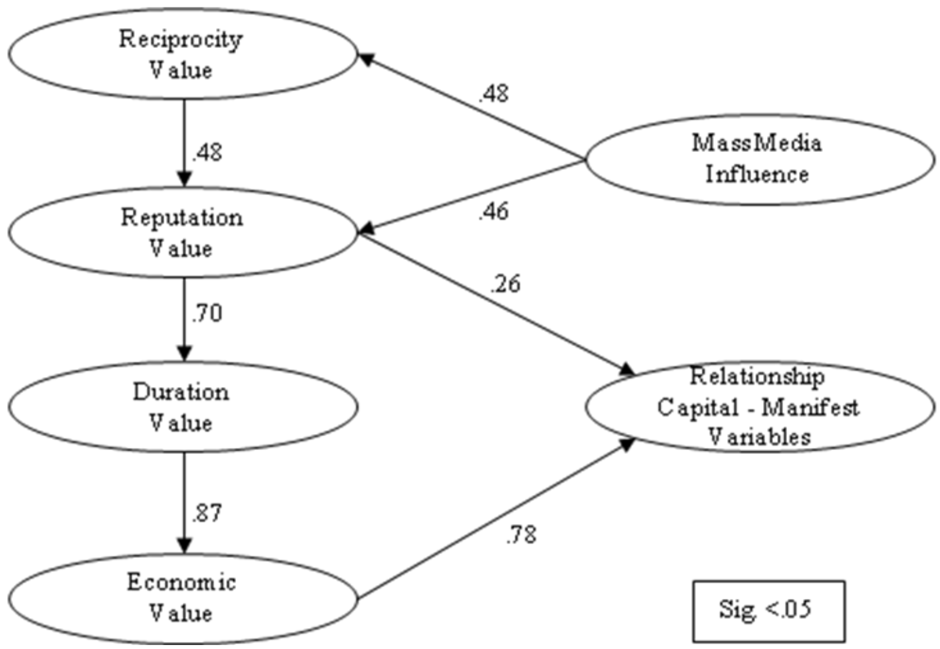

Figure 10. Stakeholder scorecard model (Manifest Variables)

Table 29

Fit Indices: Stakeholder Scorecard Model (Manifest Variable Model)

Fit indices	**Result**
CMIN/DF (chi-square/ degrees of freedom)	1.618
Root Mean Square Residual (RMR)	.035
Goodness–of-Fit Index (GFI)	.903
Comparative Fit Index (CFI)	.936
Root Mean Square of Approximation (RMSEA)	.046

Blunch (2008) contended that it is the responsibility of the researcher to demonstrate why a particular model is selected over others. The Stakeholder Scorecard model in Figure 10, although it had acceptable statistical levels and was based on sound theory, was judged as unacceptable by the researcher. This is because the researcher was required to trim 74 of the 96 manifest variables in the original instrument in order to achieve the minimum goodness-of-fit indices.

Most importantly, the construct of relationship capital became a single first order latent variable measured through the seven manifest variables in Table 28. In this model, all seven latent variables that composed both relationship capital and relationship assets are represented by a single manifest variable. Though methodologically acceptable, this respecification technique dramatically reduced the value of the instrument. Specifically, it compromised one of the core principles of this study, that is, the development of a robust and flexible instrument that can capture the diversity of relationship context. This study will now examine an alternative respecification methodology that will incorporate a broader range of measures to increase the applied value of the Stakeholder Scorecard model while maintaining statistical reliability and validity.

Model 2: Summated Scale Model

Developing a complex hierarchical SEM model that meets the minimum goodness-of-fit levels has been a challenge for decades. As demonstrated in the development and testing of the proposed Stakeholder Scorecard, the goodness-of-fit indices degrade with the addition of more variables. To overcome this issue, a researcher may choose to trim the manifest variables in the model to balance the fit with adequate variable representation. However, as demonstrated in the manifest variable version of the

Stakeholder Scorecard (Figure 10), there are significant compromises that must be made when adopting this technique.

To overcome the weaknesses, SEM scholars have proposed an alternative technique to support the respecification of complex structure models that incorporate a wide range of interrelated variables (Bagozzi & Edwards, 1998; Bagozzi & Heatherton, 1994; Blunch, 2008; Byrnes, 2010; Holt, 2004; Wrensen & Biderman, 2005). This technique involves the transformation of the first order constructs into data parcels. These parcels use the manifest variables for each construct as the basis of a unidimensional summated scale. For example, a construct such as loyalty is transformed into a loyalty scale composed of the numerous variables used to measure this construct. Holt and Blunch argued that this method allows both the model and the construct to maintain statistical robustness by enabling the incorporation of all manifest variables validated by the first order CFA.

After reviewing literature associated with data parceling and summated scaled development, the researcher concluded that the strengths of this methodology significantly outweighed the risks (Blunch, 2008; Byrnes, 2010; DeVellis, 2003; Holt, 2004; Wrensen & Biderman, 2005). Coresearcher 16, although not familiar with the specific technique, agreed that researchers who seek to model highly interrelated constructs must consider alternative methodologies:

> We are basically looking at very similar constructs and. . . need to come up with a different methodology with what you have suggested…with something like summative scales that would help us overcome some of those problems.

For a full discussion of data parceling, see Little, Cunningham, Shahar and Widaman (2002).

Based on this approach, I parceled the data from the constructs of relationship capital and relationship assets into three unidimensional summated scales: (a) relationship attitude scale, (b) loyalty intention scale, and (c) advocacy intention scale. The result was that relationship capital became a composite of three scales that were founded on a total of 30 measures. Let us now review the process used to test the validity and reliability of each scale.

Stakeholder relationship attitude scale: The development of the relationship attitude scale began by conducting an EFA on all manifest variables used to measure the constructs of trust, satisfaction, and consensus. This EFA (refer to Table 30) identified 14 variables loaded as a unidimensional construct with standardized regressions ranging from .559 to .800. Following the EFA, the internal consistency of these variables was confirmed by a Cronbach‘s alpha well in excess of the minimum (.917).

Table 30

EFA: Stakeholder Attitude Scale

Measure	**Loading**[1]
(Company name) managers keep their promises.	.800
Whenever (company name) managers make a decision, I know they will be looking out for the best interest of the agents.	.712
(Company name) management is unpredictable.(Reversed)	.737
I trust that (company name) works hard to support my business.	.698
It is best for me not to confide in my manager.	.630
(Company name) managers only care about themselves. (Reversed)	.745
Constructive feedback is valued at (company name).	.676
(Company name) managers are cooperative and look out for the best interest of the agents.	.785
I feel confident that I can disagree with my managers, and they will listen to me.	.663
(Company name) managers listen to the opinions of their agents.	.782
My relationship with (company name) has met my expectations.	.737
Compared to its competitors I am satisfied with the support services that (company name) offers (e.g., such as management, training and the virtual office).	.639
I enjoy being an agent for (company name).	.658
(Company name) has made no difference to my business. (Reversed)	.559

[1]Standardized regression at a significance level of .000.

Stakeholder loyalty intention scale: The constructs of loyalty and cooperation loaded as a unidimensional construct during the second-order CFA and the preliminary SEM. In addition, the phenomenological research also identified difficulty in separating the constructs of loyalty and cooperation. Based on this, the researcher examined the results of the second-order CFA and then conducted an EFA on the 16 manifest variables used to measure both loyalty and cooperation (refer to Table 31). From the EFA, seven manifest variables loaded as a unidimensional construct representing 60% of the total variance. These included four variables from the original loyalty construct and three variables from the original cooperation construct. The standardized regression of these seven variables ranged from .584 to .780. The internal consistency of these variables was also confirmed with a Cronbach's alpha of .819.

Table 31

EFA: Stakeholder Loyalty Scale

Measure	**Loading**[1]
I feel I would lose a great deal if I switched companies.	.757
I want to have a relationship with (company name) for a long time.	.730
If I am a real estate agent, I will be a (company name) agent.	.780
In the next 12 months, I will be looking to change companies. (Reversed)	.706
I would actively support (company name) even if it had no direct benefit to me and my business.	.653
There is no benefit for me in supporting (company name) management. (Reversed)	.655
I will invest my personal time in building (company name) because my business is dependent on it being successful.	.584

[1]Standardized regression at a significance level of .000.

Stakeholder Advocacy Intention Scale: The final scale captured the dimensions associated with advocacy. Theorists have long identified advocacy as significant asset that can be generated through positive stakeholder relationships (Fombrun, 2004; see also MacMillan et al., 2005; Money & Hillenbrand, 2006; Palmatier et al.,2006; Willis & Brennan, 2003). The phenomenology research verified the asset of advocacy.

Coresearcher 6 stated:

> The behavior we're trying to influence [is] to have people so happy in terms of their satisfaction that they want to refer. That's the ultimate objective. So that they are strengthening by them and being happy and we feel that we have lived up to our promises…The only way we get referrals is when somebody really consistently exceeds expectations. . .

The phenomenological research also identified that advocacy maintains a distinctness from loyalty and cooperation, because it generates indirect value. Consequently, the researcher concluded that there is sufficient theoretical and applied rationale for advocacy to remain a unique and separate construct. An EFA was conducted on all measurement associated with advocacy (refer to Table 32). The EFA identified five measures that represented 61% of the variance. These variables loaded with standardized regressions ranging from .709 to .851. The internal consistency of these variables was also confirmed with a Cronbach's alpha of .837.

Table 32

EFA: Stakeholder Advocacy Scale

Measure	**Loading[1]**
I actively promote (company name) with others in the industry.	.851
In social situations, I often speak positively about (company name).	.709
I try to recruit others to work with (company name).	.783
I am proud to tell people I work with (company name).	.732
I ―talk-up" (company name) to people I know.	.818

[1]Standardized regression at a significance level of .000.

Following the confirmation of the validity and reliability of the three proposed scales, the researcher tested the validity of the respecified Stakeholder Scorecard (Figure 11). As Table 33 demonstrates, this model achieved the minimum goodness-of-fit indices required for acceptance (GFI = .927, CFI = .953, CMIN/ DF = 1.583, RMSEA = .045). The implication of this model will be interpreted and discussed in chapter 5 (Refer to Appendix L for full results).

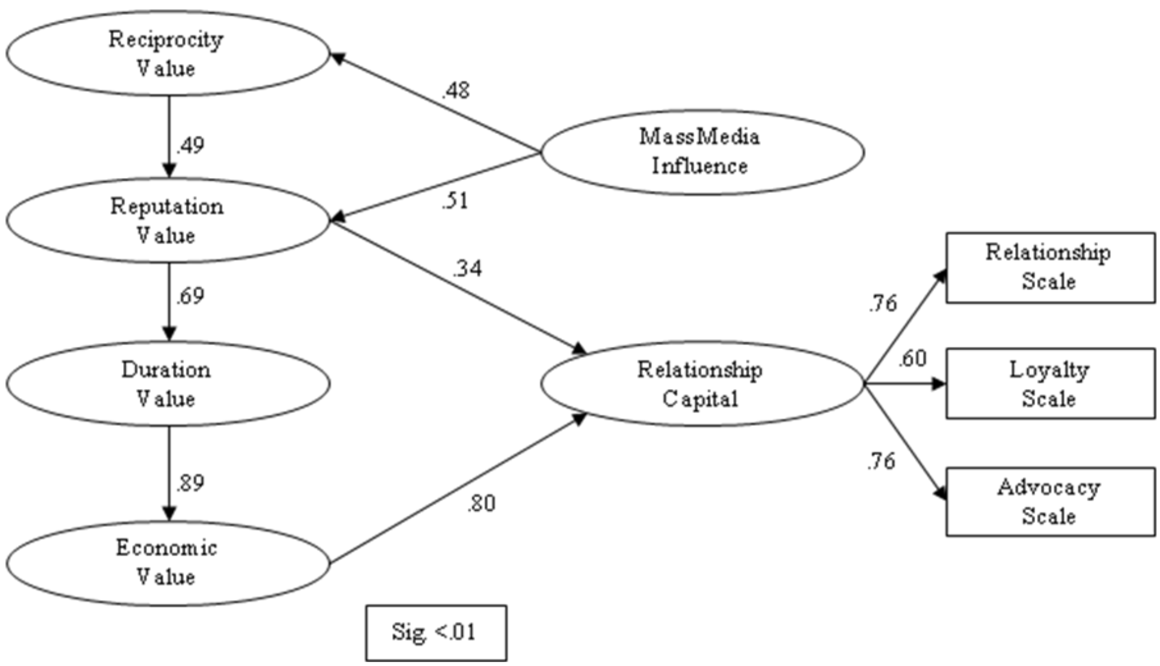

Figure 11. Final stakeholder scorecard model 2.0

Table 33

Fit Indices: Final Stakeholder Scorecard Model 2.0

Fit indices	Result
CMIN/DF (chi-square/ degrees of freedom)	1.790
Root Mean Square Residual (RMR)	.036
Goodness-of-Fit Index (GFI)	.912
Comparative Fit Index (CFI)	.934
Root Mean Square of Approximation (RMSEA)	.052

Monetizing Relationship Capital

One of the central goals of this study is to develop a holistic model that will enable researchers to link the complex cause-and-effect relationships associated with value generation. However, the value of intangible assets is indirect, context-specific, and based on ascertaining potential value (Bontis, 2001; Herremans et al., 2007; Kaplan & Norton, 1996, 2004). Thus, as Kaplan and Norton (1996) argued, it is essential that a firm understand the relationship between an assumed cause and the effect, because ―every measure of a scorecard should be part of a link of cause-and-effect relationships, ending in financial objectives" (p. 62). These effects are measurable key performance indicators that have a direct link to corporate strategy (Kaplan & Norton, 1993, 1996, 2001, 2004). As the literature review and phenomenological study verified, the value generated through a firm's stakeholder relationships can be clustered into three categories: (a) revenue generation, (b) cost reduction, and (c) asset utilization.

The researcher conducted interviews with the brokerage management and identified a range of key performance indicators specific to the real estate industry. One of the unique dimensions associated with this industry is that the financial performance of a brokerage is completely dependent on revenues derived its agents. Therefore, I identified revenues per realtor (RPR) and sales per realtor (SPR) as two key performance indicators that enabled us to test the predictive influence of relationship capital on the firm's value creation process. The Stakeholder Scorecard instrument incorporated measures that collected the average RPR and the SPR over the past three years. The researcher then used multiple regression analysis to test the relationship between the construct of relationship capital and the RPR and SPR. As Figure 12 demonstrates, this analysis identified no significant statistical relationship.

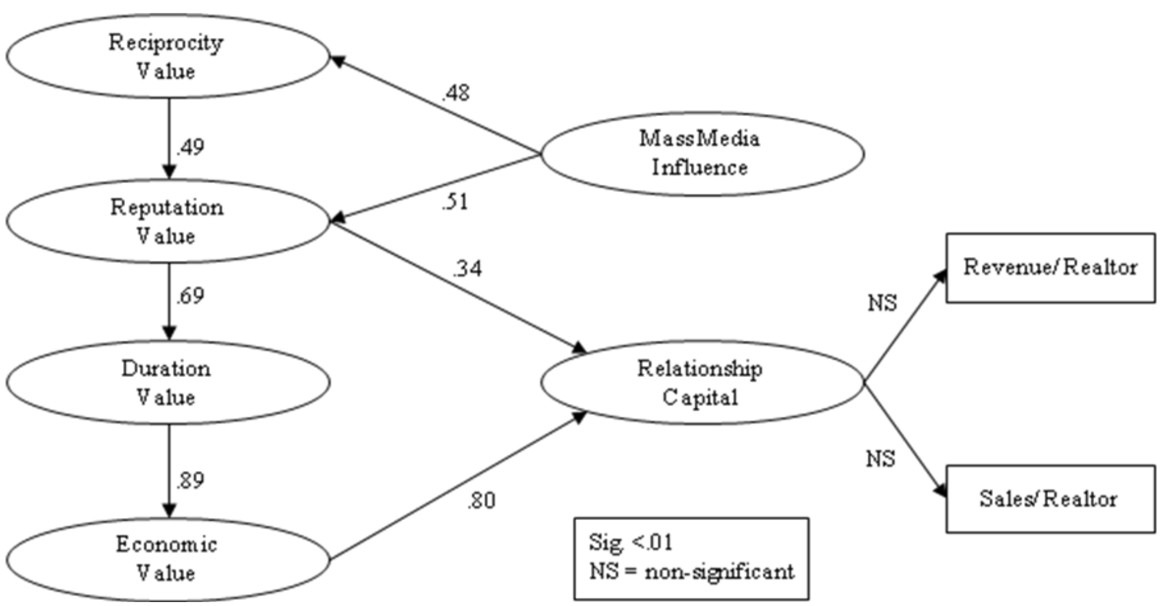

Figure 12. Monetizing relationship capital

This result suggests that there is no significant statistical relationship between relationship capital and brokerage performance. However, as Grunig and Hung (2002) contended, the value of relationship capital is fundamentally defensive in nature and therefore must be measured in the context of risk management. Hence, the return on relationships is not immediate. Rather, a relationship builds capital over time, so withdrawal only occurs during a negative experience. Therefore, in this context, the timeframe of three years may be an inappropriate period to measure the return on these relationships. In addition, as Grunig and Hung argued, the value of this relationship is only relative to an undetermined ―what if" scenario. Thus, as the compensating variation model identified, the lack of a ―what if" benchmark reflects the methodological issues previously identified.

At this stage, the researcher used analysis of variance (ANOVA) tests to examine any variance in these two indicators. This analysis involved transforming the RPR and SPR into categorical data. However, the ANOVA test did not identify any significant variance in either the RPR or the SPR. This suggests that there is no significant predictive relationship between the quality of the relationship with a realtor and their financial contribution to the firm as measured by RPR and SPR. This conclusion is counterintuitive; it demonstrates the ability of the Stakeholder Scorecard to measure the relationship between stakeholders and the key performance indicators of a firm. The implication of this will be discussed in chapter 5.

Summary of Findings

This section provided an overview of the results of the instrument design and model validation phase. It included an overview of the process used to develop the quantitative instrument and the results of the pilot study used to refine this instrument. It then detailed the data collection and the characteristics of the cohort included in the final study. The statistical technique used in this quantitative study was structural equation modeling. SEM is based on a rigorous methodology that includes testing each individual construct using confirmatory factor analysis.

The proposed hierarchical model in this study required second-order CFA for each composite construct. Based on the results of the CFA phase, the Stakeholder Scorecard model was respecified, and two alternative models were introduced. These respecified models included the removal of several unique constructs from the original model and the introduction of two new constructs. This respecification was supported by the theoretical framework of this study and by the findings of the phenomenological research. The respecified model was then tested in a full structural equation model study. Both respecified models were statistically significant and met the minimum goodness-of-fit indices required for acceptance. Multiple regression tests examined the empirical relationship between the construct of relationship capital and the key performance indicators for the industry.

Concurrent mixed methodology research was used to analyze the relationship between the intangible asset of relationship capital and the value creation process. In chapter 5, I will analyze and discuss the findings as they relate to the four research questions central to this study.

CHAPTER 5:

CONCLUSIONS

Introduction

This chapter provides an overview of the results of this study and discusses the implications for scholars and practitioners. It begins by summarizing the results of the research based on the four research questions and associated propositions (P1-P4). The chapter then discusses these findings in terms of how they relate to existing theories in the wide range of disciplines considered. This analysis includes excerpts from follow-up interviews with several coresearchers. Following this, the chapter considers the implications on social change and future research. The study concludes with a first-person reflection on this research experience and identification of any bias that may have influenced the findings.

Overview

This study focused on the challenge of empirically demonstrating the relationship between intangible assets and shareholder value. This analysis focused specifically on the intangible asset of a firm‘s relationship with stakeholders. As demonstrated, relationships are intangible, whereas the value that they generate for a firm is tangible. This study investigated the roots of stakeholder relations and analyzed the theoretical linkage to shareholder value. How to measure the value of these relationships has challenged the business and academic community. Confronting this challenge was central to this study.

This study critically examined leading academic and applied methodologies that have been developed to measure the value of stakeholder relationships. This research synthesized diverse methodologies from a broad range of disciplines into a proposed conceptual framework, deemed the Stakeholder Scorecard. This scorecard was designed to enable researchers to test the predictive link between relationship capital and value creation. Demonstrating the reliability and validity of this scorecard is the central contribution of this study. This study was framed by the four research questions and the four related research propositions outlined in Table 34.

Table 34

Research Questions and Propositions

Research question	**Research proposition**
Question 1: What are the variables that contribute to the formation of relationship capital between a firm and a stakeholder?	*Proposition 1 (P1):* Relationship capital between a firm and its stakeholders is an evaluative construct that is the aggregation of four interdependent dimensions: (a) relational trust, (b) relational satisfaction, (c) relational consensus, and (d) relational commitment.
Question 2: What are the sources of value that drive a stakeholder to seek a relational exchange with a firm?	*Proposition 2 (P2)*: Firm-stakeholder relationships are fundamentally a relational exchange. Therefore, there must be identifiable sources of value that act as stimuli for a stakeholder to participate in a relational exchange. Relationship value drivers can be clustered into three major groups: (a) economic value, (b) scarcity value, and (c) reciprocity value.

table continues

Research question	Research proposition
Question 3: What are the variables that moderate and influence a stakeholder‘s evaluation of his or her relationship with a firm?	*Proposition 3 (P3):* Generating relationship capital between a firm and its stakeholders is moderated through one or more of the following variables: (a) mass media influence, (b) peer network influence, and (c) relationship duration value.
Question 4: What relationship assets or liabilities act as significant predictors of increased shareholder value?	*Proposition 4 (P4)*: Relationship assets or liabilities are composed of three dimensions: (a) loyalty, (b) cooperation, and (c) advocacy. These assets or liabilities can be monetized by a firm and empirically linked to metrics of shareholder value creation.

Concurrent mixed methodology was chosen as the most effective research approach to test these propositions (Creswell, 2009; see also MacMillan et al., 2004). The qualitative portion of this study was based on the tradition of phenomenology. Its goal was to support both the refinement of the Stakeholder Scorecard and the development of an associated quantitative research instrument. The goal of the quantitative portion of this study was to test statistically the reliability and validity of the proposed research instrument. SEM was chosen as the statistical technique, because it allowed the researcher to test simultaneously validity, reliability, and the relationships between the dependent and explanatory variables (Lei & Wu, 2007). In this chapter will now analyze and interpret the results.

Limitations of Research

The Stakeholder Scorecard was based on the synthesis of numerous theories from a wide range of disciplines, which served as the theoretical basis for this study. The final Stakeholder Scorecard is generalizable across different industries and stakeholder segments, but it must be acknowledged that the scope of the SEM phase was limited to a single industry and a single population group. The researcher does not purport that the results, in particular, the relationships among variables, possesses any level of external validity. Hence, any attempt to infer results beyond the scope of this study must be done with caution.

Moreover, a limitation of all SEM studies is that the researcher cannot capture all potential variables as a result of specification error (Quiles, 1998; see also Hoyle, 1995; James, Mulaik, & Brett, 1982). Furthermore, the SEM study identified two potential models for consideration. Both models achieved all essential statistical tests and were well-supported by a theoretical framework. However, SEM can produce a wide range of alternative models that achieve statistical equivalence. Therefore, the final model must be considered simply one of numerous options that the study‘s data supports.

O‘Reilly (2007) identified attribution as significant variable in all consumer research. The issues are tied to the inability to reliability measure intent. Moreover, it recognizes the inability to consider all the external variables that may have influenced the results. The researcher acknowledges this as an inherent limitation of this study.

An additional limitation is the inability to effectively measure the network effects of stakeholder relationships with any level of validity or reliability (O‘Reilly, 2078; see also Grunig & Hung, 2002; Gummerson, 2002, 2004). Therefore, when analyzing the value of a firm‘s relationship with a stakeholder group, the value is limited to the direct and measurable influence of this specific stakeholder relationship. The result is that this model will only provide limited guidance to the value of constructs such as reputation.

Finally a recognized limitation of this research was not designed as a longitudinal study; the primary purpose was to design and test the validity and reliability of a research methodology and associated conceptual model at a single point in time using cross-sectional data. To increase confidence in the final instrument, it should be tested using longitudinal data to evaluate its ability to measure significant statistical change in a single population over a period of time.

Interpretation of Findings

This study took a multi-theory approach to analyze the relationship between stakeholders and value creation. The researcher identified 10 foundational theories that contributed to a holistic understanding of this relationship. These theories include commitment trust-theory (Morgan & Hunt, 1994); stakeholder theory (Freeman, 1984); social exchange theory (Homans, 1958, 1961); social network theory (Granovetter, 1973, 1983, 1985); systems theory; (Senge, 1993); relationship marketing theory (Gummersson, 1995, 1998, 2004; Lacey, 2007); resource-based view of the firm (Barney, 1996, 2001; Barney & Clark, 2007) and perceived organizational support (Eisenberger, Huntington, Hutchison & Sowa, 1986). Using these theories, the present study aimed to produce a comprehensive model that could enable both scholars and practitioners to link dimensions of relationship capital to tangible indicators of value creation. To operationalize these theories, this study identified dozens of methodologies related to the measurement of relationship capital. However, few approaches have considered its value from a systems orientation viewpoint. The synthesis of these theories and the applied methods to value relationship capital became the foundation of a conceptual model deemed the Stakeholder Scorecard. The goal of this research was to operationalize this scorecard through the development and testing of a quantitative instrument that would enable researchers to measure both the predictors of relationship capital and its link to value generation.

This section presents the author's interpretations of the four research questions. It also provides references to the results presented in chapter 4 and to supporting literature. This discussion focuses on the lessons learned from the phenomenological and SEM research as related to the central research questions. Moreover, it includes excerpts from follow-up interviews with several coresearchers, which were completed following the quantitative analysis. Because firm-stakeholder relations are highly context-dependent, this discussion will not focus on specific outcomes. Rather, it will examine the implications associated with the development of a statistically reliability and valid Stakeholder Scorecard.

Research Question 1

Research Question 1 asked, *What are the variables that contribute to the formation of relationship capital between a firm and a stakeholder?* It was proposed that relationship capital was an evaluative construct that is the aggregation of four interdependent dimensions: (a) relational trust, (b) relational satisfaction, (c) relational consensus, and (d) relational commitment. These four dimensions were supported by the phenomenological research project. The interdependency of these constructs was confirmed during the phenomenological and SEM research. Commitment emerged as a highly abstract construct during the phenomenological study, as numerous coresearchers used it to describe dimensions of attitude and behavior. The phenomenological research suggested that the attributes associated with commitment transcended other constructs such as satisfaction, trust, loyalty, and satisfaction. Thus, the phenomenological study led the researcher to question the ability to measure commitment as a unique construct. This conclusion is highly contentious and is a topic for further study.

In addition, the interdependency of the four constructs that were proposed to represent relationship capital became apparent during the quantitative research phase. In fact, this interdependency created significant multicollinearity among the constructs, which in turn degraded the goodness-of-fit indices to an unacceptable level. Furthermore, the quantitative phase identified a significant correlation (1.024) between the two proposed unique constructs of relationship capital and relationship assets, which suggests that they are in effect a unidimensional construct. In a follow-up interview, coresearcher 16 noted that he has reached similar results:

> I would say it is also contextual, because I have found different studies that we have done. We have found that in some situations, extremely high levels of correlation point…We found the attitudes were almost 100 percent correlated with intentions, but we also thought that the context had an influence there, because it was such an appealing context [the Caribbean].

The context-specific relationship between attitude and behavior raised by this coresearcher is significant. For future applications, the Stakeholder Scorecard must maintain sufficient robustness to permit the constructs of relationship capital and relationship assets to be measured independently or to be consolidated as a single construct depending on the context.

To bridge the gap between the theoretical constructs of relationship capital and relationship assets and real-world applications, the researcher proceeded to use data parceling to develop and test the following three summated scales:

1. Relationship attitude,
2. Loyalty intention, and
3. Advocacy intention.

These scales merged to become the measurements for the construct of relationship capital. These three variables represented 1.00 of the variance in this construct. The incorporation of these scales enables sufficient manifest variables to be represented in the model, so that relationship capital and relationship assets can be measured either independently or concurrently. The role of these three scales will now be discussed.

Relationship attitude. The relationship attitude scale is composed of three interdependent constructs: (a) trust, (b) satisfaction, and (c) consensus. The reliability and validity of each construct was demonstrated in this study. These three variables were then integrated into a single attitudinal scale and retested to confirm statistical reliability. As a composite, the relationship attitude scale represented .76 regression to the construct of relationship capital and a Cronbach‘s alpha of .917.

The development of a holistic relationship attitude scale is important to enable better understanding of relationship dynamics. The composite scale captures the interdependent constructs that a stakeholder uses to evaluate the quality of their relationship with a firm at a given moment in time. Moreover, this scale can be deconstructed with sufficient reliability and validity to identify specific areas of strength or weakness at that moment.

Loyalty intention. Loyal behavior was identified by coresearchers as one of the central objectives of a stakeholder relationship management. The importance of loyalty has also been identified by a breadth of theorists (MacMillan, Money, & Downing, 2004; see also Fombrun, 2004; Helm, 2005; MacMillan et al., 2005; Money & Hillenbrand, 2006; Palmatier et al., 2006; Willis & Brennan, 2003). Numerous scholars also identified the construct of functional cooperation as being a goal of stakeholder management (MacMillan et al. 2005; see also MacMillan, Money, & Downing; 2000; Money & Hillenbrand. 2006; Morgan & Hunt, 1994; Napahiet & Ghoshal, 1998; Palmatier et al., 2006; Willis & Brennan; 2003). However, the separation of these two interrelated constructs was challenged during the phenomenological study as subjective and arbitrary. The quantitative research supported this position. In both studies, the constructs of loyalty and cooperation emerged conceptually and empirically as a single construct. As a result, a seven-measure loyalty scale was established by merging the manifest variables designed to measure these two constructs. This scale demonstrated significant reliability and possessed a standardized regression of .60 to the construct of relationship capital.

The integration of a loyalty intention scale as a pillar of relationship capital has several implications. As discussed in the literature review, loyal behavior is an asset that can be directly linked to value creation. For example, loyal customer behavior can result in increased revenue while simultaneously reducing a firm‘s customer acquisition costs. Therefore, the ability of the Stakeholder Scorecard to measure loyalty as both a unique construct and as a contributor to the construct of relationship capital is an important contribution.

Advocacy intention. Advocacy was identified as a unidimensional construct in both the phenomenological and SEM studies. It is also a dominant theme among leading scholars (MacMillan et al. 2005; see also Fombrun; 2004; Money & Hillenbrand, 2006; Palmatier et al. 2006; Willis & Brennan, 2003). The challenge of advocacy is its indirect relationship to value creation. That is, stakeholder advocacy cannot be directly linked to revenue, cost reduction, or asset utilization. Rather, its value is influenced by the principle of network effects (Grunig & Hung, 2002; Gummerson, 2002, 2004). This is a significant limitation inherent to this study.

However, as demonstrated in the phenomenology research, stakeholder advocacy is a key objective of practitioners and intuitively valuable to a firm. As a result, the incorporation of a reliable and valid measurement of stakeholder advocacy in the relationship capital is an important contribution. Significant regression of .78 suggests that it is an important factor in the construct of relationship capital. As demonstrated by Finch et al. (2009), a relationship that stimulates advocacy may require a higher level of relationship strength than simple loyalty. Hence, the ability of this model to measure relationship capital as a single construct while enabling researchers to isolate and measure advocacy is essential for real-world applications.

Research Question 2

Research Question 2 asked, *What are the sources of value that drive a stakeholder to seek a relational exchange with a firm?* The researcher hypothesized that relationship value drivers could be grouped into three main categories: (a) economic value, (b) scarcity value, and (c) reciprocity value. Reciprocity emerged as an important value driver during the phenomenological and SEM studies. However, the construct of scarcity value was challenged by the phenomenological research, which found that the constructs of scarcity value and economic value possessed underlying common attributes linked to an economic exchange. Moreover, reputation was isolated as a unique scarce resource that influenced relationship behavior in the early stages. These implications will now be discussed.

Economic value. The construct of economic value measured perception of the economic exchange. Sources of value include both monetary as well as product or service attributes that generate value due to scarcity (e.g., intellectual property). Understanding the role that economic value contributes to generating relationship capital is essential for the efficient allocation of a firm‘s resources.

For example, economic value was identified as a significant predictor of relationship capital (.80). Thus, when the realtor perceived fair economic value in the exchange process, relationship capital was generated for the firm. This demonstrates the value of the Stakeholder Scorecard model. The scorecard demonstrated that duration value was a strong predictor of economic value (.89). This suggests that if a realtor viewed relationship duration as valuable, this had a powerful influence on their perception of the value of the firm‘s economic exchange. This supports Lacey‘s (2007) conclusion that a relationship based exclusively on economic value is at risk of commoditization. This model demonstrates that an actor‘s perception of economic value is highly inter-related with other sources of value. Thus, it suggests that economic value is the output of an actor‘s cognitive and affective evaluation of a range of sources of value including reciprocity, reputation, and relationship duration.

Reciprocity value. In the quantitative study, perceived reciprocity was identified as a significant predictor of reputation value (.49). The important role of reciprocity in stakeholder relationships is supported by a broad range of scholars (Eisenberger, Huntington, Hutchison & Sowa, 1986; see also Coleman, 1988; Eisenberger, Armeli, Rexwinkel, Lynch & Rhoades, 2001; Gouldner, 1960; Granovetter, 1973; Harris, Harris & Harvey, 2007; Homans, 1958; 1961).

In a follow-up interview, coresearcher 11 argued that the construct of reciprocity value could be interpreted as reflecting the construct of social networks. Specializing in social capital, he contended that interpersonal reciprocity is at the core of social networks dynamics: ―It‘s not because you lost the social network interference. . . Your primary social network [is] personal relationships. . . It's just in a different format than you prescribed or you thought would happen initially." The implication of this is intriguing. In the context of this population group, perceived reciprocity value provides a significant but indirect influence on relationship capital. In other words, if a realtor perceives that their relationship with the brokerage is founded on interpersonal reciprocity, this will significantly influence the role of reputation in the relationship.

Reputation value. The emergence of reputation as a perceived source of value is well-supported by the literature (Barnett, Jermier, Lafferty, 2006; Eccles, Newquist, & Schatz, 2007; see also Kim, Bach, & Clelland, 2007; MacMillan, Money, Downing, & Hillenbrand, 2005). The original Stakeholder Scorecard considered reputation as a manifest variable that contributed to a range of constructs such as scarcity value, satisfaction, and advocacy. In the phenomenological research, reputation value emerged as a significant variable in the early stages of a relationship. Specifically, reputation is highly influential in the indirect stage of a relationship. As a result, reputation value was introduced as a unique construct in the Stakeholder Scorecard 2.0. The quantitative study validated reputation value as a unidimensional construct. Moreover, reputation value was identified as a significant predictor of both duration value (.69) and relationship capital (.34). This suggests that reputation value is both directly and indirectly a significant predictor of relationship capital.

Research Question 3:

Research Question 3 asked, What are the variables that moderate and influence a stakeholder's evaluation of his or her relationship with a firm? Several variables were hypothesized to have a moderating influence on the generation of relationship capital, including the constructs of relationship duration value, mass media influence, and peer network influence. However, this study identified the difficulty in categorizing specific variables exclusively as a moderator. In fact, the final SEM model suggests that the variables originally categorized as both moderators and value drivers all possess common explanatory and predictive value. As a result, the term *moderating variable* in the context of the Stakeholder Scorecard is an inaccurate categorization. Rather, the constructs are better defined as explanatory variables. The three explanatory variables central to this research question will be now discussed.

Mass media influence. Mass media was identified as a potential moderating influence on stakeholder relationships. However, its influence is context-dependent. The phenomenological study supported the research of Katz and Lazarsfeld (1955), which suggests that mass media influence is highly inter-linked with peer network influence. In this context, the role of mass media is to build awareness, but peer networks have the power to persuade.

In this study, mass media emerged as a significant predictor of both reciprocity value (.48) and reputation value (.51). This suggests that mass media can influence the perceived importance of reciprocity and reputation in the eyes of a stakeholder. This is significant, because these two variables contribute directly and indirectly to the generation of perceived economic value and relationship capital. Consequently, the scorecard allows practitioners to measure the role that mass media plays in influencing the perceived value drivers that ultimately influence the evaluation of relationship capital.

Relationship duration value. Time has been identified as an important moderating variable in relationship theory. Both Coleman (1988, 1991) and Granovetter (1973, 1983) identified dimensions of time as central to the construct of trust. This is because trust is generated by evaluating past behavior as a predictor of future behavior. Moreover, relationship duration is an essential antecedent of trust. Delgado-Ballester and Munuera-Aleman (2003) as well as MacMillan et al. (2005) validated time as an essential variable in the formation of trust. The phenomenological research also verified the relationship between duration and trust. Coresearcher 12 stated:

> If I meet you for the very first time, I can‘t trust you. I don‘t know you. So within the first 30 seconds, within the first minute, within the first 5 minutes, how we interact with one another and you're starting down a road of building some respect, maybe to understanding and maybe to an inkling of trust…Unless you know something about the person before you meet them, so you have some history or understanding of who they are and what they‘ve done in the past, you

> don‘t have a basis to make any kind of observation about whether or not you trust them.

The SEM study also validated relationship duration as an important source of relationship value. This model identified that duration value has a profound influence on the perception of economic value (.89). In the context of this study, this may suggest that as a commercial relationship matures, the economic dimensions of the value proposition are highly influenced by non-economic value drivers such as reputation value and perceived reciprocity. However, it is important to re-emphasize that this conclusion is context-dependent. As coresearcher 6, the marketing manager for this firm, stated, ―The longer you‘re with a company, the more personal it can be.” Therefore, the length of a relationship moderates the perception of the economic exchange. Hence, I hypothesized that the value of time as a predictor of economic value decreases with the perceived risk level. This is supported by Maathuis, Rodenburg, and Sikkel (2004), who conclude that there is a strong correlation between perceived risk and credibility. This suggests that in a commercial relationship that possesses little risk, economic value may be the dominant source.

Peer network influence. The manifest variables that were intended to capture the construct of peer network influence failed to load as a unidimensional construct and were consequently dropped in the Stakeholder Scorecard. The researcher considers this a significant weakness of the final model. However, coresearcher 11 argued that the significant influence of peer networks is embedded in the construct of interpersonal reciprocity value. It was his position that the manifest variables represented in this construct reflect the influence of peer networks in the generation of relationship capital.

This coresearcher pointed specifically to the significant relationship that this construct had on the influence of mass media (.49) and reputation value (.48).

Research Question 4:

Research Question 4 asked, What relationship assets or liabilities act as significant predictors of shareholder value? The conclusions of this study highlight several important advances in understanding the link between relationship capital and shareholder value. This study highlights the strong relationship between the attitudinal dimensions of a relationship and the behavioral intent of an actor. If an actor possesses a positive attitude toward a relationship, their behavior will mirror this attitude. However, this conclusion is context-dependent. Hence, it is essential to understand the relationship between attitude and behavior in a given context.

An additional finding is that there are two primary types of stakeholder behavior that generate value to a firm. The first incorporates the original definitions of loyalty and cooperation. This includes how a stakeholder intends to behave towards a firm. The second is advocacy, which measures whether a stakeholder intends to support a firm indirectly. For example, when a stakeholder refers a company to a third party, the value of the referral is dependent on the action taken by the third party. If this third party chooses to act on the referral, then it is of measurable value to the firm. However, if the colleague chooses to buy a competitor‘s product, it generates no value to the firm. As a result, advocacy remains constrained as intangible potential value to the firm. Thus, advocacy cannot be reliability monetized. This conclusion presents a significant limitation for practitioners to reliability quantify the intrinsic value of a relationship.

Contribution to the Body of Knowledge

This study contributes to the body of knowledge associated with intangible asset valuation and specifically relationship capital. Most significantly, the Stakeholder Scorecard is founded on a holistic approach. Unlike previous research in this area that has primarily focused on measuring specific attributes or stages of a relationship between a firm and a stakeholder, this study synthesized a range of methodologies from numerous disciplines into a holistic model. Using SEM, the model enables researchers to test the predictive link between relationship capital and dimensions of value creation. This holistic approach will permit future researchers to examine simultaneously the numerous facets of a relationship and how they can act as a predictor of shareholder value.

Transforming Academic Rigor to Applied Value

A goal of this study was to ensure that the conclusions possess academic rigor while offering applied value. One of the central challenges of transitioning research to application is the ability to effectively communicate the conclusions into concise implications. Generally speaking, practitioners are less interested in the processes than the impacts. Therefore, it is essential that the presentation of the data be clear, concise, and obvious. Figure 13 transforms the relationship capital indices output of the structural model into a simple scorecard index. A similar method was used by MacMillan et al. (2004) to translate an academic instrument into a tool that could be applied by practitioners. Reporting individual construct scores in this format graphically identifies the strengths and weaknesses of each relationship. In this example, the horizontal line reflects a composite relationship capital index (RCI) of 72%. The red bars highlight constructs that scored below the RCI to indicate areas of concern.

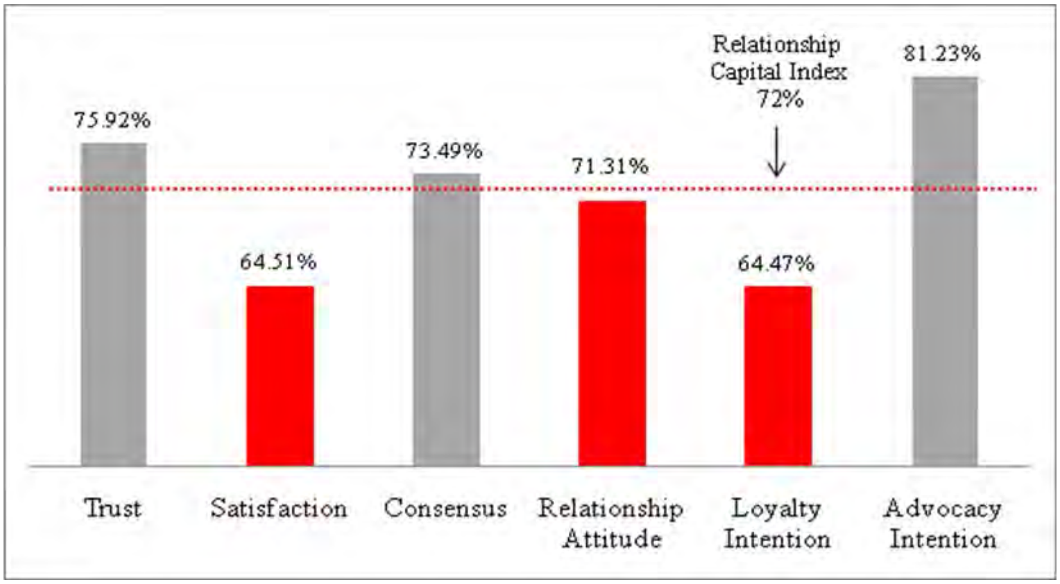

Figure 13. Sample scorecard analysis

However, the Stakeholder Scorecard provides limited value to practitioners as a cross-sectional study tool. The above example does not provide a reference point for analysis. For example, is 64.51% satisfaction positive or negative? Moreover, a cross-sectional application cannot offer any meaningful linkage to a firm‘s key performance indicators (KPIs). However, if the Stakeholder Scorecard is applied on a longitudinal basis, then the indices will allow the firm to identify relational trends and variables with the most significant influence on the generation of relationship capital. The identification of these predictive variables will support the allocation of resources intended to strengthen stakeholder relationships.

Figure 14 presents a hypothetical trending chart that reflects a proposed longitudinal application of the Stakeholder Scorecard. A longitudinal application will permit a firm to monitor the health of stakeholder relationships over time. This example identifies a sudden decline in Q2 of RCI. The RCI then stabilized and improved in Q4. This example also integrates the average revenue per user (ARPU) trend to examine the link between relationship capital and revenue.

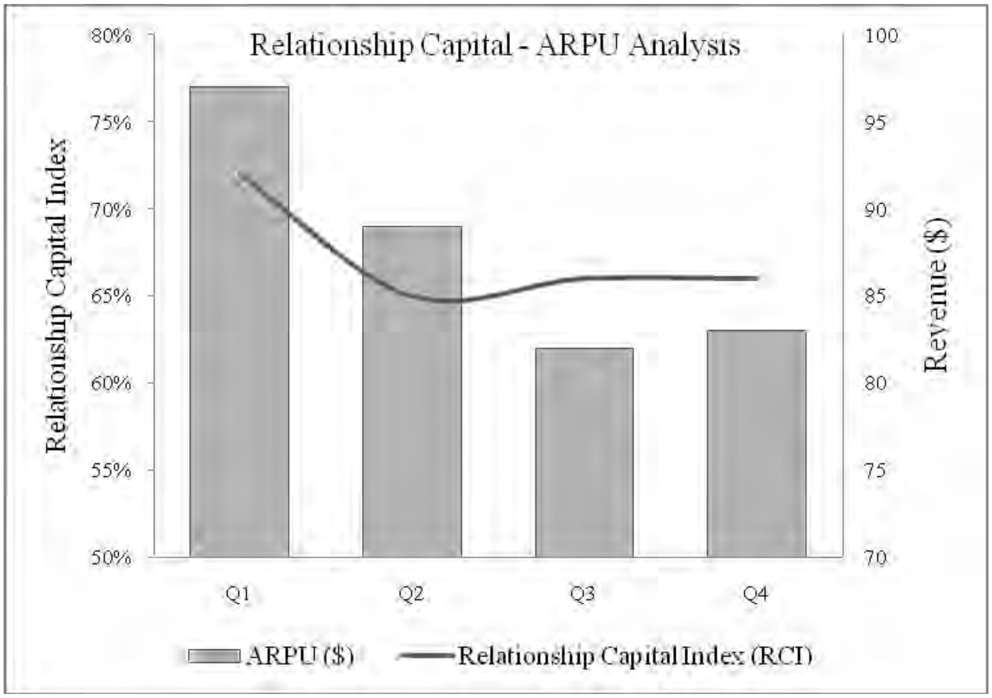

Figure 14. Sample relationship capital ARPU analysis

A Systematic Interpretation of Relationship Capital

In a follow-up interview, coresearcher 11 supported the sequential linear interpretation of the model (refer to Figure 15) but argued that I should move beyond the constraints of SEM and consider the potential of conceptual feedback loops as proposed by Senge (1993):

> I love what I see, but many people say that those relationships are reciprocal. . . So is trust a consequence of the social capital, or is it an antecedent of social capital? This is the Catch-22. . . But when you step away from it and move more to the

> conceptual from the statistical, that's exactly what happens. . . .The relationship attitude scale incorporates trust, satisfaction, and consensus or power. Then you got dimensions of loyalty and advocacy, which are behavioral dimensions. By definition, the intent is to strengthen those things, which then feeds back and strengthen[s] the rest of the relationships. So it is a systemic relationship.

He continued that the work of Giddens (1984) should be considered when interpreting the model:

> It is structuration theory. His idea is that there is a reverse, a two-way relationship process in the way action impacts structure and structure per se reverses the impact structure of the chicken and egg discussion. It's quite interesting. Both happen at the same time, and there's no value into trying to keep talking, which comes first. That's beyond the point.

Figure 15 is a conceptual extension of the Stakeholder Scorecard that reflects the structuration interpretation of the model. In addition, this model captures the dynamic and organic nature central to systems theory (Senge, 1993). This model will be discussed in the recommendations for further study.

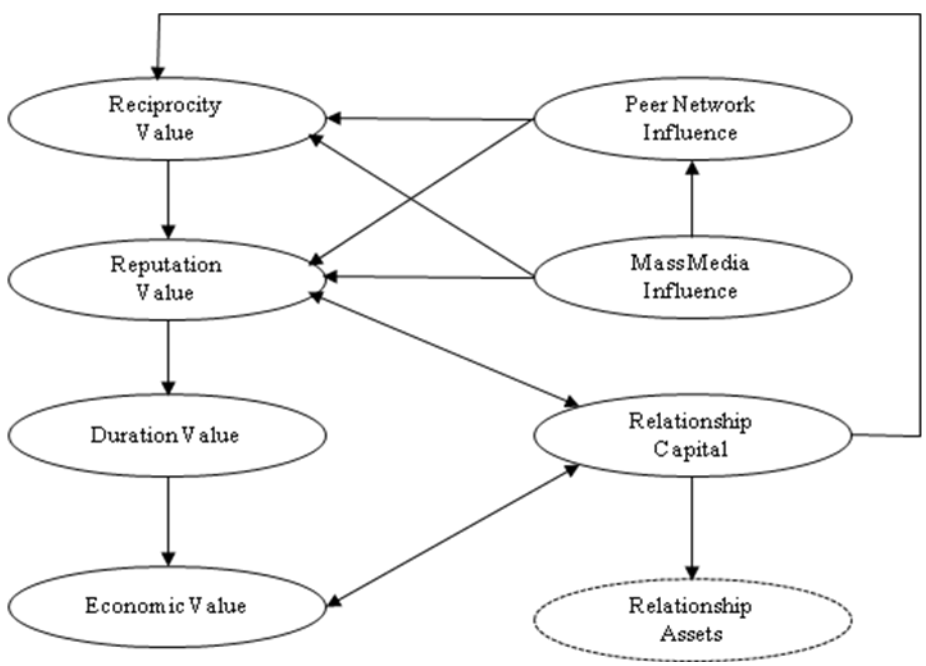

Figure 15. A Conceptual Model of the Stakeholder Scorecard

Implications for Social Change

Walden University's mission is focused on developing scholarly practitioners who will become leaders in their community and use their knowledge to invoke positive social change. The university defines positive social change as:

> A deliberate process of creating and applying ideas, strategies, and actions to promote the worth, dignity, and development of individuals, communities, organizations, institutions, cultures, and societies. Positive social change results in the improvement of human and social conditions. (Walden University, 2009)

Corporations historically have played a significant role in supporting social change through community instruments mechanisms - such as non-profit sponsorships and corporate philanthropy - that support social change. Private sector investments into areas such as education, health, environment or social services have emerged as an essential source of funding for thousands of non-profit organizations.

However, practitioners and scholars agree that the singular goal of a firm is to generate shareholder value (Porter, 1980, 1985). Friedman (1970) argued that the social responsibility of a corporation is to increase profits. Therefore, it is not the role of management to allocate shareholder resources to anything that does not contribute to generating shareholder value. As a result, it could be argued that the scope and role of social change as defined by Walden is inconsistent with the principles of profitability and shareholder value.

However, Friedman (1970) and Porter (2007) acknowledged that it is possible for an organization to allocate resources to support social good while also generating shareholder value. Porter and Kramer (2002) argued such initiatives must be based on the convergence of commercial and social goals and focused on providing increasing mutual returns to both society and the firm. To support this assertion, McKinsey Consulting (2008) surveyed 721 senior executives globally; 90 per cent of these executives stated that investment in social good must demonstrate a link to business benefits. However, the ability to measure this relationship with any level of validity and reliability remains a challenge to practitioners. Thus, one of the central goals of this study was to define and test an applied methodology that enables practitioners to test empirically the link between investments in social good and the metrics of shareholder value.

The research conclusions are a valuable contribution to establishing this link. Below are four specific contributions that this study has made to extending the body of knowledge associated with the relationship between community investments and shareholder value.

1. This study verified that stakeholders play an enabling role in the generation of shareholder value. Moreover, it confirmed that this role is context specific. Therefore, the research concluded that any methodology that seeks to measure the link between investments in social good and shareholder value must be sufficiently robust to capture the context-specific role of both the stakeholder and the firm.

2. The research verified that the relationship capital generated between a stakeholder and a firm is often moderated by external stimuli such as media or peer-networks. Isolating these moderating influences must be the focus for exploring the link between investments in social good and shareholder value.

3. This study identified three distinct types of variables that drive firm-stakeholder exchange relationships. Specifically, identifying perceived reciprocity as a key relational driver introduces a unique variable in evaluating these relationships. As a

result, researchers will now be able to explore the influence that community investment plays in moderating the strength of perceived reciprocity.

The researcher acknowledges several significant limitations in the current version of the Stakeholder Scorecard. The first is the inability of the model to control for external variables; as a result, it is unable to suggest definitive causality as defined by Hume (1740, 1777). Therefore, if applied by a firm on a longitudinal basis, one cannot attribute an increase in relationship capital to a single causal variable with any level of validity. For example, if the only modified variable was the deployment of a comprehensive community investment program, then a manager could use the Stakeholder Scorecard to examine the variables that influenced the change in relationship capital. This model may identify community investment as a key predictor of corporate reputation, which in turn predicts relationship capital. However, this inference is not to be misjudged as definitive causality. Hence, as Sayer (2006) identified, an inherent limitation of the behavioral and social sciences is that such a model cannot confirm causality. Moreover, the linear structure of the Stakeholder Scorecard based on SEM violates the systemic assumptions put forth by Senge (1993).

However, even with these embedded constraints, the model provides an additional tool to effectively isolate and rationalize the influence of community investment and value generation. The Stakeholder Scorecard provides a platform to support the convergence of corporate strategy and social good by transforming community investment into a discipline that is driven by empirical metrics. This ability to ultimately measure return on the community investment will lead to a greater recognition that supporting social good is good business.

Reflections on the Researcher‘s Experience

The goals of this study were ambitious and arguably unattainable. The problem statement, research questions, and propositions were the result of 20 years of experience as practitioner. The problem can be summed up in three simple words: Does it matter? That is the essence of this study. Does the donation that a corporation makes to a children‘s hospital influence its business performance? Does a firm‘s sponsorship of a professional sports team make a difference to their business? Does spending $1000 to host a client at a football game really matter?

Cynicism is what led me to attempt to answer these questions. This cynicism was also at the foundation of research methodology. The complexity and context-specific nature of this problem could not be resolved through either qualitative or quantitative methods. The research question required me to use phenomenology to engage leading practitioners from a diverse range of fields. The 18 one-hour interviews encompassing 500 pages of transcripts is a dissertation in itself. However, the phenomenology study identified a wide range of themes that generated more questions than they answered. The quantitative phase was the minimum requirement, because the essence of the problem lay in the inability to measure empirically the return on relationships. Therefore, the SEM study was a response to the cynicism at the root of the problem.

I also must reflect on the bias that is inherent to any research. The phenomenological phase was a fascinating experience that pushed my capabilities. The range of coresearchers was intended to overcome the threat of homophily. It would have been significantly easier to leverage my network of close friends, who are senior marketers. However, my social network is simply a reflection of my values. I also recognized that a phenomenological study composed entirely of a similar audience would not achieve the objectives of this study. Rather, it would simply reinforce my pre-existing bias. This recognition led me to seek phenomenological candidates outside of my comfort zone. Each coresearcher challenged my thinking; from this emerged new insight. The diversity of the population group pushed my limits while offering great rewards.

Recommendations for Further Study

This study provides another step in confronting the complex challenge associated with the valuation of intangible assets. Specifically, it offers a framework to better understand the relationship between stakeholders and the value creation process. In this regard, this study raises more questions than answers. Below are a summary of the questions that remain:

1. Is it possible to isolate and measure the moderating influence of peer networks in the formation of relationship capital or are peer networks too context-specific (e.g., actor- and situation-specific) to be effectively measured?
2. Is the relationship identified in this study between scarcity and economic value context dependent?
3. Are relationship capital (attitude) and relationship assets (behavioral intent) a single construct or a context-specific construct?
4. Is it possible to design a valid and reliable research study that tests the systemic characteristics of the Stakeholder Scorecard model as suggested in Figure 15?
5. Is the Stakeholder Scorecard adaptable for other industries and other stakeholders? A future research project must simultaneously examine multiple

stakeholders and multiple industries within a single framework. This will provide researchers with the ability to compare and contrast context-specific dynamics of firm-stakeholder relationships.

6. Does the Stakeholder Scorecard possess sufficient validity and reliability to be used as a longitudinal instrument to evaluate the dynamic nature of relationship capital?

7. What role does duration play in the perception of reputation?

8. What are the antecedents of reciprocity value?

9. What is the relationship between loyalty and commitment and can these reliability be measured as unique constructs?

10. Does community investment stimulate perceived reciprocity?

Summary

This study examined the value of the intangible asset of relationship capital. Today, practitioners are challenged with allocating tangible financial resources with the goal of strengthening intangible stakeholder relationships. However, these investments— ranging from corporate philanthropy to advertising—are often guided by subjective management intuition with no measurable link to shareholder value. Consequently, the goal of this study was to develop and test an empirical model that could measure the intrinsic value of relationship capital. This research synthesized diverse methodologies from a broad range of disciplines into a holistic model deemed the Stakeholder Scorecard. This scorecard was then rigorously tested for reliability and validity using concurrent mixed-method research, incorporating the qualitative tradition of phenomenology with the quantitative method of structural equation modeling. This study offers a comprehensive approach to analyzing the dynamic and complex relationship between stakeholders and value creation. In conclusion, the findings of this study provide an important contribution to understanding the intrinsic value of relationships. However, these findings raise more questions than they answer. Therefore, the questions are as valuable as the answers.

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APPENDIX A:

E-MAIL INVITATION FOR PHENOMENOLOGICAL RESEARCH

Dear ______________

I would like to invite you to participate in a doctoral research project. The purpose of my study is to design and test a research methodology that will enable a company to empirically link individual stakeholder relationships to its key performance indicators. The first stage of this research involves conducting ten interviews with experts in the field of stakeholder management and corporate finance. These interviews will contribute to refining the proposed model of stakeholder valuation and to the development of a quantitative research instrument to be tested in the second stage of this study.

I would be honored by your participation. If you agree to be in this study, you will be asked to:

1. Participate in a recorded 60-minute interview concerning the issues associated with measuring the value of stakeholder relationships.

2. The interview will be transcribed; this transcription will be provided to you via e-mail to review for accuracy.

3. If required, a follow-up 30-minute phone interview will be conducted to clarify any outstanding questions.

Please see the attached research summary and consent form. If you would like to participate in this study, please call me to discuss details. I can be reached at (403) XXX-XXXX.

Thank you,

David J. Finch

APPENDIX B:

INTERVIEW PROTOCOL FOR DISSERTATION RESEARCH

Researcher

David Finch

Dissertation Title

Return on Relationships: An evaluation of the influence of stakeholder relationships on corporate performance

Interview Setting

Private location of participant‘s choice.

Materials for Interview

List of questions, copy of Stakeholder Scorecard, and audio recorder

Interview Method

Questions were designed to be open-ended to provide maximum opportunity for the participant to provide his or her own perceptions and interpretations of the subject under study.

INTERVIEW QUESTIONS: STAKEHOLDER MANAGEMENT PRACTITIONER

Background Questions: Interviewee Expertise

1. Please describe your background as it relates to stakeholder management.

2. Do you consider yourself a knowledgeable in this area?

3. In your respective area of expertise, can you provide some example of the types of activities in which you would normally engage?

Background Questions: Definition and Scope

1. What is your definition of a stakeholder?

2. Who are the top three priority stakeholders in your business?

3. What makes these stakeholders the highest priority?

4. How do you currently measure the influence of stakeholders on your company‘s performance?

Proposition 1: Relationship value drivers

1. Think of your company‘s top three stakeholders. What motivates or drives them to want to be involved in a relationship with your company?

2. What does your firm do specifically to satisfy these drivers?

Proposition 2: Relationship Moderating Variables

1. How do you think your stakeholders form their perceptions about your company? Is it through primarily direct interaction, mass media, or friends or family members?

2. What issues do you think most influence your stakeholders‘ perceptions?

Proposition 3: Relationship Capital

1. Do you think your company currently has a positive relationship with these stakeholders?

2. How do you define a positive relationship?

3. How do you define a negative relationship?

4. How do you define trust with regard to a stakeholder relationship?

5. How do you define satisfaction with regard to a stakeholder relationship?

6. How do you define commitment with regard to a stakeholder relationship?

Proposition 4: Relationship Assets

1. What are positive things that stakeholders could do to impact your company‘s performance?

2. What are negative things that stakeholders could do to impact your company‘s performance?

3. How do you currently measure this impact?

Proposition 5: Monetization of Assets and Liabilities

1. What are some of the key performance indicators of your business or industry?

2. Do your top priority stakeholders directly or indirectly influence these key performance indicators? If so, how?

3. How do you formally or informally measure the relationship between the influence of these stakeholders and your company‘s performance?

4. What are the key challenges of measuring the influence of stakeholders on key performance indicators for your firm?

5. As a follow-up, if you have been challenged with measuring the value of stakeholder relationships in the past, has this inability to measure return on investment impacted your company's willingness to invest in these relationships? Please explain.

Stakeholder Scorecard Feedback

1. To close the interview, I will show you a proposed model that is designed to permit a company to identify the key variables that influence the quality of specific stakeholder relationships while enabling the company to quantitatively link these variables to a firm's performance. Based on our discussion today, please provide your feedback on the applied value of this model as well as some of the challenges that it may face.

Interview Questions: Intangible Asset Valuation Expert

Background Questions: Interviewee Expertise

1. Please describe your background as it relates to intangible asset valuation or similar fields.

2. Do you consider yourself knowledgeable in this area?

3. In your respective area of expertise, can you provide some example of the types of activities in which you would normally engage?

Methodological Issues of Relationship Capital Valuation

1. What is your definition of an intangible asset or intellectual capital? Please provide examples.

2. What role do stakeholders play in generating intangible value for a firm?

3. From your experience, how do currently measure the impact of stakeholder relationships on a firm‘s performance as it relates to shareholder value?

4. It is said that relationship capital is highly context-dependent and that it is therefore impossible to develop a single approach to empirically measure its value to a firm. Do you agree with this statement? Please explain and provide an example.

5. From your experience what are the primary methodological challenges to developing an applied methodology to empirically measure the value of stakeholder relationships? Please explain and provide an example.

Stakeholder Scorecard Feedback

1. To close the interview, I will show you a proposed model that is designed to permit a company to identify the key variables that influence the quality of specific

stakeholder relationships while enabling the company to quantitatively link these variables to a firm's performance. Based on our discussion today, please provide your feedback on the applied value of this model as well as some of the challenges that it may face.

APPENDIX C:

CONSENT FORM FOR PARTICIPANTS IN THE FOLLOWING STUDY:

THE STAKEHOLDER SCORECARD: EVALUATING THE INFLUENCE OF STAKEHOLDER RELATIONSHIPS ON CORPORATE PERFORMANCE

You are invited to take part in a research study evaluating the ability to measure the influence of stakeholder relationships on corporate performance. You were chosen for the study because of our knowledge and expertise in one of two related fields: stakeholder management or corporate finance. This form will allow you to understand this study before deciding whether to take part.

This study is being conducted by David Finch, a doctoral candidate at Walden University and a faculty member at the Bissett School of Business at Mount Royal University.

Background Information

The purpose of this study is to design and test a research methodology that will enable a company to empirically link individual stakeholder relationships to key performance indicators of the organization. The first stage of this research involves conducting eighteen interviews with experts in the field of stakeholder management and corporate finance. These interviews will contribute to refining the proposed model of stakeholder valuation and to the development of a quantitative research instrument to be tested in the second stage of this study.

Procedure

Your participation in this study will involve the following:

- Participate in a recorded 60-minute interview concerning the issues associated with measuring the value of stakeholder relationships.
- The interview will be transcribed; this transcription will be provided to you via e-mail to review accuracy.
- A follow-up 30-minute phone interview may be conducted to clarify any outstanding questions.
- All interview data will be considered private and confidential and secured for a period of five years upon the conclusion of this study.

Voluntary Nature of the Study

Your participation in this study is voluntary. This means that everyone will respect your decision of whether or not to participate. If you decide to join the study, you may terminate your participation at any time. If you feel stressed during the study, you may stop at any time. You may also refuse to answer any questions that you feel are too invasive.

Risks and Benefits of Participation

The risks associated with this study are small. The most likely loss will be associated with your time invested in this research.

The benefits of participation will be contribution to a deeper understanding of the link between stakeholder relationships and corporate performance.

Compensation

No compensation is provided for participation in this study.

Confidentiality

Any information you provide will be kept anonymous. The researcher will not use your information for any purposes outside of this research project. Also, the researcher will not include your name or any other any other indicator that could identify you in any reports of the study. Research records, including digital recordings and transcripts, will be kept in a password protected file; only the researcher will have access to these files.

Contacts and Questions:

You may ask any questions by via phone at (XXX) XXX-XXXX or via *e-mail* at david.finch@waldenu.edu. If you wish to speak privately about your rights as a participant, you can contact Dr. Leilani Endicott, the Walden University representative, at (800) 925-3368, extension 1210. Walden University's approval number for this study is 06-03-09-0376338 and it expires on June 2, 2010.

The researcher will give you a copy of this form to keep.

Statement of Consent:

I have read the above information and understand the study well enough to make a decision about my involvement. By signing below, I am agreeing to the terms described above.

Printed Name of Participant ______________________________

Date of consent ______________________________

Participant's Written or Electronic* Signature ______________________________

Researcher's Written or Electronic* Signature ______________________________

Electronic signatures are regulated by the Uniform Electronic Transactions Act. Legally, an electronic signature can be the person's typed name, e-mail address, or any other identifying marker. An electronic signature is just as valid as a written signature as long as both parties have agreed to conduct the transaction electronically.

APPENDIX D

CONFIDENTIALITY AGREEMENT

Name of Signer:

During the course of my activity in collecting data for *The* Stakeholder Scorecard*: An evaluation of the influence of stakeholder relationships on corporate performance,* I will have access to information that is confidential and should not be disclosed. I acknowledge that the information must remain confidential and that improper disclosure of confidential information can be damaging to the participant.

By signing this Confidentiality Agreement I acknowledge and agree that:

1. I will not disclose or discuss any confidential information with others, including friends or family.
2. I will not in any way divulge, copy, release, sell, loan, alter, or destroy any confidential information except as properly authorized.
3. I will not discuss confidential information where others can overhear the conversation. I understand that it is not acceptable to discuss confidential information even if the participant‘s name is not used.
4. I will not make any unauthorized transmissions, inquiries, modification, or purging of confidential information.
5. I agree that my obligations under this agreement will continue after termination of the job that I will perform.
6. I understand that violation of this agreement will have legal implications.
7. I will only access or use systems or devices that I am officially authorized to access, and I will not demonstrate the operation or function of systems or devices to unauthorized individuals.

Signing this document, I acknowledge that I have read the agreement and agree to comply with all of the terms and conditions stated above.

Signature: Date:

APPENDIX E

PHENOMENOLOGICAL RESULTS

Table E1

Phenomenological Results

Research Propositions	Phenomenological Themes
Proposition 1: Relationship capital between a firm and its stakeholders is an evaluative construct that is the aggregation of four interdependent dimensions: (a) relational trust, (b) relational satisfaction, (c) relational consensus, and (d) relational commitment.	1. Stakeholders are those actors who influence the future performance of a firm. 2. Perception is reality. Therefore, if an actor perceives themselves as a stakeholder, they are a stakeholder. This includes actors that have both direct and indirect relationships with a firm. 3. Stakeholder relationships are founded on a perceived reciprocal exchange of resources. 4. Stakeholders are components in a highly interdependent system. 5. Trust is at the foundation of relationships. 6. Trust and relational duration are highly interdependent. 7. Reputation acts a primary source in the early stages of a relationship to judge past behavior to enable a partner to predict future behavior. 8. Trust is a multi-dimensional construct that influences the strength of stakeholder relationships on two levels: (1) interpersonal trust and (2) institutional trust. 9. The evaluation of trust and satisfaction is often a viewed as a relative, not an absolute, construct. 10. Relational consensus is highly intertwined with interdependency. 11. The construct of commitment is an abstraction.

table continues

Research Propositions	Phenomenological Themes
Proposition 2: Firm-stakeholder relationships are fundamentally a relational exchange. Therefore, there must be identifiable sources of value that act as stimuli for a stakeholder to participate in a relational exchange. Relational value drivers can be clustered into three major groups: (a) economic value, (b) scarcity value, and (c) reciprocity value.	1. Economic and scarcity value are core to the economic exchange and must be considered simultaneously. 2. Perceived reciprocity is influenced by interpersonal relationships. 3. Perceived reciprocity and value congruence are strongly related.
Proposition 3: Generating relationship capital between a firm and its stakeholders is moderated through one or more of the following variables: (a) mass media influence, (b) peer networks influence, and (c) relationship duration value.	1. Direct interaction is the most influential variable in the generation of relationship capital. 2. Mass media and peer networks are interdependent constructs. 3. The role of peer networks is highly influenced by a range of structural dimensions.
Proposition 4: Relationship assets or liabilities are composed of three dimensions: (a) loyalty; (b) co-operation; and (c) advocacy which can be monetized by a firm and empirically linked to metrics of shareholder value creation.	1. Stakeholder metrics must demonstrate a stakeholder‘s link to firm‘s strategic priorities. 2. Both loyalty and cooperation can be directly linked to all metrics of value generation through revenue generation, cost reduction, and asset utilization. 3. Unlike loyalty and cooperation, advocacy is not directly or causally related to shareholder value generation; it is an antecedent of both relational loyalty and cooperation. 4. Relationships are intangible assets, and therefore most coresearchers referred to intuition as the most effective tool to assess relationship and their impact on a firm‘s performance.

APPENDIX F

PILOT STUDY RESULTS

Table F1

Pilot Study: Economic value

Measure	Loadings[1]	S.E[2]	C.R.[3]	P-Value
I don‘t mind paying a premium to work with a company if it will help grow my business.	.975			
It is important that the company I work with offer the lowest cost structure.	-.593	.207	-2.718	.007
I would change companies today but switching would require more time and effort than I am willing to put forth.	.230	.158	1.057	.291
I would switch companies if it meant making more money.	.042	.214	.193	.847
It is important that the company I work with save me money through partnerships with other companies.	.323	.215	1.483	.138
When it comes to selecting a company to work with cheaper is always better.	.718	.116	3.246	.001
It is important that the company I work with offer a broad choice of compensation plans.	.261	.164	1.197	.231

[1]Standardized regression. [2]S.E = Standard Error [3]C.R = Critical Ratio

Table F2

Fit Indices: Economic value

Fit Indices	Result
CMIN/DF (chi-square/ degrees of freedom)	1.880
Root Mean Square Residual (RMR)	.131
Goodness of Fit Index (GFI)	.772
Comparative Fit Index (CFI)	.639
Root Mean Square of Approximation (RMSEA)	.200

Table F3

Pilot Study: Reciprocity Value

Measure	Loadings[1]	S.E[2]	C.R.[3]	P-Value
The people are the most important consideration of any company I work with.	.508			
It is important that the company I work with cares about me and my business.	.718	.437	2.102	.036
It is important to me that the company I work with recognize my accomplishments.	.784	.740	2.166	.030
It is important to me that the company I work with have values that are consistent with my own personal values.	.603	.473	1.926	.054

[1]Standardized regression. [2]S.E = Standard Error [3]C.R = Critical Ratio

Table F4

Fit Indices: Reciprocity Value

Fit Indices	Result
CMIN/DF (chi-square/ degrees of freedom)	.825
Root Mean Square Residual (RMR)	.033
Goodness of Fit Index (GFI)	.935
Comparative Fit Index (CFI)	1.000
Root Mean Square of Approximation (RMSEA)	.000

Table F5

Pilot Study: Reputation Value

Measure		Loadings[1]	S.E[2]	C.R.[3]	P-Value
The company's name makes no difference to my success in this industry.	<---	.962			
It is important that the company I work with have a strong reputation.	<---	.739	.142	3.667	***
CIR reputation helps my business.	<---	.746	.231	3.703	***

[1]Standardized regression. [2]S.E = Standard Error [3]C.R = Critical Ratio

Table F6

Fit Indices: Reputation Value

Fit Indices	Result
CMIN/DF (chi-square/ degrees of freedom)	
Root Mean Square Residual (RMR)	.000
Goodness of Fit Index (GFI)	1.000
Comparative Fit Index (CFI)	1.000
Root Mean Square of Approximation (RMSEA)	.658

Table F7

Pilot Study: Duration Value

Measure	Loadings[1]	S.E[2]	C.R.[3]	P-Value
Generally speaking, it takes time to build trust.	.493			
The more time I spend with my manager the harder it is for me to leave.	.571	.656	2.069	.039
The length of time I work at (company name) makes no difference on the quality of my relationship with the company.	.404	.581	1.641	.101
It is important that the company I work with have a long history.	.690	.759	2.294	.022
The longer I am at (company name) the harder it is for me to leave.	1.004	1.191	2.453	.014
The longer I am at (company name) the more I get from it.	.441	.662	1.750	.080
The longer I work with a company the more likely I will give it a second chance if things go wrong.	.169	.362	.775	.438

[1]Standardized regression. [2]S.E = Standard Error [3]C.R = Critical Ratio

Table F8

Fit Indices: Duration Value

Fit Indices	Result
CMIN/DF (chi-square/ degrees of freedom)	1.235
Root Mean Square Residual (RMR)	.080
Goodness of Fit Index (GFI)	.843
Comparative Fit Index (CFI)	.906
Root Mean Square of Approximation (RMSEA)	.103

Table F9

Pilot Study: Mass media influence

Measure	Loadings[1]	S.E[2]	C.R.[3]	P-Value
(company name) community sponsorships gives me confidence about the future of the company.	.864			
(company name) advertising has no impact in my confidence about the future of the company.	-.820	.187	-5.062	***
Newspaper stories about (company name) gives me confidence about the future of the company.	.413	.252	2.025	.043
(company name) radio advertising gives me confidence about the future of the company.	.969	.233	7.167	***
(company name) TV advertising gives me confidence about the future of the company.	.902	.259	6.093	***
(company name) outdoor advertising campaign (like buses) gives me confidence about the future of the company.	.914	.236	6.274	***
When I see (company name) advertising it makes me feel proud.	.800	.177	4.852	***

[1]Standardized regression. [2]S.E = Standard Error [3]C.R = Critical Ratio

Table F10

Fit Indices: Media

Fit Indices	Result
CMIN/DF (chi-square/ degrees of freedom)	1.034
Root Mean Square Residual (RMR)	.037
Goodness of Fit Index (GFI)	.858
Comparative Fit Index (CFI)	.997
Root Mean Square of Approximation (RMSEA)	.039

Table F11

Pilot Study: Trust

Measure	**Loadings[1]**	**S.E[2]**	**C.R.[3]**	**P-Value**
(company name) managers keep their promises.	.559			
It is best for me not to confide in my peers.	.032	.485	.137	.891
Whenever (company name) managers make a decision, I know they will be looking out for the best interest of its agents.	.539	.560	1.956	.051
I trust other (company name) agents.	.078	.427	.335	.738
(company name) management is unpredictable.	.769	.548	2.431	.015
I would feel confident in confiding personal issues with (company name) management.	.644	.720	2.203	.028
I trust that (company name) works hard to support my business.	.550	.396	1.983	.047
Generally speaking I don't trust (company name) as an organization.	.544	.352	1.970	.049
It is best for me not to confide in my manager.	.732	.627	2.372	.018

[1]Standardized regression. [2]S.E = Standard Error [3]C.R = Critical Ratio

Table F12

Fit Indices: Trust

Fit Indices	**Result**
CMIN/DF (chi-square/ degrees of freedom)	1.777
Root Mean Square Residual (RMR)	.084
Goodness of Fit Index (GFI)	.715
Comparative Fit Index (CFI)	.600
Root Mean Square of Approximation (RMSEA)	.188

Table F13

Pilot Study: Satisfaction

Measure		Loadings[1]	S.E[2]	C.R.[3]	P-Value
My relationship with CIR has met my expectations.	<---	.844			
I am proud to take my clients to any CIR office.	<---	.381	.259	1.772	.076
Compared to its competitors I think CIR is well managed.	<---	.734	.164	3.875	***
CIR has made no difference to my business.	<---	.873	.272	4.952	***
Compared to its competitors I am satisfied with the support services that CIR offers (e.g., such as management, training and the virtual office).	<---	.713	.163	3.727	***
I enjoy being an agent for CIR.	<---	.678	.169	3.484	***
I often wish I hadn't joined CIR in the first place.	<---	.089	.310	.398	.690
Generally speaking I am satisfied with CIR.	<---	.638	.169	3.223	.001

[1]Standardized regression. [2]S.E = Standard Error [3]C.R = Critical Ratio

Table F14

Fit Indices: Satisfaction

Fit Indices	Result
CMIN/DF (chi-square/ degrees of freedom)	1.523
Root Mean Square Residual (RMR)	.050
Goodness of Fit Index (GFI)	.788
Comparative Fit Index (CFI)	.852
Root Mean Square of Approximation (RMSEA)	.154

Table F15

Pilot Study: Commitment

Measure	Loadings[1]	S.E[2]	C.R.[3]	P-Value
Through the ups and downs of this business I know that (company name) is committed to me.	.415			
I would end my relationship with (company name) if it was easy.	.402	.626	1.402	.161
My relationship with (company name) is important to me.	.932	1.466	1.872	.061
I would rather work for (company name) than any other company.	.563	.917	1.677	.094
I would volunteer my personal time to train and mentor other realtors.	.736	1.213	1.856	.063

[1]Standardized regression. [2]S.E = Standard Error [3]C.R = Critical Ratio

Table F16

Fit Indices: Commitment

Fit Indices	Result
CMIN/DF (chi-square/ degrees of freedom)	2.318
Root Mean Square Residual (RMR)	.076
Goodness of Fit Index (GFI)	.836
Comparative Fit Index (CFI)	.780
Root Mean Square of Approximation (RMSEA)	.245

Table F17

Pilot Study: Consensus

Measure	Loadings[1]	S.E[2]	C.R.[3]	P-Value
(company name) management and I have a clear understanding of our expectations of one another.	.579			
Constructive feedback is valued at (company name) .	.613	.475	2.263	.024
(company name) values their agents.	.786	.422	2.655	.008
(company name) managers only care about themselves.	.759	.708	2.603	.009
(company name) managers are cooperative and look out for the best interest of the agents.	.647	.489	2.350	.019
(company name) cares about its people.	.758	.517	2.600	.009
(company name) managers listen to the opinions of their agents.	.580	.460	2.174	.030

[1]Standardized regression. [2]S.E = Standard Error [3]C.R = Critical Ratio

Table F18

Fit Indices: Consensus

Fit Indices	Result
CMIN/DF (chi-square/ degrees of freedom)	1.805
Root Mean Square Residual (RMR)	.053
Goodness of Fit Index (GFI)	.763
Comparative Fit Index (CFI)	.808
Root Mean Square of Approximation (RMSEA)	.191

Table F19

Pilot Study: Loyalty

Measure	Loadings[1]	S.E[2]	C.R.[3]	P-Value
Through the ups and downs of this business I know that (company name) is committed to me.	.415			
I would end my relationship with (company name) if it was easy.	.402	.626	1.402	.161
My relationship with (company name) is important to me.	.932	1.466	1.872	.061
I would rather work for (company name) than any other company.	.563	.917	1.677	.094
I would volunteer my personal time to train and mentor other realtors.	.736	1.213	1.856	.063

[1]Standardized regression. [2]S.E = Standard Error [3]C.R = Critical Ratio

Table F20

Fit Indices: Loyalty

Fit Indices	Result
CMIN/DF (chi-square/ degrees of freedom)	2.318
Root Mean Square Residual (RMR)	.076
Goodness of Fit Index (GFI)	.836
Comparative Fit Index (CFI)	.780
Root Mean Square of Approximation (RMSEA)	.245

Table F21

Pilot Study: Advocacy

Measure	**Loadings[1]**	**S.E[2]**	**C.R.[3]**	**P-Value**
I refer (company name) whenever I have the opportunity.	.570			
If I hear someone criticize (company name) I will stand up to defend the company.	.612	.616	2.178	.029
In social situations, I often speak positively about (company name).	.560	.483	2.045	.041
I actively promote (company name) with others in the industry.	.720	.705	2.411	.016
I try to recruit others to come work with (company name).	.647	.575	2.260	.024
I am proud to tell people I work with (company name).	.587	.631	2.115	.034
I ―talk-up" (company name) to people I know.	.766	.527	2.491	.013

[1]Standardized regression. [2]S.E = Standard Error [3]C.R = Critical Ratio

Table F22

Fit Indices: Advocacy

Fit Indices	**Result**
CMIN/DF (chi-square/ degrees of freedom)	1.712
Root Mean Square Residual (RMR)	.043
Goodness of Fit Index (GFI)	.819
Comparative Fit Index (CFI)	.786
Root Mean Square of Approximation (RMSEA)	.180

Table F23

Pilot Study: Co-operation

Measure	Loadings[1]	S.E[2]	C.R.[3]	P-Value
I will invest my personal time in building (company name) because my business is dependent on it being successful.	.709			
If it is good for (company name) then it is good for me and my business.	.659	.322	2.875	.004
I see little benefit in spending my time in building (company name).	.674	.240	2.941	.003
I would actively support (company name) even if it had no direct benefit to me and my business.	.698	.249	3.039	.002
There is no benefit for me in supporting (company name) management.	.859	.263	3.664	***
There is no benefit for me in supporting (company name) Realtors.	.789	.263	3.415	***

[1]Standardized regression. [2]S.E = Standard Error [3]C.R = Critical Ratio

Table F24

Fit Indices: Co-operation

Fit Indices	Result
CMIN/DF (chi-square/ degrees of freedom)	3.444
Root Mean Square Residual (RMR)	.083
Goodness of Fit Index (GFI)	.714
Comparative Fit Index (CFI)	.704
Root Mean Square of Approximation (RMSEA)	.333

APPENDIX G

STAKEHOLDER SCORECARD INSTRUMENT FULL STUDY VERSION

DOCTORAL RESEARCH STUDY

You are invited to take part in an academic research project focused at understanding the relationship between realtor satisfaction and the financial performance of (company name). It is estimated this online survey will take 15-20 minutes to complete. Your participation in this study is encouraged but is completely voluntary.

Your survey responses will be strictly confidential and data from this research will be reported only in the aggregate. Your information will be coded and it will not be possible to track responses to specific individuals. Only ONE completed survey per person is permitted.

This study is being conducted by David Finch, who is a doctoral-candidate at Walden University. David is also an assistant professor at the Bissett School of Business at Mount Royal University. If you have questions at any time about the survey or the procedures, you may contact David Finch at david.finch@waldenu.edu.

Thank you very much for your time and support. Please start with the survey now by clicking on the continue button below.

Section 1: Opinion Survey

For the following questions consider your position in the real estate industry and your relationship with (company name). Please indicate your degree of agreement or disagreement with each statement ranging from strongly disagree to strongly agree.

1	2	3	4	5
Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree

Economic Value

1. It is important that the company I work with offer the lowest cost structure.
2. I would change companies today but switching would require more time and effort than I am willing to put forth.
3. I don‘t mind paying a premium to work with a company if it will help grow my business.
4. When it comes to selecting a company to work with cheaper is always better.
5. It is important that the company I work with save me money through partnerships with other companies.
6. I would switch companies if it meant making more money.
7. It is important that my manager responds to my needs in a timely fashion.
8. It is important that my manager stay current on industry issues (e.g., regulatory issues).
9. It is important that the company I work with offer a virtual office to support by business.
10. It is important that the company I work with have numerous offices that I can use.

11. I only have a relationship with (company name) because I need a real estate license to practice.

Reputation Value

1. The company's name makes no difference to my success in this industry.
2. It is important that the company I work with have a strong reputation.
3. (company name) reputation helps my business.
4. (company name) has made no difference to my business.

Reciprocity Value

1. It is important that management of the company I work with have a clear vision and strong leadership.
2. The people are the most important consideration of any company I work with.
3. It is important that the company I work with is ethical.
4. It is important that the company I work with cares about me and my business.
5. It is important to me that the company I work with is committed to the community.
6. It is important to me that the company I work with have values that are consistent with my own personal values.
7. It is important to me that the company I work with recognize my accomplishments.
8. It is important to me that the company I work with take interest in me as a person.

Mass Media Influence

1. (company name) advertising has no impact on my confidence about the future of the company.

2. (company name) radio advertising gives me confidence about the future of the company.
3. (company name) community sponsorships gives me confidence about the future of the company.
4. (company name) TV advertising gives me confidence about the future of the company.
5. When I see (company name) advertising it makes me feel proud.
6. (company name) outdoor advertising campaign (like buses) gives me confidence about the future of the company.
7. Newspaper stories about (company name) gives me confidence about the future of the company.

Peer Network Influence

1. I trust the opinions of my friends, family and colleagues about (company name).
2. I discuss (company name) with my friends and family.
3. The opinion of others influence will my view of (company name).
4. I don‘t care what others say about (company name).
5. I judge (company name) based only on my personal experiences.
6. (company name) is well respected amongst other realtors.
7. Working for a company that is respected by others is important to me.

Relationship Duration Value

1. The longer I am at (company name) the harder it is for me to leave.
2. The more time I spend with my manager the harder it is for me to leave.
3. The longer I am at (company name) the more I get from it.

4. The longer I work with a company the more likely I will give it a second chance if things go wrong.
5. It takes time to build trust.
6. It is important that the company I work with have a long history.
7. The length of time I work with a (company name) makes no difference on the quality of our relationship.

Relationship Capital: Trust

1. (company name) managers keep their promises.
2. It is best for me not to confide in my manager.
3. It is best for me not to confide in my peers.
4. I would feel confident in confiding personal issues with (company name) management.
5. Generally speaking I don‘t trust (company name) as an organization.
6. Whenever (company name) managers make a decision, I know they will be looking out for the best interest of its agents.
7. I trust other (company name) agents.
8. I trust that (company name) works hard to support my business.
9. (Company name) management is unpredictable.

Relationship Capital: Satisfaction

1. Compared to other companies (company name) offers me excellent value for the money.
2. Compared to its competitors (company name) is well managed.
3. I enjoy being an agent for (company name).

4. Compared to its competitors I am satisfied with the support services that (company name) offers (e.g., such as training and the virtual office).
5. Generally speaking I am satisfied with (company name).
6. I often wish I hadn‘t joined (company name) in the first place.
7. My relationship with (company name) has met my expectations.

Relationship Capital: Commitment

1. I would rather work for (company name) than any other company.
2. I have a sense of loyalty to (company name).
3. My relationship with (company name) is worth the effort to maintain.
4. I would end my relationship with (company name) if it was easy.
5. I would volunteer my personal time to train and mentor other realtors.
6. Through the ups and downs of this business I know that (company name) is committed to me.
7. My relationship with (company name) is important to me.

Relationship Capital: Consensus

1. (company name) cares about both people and profits.
2. Constructive feedback is valued at (company name).
3. I feel confident I can disagree with my manager and they will listen to me.
4. (company name) management and I have a clear understanding of our expectations of one another.
5. (company name) managers listen to the opinions of their agents.
6. (company name) managers are cooperative and look out for the best interest of the agents.

7. (company name) value their agents.
8. I can have influence over the decisions that impact me.
9. (company name) managers only care about themselves.

Relationship Assets: Loyalty

1. In the next 12 months I will be looking to change companies.
2. If I am a real estate agent, I will be a (company name) agent.
3. My success in this industry has little to do with (company name).
4. I think another company would do more to support my business.
5. I feel very strongly linked to (company name).
6. I want to have a relationship with (company name) for a long time.
7. I feel I would lose a great deal if I switched companies.
8. I think other companies could fulfill my needs as a realtor.
9. (company name) is just like all the other companies.

Relationship Assets: Advocacy

1. I actively promote (company name) with others in the industry.
2. If I hear someone criticize (company name) I will stand up to defend the company.
3. I refer (company name) whenever I have the opportunity.
4. I am proud to tell people I work with (company name).
5. I try to recruit others to come work with (company name).
6. In social situations, I often speak positively about (company name).
7. I ―talk-up” (company name) to people I know.

8. If I have a bad experience with (company name) I will talk about it with others in the industry.

Relationship Assets: Cooperation

1. I support my fellow (company name) agents because I know it is good for the company.
2. I would actively support (company name) even if it had no direct benefit to me and my business.
3. There is little benefit to me in supporting (company name) management or other (company name) agents.
4. I would volunteer my time to sit on (company name) committees if it can make a difference to the company.
5. I see little benefit in spending my time in building (company name).
6. What is good for (company name) is good for my business.
7. I will invest my personal time in building (company name) because my business is dependent on it being successful.

Section 2: Background Information

You are almost finished. This final section is associated with personal and professional information. A reminder that all information is private and confidential and will only be used in aggregate and not tied to individual responses.

1. Please indicate your gender
    a. Male
    b. Female
2. Please indicate your age. ______

3. What is the highest level of schooling that you have completed?
    a. Grade school.
    b. High school.
    c. College or trades diploma.
    d. University degree.
    e. Post-graduate degree.
4. How many years have you been a realtor? ______
5. How many years have you been at (company name)? ______
6. On average over the past three years how many homes have you sold EACH year? If you have been a realtor for less than three years please provide information for as long as you have been in the industry. ______
7. On average over the past three years, which of the following categories best describes your total income as a real-estate agent? If you have been a realtor for less than three years please provide information for as long as you have been in the business.
    a. Less than $20,000
    b. $20,000--$59,999
    c. $60,000-$99,999
    d. $100,000-$149,999
    e. $150,000 or more

APPENDIX H

FIRST-ORDER CFA RESULTS

Table H1

Economic value

Measure		Construct	Loadings[1]	S.E[2]	C.R.[3]	P-Value
I would change companies today but switching would require more time and effort than I am willing to put forth.	<---	Economic value	.635			
I only have a relationship with (company name) because I need a real estate license to practice.	<---	Economic value	.520	.124	6.044	***
I would switch companies if it meant making more money.	<---	Economic value	.619	.151	6.453	***
Compared to other companies I think (company name) offers me excellent value for the money.	<---	Economic value	.595	.111	6.463	***

[1]Standardized regression. [2]S.E = Standard Error [3]C.R = Critical Ratio

Table H2

Fit Indices: Economic value

Fit Indices	Result
CMIN/DF (chi-square/ degrees of freedom)	.200
Root Mean Square Residual (RMR)	.007
Goodness of Fit Index (GFI)	.999
Comparative Fit Index (CFI)	1.000
Root Mean Square of Approximation (RMSEA)	.000

Table H3

Reputation Value

Measure		Construct	Loadings[1]	S.E[2]	C.R.[3]	P-Value
CIR reputation helps my business.	<---	Reputation	.510			
The company's name makes no difference to my success in this industry.	<---	Reputation	.595	.301	4.112	***
It is important that the company I work with have a strong reputation.	<---	Reputation	.523	.165	4.310	***

[1]Standardized regression. [2]S.E = Standard Error [3]C.R = Critical Ratio

Table H4

Fit Indices: Reputation Value

Fit Indices	Result
CMIN/DF (chi-square/ degrees of freedom)	
Root Mean Square Residual (RMR)	.000
Goodness of Fit Index (GFI)	1.000
Comparative Fit Index (CFI)	1.000
Root Mean Square of Approximation (RMSEA)	.274

Table H5

Reciprocity Value

Measure		Construct	Loadings[1]	S.E[2]	C.R.[3]	P-Value
The people are the most important consideration of any company I work with.	<---	Reciprocity	.528	.147	4.706	***
It is important to me that the company I work with take interest in me as a person.	<---	Reciprocity	.769			
It is important that the company I work with cares about me and my business.	<---	Reciprocity	.501	.102	4.684	***

[1]Standardized regression. [2]S.E = Standard Error [3]C.R = Critical Ratio

Table H6

Fit Indices: Reciprocity Value

Fit Indices	Result
CMIN/DF (chi-square/ degrees of freedom)	
Root Mean Square Residual (RMR)	.000
Goodness of Fit Index (GFI)	1.000
Comparative Fit Index (CFI)	1.000
Root Mean Square of Approximation (RMSEA)	.318

Table H7

Trust

Measure	Loadings[1]	S.E[2]	C.R.[3]	P-Value
(company name) managers keep their promises.	.773			
I trust that (company name) works hard to support my business.	.608	.081	9.589	***
(company name) management is unpredictable. (Reversed)	.742	.087	11.598	***
Whenever (company name) managers make a decision, I know they will be looking out for the best interest of its agents.	.719	.083	11.285	***
It is best for me not to confide in my manager. (Reversed)	.615	.097	9.688	***

[1]Standardized regression. [2]S.E = Standard Error [3]C.R = Critical Ratio

Table H8

Fit Indices: Trust

Fit Indices	Result
CMIN/DF (chi-square/ degrees of freedom)	1.447
Root Mean Square Residual (RMR)	.015
Goodness of Fit Index (GFI)	.990
Comparative Fit Index (CFI)	.995
Root Mean Square of Approximation (RMSEA)	.039

Table H9

Satisfaction

Measure	Loadings[1]	S.E[2]	C.R.[3]	P-Value
Compared to its competitors I think (company name) is well managed.	.582	.092	8.973	***
I enjoy being an agent for (company name).	.762	.080	11.475	***
Compared to other companies I think (company name) offers me excellent value for the money.	.709	.090	10.818	***
(company name) has made no difference to my business. (Reversed)	.578	.109	8.913	***
My relationship with (company name) has met my expectations.	.739			
I often wish I hadn‘t joined (company name) in the first place. (Reversed)	.536	.103	8.276	***

[1]Standardized regression. [2]S.E = Standard Error [3]C.R = Critical Ratio

Table H10

Fit Indices: Satisfaction

Fit Indices	Result
CMIN/DF (chi-square/ degrees of freedom)	1.030
Root Mean Square Residual (RMR)	.016
Goodness of Fit Index (GFI)	.989
Comparative Fit Index (CFI)	.999
Root Mean Square of Approximation (RMSEA)	.010

Table H11

Consensus

Measure	Loadings[1]	S.E[2]	C.R.[3]	P-Value
(company name) managers are cooperative and look out for the best interest of the agents.	.780			
(company name) values their agents.	.724	.061	12.140	***
(company name) managers only care about themselves. (Reversed)	.738	.076	12.396	***
(company name) managers listen to the opinions of their agents.	.813	.070	13.661	***
I feel confident I can disagree with my manager and they will listen to me.	.628	.078	10.401	***

[1]Standardized regression. [2]S.E = Standard Error [3]C.R = Critical Ratio

Table H12

Fit Indices: Consensus

Fit Indices	Result
CMIN/DF (chi-square/ degrees of freedom)	2.062
Root Mean Square Residual (RMR)	.013
Goodness of Fit Index (GFI)	.986
Comparative Fit Index (CFI)	.991
Root Mean Square of Approximation (RMSEA)	.061

Table H13

Commitment

Measure	Loadings[1]	S.E[2]	C.R.[3]	P-Value
Through the ups and downs of this business I know that (company name) is committed to me.	.575			
I have a sense of loyalty to (company name).	.822	.150	9.389	***
I would rather work for (company name) than any other company.	.838	.184	9.412	***
My relationship with (company name) is important to me.	.587	.117	7.747	***

[1]Standardized regression. [2]S.E = Standard Error [3]C.R = Critical Ratio

Table H14

Fit Indices: Commitment

Fit Indices	Result
CMIN/DF (chi-square/ degrees of freedom)	.560
Root Mean Square Residual (RMR)	.005
Goodness of Fit Index (GFI)	.998
Comparative Fit Index (CFI)	1.000
Root Mean Square of Approximation (RMSEA)	.000

Table H15

Loyalty

Measure	Loadings[1]	S.E[2]	C.R.[3]	P-Value
I feel I would lose a great deal if I switched companies.	.715	.137	10.592	***
If I am a real estate agent, I will be a (company name) agent.	.760	.123	11.134	***
I feel very strongly linked to (company name).	.664	.111	9.926	***
I want to have a relationship with (company name) for a long time.	.691			
I think another company would do more to support my business. (Reversed)	.552	.108	8.387	***
My success in this industry has little to do with (company name). (Reversed)	.572	.134	8.673	***
In the next 12 months I will be looking to change companies. (Reversed)	.667	.127	9.966	***

[1]Standardized regression. [2]S.E = Standard Error [3]C.R = Critical Ratio

Table H16

Fit Indices: Loyalty

Fit Indices	Result
CMIN/DF (chi-square/ degrees of freedom)	2.320
Root Mean Square Residual (RMR)	.025
Goodness of Fit Index (GFI)	.969
Comparative Fit Index (CFI)	.972
Root Mean Square of Approximation (RMSEA)	.068

Table H17

Advocacy

Measure	Loadings[1]	S.E[2]	C.R.[3]	P-Value
In social situations, I often speak positively about (company name).	.607			
I try to recruit others to come work with (company name).	.729	.162	9.532	***
I actively promote (company name) with others in the industry.	.832	.163	10.261	***
I am proud to tell people I work with (company name).	.637	.143	8.667	***
I ―talk-up” (company name) to people I know.	.765	.137	9.824	***

[1]Standardized regression. [2]S.E = Standard Error [3]C.R = Critical Ratio

Table H18

Fit Indices: Advocacy

Fit Indices	Result
CMIN/DF (chi-square/ degrees of freedom)	1.140
Root Mean Square Residual (RMR)	.009
Goodness of Fit Index (GFI)	.992
Comparative Fit Index (CFI)	.999
Root Mean Square of Approximation (RMSEA)	.022

Table H19

Co-operation

Measure	Loadings[1]	S.E[2]	C.R.[3]	P-Value
I would actively support (company name) even if it had no direct benefit to me and my business.	.637			
If it is good for (company name) then it is good for me and my business.	.487	.114	6.145	***
I will invest my personal time in building (company name) because my business is dependent on it being successful.	.643	.124	7.255	***
There is no benefit for me in supporting (company name) management. (Reversed)	.560	.108	6.766	***
I see little benefit in spending my time in building (company name).	.505	.112	6.309	***

[1]Standardized regression. [2]S.E = Standard Error [3]C.R = Critical Ratio

Table H20

Fit Indices: Co-operation

Fit Indices	Result
CMIN/DF (chi-square/ degrees of freedom)	.812
Root Mean Square Residual (RMR)	.016
Goodness of Fit Index (GFI)	.994
Comparative Fit Index (CFI)	1.000
Root Mean Square of Approximation (RMSEA)	.000

Table H21

Mass media influence

Measure	Loadings[1]	S.E[2]	C.R.[3]	P-Value
(company name) radio advertising gives me confidence about the future of the company.	.812			
(company name) TV advertising gives me confidence about the future of the company.	.852	.072	13.713	***
(company name) outdoor advertising campaign (like buses) gives me confidence about the future of the company.	.763	.070	13.032	***

[1]Standardized regression. [2]S.E = Standard Error [3]C.R = Critical Ratio

Table H22

Fit Indices: Mass media influence

Fit Indices	Result
CMIN/DF (chi-square/ degrees of freedom)	
Root Mean Square Residual (RMR)	.000
Goodness of Fit Index (GFI)	1.000
Comparative Fit Index (CFI)	
Root Mean Square of Approximation (RMSEA)	.656

Table H23

Relationship duration value

Measure	Loadings[1]	S.E[2]	C.R.[3]	P-Value
The longer I am at (company name) the more I get from it.	.596			
The more time I spend with my manager the harder it is for me to leave.	.587	.187	6.169	***
The longer I am at (company name) the harder it is for me to leave.	.699	.229	5.904	***

[1]Standardized regression. [2]S.E = Standard Error [3]C.R = Critical Ratio

Table H24

Fit Indices: Relationship duration value

Fit Indices	Result
CMIN/DF (chi-square/ degrees of freedom)	
Root Mean Square Residual (RMR)	.000
Goodness of Fit Index (GFI)	1.000
Comparative Fit Index (CFI)	1.000
Root Mean Square of Approximation (RMSEA)	.371

Table H25

Peer network influence

Measure	Loadings[1]	S.E[2]	C.R.[3]	P-Value
The opinion of others influences my view of (company name).	.768	.877	2.541	.011
Working for a company that is respected by others is important to me.	.276	.127	3.337	***
I trust the opinions of my friends, family and colleagues about (company name).	.482			
I judge (company name) based only on my personal experiences.	-.118	.218	-1.569	.117

[1]Standardized regression. [2]S.E = Standard Error [3]C.R = Critical Ratio

Table H26

Fit Indices: Peer network influence

Fit Indices	Result
CMIN/DF (chi-square/ degrees of freedom)	.053
Root Mean Square Residual (RMR)	.004
Goodness of Fit Index (GFI)	1.000
Comparative Fit Index (CFI)	1.000
Root Mean Square of Approximation (RMSEA)	.000

APPENDIX I

SECOND ORDER CFA RESULTS

Table I1

Second-Order CFA: Relationship capital

Construct	Measure	Loadings[1]	S.E[2]	C.R.[3]	P-Value
Trust	Relationship capital > Trust	1.004	.164	9.993	***
Satisfaction	Relationship capital > Satisfaction	.907	.128	8.872	***
Consensus	Relationship capital > Consensus	.994	.173	9.920	***
Commitment	Relationship capital > Commitment	.805			
Trust	(company name) managers keep their promises.	.777			
	(company name) management is unpredictable. (Reversed)	.700	.076	12.520	***
	I trust that (company name) works hard to support my business.	.685	.071	12.197	***
	Whenever (company name) managers make a decision, I know they will be looking out for the best interest of its agents.	.695	.073	12.411	***
	It is best for me not to confide in my manager. (Reversed)	.593	.087	10.324	***
Satisfaction	I enjoy being an agent for (company name).	.704			
	Compared to its competitors I think (company name) is well managed.	.641	.108	9.893	***
	I often wish I hadn't joined (company name) in the first place.	.515	.120	8.024	***
	My relationship with (company name) has met my expectations.	.762	.105	11.586	***

table continues

Construct	Measure	Loadings[1]	S.E[2]	C.R.[3]	P-Value
Consensus	(company name) managers are cooperative and look out for the best interest of the agents.	.775			
	I feel confident I can disagree with my manager and they will listen to me.	.628	.074	10.974	***
	Constructive feedback is valued at (company name).	.642	.065	11.256	***
	(company name) managers only care about themselves. (Reversed)	.767	.057	13.873	***
	(company name) managers listen to the opinions of their agents.	.762	.066	13.762	***
Commit	Through the ups and downs of this business I know that (company name) is committed to me.	.675			
	My relationship with (company name) is important to me.	.564	.087	8.508	***
	I would rather work for (company name) than any other company.	.818	.124	11.624	***
	I have a sense of loyalty to (company name).	.777	.101	11.215	***

[1]Standardized regression. [2]S.E = Standard Error [3]C.R = Critical Ratio

Table I2

Relationship Assets

Construct	Measure	Loadings[1]	S.E[2]	C.R.[3]	P-Value
Loyalty	Relationship assets	.970			
Co-operation	Relationship assets	.856			
Advocacy	Relationship assets	.804	.064	9.205	***
Loyalty	If I am a real estate agent, I will be a (company name) agent.	.775			
	I feel I would lose a great deal if I switched companies.	.684			
	I feel very strongly linked to (company name).	.692	.064	12.781	***
	I want to have a relationship with (company name) for a long time.	.696	.056	12.863	***
	I think another company would do more to support my business.	.541	.068	9.410	***
	My success in this industry has little to do with (company name). (Reversed)	.587	.083	10.367	***
	In the next 12 months I will be looking to change companies. (Reversed)	.636	.076	11.466	***
Co-operation	If it is good for (company name) then it is good for me and my business.	.499	.085	7.058	***
	I see little benefit in spending my time in building (company name). (Reversed)	.510	.082	7.200	***
	I will invest my personal time in building (company name) because my business is dependent on it being successful.	.592	.085	8.158	***
	There is no benefit for me in supporting (company name) management. (Reversed)	.599	.079	8.241	***
	I would actively support (company name) even if it had no direct benefit to me and my business. (Reversed)	.633	.096	8.635	***

table continues

Construct	Measure	Loadings[1]	S.E[2]	C.R.[3]	P-Value
Advocacy	I am proud to tell people I work with (company name).	.695			
	If I have a bad experience with (company name) I will talk about it with others in the industry.	-.265	.131	-4.183	***
	I actively promote (company name) with others in the industry.	.814	.100	12.158	***
	I try to recruit others to come work with (company name).	.698	.103	10.658	***
	I ―talk-up” (company name) to people I know.	.735	.086	11.166	***
	In social situations, I often speak positively about (company name)	.633	.079	9.746	***

[1]Standardized regression. [2]S.E = Standard Error [3]C.R = Critical Ratio

APPENDIX J

PRELIMINARY SEM STUDY RESULTS

Table J1

Structural Equation Model: Relationship capital as a predictor of relationship assets

Measure		**Construct**	**Loadings**[1]	**S.E**[2]	**C.R.**[3]	**P-Value**
Loyalty	<---	Relationship assets	.975			
Co-operation	<---	Relationship assets	.843			
Commitment	<---	Relationship capital	.984			
Relationship assets	<---	Relationship capital	.998	.104	12.731	***
Advocacy	<---	Relationship assets	.852	.056	11.761	***
Satisfaction	<---	Relationship capital	.961	.088	11.487	***
Consensus	<---	Relationship capital	.871	.108	10.983	***
Satisfaction	<---	E96	.276	.036	3.824	***
Trust	<---	Relationship capital	.904	.102	10.652	***
(company name) managers keep their promises.	<---	Trust	.725			
(company name) management is unpredictable. (Reversed)	<---	Trust	.669	.091	10.685	***
I trust that (company name) works hard to support my business.	<---	Trust	.734	.085	11.714	***

table continues

Measure	Construct	Loadings[1]	S.E[2]	C.R.[3]	P-Value
Whenever (company name) managers make a decision, I know they will be looking out for the best interest of its agents.	<--- Trust	.691	.087	11.043	***
It is best for me not to confide in my peers. (Reversed)	<--- Trust	.214	.090	3.409	***
If I am a real estate agent, I will be a (company name) agent.	<--- Loyalty	.757			
I feel I would lose a great deal if I switched companies.	<--- Loyalty	.682			
I feel very strongly linked to (company name).	<--- Loyalty	.709	.063	13.564	***
I want to have a relationship with (company name) for a long time.	<--- Loyalty	.671	.056	12.613	***
I think another company would do more to support my business. (Reversed)	<--- Loyalty	.576	.066	10.400	***
My success in this industry has little to do with (company name). (Reversed)	<--- Loyalty	.570	.082	10.264	***
In the next 12 months I will be looking to change companies. (Reversed)	<--- Loyalty	.655	.074	12.215	***
I enjoy being an agent for (company name).	<--- Satisfaction	.748			
Compared to its competitors I think (company name) is well managed.	<--- Satisfaction	.605	.094	10.119	***
I often wish I hadn't joined (company name) in the first place. (Reversed)	<--- Satisfaction	.508	.106	8.412	***
My relationship with (company name) has met my expectations.	<--- Satisfaction	.750	.088	12.760	***
(company name) managers are cooperative and look out for the best interest of the agents.	<--- Consensus	.770			
I feel confident I can disagree with my manager and they will listen to me.	<--- Consensus	.615	.078	10.352	***
Constructive feedback is valued at (company name).	<--- Consensus	.644	.068	10.895	***
(company name) values their agents.	<--- Consensus	.783	.060	13.536	***

table continues

Measure		Construct	Loadings[1]	S.E[2]	C.R.[3]	P-Value
(company name) managers listen to the opinions of their agents.	<---	Consensus	.754	.069	12.977	***
Through the ups and downs of this business I know that (company name) is committed to me.	<---	Commitment	.697			
My relationship with (company name) is important to me.	<---	Commitment	.562	.079	9.113	***
I would rather work for (company name) than any other company.	<---	Commitment	.815	.107	13.021	***
I have a sense of loyalty to (company name).	<---	Commitment	.753	.088	12.081	***
If it is good for (company name) then it is good for me and my business.	<---	Co-operation	.500	.077	7.684	***
I see little benefit in spending my time in building (company name). (Reversed)	<---	Co-operation	.486	.075	7.470	***
I will invest my personal time in building (company name) because my business is dependent on it being successful.	<---	Co-operation	.577	.075	8.876	***
There is no benefit for me in supporting (company name) management.	<---	Co-operation	.608	.070	9.360	***
I would actively support (company name) even if it had no direct benefit to me and my business.	<---	Co-operation	.651	.084	10.045	***
I am proud to tell people I work with (company name).	<---	Advocacy	.727			
If I have a bad experience with (company name) I will talk about it with others in the industry.	<---	Advocacy	-.279	.123	-4.463	***
I refer (company name) whenever I have the opportunity.	<---	Advocacy	.620	.082	9.934	***
I actively promote (company name) with others in the industry.	<---	Advocacy	.783	.089	12.516	***

table continues

Measure		Construct	Loadings[1]	S.E[2]	C.R.[3]	P-Value
I try to recruit others to come work with (company name).	<---	Advocacy	.665	.093	10.661	***
I ―talk-up" (company name) to people I know.	<---	Advocacy	.709	.078	11.361	***
In social situations, I often speak positively about (company name)	<---	Relationship assets	.601	.050	10.880	***

[1]Standardized regression. [2]S.E = Standard Error [3]C.R = Critical Ratio

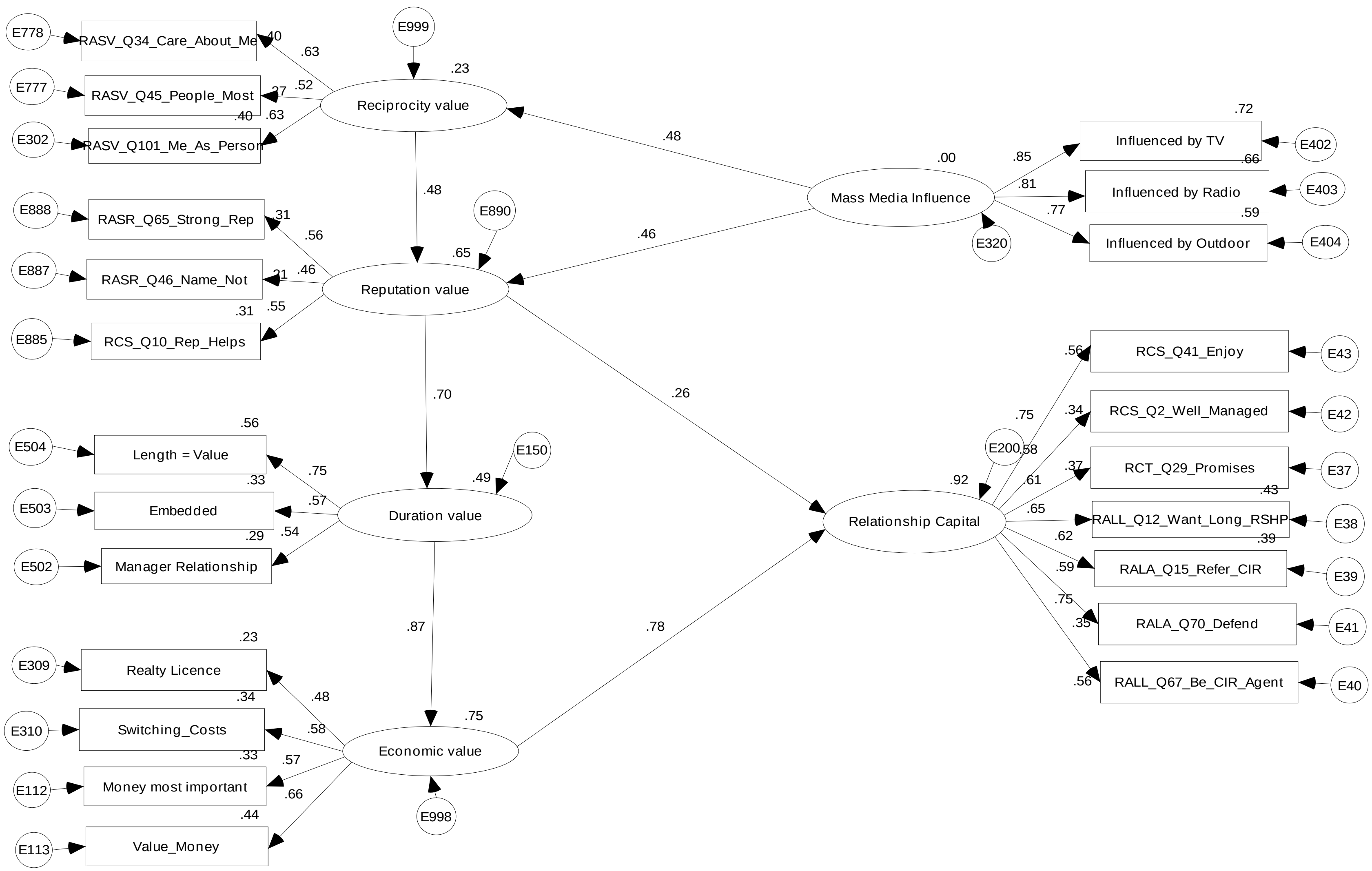

Figure J1. Stakeholder Scorecard Model (Manifest Variable)

APPENDIX K

FULL SEM STUDY RESULTS: MANIFEST MODEL

Table K1

Stakeholder scorecard model (manifest variables)

Measure		Construct	Loadings[1]	S.E[2]	C.R.[3]	P-Value
Reciprocity value	<---	Mass media influence	.480	.132	5.156	***
Reputation value	<---	Mass media influence	.460	.048	4.923	***
Reputation value	<---	Reciprocity value	.481	.082	4.280	***
Duration value	<---	Reputation value	.698	.173	5.800	***
Economic value	<---	Duration value	.868	.155	6.656	***
Relationship capital	<---	Reputation value	.261	.104	3.226	.001
Relationship capital	<---	Economic value	.780	.086	6.827	***
The more time I spend with my manager the harder it is for me to leave.	<---	Duration value	.540			
The longer I am at (company name) the more I get from it.	<---	Duration value	.750	.144	8.241	***
The longer I am at (company name) the harder it is for me to leave.	<---	Duration value	.572	.147	7.101	***
I want to have a relationship with (company name) for a long time.	<---	Relationship capital	.655			
(company name) managers keep their promises.	<---	Relationship capital	.610	.118	9.174	***
I refer (company name) whenever I have the opportunity.	<---	Relationship capital	.625	.097	9.367	***
Compared to its competitors I think (company name) is well managed.	<---	Relationship capital	.581	.116	8.793	***
I enjoy being an agent for (company name).	<---	Relationship capital	.746	.103	10.863	***
If I hear someone criticize (company name) I will stand up to defend the company.	<---	Relationship capital	.592	.092	8.937	***

table continues

Measure		Construct	Loadings[1]	S.E[2]	C.R.[3]	P-Value
If I am a real estate agent, I will be a (company name) agent.	<---	Relationship capital	.752	.131	10.932	***
It is important to me that the company I work with take interest in me as a person.	<---	Reciprocity value	.629			
The people are the most important consideration of any company I work with.	<---	Reciprocity value	.521	.135	6.177	***
It is important that the company I work with cares about me and my business.	<---	Reciprocity value	.629	.108	6.772	***
I would switch companies if it meant making more money.	<---	Economic value	.572			
I only have a relationship with (company name) because I need a real estate license to practice.	<---	Economic value	.485	.110	6.741	***
I would change companies today but switching would require more time and effort than I am willing to put forth.	<---	Economic value	.583	.126	7.741	***
Compared to other companies I think (company name) offers me excellent value for the money.	<---	Economic value	.661	.100	8.427	***
(company name) outdoor advertising campaign (like buses) gives me confidence about the future of the company.	<---	Mass media influence	.770			
(company name) TV advertising gives me confidence about the future of the company.	<---	Mass media influence	.846	.078	13.801	***
(company name) radio advertising gives me confidence about the future of the company.	<---	Mass media influence	.812	.081	13.451	***
It is important that the company I work with have a strong reputation.	<---	Reputation value	.559			
The company's name makes no difference to my success in this industry.	<---	Reputation value	.459	.212	5.921	***
(company name) reputation helps my business.	<---	Reputation value	.553	.211	6.740	***

[1]Standardized regression. [2]S.E = Standard Error [3]C.R = Critical Ratio

Table K2

Fit Indices: Manifest Model

Fit Indices	**Result**
CMIN/DF (chi-square/ degrees of freedom)	1.618
Root Mean Square Residual (RMR)	.035
Goodness of Fit Index (GFI)	.903
Comparative Fit Index (CFI)	.936
Root Mean Square of Approximation (RMSEA)	.046

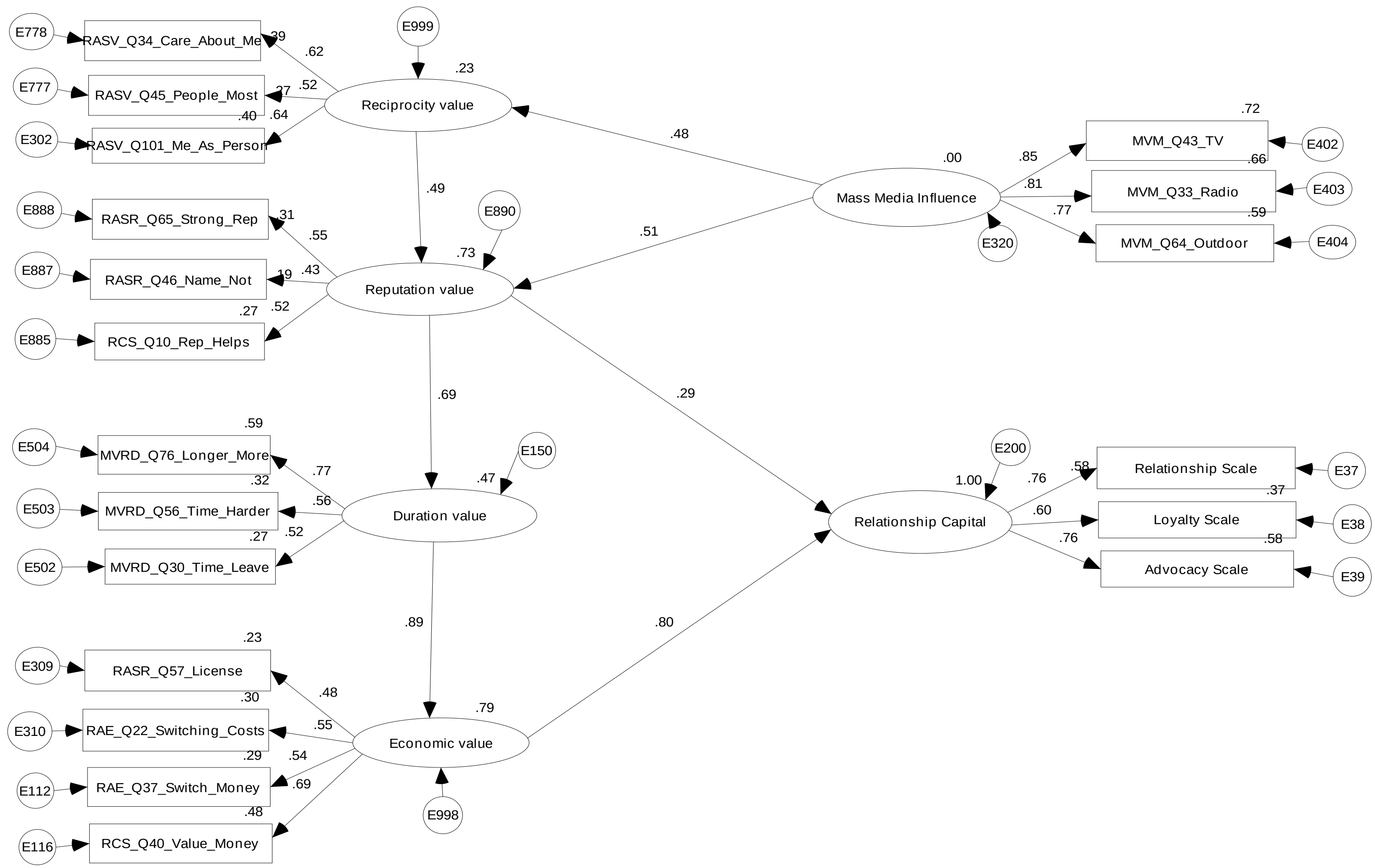

Figure K1. Final Stakeholder Scorecard Model (Scale Based)

APPENDIX L

FULL SEM STUDY RESULTS: SCALE MODEL

Table L1

Final Stakeholder Scorecard (scale model)

Measure		Construct	Loadings[1]	S.E[2]	C.R.[3]	P-Value
Reciprocity value	<---	Mass media influence	.477	.129	5.156	***
Reputation value	<---	Mass media influence	.509	.048	5.385	***
Reputation value	<---	Reciprocity value	.488	.080	4.400	***
Duration value	<---	Reputation value	.686	.167	5.725	***
Economic value	<---	Duration value	.891	.163	6.384	***
Relationship capital	<---	Reputation value	.286	.054	3.353	***
Relationship capital	<---	Economic value	.800	.048	6.404	***
The more time I spend with my manager the harder it is for me to leave.	<---	Duration value	.521			
The longer I am at (company name) the more I get from it.	<---	Duration value	.767	.156	8.088	***
The longer I am at (company name) the harder it is for me to leave.	<---	Duration value	.565	.155	6.910	***
Loyalty Scale	<---	Relationship capital	.605			
Relationship Attitude	<---	Relationship capital	.762	.139	10.063	***
Advocacy Scale	<---	Relationship capital	.759	.181	10.032	***
It is important to me that the company I work with take interest in me as a person.	<---	Reciprocity value	.636			

table continues

Measure		Construct	Loadings[1]	S.E[2]	C.R.[3]	P-Value
The people are the most important consideration of any company I work with.	<---	Reciprocity value	.522	.133	6.242	***
It is important that the company I work with cares about me and my business.	<---	Reciprocity value	.624	.105	6.836	***
I would switch companies if it meant making more money.	<---	Economic value	.541			
I only have a relationship with (company name) because I need a real estate license to practice.	<---	Economic value	.480	.120	6.468	***
I would change companies today but switching would require more time and effort than I am willing to put forth.	<---	Economic value	.550	.136	7.129	***
Compared to other companies I think (company name) offers me excellent value for the money.	<---	Economic value	.692	.114	8.214	***
(company name) outdoor advertising campaign (like buses) gives me confidence about the future of the company.	<---	Mass media influence	.767			
(company name) TV advertising gives me confidence about the future of the company.	<---	Mass media influence	.848	.078	13.838	***
(company name) radio advertising gives me confidence about the future of the company.	<---	Mass media influence	.812	.082	13.454	***
It is important that the company I work with have a strong reputation.	<---	Reputation value	.555			
The company‘s name makes no difference to my success in this industry.	<---	Reputation value	.431	.209	5.687	***
(company name) reputation helps my business.	<---	Reputation value	.518	.207	6.510	***

[1]Standardized regression. [2]S.E = Standard Error [3]C.R = Critical Ratio

Table L2

Fit Indices: Final Model (scale)

Fit Indices	**Result**
CMIN/DF (chi-square/ degrees of freedom)	1.790
Root Mean Square Residual (RMR)	.036
Goodness of Fit Index (GFI)	.912
Comparative Fit Index (CFI)	.934
Root Mean Square of Approximation (RMSEA)	.052

APPENDIX M

QUESTION CODES

Table M1

Question Codes

Code	**Construct**
ECOV	Economic Value
PVR	Perceived Reciprocity Value
REPV	Reputation Vale
MVM	Moderating Variable - Mass Media
MVRD	Moderating Variables – Relationship Duration
MVPN	Moderating Variable – Peer Networks
RCT	Relationship Capital – Trust
RCS	Relationship Capital – Satisfaction
RCC	Relationship Capital – Commitment
RCCS	Relationship Capital – Consensus
RALL	Relationship Assets – Loyalty
RALA	Relationship Assets – Advocacy
RALC	Relationship Assets – Co-operation

APPENDIX N

EXPLORATORY FACTOR ANALYSIS RESULTS

Table N1

Exploratory Factor Analysis

	Component 1	**Component 2**	**Component 3**	**Component 4**	**Component 5**	**Component 6**	**Component 7**	**Component 8**	**Component 9**	**Component 10**
ECOV_Q1a_Low_Cost	-.079	-.041	-.050	-.053	.214	-.331	.193	-.044	.019	-.407
ECOV_Q20_Premium_OK	.037	.050	.377	.107	.119	.098	-.027	.045	-.299	.134
ECOV_Q22_Switching_Costs	.488	.162	.005	.104	-.097	.275	.102	.329	.005	.063
ECOV_Q37_Switch_Money	.418	.155	.025	-.118	.075	.405	.198	.246	-.044	.223
ECOV_Q58_Partners	.055	-.021	.148	.202	.435	-.109	.052	-.029	.044	-.112
ECOV_Q60_Cheaper	.150	.186	.196	.103	-.166	.339	-.027	.361	-.102	.139
ECOV_Q35_Offices	.213	.112	.180	.243	.456	.102	.023	-.173	-.113	-.182
ECOV_Q36_Needs_Time	.003	.069	-.037	.680	.056	.112	-.019	-.013	-.052	-.051
ECOV_Q57_License	.226	.176	.227	.075	.085	.489	.048	.069	.080	.071
ECOV_Q59_Current	.045	.043	.008	.658	-.054	.039	.114	.121	.044	-.031
ECOV_Q102_Virtual_Office	.083	.082	.038	.528	.158	.085	-.140	.103	.099	-.153
PRV_Q18_Leadership	.081	.072	.128	.508	-.074	.104	.507	.034	-.008	-.035
PRV_Q19_Vision	.040	.185	.225	.404	.046	.095	.471	.119	-.099	-.132
PRV_Q31_Ethical	.200	-.084	.031	.475	.044	-.122	.272	.280	.060	-.004
PRV_Q34_Care_About_Me	.076	.080	.271	.501	.219	-.112	.262	.061	.014	.074
PRV_Q44_Recognition	.017	.290	.296	.276	.372	-.033	.092	-.248	-.006	.083
PRV_Q45_People_Most	.117	.164	.056	.329	.219	.019	.280	-.272	-.081	.125
PRV_Q78_Values	.086	.359	.073	.587	-.097	.002	.027	.006	.048	.078
PRV_Q97_Community	.170	.104	.476	.344	.166	-.031	.175	-.077	.079	.115
PRV_Q101_Me_As_Person	.038	.300	.134	.388	.155	-.067	.291	-.229	.002	.210

table continues

REPV_Q65_Strong_Rep .083 .130 .366 .599 .212 .024 -.072 -.020 .000 .045

	Component 1	**Component 2**	**Component 3**	**Component 4**	**Component 5**	**Component 6**	**Component 7**	**Component 8**	**Component 9**	**Component 10**
REPV_Q65_Strong_Rep	.083	.130	.366	.599	.212	.024	-.072	-.020	.000	.045
REPV_Q46_Name_Not	.078	.164	.274	.112	.261	.234	-.049	.052	.443	-.008
REPV_Q10_Rep_Helps	.251	.091	.201	.141	.338	.019	.078	.075	.405	-.193
REPV_Q24_No_Difference	.360	.208	.146	.101	.319	.389	.115	.123	.214	.018
MVM_Q1b_Ad_Impact	-.171	-.143	-.510	-.150	.004	-.056	-.088	-.098	-.184	.082
MVM_Q33_Radio	.201	.176	.715	.038	.144	.047	.025	.055	.088	-.015
MVM_Q43_TV	.165	.173	.757	.088	.127	-.043	.132	.018	-.044	-.060
MVM_Q64_Outdoor	.152	.060	.788	.143	.148	.009	.038	.069	-.030	.024
MVM_Q77_Ad_Proud	.275	.451	.509	.148	.127	.073	.124	.080	.045	.061
MVM_Q96_Sponsorship	.299	.147	.658	.066	.063	.055	.188	.071	-.015	.081
MVPN_Q13_Opinion_Others	-.060	.085	.148	.094	.027	-.544	-.117	-.001	.396	.093
MVPN_Q16_Other_Say	.136	.032	.054	-.034	.229	.121	.132	-.037	-.568	-.061
MVPN_Q23_Personal_Only	-.088	.065	.065	.008	-.030	-.048	-.128	.013	-.530	-.117
MVPN_Q38_Trust_Opinions	.008	-.008	.139	.022	.167	-.528	.001	.023	.071	.124
MVPN_Q42_Respected	.326	.250	.057	-.109	.467	-.049	.090	-.116	-.023	.017
MVPN_Q47_Respected_Others	-.059	.201	.245	.577	.177	-.085	.023	-.002	.132	.060
MVRD_Q30_Time_Leave	.467	.022	-.055	-.002	.391	-.030	.205	.195	-.073	.130
MVRD_Q55_Long_History	.030	.215	.253	.336	.417	.013	-.177	-.135	-.045	.060
MVRD_Q56_Time_Harder	.240	.231	.042	.206	.566	-.033	-.057	.268	-.075	.074
MVRD_Q61_Time_Trust	.053	.124	.010	.317	-.116	.061	.018	.005	-.068	-.392
MVRD_Q76_Longer_More	.444	.364	.202	.090	.276	.153	.039	.188	.127	.101
RCT_Q29_Promises	.794	.071	.080	-.009	.142	-.001	.001	-.081	.004	.069
RCT_Q48_Managers_Decisions	.627	.213	.108	.053	.260	.004	-.005	-.246	-.026	.075
RCT_Q49_Agent_Trust	.265	.186	.049	-.140	.307	-.020	.148	.029	.109	.267
RCT_Q62_Unpredictable	.759	.031	.065	.056	.018	-.016	-.081	.060	.115	.078
RCT_Q75_Personal_Issues	.486	.234	.010	.089	.162	-.176	.195	-.030	-.062	.366
RCT_Q89_Trust_(company name)	.568	.317	.207	.079	.119	.124	.066	.169	-.033	.097
RCT_Q93_Dont_Trust	.529	.204	.217	.113	-.040	.296	.018	.160	.078	-.033

table continues

	Component 1	Component 2	Component 3	Component 4	Component 5	Component 6	Component 7	Component 8	Component 9	Component 10
RCT_Q94_Confide_Mgrs	.633	.128	-.123	.088	.073	.049	.036	.110	.053	.204
RCT_Q100_Confide_Peers	.189	.030	.070	.038	-.142	.133	.200	-.002	.173	.507
RCS_Q2_Well_Managed	.583	.088	.157	.048	.179	-.005	.170	.150	-.065	-.245
RCS_Q3_Support_Services	.582	.090	.111	.094	.137	.140	.156	.184	-.060	-.207
RCS_Q40_Value_Money	.413	.233	.245	.204	.068	.095	.124	.443	.090	-.048
RCS_Q41_Enjoy	.501	.325	.188	.075	.141	.149	.289	.213	-.015	-.026
RCS_Q68_Expectations	.626	.140	.205	.084	.207	.220	-.079	.276	-.078	.065
RCS_Q74_Regret	.425	.183	.124	.151	-.059	-.045	-.046	.401	.055	-.090
RCS_Q92_Satisfied	.634	.329	.197	.123	.071	.180	.007	.155	.024	.023
RCS_Q103_Proud_office	.240	.550	.012	.235	.176	.120	-.064	-.061	-.008	-.031
RCC_Q50_(company name) _Committed	.626	.248	.224	.007	.108	.149	.155	.047	-.070	.116
RCC_Q63_End_Easy	.505	.132	.114	.122	.073	.291	.043	.365	.019	.109
RCC_Q87_Important	.173	.492	.199	.363	.140	.219	.124	.083	.076	.082
RCC_Q88_Rather_(company name)	.449	.497	.071	.084	.314	.204	.070	.357	-.021	-.086
RCC_Q90_Loyalty	.369	.583	.132	.102	.230	.155	.016	.246	-.066	-.011
RCC_Q91_Mentoring	.104	.417	.196	.067	.039	-.037	.502	.104	-.032	.179
RCCS_Q4_Mgr_Support	.775	.145	.033	.002	.150	.035	.118	-.063	.012	-.179
RCCS_Q11_Mgrs_Listen	.768	.069	.099	-.013	.135	-.030	.073	-.097	.085	.045
RCCS_Q14_Disagree_OK	.654	.050	.010	-.115	.049	-.073	.208	.141	.019	.178
RCCS_Q28_People	.723	.230	.193	.043	.032	.168	.084	-.053	.080	-.025
RCCS_Q73_Mgrs_Themselves	.723	.155	.096	.115	.005	.075	-.150	.050	.137	.053
RCCS_Q79_Value_Agents	.698	.339	.189	.086	-.029	.120	-.018	.037	.038	.000
RCCS_Q83_Feedback_OK	.551	.208	.374	-.075	.112	.118	-.025	-.162	-.141	.210
RCCS_Q84_Expectations	.608	.050	.204	.015	.257	.074	-.147	-.003	-.194	.111
RCCS_Q98_Decisions	.364	-.005	.177	.128	.258	-.014	-.049	-.104	-.048	.382
RALL_Q5_Lose_Switch	.500	.198	.090	.129	.346	.170	.049	.269	.073	-.151
RALL_Q12_Want_Long_RSHP	.315	.508	.013	.143	.194	.097	.227	.259	.095	-.104
RALL_Q21_Like_Others	.427	.119	.190	.124	-.011	.281	.040	.289	.226	-.123

	Component 1	Component 2	Component 3	Component 4	Component 5	Component 6	Component 7	Component 8	Component 9	Component 10
RALL_Q25_Fulfill_Needs	.258	.143	.145	-.061	.292	.374	.090	.181	.022	.035
RALL_Q51_Link	.437	.482	.211	.068	.184	.186	-.021	.036	-.060	.123
RALL_Q67_Be_(company name) _Agent	.372	.432	.202	.032	.457	.169	.114	.198	-.005	.039
RALL_Q69_Other_Company	.454	.231	.044	.085	-.038	.321	-.049	.329	.031	-.013
RALL_Q80_Success_(company name)	.290	.224	.238	.026	.390	.174	.127	.229	.329	.129
RALL_Q85_Change	.536	.102	.142	.148	.108	.199	.021	.384	.059	.038
RALA_Q15_Refer_(company name)	.476	.338	.123	.099	.150	.161	.244	-.084	.116	-.235
RALA_Q52_Bad_Experience_Talk	-.189	-.046	-.050	-.044	-.120	-.574	-.024	.002	-.080	-.139
RALA_Q70_Defend	.428	.376	.037	.236	.106	.188	.058	.014	-.037	.022
RALA_Q71_Positive_Speak	.361	.548	.112	.273	.009	.025	.079	.013	-.111	.049
RALA_Q81_Promote_(company name)	.334	.601	.234	.178	.050	.070	.197	.060	.053	.004
RALA_Q82_Recruit	.178	.709	.232	.034	.032	-.043	.100	-.033	-.016	-.102
RALA_Q86_Proud_of_(company name)	.446	.503	.093	.120	.179	.129	.155	.079	.087	.010
RALA_Q99_Talk_Up	.253	.610	.151	.159	.077	.011	.145	.042	.082	.012
RALC_Q6_Support_Benefit	.417	.202	.137	-.042	.106	.167	.373	-.011	-.114	-.040
RALC_Q7_No_Benefit_Support_Mgnt	.542	.105	.171	.180	-.029	.322	.119	-.179	.257	-.103
RALC_Q8_No_Beneft_Support_Realtors	.420	.128	.185	.188	-.006	.287	.166	-.143	.311	-.096
RALC_Q17_Personal_Time	.260	.241	.267	-.013	.300	.142	.288	-.205	.122	-.250
RALC_Q26_Committees	-.009	.195	.151	.095	.136	.181	.591	-.069	.178	.049
RALC_Q27_Good_For_Me	.190	.117	.297	.060	.466	.132	.154	-.048	-.020	.031
RALC_Q53_My_Time	.149	.126	.090	.116	.144	.444	.328	.093	.239	.027

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 21 iterations.

APPENDIX O

T-TEST RESULTS

Table O1

T-Test Results

	T	DF	Sig (2-tailed)	Mean Difference	Lower*	Upper*
ECOV_Q1a_Low_Cost	49.092	289	.000	3.386	3.21	3.57
ECOV_Q20_Prem ium_OK	60.540	289	.000	3.490	3.34	3.64
ECOV_Q22_Switching_Costs	63.869	289	.000	3.728	3.58	3.88
ECOV_Q37_Switch_Money	45.272	289	.000	2.769	2.61	2.93
ECOV_Q58_Partners	70.227	289	.000	3.717	3.58	3.85
ECOV_Q60_Cheaper	77.505	289	.000	3.945	3.81	4.08
ECOV_Q35_Offices	89.976	289	.000	4.328	4.20	4.45
ECOV_Q36_Needs_Time	149.413	289	.000	4.686	4.60	4.77
ECOV_Q40_Value_Money	88.231	289	.000	3.955	3.84	4.07
ECOV_Q57_License	75.155	289	.000	4.021	3.88	4.16
PRV_Q59_Current	136.607	289	.000	4.624	4.54	4.71
PRV_Q18_Leadership	124.815	289	.000	4.528	4.43	4.62
PRV_Q19_Vision	117.937	289	.000	4.466	4.37	4.56
PRV_Q31_Ethical	143.902	289	.000	4.745	4.66	4.83
PRV_Q34_Care_About_Me	139.496	289	.000	4.559	4.47	4.64
PRV_Q44_Recognition	82.875	289	.000	3.948	3.82	4.07
PRV_Q45_People_Most	87.423	289	.000	3.934	3.82	4.05
PRV_Q78_Values	125.470	289	.000	4.372	4.28	4.46
PRV_Q97_Community	100.036	289	.000	4.000	3.90	4.10
PRV_Q101_Me_As_Person	87.658	289	.000	3.907	3.79	4.02
REPV_Q46_Name_Not	60.081	289	.000	3.369	3.22	3.51
REPV_Q10_Rep_Helps	75.833	289	.000	4.007	3.87	4.14

table continues

	T	DF	Sig (2-tailed)	Mean Difference	Lower*	Upper*
REPV_Q65_Strong_Rep	118.858	289	.000	4.359	4.26	4.45
MVM_Q1b_Ad_Impact	34.896	289	.000	2.159	2.00	2.32
MVM_Q33_Radio	70.644	289	.000	3.786	3.65	3.93
MVM_Q43_TV	75.306	289	.000	3.810	3.68	3.94
MVM_Q64_Outdoor	75.769	289	.000	3.917	3.78	4.05
MVM_Q77_Ad_Proud	105.477	289	.000	4.141	4.04	4.24
MVM_Q96_Sponsorship	82.766	289	.000	3.776	3.66	3.89
MVPN_Q13_Opinion_Others	41.646	289	.000	2.669	2.50	2.84
MVPN_Q16_Other_Say	36.920	289	.000	2.621	2.44	2.80
MVPN_Q23_Personal_Only	54.645	289	.000	3.503	3.34	3.67
MVPN_Q38_Trust_Opinions	75.652	289	.000	3.469	3.35	3.59
MVPN_Q42_Respected	73.931	289	.000	3.628	3.50	3.75
MVPN_Q47_Respected_Others	126.965	289	.000	4.290	4.20	4.38
MVRD_Q30_Time_Leave	61.713	289	.000	3.366	3.22	3.51
MVRD_Q55_Long_History	77.175	289	.000	3.845	3.72	3.97
MVRD_Q56_Time_Harder	68.608	289	.000	3.697	3.56	3.84
MVRD_Q61_Time_Trust	114.963	289	.000	4.231	4.14	4.33
MVRD_Q76_Longer_More	80.297	289	.000	3.748	3.63	3.87
RCT_Q29_Promises	82.793	289	.000	3.869	3.75	3.99
RCT_Q48_Managers_Decisions	81.399	289	.000	3.848	3.73	3.97
RCT_Q49_Agent_Trust	71.298	289	.000	3.379	3.26	3.50
RCT_Q62_Unpredictable	78.312	289	.000	3.845	3.72	3.97
RCT_Q75_Personal_Issues	57.295	289	.000	3.386	3.23	3.54
RCT_Q89_Trust_CIR	87.275	289	.000	4.021	3.90	4.14
RCT_Q93_Dont_Trust	100.173	289	.000	4.355	4.24	4.47
RCT_Q94_Confide_Mgrs	68.125	289	.000	3.766	3.62	3.91
RCT_Q100_Confide_Peers	66.221	289	.000	3.231	3.10	3.36
RCS_Q2_Well_Managed	92.136	289	.000	4.290	4.17	4.41
RCS_Q3_Support_Services	93.078	289	.000	4.410	4.29	4.53

table continues

	T	DF	Sig (2-tailed)	Mean Difference	Lower*	Upper*
RCS_Q24_No_Difference	65.665	289	.000	3.628	3.48	3.77
RCS_Q41_Enjoy	107.868	289	.000	4.272	4.17	4.38
RCS_Q68_Expectations	89.526	289	.000	3.969	3.85	4.08
RCS_Q74_Regret	81.205	289	.000	4.231	4.10	4.37
RCS_Q92_Satisfied	106.661	289	.000	4.179	4.08	4.28
RCS_Q103_Proud_office	98.562	289	.000	4.272	4.16	4.38
RCC_Q50_CIR_Committed	93.494	289	.000	3.831	3.72	3.94
RCC_Q63_End_Easy	79.949	289	.000	3.931	3.80	4.06
RCC_Q87_Important	115.504	289	.000	4.203	4.11	4.30
RCC_Q88_Rather_CIR	80.218	289	.000	3.900	3.77	4.03
RCC_Q90_Loyalty	101.428	289	.000	4.093	3.99	4.20
RCC_Q91_Mentoring	69.393	289	.000	3.510	3.38	3.64
RCCS_Q4_Mgr_Support	83.670	289	.000	4.162	4.03	4.29
RCCS_Q11_Mgrs_Listen	84.138	289	.000	3.848	3.73	3.97
RCCS_Q14_Disagree_OK	73.105	289	.000	3.655	3.53	3.78
RCCS_Q28_People	91.008	289	.000	4.100	3.98	4.22
RCCS_Q73_Mgrs_Themselves	80.288	289	.000	3.979	3.85	4.11
RCCS_Q79_Value_Agents	102.963	289	.000	4.117	4.01	4.22
RCCS_Q83_Feedback_OK	86.474	289	.000	3.817	3.70	3.93
RCCS_Q84_Expectations	79.683	289	.000	3.603	3.49	3.72
RCCS_Q98_Decisions	76.139	289	.000	3.686	3.56	3.81
RALL_Q5_Lose_Switch	64.615	289	.000	3.669	3.52	3.82
RALL_Q12_Want_Long_RSHP	102.540	289	.000	4.138	4.03	4.24
RALL_Q21_Like_Others	82.764	289	.000	3.900	3.78	4.02
RALL_Q25_Fulfill_Needs	53.278	289	.000	2.869	2.73	3.01
RALL_Q51_Link	82.549	289	.000	3.810	3.69	3.93
RALL_Q67_Be_CIR_Agent	74.059	289	.000	3.724	3.59	3.85
RALL_Q69_Other_Company	78.445	289	.000	3.607	3.49	3.73
RALL_Q80_Success_CIR	57.474	289	.000	3.266	3.12	3.41

table continues

	T	DF	Sig (2-tailed)	Mean difference	Lower*	Upper*
RALL_Q85_Change	77.314	289	.000	4.097	3.96	4.23
RALA_Q15_Refer_CIR	109.725	289	.000	4.203	4.10	4.30
RALA_Q52_Bad_Experience_Talk	46.315	289	.000	2.662	2.51	2.81
RALA_Q70_Defend	109.239	289	.000	3.993	3.90	4.09
RALA_Q71_Positive_Speak	125.831	289	.000	4.286	4.20	4.37
RALA_Q81_Promote_CIR	95.007	289	.000	3.959	3.85	4.07
RALA_Q82_Recruit	90.205	289	.000	3.941	3.83	4.05
RALA_Q86_Proud_of_CIR	103.982	289	.000	4.169	4.07	4.27
RALA_Q99_Talk_Up	108.428	289	.000	3.952	3.86	4.05
RALC_Q6_Support_Benefit	63.011	289	.000	3.628	3.48	3.78
RALC_Q7_No_Benefit_Support_Mgnt	84.919	289	.000	4.055	3.93	4.18
RALC_Q8_No_Beneft_Support_Realtors	93.071	289	.000	4.117	4.00	4.23
RALC_Q17_Personal_Time	71.808	289	.000	3.693	3.56	3.83
RALC_Q26_Committees	68.510	289	.000	3.386	3.26	3.51
RALC_Q27_Good_For_Me	68.893	289	.000	3.634	3.50	3.77
RALC_Q53_My_Time	71.283	289	.000	3.641	3.51	3.77

*99% Confidence Interval of the Difference

APPENDIX P

FINAL STAKEHOLDER SCORECARD INSTRUMENT

Section 1: Opinion Survey

For the following questions consider your position in the real estate industry and your relationship with (company name). Please indicate your degree of agreement or disagreement with each statement. Please choose from the following answers.

1	2	3	4	5
Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree

Economic value

1. I would switch companies if it meant making more money (reverse).
2. I only have a relationship with (company name) because I need a real-estate license to practice (reverse).
3. I would change companies today but switching would require more time and effort than I am willing to put forth (reverse).
4. Compared to other companies I think (company name) offers me excellent value for the money.

Relationship duration value

5. The more time I spend with my manager the harder it is for me to leave.
6. The longer I am at (company name) the more I get from it.
7. The longer I am at (company name) the harder it is for me to leave.

Reciprocity values

8. It is important to me that the company I work with take interest in me as a person.

9. The people are the most important consideration of any company I work with.

10. It is important that the company I work with cares about me and my business.

Reputation value

11. The company's name makes no difference to my success in this industry (reverse).

12. It is important that the company I work with have a strong reputation.

13. (company name's) reputation helps my business.

Mass media influence

14. (company name) outdoor advertising campaign (like buses) gives me confidence about the future of the company.

15. (company name) TV advertising gives me confidence about the future of the company.

16. (company name) radio advertising gives me confidence about the future of the company.

Relationship Scale

17. (company name) managers keep their promises.

18. Whenever (company name) managers make a decision, I know they will be looking out for the best interest of its agents.

19. (company name) management is unpredictable.(Reversed)

20. I trust that (company name) works hard to support my business.

21. It is best for me not to confide in my manager.

22. (company name) managers only care about themselves. (Reversed)
23. Constructive feedback is valued at (company name) .
24. (company name) managers are cooperative and look out for the best interest of the agents.
25. I feel confident I can disagree with my manager and they will listen to me.
26. (company name) managers listen to the opinions of their agents.
27. My relationship with (company name) has met my expectations.
28. Compared to its competitors I am satisfied with the support services that (company name) offers (e.g., such as management, training and the virtual office).
29. I enjoy being an agent for (company name).
30. (company name) has made no difference to my business (Reversed)

Loyalty Scale

31. I feel I would lose a great deal if I switched companies.
32. I want to have a relationship with (company name) for a long time.
33. If I am a real estate agent, I will be a (company name) agent.
34. In the next 12 months I will be looking to change companies. (Reversed)
35. I would actively support (company name) even if it had no direct benefit to me and my business.
36. There is no benefit for me in supporting (company name) management. (Reversed)
37. I will invest my personal time in building (company name) because my business is dependent on it being successful.

Advocacy Scale

38. I actively promote (company name) with others in the industry.

39. In social situations, I often speak positively about (company name) .

40. I try to recruit others to come work with (company name) .

41. I am proud to tell people I work with (company name) .

42. I “talk-up” (company name) to people I know.

Background Information

1. Please indicate your gender
    1. Male
    2. Female
2. Please indicate your age.
3. How many years have you been a licenced realtor?
4. How many years have you been at (company name)?
5. What is the highest level of schooling that you have completed?
    1. Grade school.
    2. High school.
    3. College or trades diploma.
    4. University degree.
    5. Post-graduate degree.
6. On average over the past three years how many properties have you sold EACH year? If you have been a Realtor for less than three years please provide information for as long as you have been in the business.
    1. Less than five.
    2. 6 10
    3. 11 20

4. 21 30

5. 31 50

6. 51- 75

7. Over 75.

7. On average over the past three years, which of the following categories best describes your total income? If you have been a Realtor for less than three years please provide information for as long as you have been in the business.

   1. <$20,000
   2. $20,000--$60,000
   3. $60,000-$100,000
   4. $100,000-$149,000
   5. Over $150,000

CURRICULUM VITAE

David J. Finch

209 4th Ave NE, Calgary, Alberta T2E 0J2
403-264-0165 (home)
403-560-0111 (work)
dfinch@mtroyal.ca

SUMMARY

- Skilled marketing professional with over 18 years of senior marketing experience, including strategic planning, brand management, product management, advertising, promotions, new media, public relations, and sponsorship marketing.
- Developed and executed diverse campaigns for major brands including Bell Canada, Rogers Wireless, Imperial Oil, The Calgary Exhibition & Stampede, Direct Energy, BC Ferries and the Yellow Pages Group.
- Currently pursuing a Ph.D. in Applied Management and Decision Sciences at Walden University. Research specialization is the empirical relationship between stakeholders and value creation.
- Integration of extensive practitioner experience with academic theory and methodological rigor demonstrates a focused scholarly research agenda.

EDUCATION

PH.D., APPLIED MANAGEMENT AND DECISION SCIENCES, WALDEN UNIVERSITY, Minneapolis, Minnesota, ABD, Graduation anticipated Spring 2010.

- *Thesis: A mixed method analysis of the role stakeholders play in the value creation process*. Quantitative study utilizes structural equation modeling to examine the multiple dimensions that influence firm-stakeholder relationships.
- Areas of research include social exchange theory, social network theory, stakeholder theory, social capital theory, diffusion of innovations, segmentation modeling and intangible asset valuation.

EXECUTIVE MANAGEMENT PROGRAM, KELLOGG SCHOOL OF MANAGEMENT, NORTHWESTERN UNIVERSITY, Evanston, Illinois, 1996

- Completed intensive four-week, residency-based executive program for potential managers.

MASTER OF ARTS, THE UNIVERSITY OF KENT, Canterbury, 1992-93

- Completed Masters of Arts in International Relations.
- *Thesis: An empirical analysis of the relationship between economic growth and telecommunications capital investment in developing countries.*

HONOURS BACHELOR OF ARTS, UNIVERSITY OF WESTERN ONTARIO, London, Ontario, 1986-90

- Honors Bachelor of Arts in Political Science.

Reputation of Canada's oil sands: A structural equation analysis of the influence of trust on stakeholder attitude and intentions (2008)

- Co-author: Paul Varella (Mount Royal)
- Study conducted for the Canadian Association of Petroleum Producers (CAPP).
- Research methodology included the collection and comparative analysis of sample groups in both eastern and western Canada (N = 852).
- Paper currently under review at the Academy of Management Perspectives.

Return on trust: An empirical study of the role of community investment in consumer trust and stimulating loyalty (2007-2008)

- Co-authors: Paul Varella (Mount Royal), Norm O'Reilly (Laurentian), Diane Wolfe (Trent)
- Extensive one year quantitative study (N = 1531) examining the relationship between a major telecommunications firm's community investment and sponsorship activities and consumer trust levels. Research funded by participating telecommunications firm.
- Paper currently under review at the *Journal of Sponsorship*.

The reputation ripple: A study of the diffusion of reputation (2008)

- Literature review that proposes using Roger's Diffusion of Innovations theory as a theoretical framework for examining how reputations are formed and diffused through society.
- Presented at Walden University symposium (July 2008).
- Paper currently under review at the *Journal of Strategic Marketing*.

The diffusion of reputation: A mixed method analysis of the role of reputation in the real-estate sector (2008)

- Study conducted with funding provided by CIR Realty.
- Research methodology included one on one interviews, consumer focus groups client surveys.
- Paper currently under development.

Performance through relationships: A case for the integration of strategic stakeholder management and community investment (2008)

- Qualitative analysis examining the role that community investment can play in strengthening targeted stakeholder relationships.
- Published in *Journal of Sponsorship* (July 2008)

Building trust (2008)

- Examined the role of trust in generating shareholder value by conducting a wide range of interviews of senior business leaders in Calgary.
- Published in Calgary Inc. (July 2008).

A bigger bang for corporate bucks (2007)

- Co-author: Dan Toth
- Special publication on philanthropy and community investment in Calgary.
- Article analyzed the transformation of community investment and philanthropy from a passive function to an emerging tool to support corporate strategy. Article was based on a wide range of interviews of business leaders in Calgary.
- Published in Calgary Inc. (December 2007).

Being good is good business (2007)

- Special publication on philanthropy and community investment in Calgary.
- Article focused on the link between corporate strategy and community investment by profiling the activities of a Calgary-based energy trust.
- Published in Calgary Inc. (December 2007).

PRESENTATIONS

- Reviewer, ASAC 2009 Conference (Marketing).
- Trust as a Metric, Western Sponsorship Congress, 2008.
- Guest speaker, University of Lethbridge, 2008.
- The Business of Being Good, Centre Point Workshop, 2008.
- The Science of Reputation, Government of Alberta Workshop, 2008.
- The Diffusion of Reputation, Walden University Symposium, 2008.
- Sponsorship ROI, Western Sponsorship Congress, 2007.

PROFESSIONAL EXPERIENCE

ASSISTANT PROFESSOR, MOUNT ROYAL UNIVERSITY, Calgary, 2008-Present

- Full-time tenure track faculty member in the Department of Marketing at the Bissett School of Business.

MANAGING DIRECTOR, CONNECT STRATEGY GROUP, Calgary, 2007-Present

- Established specialized agency that focuses exclusively in assisting clients to develop a measurable and disciplined strategic framework for building productive stakeholder relations and a positive corporate reputation.

VICE PRESIDENT, TROJANONE, Calgary, 2003-2006

- Founding partner and senior executive at one of Canada's leading sports and promotional marketing agencies.
- Major clients included The Calgary Stampede, Esso, Nike, Hbc, BMW, Rogers, CFL, Direct Energy and Coca-Cola.
- Managed Calgary and Vancouver offices.
- Grew regional billings to $3M in four years.

DIRECTOR, PRODUCT MANAGEMENT, HARRIS CORPORATION, Calgary/Seattle, 1999-2003

- Harris Corporation is one of the world's largest developers and manufacturers of wireless telecommunication network infrastructure.
- Responsible for product development, product marketing and global business development of the wireless access product line.
- Extensive experience working in Brazil, Nigeria, Malaysia and China.
- Revenue growth of $30M in four years.