

The Mediating Influence of Management by Values in Nonprofit Sport Organizations

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The theory of practicing values may provide valuable insight into the role of organizational values in sport organizations. This is particularly relevant in the nonprofit sport sector where managers operate with limited budgets and organizations may subscribe to specific ethical-social values related to organizational performance. The purpose of this study was to explore the influence of organizational values on the performance of nonprofit sport organizations and the possible mediating effect of employing a management-by-values approach. Online questionnaires were collected from 24 national sport organizations, with a total sample of 103 participants. Results indicate management by values fully mediates the influence of ethical-social organizational values on organizational performance. These results are explained using the theory of practicing values, which emphasizes the need to intentionally manage values within sport organizations. Implications for research and practice are presented.

Keywords: organizational values, management by value, nonprofit

As noted by Chappelet (2011), the vision, mission, and values of nonprofit sport organizations are the backbone of operations and strategy development, as each offers justification and direction to the organization. Within Canadian national sport organizations (NSOs) specifically, values are the foundation of organizational design and may shape definitions of effectiveness (Kikulis, Slack, & Hinings, 1992). As such, values are the beliefs underpinning the vision and mission that a sport organization wishes to achieve and thus should be shared by elected officials, as well as paid and unpaid staff (Chappelet, 2011). To ensure organizational values are understood and shared, management by values is an increasingly common management philosophy and practice that highlights “the importance of identifying core values both at the individual and organizational

levels, the centrality of aligning core values with specific objective, and illuminating the leaders personal interest in wanting to manage by values” (Dolan, Garcia, & Richley, 2006, p. 28). The process of management by values is underscored by the theory of practicing values (Gehman, Treviño, & Garud, 2013), which highlights the policies, procedures, and practices resulting from established organizational values. More specifically, the theory of practicing values emphasizes the function of management by values as encompassing practicing values that require leaders to actively align human resource management (HRM) practices with values and values statements. For example, adopting a resource-based view of HRM (Jiang, Lepak, Hu, & Baer, 2012) in conceptualizing practicing values suggests that to achieve a competitive advantage sport managers must execute (a) recruitment, (b) management, and (c) development strategies that align with organizational values.

As noted by Friedman (2011), there are new understated forces that impact business strategies in every organization. Within the Canadian sport context, nearly 34,000 nonprofit sport organizations represent a relatively large component of the sport industry (Imagine Canada, 2006). The dual management structure (volunteers

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and paid staff) of nonprofit sport provides a myriad of organizational values, goals, and practices that guide organizational behavior (Hoye & Cuskelly, 2007). While research demonstrates that organizational values contribute to definition of effectiveness within nonprofit sport organizations (Kikulis et al., 1992; Kikulis, Slack, & Hinings, 1995; Chelladurai & Haggerty, 1991), espoused values and performance metrics can vary dramatically from organization to organization, thus impacting the influence of values on performance (Bell-Laroche, MacLean, Thibault, & Wolfe, 2014). Thus, the theory of practicing values (Gehman et al., 2013) may highlight the importance of managing values when unpacking the connection between values and organizational effectiveness as defined in previous sport literature. Thus, rather than comparing the nature of organizational values across different sport sectors, it may be more appropriate to explore the role of management by values (i.e., practicing values) when assessing the effect of organizational values in sport organizations. Specifically, we argue that nonprofit sport organizations will increase their performance in the presence of a management-by-values philosophy, where staff and volunteers intentionally incorporate their organizational values into policies and procedures.

The nonprofit sport context in Canada is governed by the Canadian Sport Policy. A recent amendment to the policy includes a commitment to values-based and inclusive sport programs (Canadian Sport Policy, 2012). Specifically, the policy states,

Values are the foundation of participation in sport by all Canadians. Stakeholders are encouraged to use the following sport values [cf., fun, safety, excellence, commitment, personal development, inclusion and accessibility, and respect, fair play and ethical behaviour], as identified by Canadians, to inform the design and implementation of policies and programs, recognizing that their interpretation and emphasis are context-specific. (p. 5)

Relevant to this study, there are two key elements within this policy statement. First, the values within the policy have been generated based on feedback from Canadian citizens, thus highlighting relevance to broader societal outcomes. Second, the policy recognizes the need for context-specific implementation and interpretation of core values. As a result, an organization's ability to demonstrate its effectiveness in a specific context may rely on the establishment of clear organizational values and the extent to which those values are strategically managed.

Previous research supports the importance of organizational values in definitions of organizational performance in nonprofit sport organizations (see Bell-Laroche et al., 2014; Hinings, Thibault, Slack, & Kikulis, 1996; Kikulis et al., 1992). However, questions remain regarding whether (and how) organizational values lead to enhanced performance; an association that may be buttressed through the lens of "practicing values." Thus, the purpose of this study was to explore the influence of organizational values on organizational performance

to determine the mediating effect of a management by values approach in nonprofit sport organizations.

Scholars have investigated the role of *organizational values* within management practices (Argandoña, 2003; Dolan, 2010; Kabanoff & Daly, 2002; Schein, 1992; Schuh & Miller, 2006), where organizational values are defined as "institutional goals, values, and knowledge that exist independent of their constituents and determine the decisions and behavior of people inside the organization" (Van der Wal, de Graaf, & Lasthuizen, 2008, p. 469). Moreover, a substantive body of literature identifies the importance of values in managing the strategic mission of an organization (e.g., Collins & Porras, 1994; Dolan & Garcia, 2002; Jaakson, 2010; Liedtka, 1989; Ridder & McCandless, 2011; Ward, Lankau, Amason, Sonnenfeld, & Agle, 2007; Weick, 1993). Specifically, Dolan et al. (2006) identify three categories of values that form the essence of management by values: (a) ethical-social values connecting to an individual's belief about appropriate conduct; (b) economic-pragmatic values relating to efficiency, performance standards, and discipline; and (c) emotional-developmental values providing motivation for personal fulfillment within the context of the organization. This categorization of organizational values may be particularly relevant in the Canadian sport system given the sport policy's (2012) focus on distinct systemwide values that could be categorized into these dimensions. For example, values associated with "respect, fair play, and ethical behavior" may fall in line with the ethical-social values dimension, whereas values associated with "personal development" and "excellence" may align with emotional-developmental values and economic-pragmatic dimensions, respectively. Given the emphasis on contributing to broader societal outcomes is a priority within the Canadian Sport Policy (2012), the focus in this article will be determining the influence of ethical-social values in particular.

Traditionally, researchers have examined organizations as if they were value free, in the sense that values were described as individual preferences that may be threats to "rational" organizational outcomes (Mumby & Putnam, 1992). The assumption within the value-free framework would be that researchers have yet to fully explore how values shape organizational structure, practices, and activities. Thus, sport theory and practice may be enhanced by examining the influence of organizational values and the role of management by values to influence performance (Bell-Laroche et al., 2014).

Theoretical Framework

Organizational values must be examined in specific contexts to enhance understanding regarding the impact of values on outcomes (see Van der Wal et al., 2008). This may be particularly relevant in nonprofit sport organizations where organizational values may focus on ethical-social and emotional-developmental values associated with broader societal goals, while concurrently addressing economic-pragmatic values associated with

excellence and winning on the field of play (Bell-Laroche et al., 2014). Further, we take the theory of practicing perspective on values (see Gehman et al., 2013) as our lens for which to view the “performance” of values in NSOs. As noted by Bourne and Jenkins (2013), values are not fully formed or stable entities in that practices associated with values (i.e., espoused values, shared values, attributed values) must be explored to gain a comprehensive understanding of how values impact organizational functioning. For instance, the practical application of practicing perspective on values would include incorporating the values within the decision-making model of leaders; ensuring that policies, procedures and programs reflect the identified values; ensuring that stakeholders have a shared understanding and common interpretation of stated values; and that progress associated values is monitored and measured. Thus, the theory of practicing values shapes our argument that understanding the role of management by values is increasingly relevant when dissecting the influence of organizational values on pertinent organizational outcomes in nonprofit sport.

Organizational Values and Performance

In the sport context, more needs to be done to enhance knowledge regarding how organizational values can be understood and managed to maximize organizational goals (Bell-Laroche et al., 2014). As suggested by Hinings et al. (1996), it is important to recognize the role that values play in organizational structure and function in NSOs where the connection between values and effectiveness has been identified; albeit not empirically tested. Dolan and colleagues (2006) state that members of a culture must decide on the relative importance of organizational values, and postulate the significance of intentionally managing by values toward achieving stated organizational outcomes. Thus, organizational values are intuitively connected to performance within nonprofit sport entities.

Hypothesis 1. Ethical-social values will be positively associated with performance in non-profit sport organizations.

In an earlier examination of Canadian NSOs, it was determined that values such as excellence, accountability, and efficiency were directly related to sport organization structure and function (Amis, Slack, & Hinings, 2002). More recently, Bell-Laroche (2010) found that ethical-social, economic-pragmatic, and emotional-developmental values each played an important role in the functioning and effectiveness of NSOs. As a result of the role that values have in shaping organizational structure, research suggests values affect criteria for determining effectiveness and establish the expectations regarding how organizations are evaluated (Greenwood & Hinings, 1988).

The role of organizational values in defining the goals of an organization may be most apparent in nonprofit sport organizations where performance is concep-

tualized through overarching social concepts (e.g., fun, safety, personal development) rather than bottom line dollars and cents (Amis et al., 2002; Canadian Sport Policy, 2012; Chelladurai & Haggerty, 1991). Further, within any sport organization, there is likely to be a number of personal values that contribute to the overall organizational culture and values (Hinings et al., 1996). Thus, the role of organizational values stems from synthesizing a variety of individual values into organizational forms and practices, where structural designs are supported by the values of members (Hinings et al., 1996; Kikulis et al., 1992) and values must be practiced to have meaning and worth.

Practicing Values

As noted by Greenwood and Hinings (1988), values are given meaning when developed through organizational practice. Moreover, there has been a call within the general management literature to understand the “processes whereby values emerge and result in performance” (Gehman et al., 2013, p. 86). Questions remain regarding how values are made recognizable within an organization and more specifically how values are performed (Gehman et al., 2013). This is in contrast to previous cognitive or cultural perspectives of values where values are defined as being a “given” and already objectified phenomena (see Rohan, 2000).

Management strategies may be viewed from this perspective as mechanisms for which practical knowledge (i.e., knowing how) is generated, rather than a representation of knowledge (i.e., knowing that; Pouliot, 2008). For instance, representational knowledge includes sentiments along the lines: “In situation X, one should do Y.” Whereas, with practical knowledge, the same situation would be “In situation X, Y follows,” in that an individual knows (rather than guesses) the next logical step. Within the sport context, the work of Amis et al. (2002) indirectly supports the practicing perspective on values in that sport organization values are deemed to be translated or managed through social movements, changes in local values, and the hiring of outsiders (i.e., practices).

Management by Values. Dolan and Garcia (2002) suggest that management by values is a strategic management tool that has the potential to contribute to *practical* development of employees by engaging personnel in the strategic vision of the organization, with an end goal of creating shared behaviors and support for values-based results. Based on the work of Jaakson, Reino, and Vadi (2004), managing by values means upper management defines the values of the organization, communicates the values to all relevant constituencies, and incorporates the values into all organizational activities. Organizational values, when strategically managed, refer to standards that carry certain merit that decision-makers attach to various goals that are incorporated when making a decision. Managing by values uses values that are explicitly outlined by organizational stakeholders for the purpose of espousing these values outwardly to internal and external

stakeholders. This creates shared understanding and increases the likelihood that values will be incorporated more often by stakeholders.

It becomes increasingly relevant when the core organizational values (those written in policy documents and shared publicly) are in direct conflict with the espoused organizational values or the basic underlying assumptions of the people with an organization (i.e., shared values; Jaakson, 2010). The gap between espoused values and those held by the majority of stakeholders create a tension within the organization (Jaakson et al., 2004). As noted by Schmidt and Posner (1986), “What we see are the ways in which people’s values manifest themselves: in opinions, attitudes, preferences, fears and so on” (p. 448). This implicitly suggests that in the absence of managing by values, organizations may miss out on the advantage that this philosophy can bring when trying to build engagement, secure trust, and increase employee/volunteer motivation. Further, Jaakson et al. (2004) suggest there are cases in all organizations where situations may challenge organizational values and if values are not managed strategically, this could cause confusion regarding desired processes and outcomes.

As noted in the previous section, nonprofit sport organizations may be predisposed to focus on organizational values to guide organizational functioning (Bell-Laroche et al., 2014; Hinings et al., 1996; Kikulis et al., 1992, 1995). However, it would be reasonable to assume that simply adopting organizational values may not lead to increased performance in this sector (Bell-Laroche et al., 2014). Rather, the ability to strategically incorporate organizational values through (for example) inclusion of values in policy and procedure and evaluations of standard practices may increase the impact that values can have on organizational performance. In a study of employees within the public sector (Paarlberg & Perry, 2007), participants’ discussed their behavior as being most influenced by leaders managing efforts to connect organizational values to expectations, incentive systems, and procedures. To this point, previous research has acknowledged when values are strategically managed there is an increased (36%) chance that managers will solve problems in a way that is perceived to be in line with the organization’s values, mission, and goals (Jaakson et al., 2004). Further, it has been suggested that management practices specifically focused on developing organizational values may be one of the most important factors in determining if values are translated into actions and behaviors in nonprofit sport organizations (Amis et al., 2002; Bell-Laroche et al., 2014; Hinings et al., 1996).

However, the need to examine the processes by which values emerge within performance has been acknowledged (Gehman et al., 2013), where the practicing perspective on values implies the practice of management by values will mediate the impact of organizational values on performance.

Hypothesis 2. Managing by values will mediate the association between ethical-social values and organizational performance in non-profit sport organizations.

This hypothesis suggests that the establishment of ethical-social values will lead to management by values which will ultimately impact organizational performance. Thus, the suggested mediator (i.e., management by values) explains the relationship between organizational values and performance. Given the direct connection between sport organizations and a mandate to contribute to broader societal outcomes (Canadian Sport Policy, 2012), the practicing perspective on values may enhance understanding regarding the role of values in sport organizations.

In connection to the purpose and hypotheses within, the proposed conceptual model seeks to extend previous research regarding the influence of organizational values in nonprofit sport entities by incorporating the tenets of managing by values to explain the impact of ethical-social values on organizational performance. Specifically, the proposed model (see Figure 1) is built through the lens of practicing values and suggests management by values fully mediates the influence of organizational values on organizational performance.

Method

Context

The sample population was paid staff within 44 NSOs across Canada, including 449 staff at the time of collection. National sport organizations are nonprofit entities that operate to direct and coordinate sport at the local, provincial, and national level (e.g., Hockey Canada). The mission of Sport Canada, the government body responsible for providing funding to NSOs, is to “enhance opportunities for all Canadians to participate and excel in sport” (Sport Canada, 2008, n.p.). To serve this mission, the Canadian Sport Policy (2012) highlights seven core values as fundamental to contributing to broader societal outcomes: fun; safety; excellence; commitment; personal development; inclusion and accessibility; and respect, fair play, and ethical behavior.



Figure 1 — Proposed structural model (Model B).

As an NSO operating within the Canadian sport system, these core values associated with sport policy influence the development of organizational values for NSOs. For instance, Cycling Canada espouses pursuit of excellence (Cycling Canada, 2013) and Speed Skating Canada espouses excellence of effort (Speed Skating Canada, 2013) on their website as part of their organization's core values—a direct link to Sport Canada Policy outcome of excellence. Thus, an indirect connection between organizational values, operations, and performance is made within the national sport system in that values must be strategically managed to serve the goals of the sport governing body (Canadian Sport Policy, 2012).

Sample and Procedure

An industry contact invited NSO executive directors to allow their employees to participate in the research via e-mail. Following the initial contact e-mail, one phone call and three subsequent emails (if nonresponsive) were made directly to the executive director. Of the 44 NSOs invited to participate, 18 did not respond to both e-mail and phone call solicitation and two (2) declined to participate due to the time constraints it would place on their employees. Thus, a sample of 24 NSOs remained.

The executive directors of 24 NSOs agreed to complete the online survey, and forward the survey web link to each of their staff members. The executive directors were asked to indicate to the researchers how many emails were forwarded. In sum, 303 emails were sent out to the paid staff of 24 NSOs. Two follow-up emails were sent to encourage participation among staff. One hundred and three (103) representative staff members from 24 NSOs logged on and completed the online survey. A final total of 103 useable complete surveys were available for analysis, thus yielding a response rate of 33.99% (and 22.94% of the total population of paid staff). As noted by Cook, Heath, and Thompson (2000), the representativeness of our samples may be much more than our response rates. Therefore, it is important to acknowledge the organizational and demographic characteristics of the sample population in comparison with the entire population of NSOs and their staff.

Of the 103 survey respondents, 51.00% were male and 49.00% were female. The participants averaged 39.49 years of age ($SD = 11.25$). Further, 46.00% were managers or specialists, while 25.30% held the director position, 14.50% held the position of CEO or executive director, 8.40% were administrative assistants, and 6.00% were coaches. Regarding frequency of meetings, the largest number of respondents indicated that they met monthly (45.10%), others indicated that their staff members met quarterly (31.90%), daily/weekly (15.40%), or yearly (7.70%). Further, in terms of organizational size, the majority of respondents (69.57%) were from small- to medium-sized NSOs; defined as employing approximately 10 paid staff members. Specifically, the participant sample was derived from NSOs that averaged 10 paid staff members with a range of 2 to 35 paid staff

members. Regarding the season of sport for each NSO, 47.83% were summer sports and 52.17% were winter sports.

This participant profile is fairly representative of the national workforce for which this sample was drawn. Specifically, staff members within the Canadian workforce tend to be equally portioned male (53%) and female (47%), and the average age of the nonprofit labor force in Canada is 43.40 years (HR Council, 2008). Moreover, the majority of individuals within NSOs occupy manager and director positions, whereas a small minority are working in the head office and hold administrative or coaching roles (Canadian Heritage, 2011). Collectively, NSOs possess an average of 13.29 paid staff members, where around 75% are considered small to medium in terms of numbers of personnel (Canadian Heritage, 2011). Finally, the population of NSOs consists of sports that typically reside in the summer months (approximately 40%), winter months (approximately 35%), and undetermined (approximately 25%).

Survey Instrumentation

Data collection occurred via a web-based survey comprised of self-constructed multi-item measures of (a) management by values (b) organizational values (i.e., ethical-social values), and (c) organizational performance. The following sections provide an overview of each measurement scale.

Management by Values. Management by values is defined as managing by understanding (a) the importance of identifying core values both at the individual and organizational levels, (b) the centrality of aligning core values with specific objectives, and (c) illuminating the leader's personal interest in wanting to manage by values (Dolan et al., 2006). In absence of an established scale to measure management by values and to serve the purpose of this study, a series of items were generated to capture this construct. To cultivate content validity in the items, the authors went through an iterative process that developed out of a literature review on management by values (see Dolan et al., 2006). Further, an industry contact was used to scrutinize each item with the intent to ensure that the items were relevant to the concept of management by values and the sample of NSOs. Consistent feedback from the industry contact was garnered throughout the item generation process.

The initial pool of items was developed to ensure that management by values was adequately represented, and thus an exhaustive list of potential items was put together (DeVellis, 2003). At this stage, the survey included eight items representing management by values. Once this item pool was generated, it was then sent to a panel of five research experts and one industry expert to determine the functionality and readability of each item. Further, the items were pilot tested with 10 graduate students who were familiar with values and management concepts in sport. These individuals completed the online questionnaire including the survey items and commented on (a)

the time it took to complete the survey, (b) clarity of items, as well as the (c) face validity of items.

The comments and reviews were carefully considered and applied where appropriate. Items were edited or removed if they were deemed to be (a) an inaccurate representation of their latent variable, (b) representations of more than one latent variable, or (c) confusing or poorly worded. Following this expert review, seven items remained; one item was removed for redundancy. The items were designed to capture the extent to which each participant believed their organization was involved in the activities described as matching the management by values philosophy. Sample items include, "Our NSO intentionally uses values when setting organizational objectives" and "We use our organizational values intentionally as a strategic communication tool." Participants were asked the extent to which they agreed or disagreed with each statement by clicking a number from 1 (*strongly disagree*) to 7 (*strongly agree*).

Ethical-Social Values. The same process used to generate the items for management by values was used to generate the subscales for organizational values. Specifically, items for ethical-social values were established based on literature review and examining the conceptual definitions of values in the not-for-profit context (see Bell-Laroche et al., 2014; Dolan et al., 2006; Van der Wal et al., 2008). The panel of researchers and pilot study participants each reviewed these items, respectively, and the final pool included five items.

The items to measure organizational values were designed to capture the extent to which each participant believed organizational values were important in the management of their NSO. Sample items were preceded by an introductory statement that read, "Our NSO has organizational values that . . ." and was followed by a list of items. For example, ". . . highlight employee well-being" and ". . . demonstrate concern for larger societal issues." Participants were asked the extent to which each value was important to the management of their NSO by clicking a number from 1 (*not very important*) to 7 (*very important*).

Organizational Performance. A slightly different process was used to generate the items for the scale of developmental organizational performance. As recognized by Richard, Devinney, Yip, and Johnson (2009), definitions of performance or effectiveness are context specific and thus require individual consideration. Thus, performance items were developed specifically for the Canadian NSO context. A total item pool of 15 was initially established where an industry expert and Sport Canada official reviewed, edited, and removed items to generate a list adequately representing developmental performance indicators in NSOs. In sum, four items were included in the final survey that related to performance specifically associated with development content. Survey items were preceded by an introductory statement that read, "Performance criteria for," and was followed by a list of statements that represented performance criteria; for example, ". . . our NSO's contribution to national sport

development" and ". . . developing a clear purpose for our NSO." Participants were asked the extent to which their NSO meets its own standards for each performance criteria by clicking a number from 1 (*not all*) to 7 (*to a very large extent*).

Finally, demographic variables (i.e., age, gender, position, and meeting frequency) were also included as these may be particularly relevant in creating a profile of the participants. These data were anecdotal in nature and did not serve the hypotheses of the study.

Data Analysis

Preliminary analyses were run in line with Baron and Kenny's (1986) approach to identifying mediation effects. To begin, before proceeding with a test of the proposed model, correlation of the exogenous variable (ethical-social values) with the mediator (management by values) and the outcome variable (performance) was confirmed. Next, to serve Hypothesis 2 that states management by values will mediate the association between ethical-social values and performance, the hypothesized model was assessed using a two-step approach. First, a confirmatory factor analysis (CFA) was conducted to examine psychometric properties of the measures using the AMOS 18 statistical package. After the CFA was conducted, a general structural equation modeling (SEM) technique was used to examine the structural relationships among ethical-social values, management by values, and developmental organizational performance. Further, within the SEM, competing models were compared with determine best fit. More specifically, we tested a fully mediated model (i.e., our hypothesized model where management by values mediates the association between ethical-social values and performance) and a partially mediated model (i.e., association between ethical-social values and performance is seen both independently and through management by values). Given the nested nature of the models, a chi-square difference test was applied to statistically compare models to determine which model provided a better fit to the data (see Kline, 2011). Finally, as recommended by Kline, root mean square error of approximation (RMSEA), comparative fit index (CFI), and parsimonious normed fit index (PNFI) fit indexes were analyzed. According to Hu and Bentler (1999), CFI values of .95 or higher, PNFI values over .60, and RMSEA values less than .06 are representative of a good fit to the data. Further, composite reliability (CR) and average variance extracted (AVE) were calculated to determine convergent validity. As noted by Hair, Anderson, Tatham, and Black (1998), CR should be greater than 0.70 and AVE should be greater than 0.50 to indicate validity among the latent constructs.

As noted, given that this study was exploratory in nature, the proposed model was then compared with a hierarchical model (see Figure 2) in that one model (Model B) was nested under another (Model A). The difference between the two models was then tested to identify the best fitting model (partial [Model A] versus

full [Model B] mediation). The main goal was to test a hierarchical version of the model (in this case model trimming or eliminating free parameters) guided by the hypotheses. Since the two models are nested, chi-square difference tests were used to determine the best model (Kline, 2011). Specifically, Kline (2011) suggests, “if the fit of the constrained model [Model B] is not appreciably worse than the model one with $X \rightarrow Y_2$ [Model A] as a free parameter, the hypothesis about a mediated relation is supported” (pp. 214–215).

Results

To serve Hypothesis 1, significant positive correlations ($r = .19, P < .05$) were revealed between ethical-social values and developmental performance. Thus, Hypothesis 1 was supported (see Table 1).

Within the measurement model, each indicator variable was predicted to load on one latent factor. CFA results for the initial measurement model (ethical-social values, management by values, developmental organizational performance variables) provided an inadequate fit

to the data. As indicated by chi-square ($\chi^2 = 393.83, df = 186, p < .01$), RMSEA = .11 ($\chi^2/df = 2.12$; confidence interval [.08, .11]), CFI = 0.87, and PNFI = 0.76, the measurement model did not reasonably fit the data. In this case, survey items with relatively high modification indices (M.I. > 10.0) were considered for removal. Two items related to organizational performance (“... our NSO’s contribution to national humanity development”; “... engaging partners in alignment with strategic objectives”), four items related to management by values (“values are intentionally used as a tool to hire employees”; “values are intentionally communicated via our website”; “Our values serve as a source of inspiration for our members”; “Our NSO intentionally used values when setting organizational objectives”), and two items related to ethical-social values (“... values demonstrate a concern for larger societal issues”; “we focus on social values such as honest, respect, and loyalty”) were considered as contributing to poor fit in the model. Upon theoretical consideration, it was noted that the performance items may not be conceptually related to the other measures of performance because they do not relate directly to

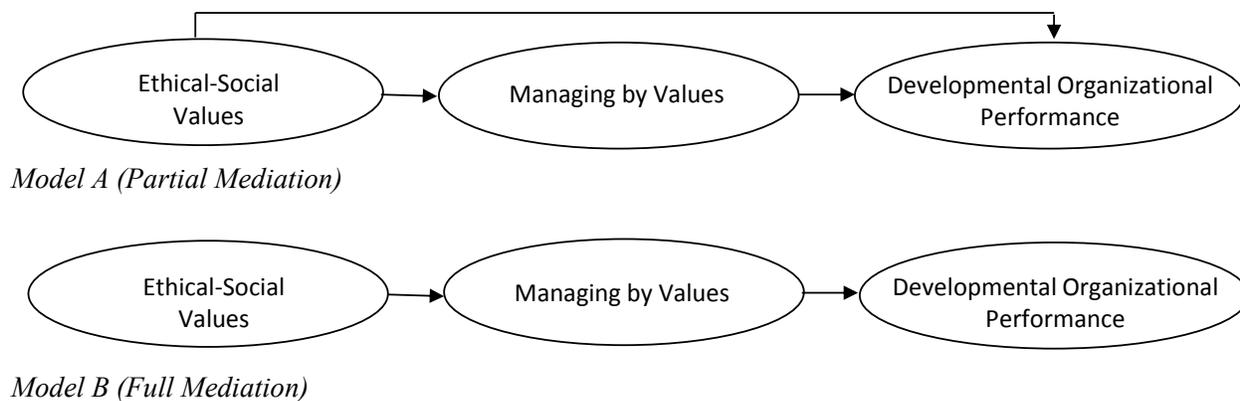


Figure 2 — Competing hierarchical models (Model A, Model B [nested]).

Table 1 Correlation, Psychometric Properties, and Descriptive Statistics

		Variables		
		1	2	3
1	Ethical-Social Values	—		
2	Managing by Values	.52**	—	
3	Developmental Performance	.19*	.48**	—
	<i>M</i>	4.66	4.82	5.54
	<i>SD</i>	1.86	1.19	1.07
	CR	.79	.76	.61
	AVE	.56	.51	.45

Note. Items were measured on Likert-type scales, 1–7; CR = composite reliability; AVE = average variance extracted.

* $p < .05$; ** $p < .01$.

sport-specific development across the country. Further, the problematic management-by-values items were specific indicators of management-by-values procedures, whereas the remaining items related to generic policies that may be adopted by NSOs. Finally, the problematic ethical-social values items did not concern the internal appreciation and development of personnel, which may be theoretically unique from the remaining items. Given the statistical and theoretical anomalies, the eight problematic items were removed.

Upon adjustment, the SEM was run to assess support for Hypothesis 2. The fully mediated model was a good fit to the data: $\chi^2(df = 18, n = 103) = 23.4, p = .17$; RMSEA = .05 ($\chi^2/df = 1.30$; confidence interval [.00 .11]); CFI = .98; PNFI = .96. Results indicate that the partially mediated model also fit the data well: $\chi^2(df = 17, n = 103) = 22.5, p = .11$; RMSEA = .06 ($\chi^2/df = 1.33$; confidence interval [.00, .11]); CFI = .98; PNFI = .96. Further, the fully mediated model demonstrated an average CR value of .71 and AVE value of .51 for all three latent constructs. Tables 1 and 2 provide a summary of the values associated with convergent validity and model fit, respectively. To compare the nested models, the chi-square difference test indicated no statistical difference between the two models: $\Delta\chi^2(1) = 1.00, p > .05$. Thus, the more parsimonious of the two models (fully mediated, Model B) was selected. Figure 3 provides an illustrative summary of the findings for the fully mediated model. The results indicate that management by values mediates the influence

of ethical-social values on developmental performance in this context.

Discussion

The purpose of this study was to extend current knowledge regarding the impact of values in NSOs by exploring the mediating effect of management by values on the association between organizational values and performance. Data here shows the impact of ethical-social values on developmental organizational performance and the fully mediating role of intentionally managing by values. This supports the potential positive impact of employing a management by values philosophy (Bell-Laroche et al., 2014; Dolan et al., 2006; Paarlberg & Perry, 2007), and the need to proactively engage employees within the process of managing values in nonprofit sport entities. Specifically, Bell-Laroche et al. (2014) found that management by values was *perceived* by leaders within NSOs as contributing to increased organizational performance. However, similar to previous work regarding management by values (Dolan et al., 2006; Paarlberg & Perry, 2007), Bell-Laroche et al. noted that participants were not confident in discussing the *realized* impact of management by values on performance in their NSO. The results here support and extend this literature by demonstrating the significant positive empirical link between management by values and developmental (e.g., nonfinancial) indicators of performance.

Table 2 Fit Statistics and Standardized Path Coefficients for Models A and B

	PNFI	CFI	RMSEA	χ^2	df	Associations		
						1 β	2 β	3 β
Model A	.96	.98	.06	22.5	17	.58**	-.13	.67**
Model B	.96	.98	.05	23.4	18	.57**	0.0	.57**

Note. Model A = partially mediated model; Model B = fully mediated model. 1 = ethical-social values to managing by values, 2 = ethical-social values to developmental organizational performance, and 3 = managing by values to developmental organizational performance.

** $p < .01$.

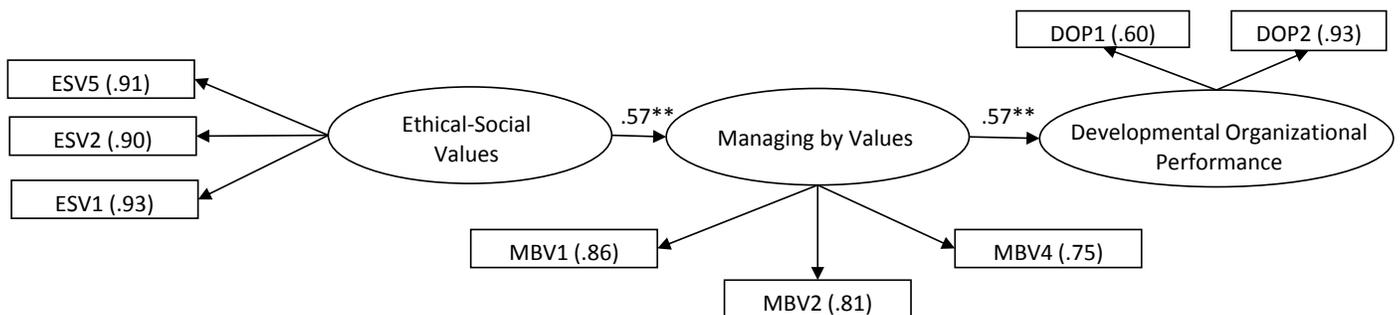


Figure 3 — The fully mediated model (MODEL B) was a good fit to the data: $\chi^2(df = 18, n = 103) = 23.4, p = .17$; RMSEA = .05; CFI = .98; PNFI = .96. The numbers in parentheses represent the standardized factor loadings within the fully mediated model.

Further, these results serve the call by Hinings et al. (1996) to empirically assess the role values play in organizational structure and functioning in NSOs by examining the mechanism by which organizational values impact organizational performance through the lens of practicing values. The theory of practicing values highlights the role policies, procedures, and practices associated with values (i.e., espoused values, shared values, attributed values) take in determining how values impact organizational functioning (Bourne & Jenkins, 2013; Gehman et al., 2013). Thus, through the lens of practicing values, the results provide initial support for previous sport research that suggests the mediating role of management by values in this context (Hinings et al., 1996; Kikulis et al., 1992, 1995). In particular, previous work in the sport industry highlighted the fit between values and organizational performance (Amis et al., 2002; Hinings et al., 1996; Kikulis et al., 1992, 1995). For example, previous research discussed the role of values in providing coherence and giving meaning to organizational design, structure, and change within NSOs that ultimately contributed to conceptualizations of performance (Amis et al., 2002; Kikulis et al., 1992, 1995). This finding was underpinned by the notion that organizational design is defined by organizational values (e.g., professionalism versus volunteerism) that shape perceptions of what an organization should be doing (e.g., outcomes; Greenwood & Hinings, 1988). We extend this literature by shifting focus from an organizational theory perspective to an organizational behavior lens (i.e., strategic HRM) in the analysis of the role of values in the day-to-day operations of NSOs. Within this shift of focus, the influence of organizational values was uncovered in that management by values practices result from ethical-social values. Thus, organizational values ultimately have an impact on the judgment of an NSO's developmental performance through management by values.

The mediating role of management by values supports previous research that states practicing values positively transforms an organization when (a) employees understand the values of the organization, (b) core values align with specific organizational objectives, and (c) leaders intentionally engage in wanting to manage according to stated values (Dolan et al., 2006). Thus, espoused values may remain stagnant and relatively ineffective if not explicitly leveraged toward organizational performance within this sample of NSOs. This may be particularly poignant in nonprofit sport organizations where values are inevitably connected to organizational functioning (Amis et al., 2002; Chelladurai & Haggerty, 1992; Hinings et al., 1996; Kikulis et al., 1992, 1995), yet seem to remain only acknowledged by leadership rather than strategically practiced. The theory of practicing values would imply it is important to not only assess how values are specifically managed in an organization, but also assess how values are used and understood during decision-making and organizational procedures.

The results suggest it is relevant to ensure that the concept of "managing by values" is clearly articulated

when adopting this management approach in an organization. Specifically, Model B demonstrates the important role of not only stating values but also ensuring they are embedded within the culture of the organization through policy, procedures, and practices. As highlighted in previous literature regarding practicing values, strategies to fully leverage values must be explicit and conscious within an organization (Bourne & Jenkins, 2013; Gehman et al., 2013). By practicing values, Gehman et al. (2013) proposed that leaders must do more than simply describe what should be said and done in certain situations. Values practices actively intervene in situations and contribute to a standard of practice in the organization. Further, Bourne and Jenkins (2013) found that an expectation gap is established between intended values and values that stakeholders link to the organization; which may or may not be shared by members. Thus, it may be difficult to assess the influence of values by simply discussing the impact of practicing values. As such, previous research has highlighted the relevance of practicing values; however, the mechanisms for explaining the strategic practicing of values process have not been articulated. The results here contribute to this gap by (a) establishing a direct linear relationship between values, management by values, and performance, and (b) suggesting that practicing values in this case involves the adoption of management-by-values strategies directly related to stated organizational values. Specifically, HRM leaders must engage in HRM practices that include values and values statements in everyday business and communication.

Sport management theory regarding the enactment of management by values may be enhanced by applying a resource-based view (Jiang et al., 2012) of HRM practices. For example, strategically practicing values (i.e., adopting management by values) may help achieve a competitive advantage for sport managers who adopt (a) recruitment (e.g., embedding organizational values in all job posting promotional material as a strategic communication tool), (b) management (e.g., referring to organizational values when setting organizational objectives), and (c) development (e.g., developing performance appraisals that operationalize organizational values as indicators of success or failure) HRM strategies that directly align with organizational values. In addition, the nature and distinction of how strategically managing an organization's values is defined may require continued attention as the definition of how values are practiced may vary by context.

Conclusion

It is relevant to acknowledge the limitations of our work. First, a relatively small sample size limits our ability to generalize the results to the NSO population. However, as noted, the sample of respondents here is fairly representative of the population, which may provide greater insight into the reach of the conclusions being made (Cook et al., 2000). As such, the results of this research are exploratory in nature and provide initial support for the mediating role of management by values. Second,

the participants were given the opportunity to make comments and suggestions regarding the relevance of the items within survey measurement scales to their NSOs. In sum, 10 participants stated the items may not *fully* capture how their NSO strategically practiced values. This emphasizes the need to explore how managing by values is measured through qualitative and quantitative methods where the purpose of the project is attached to scale development.

Recommendations

Given both the results and limitations addressed above, we pose several directions for future research. First, given the context specific nature of practicing values (Gehman et al., 2013), continued examination of the items included in the scale measuring management by values and organizational values is recommended. It is important to highlight that the definition of management by values may require specific attention as the ability to capture the “strategic” practice of values from context to context may be challenging (see Jaakson, 2010). Second, it is appropriate to assess this mediated relationship in similar nonprofit sport organizations at the provincial and local levels where relevant ethical-social values, values practices, and organizational outcomes are assessed. Third, we recommend a follow-up to this study where a qualitative examination of how individuals in nonprofit sport organizations define and understand management by values is conducted. To adequately capture this type of strategic management it may be important to examine an organization that is identified as superior in terms of their strategic use of values; careful selection of this organization across a global sample is recommended. Finally, there was an association between organizational values, managing by values and performance in the sample of NSOs. It may be of interest to further scrutinize each of these associations in detail to uncover if and how certain values influence performance when compared with other organizational values (i.e., economic-pragmatic) and which particular practices are most relevant in influencing performance in this and other nonprofit sport contexts.

The results here may also be particularly relevant to managers of nonprofit sport organizations in multiple settings across the globe as values will differ significantly by continent and culture. The common thread shown here is when adopting values within a nonprofit sport organization, attention should be paid to adopting management strategies that specifically link values to organizational outcomes. In particular, executive staff and volunteers in nonprofit sport organizations should attempt to exploit their organizational values by explicitly attaching values statements to organizational objectives and intentionally using values within internal and external communication processes. Further, sport managers should directly involve employees in the values adoption process and explicitly tie values to recruitment, hiring, and evaluation, as well as policies and procedures. Direct involvement and constant strategic management of values may effec-

tively leverage organizational values toward increased organizational performance.

The acknowledgment of practicing values to impact performance in NSOs demonstrates the need to have individual employees/volunteers involved in every stage of values conceptualization and adoption. When an employee/volunteer feels they are a part of strategically managing values, they will more likely buy-in to the process. Further, identifying the associations between values and relevant outcomes is increasingly important for nonprofit sport managers and boards of directors as it provides a lens for assessing effectiveness that goes beyond financial indicators and addresses the fundamental importance of managing higher order values in the nonprofit sport context.

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