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Master thesis
Relationships management in hospitality industry.
STF Svenska Touristförening.

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Abstract

Title: Relationships management in hospitality industry, STF Svenska Touristförening.

Level: Final assignment for Master Degree in Business Administration

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Date: 2013.01

Aim: The aim of the research is to investigate STF relationships management strategy and networking ability. This research illuminates conceptual understanding of the STF’s network and relationships management strategy.

Method: In order to provide answers to the research question was used case study approach. Qualitative research method was applied, face to face interviews were conducted and in some cases email and telephone interviews was also used. Using cluster sampling, 9 people who have different backgrounds and relations to STF was interviewed. To properly analyze and present this complex relationships phenomenon, narrative approach was used, considered to be the most appropriate to work with, due to the huge amount of qualitative data.

Result & Conclusions: The research showed the existence of complex relationships between STF (Svenska Touristföreningen) and different actors that are involved with STF within its market activities. Companies that are involved in the STF network, at the same time involved in the process of management of relationships, activities and network structure. Development of the network depends on the companies’ abilities to develop mutual relationships (network threads). This requires understanding of the company’s network and abilities to form network. The development of relationships management strategy is the core competence of the STF. In conclusion, looking at all the relationship that STF has built, it could be said that all have being focal to its network building but to a varying degree. Moreover within applied the study, it was noticed that STF during its 125 years of existence, has facilitated the development of tourism, infrastructure, business, sports, education, and cultural life of the country. It has created and developed social and economic relations, and communication channels. STF plays the role
of an initiator, originator, pioneer and cooperator, even as a fellow worker in creating national movements and new trends.

**Suggestions for future research:** The investigation has been started having in mind Relationships, Outsourcing and Networking theories as anchor theories to be used, but after a while, it turned out that Networking theory and Franchising theory could be used to investigate deeply into the relationships phenomenon with the actors in this case. But still within the research, it was noticed that some aspects of franchising model was not working properly and sometimes do not meet both STF and Franchisee’s expectations. Therefore suggestion for closer and deeper investigations of relationships pattern between STF and its franchisees is recommended in order to facilitate the development of more viable, functional and effective ways of cooperation. Moreover triangulation is a strategy that increases the validity and reliability of research, so it could be considered for the further research.

**Contribution of the thesis:** Currently, under the influence of globalization in the social and economic environment, more and more attention is being paid to the study of various relationships and communications theories, for example the development of CRM, Outsourcing and Networking theories. This study involves a closer look on some aspects of the interaction of social and economic environment, particularly the development of social and business networks. The concept of STF could be used to develop other business ideas or even exported to emerging markets, base on a successful strategic implementation of the concept. STF pattern of activities shows that the creation of such organizations as STF and investigative related issues, may contribute to the development of the tourism industry both nationally and internationally. To STF and the Swedish Tourism Board, (tillvägaverkert) researches could help in a lot ways by encouraging more research work to improve and better the already existing infrastructures, improve on the services and communications channels.

**Key words:** STF (Svenska Touristförening), Networking, Relationships, Hospitality Industry, Tourism, Association.
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1. **Introduction**

1.1 **Background and Motivation of the Study**

Hospitality industry could be considered as the most expanding sector of economy in Sweden. In 2009 the value of foreign tourism in Sweden has outreached the Swedish tourism abroad. “Total tourism turnover in Sweden has increased by almost 75 percent since 2000 based on current prices. Expressed in fixed prices (taking into account inflation), the increase has been just over 47 percent”. (Facts & statistics, 2012 Tilväxverket)

Revenue generation, infrastructural development and high standard of living and income distribution in form of high gross domestic product (GDP) and Gross domestic income (GDI) are achievable through proper development of the hospitality industry. The development of international and local trade advantages, good relationship between countries and individuals of different background and races and international and social welfare are all made possible through the development of tourism. (Facts & statistics, 2012, Tilväxverket).

The Swedish national strategy for the next decade is geared towards achieving a stable and sustainable growth, increase national and international competitiveness and increase its market share for Swedish tourism, increased employment throughout the country, maintain important natural and cultural values. “The strategy has emerged and developed at the initiative of the Svensk Tourism AB in dialogue with different important actors in the Hospitality industry such as SHR, Visit Sweden, Growth Authority, LFV, Stockholm Visitors Board, Network Swedish Regional Tourist Organizations / West Swedish Tourist Council, and with financial support from the Swedish Board of Agriculture.” (National Strategy 2020 by Svensk Tourism AB)

Hospitality Industry in Sweden has good investment opportunities, many tourist areas already exist and are ready for development and in addition, it could be considered a good field for academic investigations and results so obtained may be useful to learn from in developing better ideas for improvement.

Market economy - is social and economic system, developed on the basis of private property and market relations, anchored on the principles of free market enterprise and choice. Modern market - is a complex system of mutual relations between producers and consumers, sellers and buyers, their economic relations, including direct and indirect chains of communications, and contact with intermediaries. Relationships between companies, organizations and institutions have for a long time been largely neglected by scholars of both economics and Management. There have been studies of how business is transacted between companies and institutions, but little if any attention has being given to the continuity and
complexity of interactions between business organizations. This situation has changed radically during the last three decades or so, which have lead to relationships between companies receiving growing attention.

In recent years, interest on relationships and networks has raised significantly, especially “the interest in relationships marketing that has increased the focus on long-term relationships and extended to include the consumer markets.” (Järvelin 2001).

Market can be, on its own viewed as a network, according to the Håkansson “In its most abstract form, a network is a structure where a number of nodes are related to each other by specific threads”. (Håkansson et, al. 2002), So business units (companies, organizations) can be considered as the nodes and threads that forms the relationships between them. Both the nodes and the threads have their own content and differ with multiplicity, specificity and continuity.” It is not a world of individual and isolated transactions between companies. Instead, each node or business unit, with its unique technical and human resources is bounded together with many others in a variety of different ways through its relationships” (Håkansson et, al 2002)

Networking perspective was put forward as an alternative view to the management theory perspective by Håkansson (1982). On a certain level, and in some areas, business-to-business relationships have evolved side by side both in a competitive and collaborative form.

In the consumer market, there are relationships between companies and individuals. In business relationships there are partnerships. Business relationships are divided into two types of relationships in which the partner is the seller \ buyer, and the relationship where there is an interested party, such as investors or banks; therefore there are both vertical buyer-seller relationships and horizontal investor-company. Cooperation and competition characterizes horizontal relationships where companies uses both to co-exist (Håkansson, 1995) while vertical relationships is characterized centrally by cooperation (Gummensson, 1998)

It is believed that within relationships, exchange of products, information and technology together takes place with social exchange. (Håkansson, 1982). That means any kind of relationships do not exist without social interactions.

“Relationships involve two partners, having a long term perspective with a common history and at least to some extent shared expectations of future exchange. (Järvelin 2001). More over Järvelin argued that “Social interaction is an essential part of the business relationships where behaviors, values, personal bonds and convictions are brought into play in every relationship” (Järvelin 2001).

The companies by themselves are complex networks of internal relationships, which enable them to develop and implement its strategies. Consequently, the issues of integrating internal and external relationships are confronted by the management (Ritter et, al. 2003)
Relationships is considered as one of the most valuable resources that a company or firm possesses” (Håkansson, 1987). Because firms do not have control over its relationships with other actors and in almost all cases are subject to external and internal influences within the network, it is believe that this situation poses a dilemma for management in strategy development and implementation. Therefore networks in business can be said to be a self-organizing system. (Ritter et, al. 2003)

The ability of companies to develop and manage successful relationships with others could be regarded as its main core competence, and is an important source of competitive advantage. “Managers who invest a lot of resources in networking, partnering, and alliances can only be offered guidance when issues are made explicit and research is conclusive. This, in turn, requires an overall conceptual understanding of the networking ability of firms”. (Ritter et, al. 2003)

Moreover “Simultaneously companies involved in the ongoing management of the network, and the resulting structure and performance is coproduced by their actions. This raises important issues for the meaning of the term management, and the extent to which firms can and should try to ‘manage’ their relationships and networks”. (Ritter et, al. 2003)

This report discuss the activities of an organization STF (Svenska Turistföreningen – Swedish Tourist Association) that provides travel and accommodation service in Sweden. STF has long been present in the market and have contributed to the development of the hospitality industry throughout the country. The word association is from the Latin word (Accosiare – meaning to connect) – the word union - is one of the legal forms of organizations. An association participates in social activities such as advertising, education, lobbying and publishing. The main activity of an association is cooperation between organizations and standardization. At the same time an association offers various services such as the organization of conferences, charity events, forums, networks, educational services and educational materials.

The subject of investigation is the Network of STF and its relationships management strategy, more precisely it is the key aspects of the relationship with the key actors that STF has built and which enables this association to be regarded as being successful. In short this report highlights on the opportunities that can be exploited when companies, businesses, organizations and governments cooperate to maximize benefits that is inherent in these network relationships.

In addition, business relationships in particular highlight the interrelationships and interconnectivity that exists between businesses, which plays an important role in the day to day activities of companies and organizations. Complexity is one the major characteristics of a business relationship, while diversity characterizes networks, which is as complex as the individuals who participate in them. Therefore complexity is seen as the onion that gives each
relationship its individual flavor and substance, such that when evaluated, may helps any organizations to determine, structure and build its relationship strategy. (Håkansson, 1995)

At the same time Globalization processes, also has impacts on the relationships between companies, customers, governments, organizations and other key actors. Whereupon it leads to such results as the activities of one company may affect the activities of another company in another country. Effective communication therefore could be considered as the bedrock and foundation for a successful interaction between companies, organizations and an individual regardless of the setting in which it occurs.

1.2 Sweden

Sweden geographically is one of the biggest countries in Europe. Stockholm city is the capital. Total population is approximately 9.5 million. Approximately 85% of the people lives in urban areas, mostly in the southern part of the country. Since the 1814 Sweden has been at peace, keeping neutrality. In 1910, Sweden the first established national parks. Geographic location allows Sweden to have a good climate that facilitate to development of the tourism industry.

1.3 STF Svenska Touristförening

This research is about STF (Svenska Turistföreningen) is an association that was formed based on the idea to unite people to discover Sweden, introduce them to the nature side, and to natural and cultural resources, to help people embellish life with its beautiful moments and new discoveries. STF operates in Sweden and has a network of about 320 hostels, 10 mountain stations and around 40 mountain huts along the mountain trails.

Such organizations as STF (Svenska Turistföreningen – Swedish Turist Association), SVIF (Vandraheim I Svarige), Norske Vandrerhjem, Suomen Retkeilymajajärjestö – SRM Finland, provide travel, accommodation and information service, tourist guiding and support in Scandinavia. In addition, some associations are the members of “Hostelling international (HI) which is the global network of Youth Hostel Associations. The HI network offers 4,000 unique hostels in 90 countries worldwide.” (Webpage Hostelling International)

STF is one of the largest popular movements in Sweden boasting a membership of roughly 300,000 members (it is 3% of the population of Sweden). At the same time, STF is one of the largest chains of accommodation providers in Sweden.

STF activity has a great impact on the society as a whole because it makes it easier for people to communicate and move easily around the country to investigate, work, travel,
explore and so no. It contributes to the exchange between people, businesses, municipalities and so forth, within the society that in turn leads to development of the entire country.

The research showed that STF as an association, in order to establish, has built different relationships with its members, franchisees, government and other actors, which actually allowed STF to work and to develop successfully over a very long period of time. STF promote the development of communication and information channels, education, and tourism, culture, social and economic cooperation. STF was formed by a big movement that found its followers all over the country.

1.4 Problem & Aim

This investigation was based on a discussion of business ideas that could be exported to emerging markets. In particular how company and their activities are developed into successful network.

The aim of the research is to investigate STF relationships management strategy and networking ability.

This research illuminates conceptual understanding of the STF’s network and relationships management strategy.

1.5 Research questions

1. What are the relationships that have been built by STF (with its franchisees, members, government and other key actors)?

2. Which of these relationships are focal for its success in building its network?


2. **Theoretical discussion**

Human activities are characterized by Networking, which is applicable in many areas of life and businesses, for example, at home, schools, and offices. All areas of human life include networks for instance computer software, human communication and transportation, viruses, genetics, music, movies, languages and so on.

Network - “A network consists of a set of actors (nodes) and the relations (ties or edges) between these actors. The nodes may be organizations, individuals, groups, or societies.” (Katz et al., 2004) “The ties or edges can be technical, social, educational, legal or economic links etc”. (Hammarkvist 1982). Links is the relationships between actors, that is characterized by multiplicity, specificity and continuity. So in order to understand the Network it is necessary to understand the relationships between the actors that involved in the network.

Relationships are the interactions between two or more principal actors.” On one hand, relationships can occur and developed in isolation between two people. On the other hand relationship can also be regarded as a part of a broader context — a network of interdependent relationships. Any business enterprise, no matter how small it is, has to maintain relations with several other actors and some other relationships concur in the development of a certain relationship”. (Håkansson & Johanson, 1992)

Multiplicity and complexity of relationships is a reflection of the effect of changes within the network. Changes in relationships between two actors can affect not only the two actors but can affect more or less others who are involved in the network. From this perspective relationships can be considered as an instrument that enable companies to work effectively, innovatively and influence on others. Network provides access to business opportunities in form of information, ideas, innovation, clients, finances, power and so on.

The Network theory helps to see the structural, social and economic links and bonds between different actors. At the same time network theory makes it possible to understand and explain the direction, scope and possible spreading of information, knowledge, data, etc. Spreading of disease clearly shows the possibility of Network as an example; if one person having thousand contacts gets a certain disease it will be possible that he could pass it on to all of those he will interact with. Compared to the person who has only ten contacts, the person with the thousand contacts has up to hundred times more opportunity to pass it on to others. The reverse situation being that the person who has only ten contacts will have hundred times less opportunity to get the disease. So the person with the ten thousand contacts is ten thousand times more effective in spreading the disease. This example shows that the parameter of spreading is equal to the square of the number of contacts (ties).
The goal of business networking is to use networking more efficiently and effectively. In other words improve on the return from networking.

Håkansson argued: “Relationship between two companies has a profile in terms of activity links, resource ties and actor bonds…” (Håkansson 1992)

### 2.1 Three concepts actors, resources and activities by Håkansson & Johanson, 1992

With help of the three variables: Activities links, Resources ties and Actor bonds it is possible to describe Network. (Håkansson, 1992) at the same time these variables have their own networks, as well as interact with each other (Håkansson & Johanson, 1992). “Relationship between actors is important and characterized by duration, multiplicity and specificity”. (Håkansson & Johanson, 1992) The basis of the future business within network is mutual knowledge and confidence. “Actors can be connected to each other through technical, social, educational, legal, economic and other links” (Hammarkvist, 1982).

#### 2.1.1 Activity links

Relationship between two companies may affect the way they operate. Thousands of different types of activities carried out and coordinated by these companies. Thus each company is the form of complex coordinated activities. Creation of relationship between two companies involves integration (connection) or adaptation of various technical, administrative or business activities to each other. “Activity linking is a form of coordination and is achieved by mutual adjustments of activities, i.e. adaptations” (Håkansson, 1992) Development of relationships leads to increase in the frequency of interchanges that helps to increase the connection of other activities that need to be used to meet mutual interests. Over, time activities are transforming, and companies modify their activities, stop or adapt it to each other. Changes and modification of activities are implemented efficiently and leads to costs reduction. “Activities links are technical, administrative, commercial and other activities of a company that can be connected in different ways to those of another company as a relationship develops.” (Håkansson, 1992).
2.1.2 Resource ties

Relationship between two companies affects the use of resources. The economic benefits of the use of resources may lead to the creation of links between companies. “Companies make use of resources; a combination of technical, personal, financial and other resources is always needed in a business enterprise”. (Håkansson, 1992) Thus the company is a set of different resources. Expectations and access to resources as well as emergence of new combinations of resources are a factor of business relationships. “Resource ties connect various resource elements (technological, material, knowledge resources and other intangibles) of two companies. Resource ties result from how the relationship has developed and is regarded by itself as a resource to the company”. (Håkansson, 1992)
2.1.3 Actor bonds

Close relationship such as friendship, raises expectations of reciprocity, hence expectation of assistance in other ways in the future. In addition, greater interest of companies in each other’s activities creates duties bonds; it brings them to informal relationships. In relationship between two companies, they give some priority to each other which results to build-up of identities. In the network, companies are familiar with the activities and capabilities of each other, and can influence on each other. “There are some specific problems with business relationships between collective actors as companies, as the interpersonal relationships in their organizations do not sum up in a simple linear way.” (Håkansson, 1992)

The central process is formation of identifies in a relationship that is similar to the process of Learning (and teaching). (Håkansson, 1992) “Actor bonds connect actors and influence how the two actors perceive each”. (Håkansson & Johanson, 1992) Certain relationship between two companies affects the perception of other companies involved in the relationship. These interactions are reflected in the companies' ability to represent each other. Which in turn contribute to the formation of certain identities, and compliance by both companies to follow certain rights and obligations (as the result appears in form of certain opportunities and restriction - as organized structure). The company in this case is an abstracted organizations of collective actors. (Håkansson & Johanson, 1992)
2.2 Networking perspective

Katz discussed “How do network scholars explain why people create, maintain, dissolve, and possibly reconstitute network ties, and who is likely to form ties with whom?” (et al., 2004) Cognitive, Social exchange and dependency, Self-interest and collective interest theories have been discussed by different scholars to formulate network perspective (Katz, et al., 2004) Four paradigms presented below, describes the central ideas of different researchers, highlighting its central theoretical mechanisms. (Katz, et al., 2004)

A network is a complex web of actors and ties (links). The ties (links) are relationships between actors. Each actor can be defined by the links with the other individual in the network. Every actor has his own personal and business contacts, partners, friends, family acquaintances. Those contacts are social network. Why humans create, join or maintain network ties, and who form ties?

2.2.1 First Paradigm

“Self-interest paradigms assume that people form dyadic and group creates ties in order to maximize their personal preferences and desires.” (Katz, et al., 2004)

People are eager to maximize their individual interest, such as to achieve desired results in the shortest possible time, spending the least amount of resources or to improve the method or mode, etc. These desires lead people to create ties with other people. In consequence, these ties between people, in some way, limit them, that eventually forms the basis of the social system. “That relationship imposes limits on both actors’ behavior and regulates the extent of self-seeking; these limits are counterbalanced by the increased access to resources each actor gets via the other.” (Katz, et al., 2004)

At the same time Individuals consider the creation of ties as an investment in the accumulation of social resources or “social capital”. (Katz, et al., 2004)

Social capital is the social networks and relationships between them in the society. Comparing physical (such as car) and human (education) capital, social capital increases both individual and collective performance. It is called capital because social network (their strength and shape) are slowly varying characteristics of society (nation) that can be stored and accumulated through the centuries. Thus, social capital can be understood as an indicator of the cultural society. Leaders in terms of social capital called New Zealand, Switzerland and Sweden.

From this perspective people expect to retrieve social capital and use the advantages as new opportunities and access to other resources.
2.2.2 Second Paradigm

Second paradigm is based on the social exchange theory. Katz, et al. (2004), referred on George Homans who argued that people establish ties to others with whom they can exchange valued resources. Noting the above self interest paradigm that describe people's motivation to create ties in order to maximize individual interest, arises another motivation that leads people to minimize the dependence on those whose resources they use and increase the dependence of others who need resources they offer. These dependencies as a result are the connecting links between individuals in the network.

2.2.3 Third Paradigm

The third explain of why people create the ties based on people’s mutual interest and collective action.

“Public goods theory seeks to explain the conditions under which group members contribute to the creation and maintenance of public goods so that everyone in the collective will be able to benefit from them; the calculus of mutual interest or collective action suggests that individuals will create ties and coalesce into groups not because it maximizes the self-interest of any individual within the group or even the exchange value between individuals in the group.” (Katz, et al., 2004) Good examples of such collective actions can be building of infrastructural objects (roads, bridges, tunnels and parks.)

2.2.4 Forth paradigm

Forth paradigms describe and identify two motivations that make people join and create networks. One focuses on what members think other group members know, the other motivation focuses on whom members think other group members like. (Katz, et al., 2004). “Thinking is based on cognitive theories that explain how group members, each with their own set of skills and expertise, develop communication networks that help them identify and leverage the skills and expertise of others in the group.” (Hollingshead, 1998).

For example people build relationships (more over friendship) with each other base on the idea to have benefits in the future. “That network ties facilitate flows of knowledge within the group, thereby reducing the need for each group member to possess skills or expertise available elsewhere in the group.” (Katz, et al., 2004).
The first motivation base on the individual’s attitude that can be notice in the meaning of such expression as: “we like to be friends with friends of our friends” (Katz, et al., 2004) it shows that, people more easily accept and create relationships with friends of their friend than with someone unknown who they have just met for the first time. Such behavior could be explained as people create friendship because they have common interests, ideas, knowledge and so on, so from this perspective friend’s of our friends has something similar or useful (resources).

The other motivation explains that relations between people are more likely if people consider themselves to be similar as “birds of a feather flock together.” Katz, et al., (2004) referred on Brass who observes that similarity is thought to ease communication, increase predictability of behavior, and foster trust and reciprocity. The ways to select others by their similarities reduce the possibility conflicts in the relationships.

2.3 Franchising

In franchising, one organization (the franchisor) sells the right to market goods or services under its brand name and using its business practices to a second organization (the franchisee). Franchising offers a rare opportunity to assess theories concerning firms' contractual decisions.

A franchise agreement is defined as a contractual arrangement between two independent firms, whereby the franchisee pays the franchisor for the right to sell the franchisor's product and/or the right to use his trademark at a given place and for a certain period of time. In addition, franchise contracts generally involve the payment, from franchisee to franchisor, of a lump-sum franchise fee as well as a proportion of sales in royalties, with the latter usually constant overall sales levels. At a given point in time, the royalty rate and franchise fee required by a franchisor tend to be the same for all potential franchisees.

Franchising provides clear territorial boundaries of business. Franchisor determines its franchise area of business. The boundaries of the areas are defined by the terms of the franchise agreement. The franchisee can effectively develop their business in the received area. This removes the threat of competition from other owners of the same franchise. Individual entrepreneur never knows where their biggest competition may spring up, so its area is always more open to competition. There are some advantages accruable to the franchisor-

- Rapid expansion of the markets, the increase in sales volume and the territorial expansion of the business;
- Absence of the cost of the vertically-integrated network management, i.e. reduction of personnel costs;
  - A lower level of own capital;
  - State registration of a franchise agreement;
  - Increase the prestige of the company and its trademark, recognized by customers,
  increase confidence in the quality and range of products by a single company;
  - Income from the sale of the license;
  - Income from renting real estate franchise and equipment;
  - Profit from lending opportunities franchisees and reducing the time of turnover.

There are some advantages that franchisee get
- Franchisees are the owners of their own businesses,
- has the ability to use the services and receive ongoing support of the parent organization;
  - Acquires skills to high quality standards;
  - Obtains the right to use the name and reputation, already recognized by the consumer;
  - Ability to create a company in the franchise system with less money compared with the opening of a similar independent business as a franchisor, using the experience, in addition, the franchisor can assist in access to credit resources;
  - The ability to use the results of large-scale promotional activities conducted franchiser;
  - Access to opportunities for the franchisor and its entire network of procurement and negotiation;
  - Opportunity to enjoy the benefits of scientific research and marketing research done by franchisor, its development programs aimed at improving and increasing the competitiveness of business;
  - Minimizing taxes.

**2.4 Theoretical framework, STF (MODEL)**

Based on the theories explained above and preliminary collected information about STF, researchers therefore create what they modeled the **STF network map** that could explains how and why the communication and relationship pattern between STF and other actors is
formed.

Figure 4. Pattern of STF network and communications (The pattern shows the variety of communications where STF by building relationships acts as initiator, originator, pioneer and mover achieving its own goals.)
This figure illustrates Actor bonds, Activities links and Resources ties, circles depicted networks participants (with the notion that they are abstract units who in deed represent collective actors) and small arrows shows actors bonds. These bonds showed that there are multiple communications and interconnections between all of these actors. Big arrows depicts activity links and reflects that all of these participants are involved in the STF Network, having the ability to some extend to cooperate and compete. The background grey color depicts resources ties, which means that all these companies has certain resources that could be useful to others and could be shared for the development of the STF network. The background yellow color reflects the resources that are not related to the activity of the STF but cold be related to other participants. In sum:

- Administrative, technical, commercial and other activities are related to the activities links.
- Material, knowledge, technological resources and other intangibles are resource ties.
- People who engaged in the activities of companies connect and have influence on how actors perceive each other through actor bonds.

Moreover networking perspective that was discussed by Katz et al., (2004) enabled researchers look deeper into the actor’s relationships within STF network to confirm findings. It was considered important to discuss as well as to insure the reliability and validity of the findings.

According to Katz et al., (2004) participants of the STF network will create, maintain, dissolve, and possibly reconstitute network ties base on the motivations that are presented in the four paradigms.

In order to increase personal preferences and desires people create relationships. At the same time, for future development actors considers the establishment of ties within the STF network as an investment in the accumulation of social resources, or social capital.

Relationship management strategy presumes creation and management of relationships to maximize benefits. It corresponds with the second paradigm and motivation of participants to manage existing relationships as a way to increase the dependence of those who needs company resources, and to minimize the dependence on those whose resources company use.

To maintain stability and development inside and outside the network, participants contribute to the creation and maintenance of collective actions; as a result it enables participants to benefit from it. That corresponds with the third paradigm.
Multiple interconnectivity within STF network links, facilitates the flow of knowledge and information, which allows participants reduce unnecessary dependence on those who possess certain skills or expertise that contributes to the development of relationships within the group and the development of coalitions within the network. That corresponds with the forth paradigm.

Franchising model applied by STF represent certain relationships between STF and Hostels managers. Discussion of this relationships enable researchers understand deeply the interconnectivity that exist within network.

In general terms, franchising - is a "lease" of a trademark or commercial designation. Using a regulated franchise agreement between the franchisor (the one who gives the franchise in our case STF), and the franchisee (the one who receives it.)

Using Franchising model STF has:
- Reducing the cost of implementing the business processes
- Increasing the quality of the services by focusing the company on core activities,
- Use of standardized service, knowledge, technology
- Reduce the risks associated with the implementation of business process, reduce the influence of uncontrollable factors, separation and partial transfer to another company risk
- Additional access to finance - to increase the investment attractiveness of the firm
- Additional incomes and expansion

3. Method-Data collection
The methods part is the most important section of a research paper because it represents the information by which the validity of a study is judged. It provides a clear description of how the research was done, and the rationale for the specific research procedures chosen. (Bryman & Bell, 2005)

3.1 Data collection

For this research a case study was used, to get in-depth understanding of relationships management strategy of STF in hospitality industry. The case study approach enabled the researcher to understand the economic, social and cultural context of STF activities. Researchers follow Roberts K. Yin (2009) on applying a case study as the method as well as others authors Ghauri, P. (2004), Robson, C. (2002).

In order to gain comprehensive and descriptive data to answer the research questions, researcher used a qualitative methodology that was exploratory in nature. As the research was concerning relationship phenomenon this method was used to achieve a good understanding of how the interviewees think about these complex issues, in which questions respondents concur and in which they have divergence. In other words with the purpose of understanding personal opinion, certain behavior and valuation of respondents, qualitative method has been found to be the most appropriate. (Bryman & Bell, 2005). The differences between quantitative and qualitative method is that quantitative methodology requires dealing with hard, objective and standardized data whereas qualitative methodology deals with soft, deep and rich data (Corbetta, 2003).

The deep and rich information in this research was necessary in order to explore the practices of Managers and STF activities which is reflected in relationships management strategy.

Researchers used “cluster sampling”, that enable them to selects the sample in two stages,” first selecting groups of elements, or clusters (e.g., city blocks, census tracts, schools), and then selecting individual elements from each cluster (e.g., randomly or by systematic sampling).” (http://psychology.ucdavis.edu/rainbow/html/fact_sample.html) the advantages of cluster sampling is that this technique is easy, cheap and quick; researcher has ability to increase the sampling size.

Researchers has chosen a specific sequence of conduction of interviews. It helped to understand and relate the degrees or levels, and the strength and weaknesses of interconnectivity of these various relationships and get into the investigated issue more deeply.

Several types of interviews was conducted, in-depth face to face interview with one of the franchisee owners of the hostel, in-depth face to face interviewing with one of the
franchisee, in-depth face to face interviewing with one of the governmental agency, in-depth face to face interview with three members, the phone and email interviews with STF, in addition we sent questionnaire to Hostelling International by email and we conduct phone interview with one of the competitor of the STF which is SVIF. In depth interview was conducted with semi-structured questionnaire that are loosely structured and consist open-ended questions. Researcher could ask additional questions to go deeper in detail cover one or two issues. Questions were based on interviewee’s answers.

Primary data was collected by observing the literature, STF web page and talking to one of the franchisee and some members.

In order to collect empirical data, first of all the franchisees (Hostels owner and Hostels managers) was interviewed, who provide the accommodation service to the members and public, then was interviewed members of STF who are the final consumers of STF products. Collected empirical data from members and franchisees enable researchers to make short comparison and analysis. It in turn helped to from the bases of interview with STF, and the other interviewees. To see research issue deeply from governmental perspective The Swedish Agency for Economic and Regional Growth - Tillväxtverket was contacted and interviewed. Then all collected data was compared and analyzed to be able to refute or approve the findings.

In order to conduct interviews and provide answer to the research question pattern were drawn that was based on earlier collected information from different sources. Semi-structured format of questionnaires were used. The key questions were pre-planed, interviews were conversational with modified questions from previous responses. (Boyce, C. & Neale, P. 2006). In this pattern we began asking from what we considered the outer or broader (franchisee) actor down to the core subject in review which is the STF. This pattern enabled researchers to narrow down findings towards the ultimate goal of explaining and understanding the relationships between these various actors. How this relationship works, as well as the interrelationship between them. After each interview researchers discussed the findings made the short analysis and modified questionnaires in order to conduct and direct next interviewee to help researchers delve deeper into the research and get more precise empirical findings. Using active listening skills researchers sought understanding and interpretation during the interviews. Recording of interviews was done with Dictaphone, complemented with writing notes. (Robson, C. 2002). In the beginning of every interview respondents was introduced purpose of the study, permission of respondents to do recordings was obtained, equipment test was done. All interviews were transcribed, researchers notes included and marked. (Robson, C. 2002).

Personal information of our respondents are not provided because of respondents wish to be anonymous, but it could increase the possibility to get more honest answers (Robson,
Almost all of our respondents have a strong and long time experience and relationships with STF, therefore researcher believed that respondents could provide with strong and reliable information. One of them has been in the business of hostelling for more than 30 years he is franchisee owner and operates one of the biggest hostels in the region. Another respondent has been working with STF for almost 20 years; he is the franchisee manager who operates middle size hostel. The respondent from governmental agency Tillväxtverket was able to provide researchers with information and data both as a government representative but also as a member of STF, because she is a former active member of STF. The other interviewed members have been with STF more than 5 years. All interviews lasted from one up to two and half hours, that enables us calmly and deliberately conduct surveys, following drawn up question pattern. It could be interesting to note that all the actors have conceptually different and opposing views towards how they view these relationships. It is also interesting to note that there still also exit points of convergence in which all the different actors were in tandem. From the interviews, researchers got comprehensive empirical data that help them to see existing relationships between STF, its members, franchisee managers, the government, public and other actors how all of them are interrelated to each other.

3.2 Analysis and Presentation of data

To analyze empirical data, researchers re-read transcribed interviews, developed and identify themes that appear from the answers of respondents. (Bryman & Bell, 2005). Also researchers used research questions and topics to organize analysis.

Verification of the data was obtained by comparison of findings and notes of both researchers (colleagues). (Robson, C. 2002)

Narrative approach was used to present data that enables researchers present the details of a study in chronological order. It is a good way to explain the data by words base on researcher’s experience. (Moen, T. 2006) These approach gives abilities to show the complexity of issue and to give deeper understanding of how all the actors interact with each other and how STF manages these relationships.

• The strength of the narrative approach is in its great detail; the limitation of this approach is that it is so specific that it is difficult to generalize to other situations.
• The challenge of the narrative is that it is critiqued for not actually analyzing the data, but rather just presenting the findings.

It is the most effective approach for analyzing data collected in interviews or through observation. To conduct a narrative analysis researchers put together all the collected data and form coherently a complete story of the situation.
In the part Analysis and discussion researchers discussed different relationships and its nature according to the developed theory.

In the conclusion researchers present the answers to the research questions.

3.3 **Limitations**

Certain limits allowed us to work and conduct face to face interviews in the regions we was able to go by our own.

Due to poor communications between the actors, we were not able to have detailed opinions of various actors on each other, for example STF tries to limits its interactions with hostels managers on business levels.

Most STF hostel are not manned by personnel from within, some periods of time, so we not able to reach them easily.

Language could be considered as one the limitations in our research, as respondent would have preferred and in some cases responded in Swedish.

At the same time the disadvantages of cluster sampling is the possibility of high sampling error and the population is represented in last-place by this technique, could impact on findings.

3.4 **Reliability and Validity**

Qualitative research seeks to understand phenomena in real world, researchers looking for understanding, extrapolation and illumination; it is not statistical research but rather implies philosophical nature. Demonstration of credibility is necessary in both qualitative as well as in quantitative studies. The credibility of qualitative studies relies on the researcher's efforts and their abilities, in that case researcher are the instrument. The most important in qualitative research is its quality. While in quantitative studies researchers are usually rely on another research that is credible. In qualitative research the reliability concept is not relevant and can mislead. Moreover if reliability is applied as a criterion in qualitative study, the result is rather not good. (Golafshani, 2003) On the other hand researchers should consider the validity and reliability while planning and developing a study, conducting analyses and judging the quality of the study. ‘The general way of approaching the reliability problem is to make as many steps as operational as possible and to conduct research as if someone were always looking over your shoulder. In this case the consistency corresponds to the notion of “reliability” and to the demonstration of credibility” (Yin., 2009). Careful, detailed documentation and description of
how data was collected and analyzed is the one way to increase and demonstrate reliability. (Yin., 2009). Therefore researchers represent the process and method of the research and enclose the interview guide (interview questions) in the appendix.

“Some qualitative researchers have argued that the term validity is not applicable to qualitative research, but at the same time, they have realized the need for some kind of qualifying check or measure for their research.” (Golafshani, 2003)

As a result quality, rigor and trustworthiness are terms, that has appear to be more appropriate that related to internal validity. Moreover “if the validity or trustworthiness can be tested or maximized the more defensible and credible results will be.” (Golafshani, 2003) The opportunity to generalize the results testifies the validity and related to external validity, but for qualitative study it depends on the selected case. Moreover the results of the certain qualitative case study only valid for this case. “Critics typically state that single cases offer a poor basis for generalization” (Yin., 2009).

At the same time research has been conducted in Sweden in English language. Both researchers are neither Swedish nor English native speakers who are from different countries. Misunderstandings, which are possible due to translations and cultural differences during the interviews, discussions and writing the report should be taken into account.

Moreover triangulation is a strategy that increases the validity and reliability of research. That is considered for the further research.

4. **Empirical Study**
Researchers interviewed, Franchisees, STF members, the governmental agency, HI, SVIF and STF (svenska touristförening). Researchers believed that they provided with enough and reliable data to be able to present and analyze it.

Originally the STF was formed on idea to explore Sweden and create access to remote areas like the mountains, lakes, and places rich in nature sightseeing. And they combined it with the German idea of cheap accommodation that originated in the beginning of twenty century. Nowadays STF runs 320 youth hostels, 10 mountain stations, and around 40 mountain huts around the mountain trail all over Sweden. STF has around 300 000 members who automatically are the members of Hostelling International because STF is a member of International Youth Hostel Federation. Figure 5. shows the expansion of STF Network in Sweden.

4.1 Short history of STF

In order the reader get to understand deeply the activity of STF, the history of STF in short is represented below.

There were 29 members 1885 On February 27 who formed the Swedish Tourist Association at a meeting in Uppsala. For the next five years STF association launch first rowing boats, first 5 huts and trails in the mountains, create their first catalogue with 26 pages. STF got association label and discounts on transportation for members. At the same time STF received the support of the Swedish King who then creates tradition for the following rulers.

The next decade at the end of 19 century the government imposed task to "raise awareness of land and people." STF in turn arranges lectures abroad on Sweden, starts cooperate with 28 overseas tourism organizations, participating in the World's Fairs, published its first guidebook in Kopparberg, Gävleborg, Jämtland and Västernorrland and launches its first photography prize competition. To promote school trips association award annual scholarships and got discount for school children in the state railways. In addition, Association created scholarships for scientific research expeditions. With STF’s involvement, has been established Ligue Internationale des Associations Tourists in order to promote international tourism. At the same time STF Establish first tourists centre with café, and a two room cottage at Helagsfjället. In 1899 the association had 22,437 members.

The next decade from 1900 to 1910 was a lot of changes. King authorizes Royal Railway Board to issue free tickets for people travelling with SJ (Railway Company) on STF’s mission. With the opening of new Line Lulea-Narvik by State, STF expand their activity on the North organized there three tourist cabins. In order to have a foreign commercial advertising STF supports formation of Swedish Tourist traffic League. Abisko Mountain Station gradually
developed into STF’s largest mountain resort expanded up to 130 guest beds. Creating and lighting new places for travelling and leisure STF start annually publishes different publication resting-and spas in Sweden, begins publishing geographic images of Sweden for schools. STF create first series of geographical wall posters for schools and brought out a brochure in Russian language about Sweden as a tourist destination. STF build a road to Tännforsen and up to a tourist facility there. By the 25th anniversary of the STF membership reached 50,000.

During next 25 years STF started its travel agency, organizing a course for mountain riders on skis and allocates money to factory work trips. The first trip was to Gotland. STF publishes Professor Axel Hamberg handbook and decides to give out Atlas of Sweden, members of STF received copies. In 1924 STF celebrate anniversary because the number of members exceeds 100 000. Continuing with expansion STF built a top cottage near Kebnekaise at 1940 meters altitude. In Jämtland erected Gåsenstugan cottage at 1200 meters altitude and STF began a new annual publication, "Swedish tourist calendar", including a tourist city lexicon. 1927 STF opens Tern tourist station in Västerbotten and office in Gothenburg and Malmö. Members receive in addition the Yearbook also "A book about Stockholm." STF implemented actions to create good tent places in the country in order to attract tourists to the camping’s recreation. STF develop tourist map of Sweden in the 24 sheets cooperating with Lithographic Institute and KAK and join the Alliance Internationale de Tourisme AIT, the touristic world organization. Members receive "A book on Gothenburg".

STF's Journal (newspaper) came out for the first time in 1933. Youth organizations requested to STF to undertake organization of a Swedish hostel movement. STF opened Sweden's first hostel in Watertown and 25 other hostels. Since this time STF started to build Its Network of Hostels. 1935 STF celebrates its 50th anniversary on February 27 and instituting the Swedish youth travel fund. The association now has 127,000 members and operates from three offices, has 12 tourist stations, 38 cabins, 24 huts and eight motor vessels in the mountains, and had 1 300 km paths. In other parts of the country there are 84 hostels and rest homes.

In the middle of 20 century STF publishes his first two tourist books for cyclists and created STF's school travel service. The first course in mountain climbing organized in Sylarna. Successful and effective Hostels work, the number of guest nights in hostels exceeds 200 000. STF gets its first grants from the newly established Fund for the outdoor recreation promotion to equip hostels and published the manual "Twelve days of holiday". During the Second World War, there were some problems with international cooperation and tourist camps outside Sweden. Association opens its hostels for the stream of Danish and many Baltic refugees. STF expanded and opened new hostels and stations all around the country. Statistic showed that hostel guests are 89 percent cyclists. STF publishes anthology "Swedish nature." In 1946 STF
joining the International Youth Hostel Federation, IYHF, whereby STF membership card giving access to hostels abroad. New permanent hostel opens in Gävle and Visby. STF with the cooperation of the National Students Union of Sweden created a student service trip to foreign groups. 1954 STF establish families’ rooms in a number of hostels. 1955 STF celebrated its 70th anniversary and achieved 200,000 members. STF initiative formed National NGO camp committee. A new yearbook series starts, "Environments and people."

The STF's 75th anniversary at the Concert Hall in Stockholm was attended by King Gustaf VI Adolf. Members received titled “book A Thousands attractions in Sweden”. Three forestry companies donate the 75th birthday property Korrö in Småland to STF, where there has been a hostel since 1950. STF takes secretarial post in the Swedish Tourist traffic League Central Committee, discussing domestic tourism.

During the next 25 years STF established cooperation with SJ travel agencies in the country. Mountain Rescue is transferred to the National Police and STF have got phones in many mountain huts. It was organized meeting between the STF, Vattenfallsstyrelsen and representatives of environmental organizations to discuss the agreement on the development of hydropower in northern Lapland. STF undertakes to become principal for the guest port operations in the country and got for that purpose grants from the open-air fund. At the same time STF has organized summer camps on a larger scale. STF built new hostels in Ljugarn, Mjölby, Sundsvall Trollhättan. 1964 In partnership with hostels organizations in Denmark and Norway STF organizes trips for school and youth groups from abroad under the name "Crown Tours". STF and the Swedish Tourist traffic Federation cooperate on information campaigns about Sweden as a tourist destination for Swedes. STF agency connected to the SJ data centre. For mountain travellers STF produced a new annual guide, "72 Mountain". STF publishes "Swedish Roads book" and organized a conference on tourism and society. 1975 Government decides on guidelines for tourism policy and establishes Sweden Tourist Board, which will relieve Swedish Tourist traffic League. STF organizes tours for foreign youth groups in collaboration with the Federation of International Youth Travel Organizations, FYTO where STF been a member. The association started trips for young people under the name Club Young Sweden. STF's travel agency got rights to be a full service travel agency. The new Mountain Safety comes with representatives from the STF. 1977 Swedish Environmental Protection Agency in collaboration with the respective county councils took over ownership of the joints in the mountains, including bridges, shelters and rowboats, while STF continues to own and operate the mountain stations, mountain cabins and regular boat traffic. 1979 STF's membership reached 250,000 members.
1985 "tourism year" proclaimed and STF recalls its 100-year history through a series of activities throughout the year. At a meeting at 100 anniversary of Uppsala University auditorium holds Prime Minister Olof Palme solemn speech and announced that the government allocates a million dollars to the association. Yearbook 1986 titled STF 100 years comes out in November. Their numbers of members increased during the year by 30,687 to 305,077.

To the end of 20 century STF opened new station in Storulvåns and adopts an environmental program. Association forms STF AB to operate certain businesses in the new Swedish tax system. 1991 Membership increased with 343,785. STF conduct an extensive marketing campaign to highlight the specificity of STF hostel accommodation, which leads the STF takes back lost market share. IKEA stores in Germany sells a "Schweden Package" with accommodations at STF's facilities. The project was a first step for the STF on the European market and gave an additional 7,000 guest nights at STF facilities. The growing snowmobile traffic in the mountains made STF to start acting in a harsh regulation of traffic. STF share its operations in an association and a commercial company. 1996 Travel agents in Malmö, Gothenburg and Stockholm closed and turned into phone service. STF started the marketing campaign More of Sweden, where the commercial on television, public relations, new catalog and a new website was included. Accommodation book could get for free even non-members. Grövelsjön Mountain Station awarded "Best Ecotourism Price," which is the travel and tourism industry's most prestigious ecotourism price. 2007 STF breaks record in number of nights spent in hostels, 1,233,696 pieces. The concept of "free children in the mountains" provides a record influx of families with children. 2009 STF implements an interactive and highly acclaimed promotional campaign called "Sweden's most Swedish Job". 2010 STF celebrates its 125th anniversary.
4.2 Membership

STF is a membership organization, with overall objectives to promote Swedish tourism and raise awareness of the natural and cultural resources. STF help people discover Sweden...Knowledge of Sweden and the burning commitment to our unique environments are part of our heritage. The STF goals now are environment, they want to encourage you to the nature side... - respondent argued. The STF has a great idea that unites people together to be a members of big network organization that help them to do something extraordinary, something they do not encounter every day, something that could make human being happy. STF role is to guide members and guests to find the next favorite sport. At the same time STF runs and provides low price accommodation service...It is network of hostels in Sweden, if you are STF member it is cheap way to stay everywhere in Sweden and in other countries as well, because STF member of Hostelling International... said interviewee.
To be involved to the STF network members pay their membership fee annually. Members pay annually, for adults it is 295 kronor, 450 for family...\ Members pay annual membership dues and that way support the association financially. Many members with STF because they want to support the STF's activities, especially STF operations in the mountains...

According to the information provided on the web site and surveyed members of STF, membership in the STF, gives a lot of advantages. First of all, membership allows you to receive price reduction on accommodation service and different activities of STF Network. In Sweden, the member receives 50 SEK per night in a hostel and 100 SEK at mountain stations and cabins it is equal 25-30% of the original price. Children accompanied by parents stay for free in the mountain huts. Price for children in hostels is 25-75% lower than the price for adults. In effect the price is 50% lower on the mountain stations. (Information has taken from STF webpage)

Collaboration STF and Hostelling International enables members of STF to receive discount in more than 4,000 hostels in over 80 countries. (Information has taken from STF webpage)

Discount for members for reside in the mountainous Nordic countries for example DNT – the Norwegian Trekking Association, the Iceland Touring Association, and the Finnish Central Association for Recreational Sports and Outdoor Activities. (Information has taken from STF webpage)

More over members receive special prices for STF activities for instance for STF courses and hiking trips in the archipelago, tours, kayaking, golf, cooking classes other activities. (Information has taken from STF webpage)

At the same time, STF offers its members a variety of information support. Travel magazine that coming out 5 times a year, which as an alternative guiding describes current trends in tourism, new trends in travel such as "rust-tracking" (dilapidated relics of Sweden's industrial heritage), accommodation close to the beaches on Öland, the best trekking trails in the world, green tourism, and many more. (Information has taken from STF webpage)

The Yearbook, STF’s yearbook is written by expert writers who offer a thorough exploration of a worthy subject. And The magazine “Discover Sweden” that published every February of each year, including hiking trails, tips, information about all hostels STF, mountain stations and mountain huts. This is address book, which simplifies any planning of routes and destinations for travel inspired people, providing a complete overview of STF’s accommodation. (Information has taken from STF webpage)

Inspiration to be a member comes from people’s interest to be engaged to the activities concern the environment, nature, and sometimes it is just a beneficial to use cheap
accommodation for instance for business class or governmental workers...In the past people used to be proud to be a member of STF but today some of them become members because they get cheaper accommodation...

There was a time where STF’s Hostels visitors were 80% of cyclists. Originally the Hostels called “Vandrarhem” this word comes from the word “Vandra” that means hiking (traveling by foot). One of the respondent argued because of the popularity of the STF movement there was even some people who was a shame to come to the Hostels by cars, they park their cars a few streets away in order others have not notice that they come by car.

4.3 STF and Hostels managers (franchisee)

In order for, STF runs such a huge network of Youth Hostels they built and rent certain amount of facilities. Where are STF organized accommodation service run by employed managers. At the same time STF attracted other entrepreneurs by contractual agreements - franchising. Who nowadays lead their own hostel - businesses (Franchisee Hostels owners) and those who rent property out from STF but run their own company (Franchisee Hostels managers). The STF, Franchisee Hostels managers or Franchisee Hostels owners are bonded to each other by franchise agreement that represent responsibilities of each side. Most franchisees are with the STF as they want STF’s members to come and stay with them. Most of them are also franchise holders for the parts STF’s ideological goal (keeping Sweden open and accessible to visitors), but because the franchisees are entrepreneurs, they need people in other words visitors to survive...

To achieve the way of providing low price accommodation Franchisee provides visitors with free choice to use the services. People has freedom to choose to use sheets, pillows and blanket and have a breakfast, which makes possible to do service cheaper.... It is cheap to share apartment with 4, 6 or even 8 people in one rum, share bathroom, living room and kitchen. Hostels are meant by a self-catering hotel where people need to maintain order and cleanliness. Visitors using hostel purchase only place - literally bed, not a room entirely, although it is possible to get an entire room, but in this case, it is required to pay extra. There are a few people who work in the hostels to keep the order, check the apartment after visitors leave, clean it, throw out garbage and prepare breakfast as an extra service. Reception work only couple of hours a day (but amount of hours vary within hostels, depending on amount of visitors) The highest cost of running a hotel is in the reception, of course I lose some guest not being open 24 hours a day, but at the same time if I work 24 hours I will not have a life, just like I cannot afford a receptionist...
There are different customers who use the service provided by hostels and STF. All of them have different preferences regarding the services, for example some customers prefer to save money, and others want to have extra service. Hostels target audience is middle class and up middle class who use hostels. As example it is middle class families, small business, workers who work at governmental and non-governmental organisations, welfare organisations, mass-media and telecommunication industry (television news, television programs), students, schools groups. Respondent argued as well that it is quality of service that matters for the guests and they are willing to pay extra fee in order to get these extra services on top of the standardized price and it is these services that determines the prices we charge (instead of come to the cheapest hostel without any other extra service). This is the way to compete with other hostels locally as well, by providing extra service and exceed customers expectation that helps them retain their customers according to CRM theory. Most of the hostels have one or two single rooms as well, in case visitors want it and ready to pay extra. This service appear with appearing new audience small business, said our respondent. It is like when was small business grew up it was many businessmen who start to use hostels and they were very god customers cause they use hole packet of service, and we organise the single rooms, that those people can use it.

The franchisees are supported by STF with different activities said respondents: I can get help to produce brochures in order to advertise hostel locally, nationally and internationally. As a franchisee of STF I get access to foreign visitors who are the members of Hostelling International that boost of around 4000 hostels in Europe according to the franchisee calculation he gets: 20% or even more of foreign guests staying in my hostel annually. It’s a lot of benefits working with STF and I satisfy having such relationships with STF they can do statistic for guest nights, I have all material papers, brochure from STF, I do not have so much contacts with STF, and I run my own business.

Franchisee in turn being a part of this organization support and promote central idea that makes them loyal to STF. That was confirmed by franchisees during interviews. I am loyal to STF because I like the Idea of people from all over the world, different religious, different backgrounds coming together. people like ideas kind of social networks and I like meet people from different countries, I like the idea of people sharing rooms because it brings people from different background and race, and religion together, they don’t have to like one another but they learn to respect each other and that in my opinion makes the world better, people could come down and do breakfast in kitchen they sharing, they can look TV together with other guests and talk in leaving room, people meet and get acquaintance with each other, it is great and it is international.
STF has only one kind franchise model, but minor details are different in each contracts. A large facility with 50,000 guest nights and 200 beds has a very different activity compared to a small holding of perhaps 1,000 guest nights and 20 beds. It is clear that the different conditions allows franchisees thus have different expectations of STF. What STF get from our relationship is that if I operate well, sell many memberships card, keep the good service, spread catalogues, and satisfy customers, the organization, the idea working and growing. According to franchise agreement STF charge from Hostels that are connected to the organization a fee that get pay annually. The base of the fee calculated and is taken from each guest that visit hostel and use the service, specifically the fee included to the payment for the night.

To show economic impact on franchisee income with the words of the respondent, image the proportion. The Visitors are 40% is a new guests and 60% of members or even maybe 50-50%. So the franchisee income quite sensitive to such kind of agreement’s terms. But the proportion between members and non members differ in different Hostels for instance those hostels that are situated in the mass tourist areas have less amount of members as visitors and vice versa.

There is as well exist dissonance between STF and franchisee that holds in tension relationships. For instance STF actually want that Franchisee runs reception 24 hours, argued respondent. I want to run my business and if there any compliance I listen STF, it is not much but sometimes of cause they wants me to be open 24 hours a day, answer the telephone every time, check emails every minute. As was mention above presence of reception that work 24 hours leads the high costs that franchisee cannot afford. Language is a factor if I should have the reception open 24 hours like STF wants me to do, but I need to have someone who speaks other languages especially English and Swedish. At the same time franchisee argued it’s only me and just one other person working 5hrs day, its lots of work and I am doing the best I can. Right now I don’t own the property, STF do, but if I do own it, it will definitely change my status with STF, for example I can say to them I want to lower your charges and if they say no, then I can say to them goodbye. Charges paid to STF depend on if u own the property or not. For example the biggest STF franchisee which is in Stockholm has over 100,000 visitors a year as compared to me who has about 10,000 to 12,000 a year, so the hostels with high amount of visitors has more negotiating power than I do, therefore the difference lies in who owns the property, in location of Hostel and amount of guests per year.

IKEA’s owner said people want to risk money but not their own. It has also relation to Game theory that applies and uses the idea that one party cheat on the other and success depends on the client’s reactions in long-term relationships. It is not necessary to have interest in cooperation it is even possible when
presumed actions towards achieving definite goals may be asymmetric and player’s strategies base on their beliefs concerning the motives of the others.

### 4.4 STF, Government and other actors

STF as a key actor has relationships as well with different organizations and governmental agencies. We partners with many organizations to some extent our competitors. For example, in organizations such as Kiruna Lappland where STF and other business owners and tourism operators in Lapland collaborate on common issues. STF has negotiations with Insurance company “IF”, EF International Language Centers, Swebus, Veolia transport, Öresundsbron, Holiday Club Åre, Sverigesfiskekortet, Inlandsbanan, Falu Gruva, Sleep in Silk, Naturens Bästa, Jamtli historieland i Östersund, Världskulturmuseet i Göteborg, Skansen i Stockholm, Maritiman i Göteborg, ICEHOTEL, Nordens Ark i Bohuslän, Strömma Turism & Sjöfart. All of those companies provide STF’s members with a certain discount for the service and goods they offer. Reduction from original prices varies from 5-30%. Cooperation and different projects with these companies as well facilitates access to their customers and free advertising on the web pages, exhibits, publications etc.

STF working in some issues with municipalities in different regions and at the same time STF receive certain subsidies from municipalities, such lower prices for real estate which STF rents. SFT has indirect relationships with Tillväxverket Swedish Agency for Economic and Regional Growth that has role to strengthen regional development and facilitate enterprise and entrepreneurship throughout Sweden.

During the interview with Tillväxverket our respondent provides us with information that enables us to conclude that there are a lot of indirect relationships that exist between governmental agencies and STF. The authorities have no hand in the running of the organization, but they do support them to grow in some little ways they can e.g. by renting out property to them at a very low rate and giving them subventions, information, statistic…/. At the same time Tillväxtverket sees these relationships as the indirect relationships that not directed to STF alone but to all other organizations and by extension to everyone who has an interest in establishing or forming an organization or company. For instance the Tillväxverket duty is the promotion, development and encouragement of the access for foreign visitors to the Swedish tourism industry. Tillväxverket in this case is the mediator that enables different tourist organization get contact and access to each other, organizing different forums, meetings that as well open access to foreign companies. They help delegations from different foreign tourist organization get access to Swedish agencies and market to investigate and estimate the service
Swedish organizations provide. This is the way to get to know what kind of service suitable for the foreigners. For example our respondent said that the Danish tourist do not like the double bunk bed that STF hostels has, so this king of disadvantage for STF, which reduces the number of visitors from Denmark. The other indirect relationships STF and other such kind of organization with Tillväxverket is that they both work on the same issue on development of infrastructure. At the same time Tillväxverket provide STF with annual statistic, results of investigations, futures forecasting’s and perspectives, and other important information related to Hospitality industry. Those relationships enable STF organize the more effective and competitive service they provide to the members and people and contribute to development of the Hospitality industry and spreading information to the population about future governmental perspectives.
5. **Analysis/Discussion**

Association– is a type of organization can be nonprofit partnership or organized for profit or financial gain and called partnerships, in different countries according to national laws has its differences but generally described as membership based non-profit organization established by citizens and (or) legal entities to assist its members in the implementation of activities aimed at achieving social, charitable, cultural, educational, scientific and administrative purposes. Non-commercial partnership may be established in order to protect public health, the development of physical culture and sports, meet spiritual and other non-material needs of citizens, protection of rights and legal interests of citizens and organizations, dispute and conflict resolution, legal assistance, as well as for other purposes, aimed to achieve the public good. In our case STF Svenska Touristföreningen is Swedish Tourist Association. That has created STF Network in order to fulfill its goals "Explore Sweden".

5.1 **Actors, resource ties, activity links and actor bonds.**

In this part represented actors and theirs special characteristic, who are involved in the network as well as the links, ties and bonds. In figure 4., you can see different actors as STF, Hostels (Franchisees), members, competitors, other associations and organizations, visitors and government (the key actors who facilitate STF to create, complement, afford service to the final consumers). In sum:

- Administrative, technical, commercial and other activities are related to the activities links.

- Material, knowledge, technological resources and other intangibles are resource ties.

- People who engaged in the activities of companies connect and influence on how actors perceive each other through actor bonds.

**STF (Svenska touristförening)**

STF the Swedish Tourist Association is a membership’s organization that unites people and provides information and activities, spread knowledge of country and people over the world. STF's task is to: develop and facilitate tourism in Sweden, promote tourism based on the experience of nature and culture, protect Swedish nature, culture and environment, disseminating knowledge about Sweden locally, nationally and internationally, offering affordable accommodation. STF bring people of different race, cultural, age and background but with same interest together. STF participate in the social relations activities as recreation, advertising, education, publishing, networking, producing conferences or events in collaboration with
different companies. STF governed by bylaw and directed by STF's board that consists of a chairman, vice chairman and seven other elected members. STF's Board of Directors elected at the association's national conference held every two years. The Board is ultimately responsible for the association's activities; make overall strategic decisions and prepares cases for the National Conference. STF's Board of Directors is leading by people with different education and background that represent their own identities. The average number of employees is approximately 250. It is people of different professions as economics, political science, sociology, business administration with international focus, nature tourism, zoologist (ecologist), biologist, banking, sports, cultural historians, marketing. Some of the directors and executives are managers of other organizations or at the same time engaged in different projects, political parties. That enable them build relationships with others counterparts and have effects on the STF and other organizations. Håkansson (1992) argued the existence of such certain relationships between different actors influence on how companies are perceived by others. “Each of the two, in their relationships to other parties, will to some extent represent also its counterpart.” (Håkansson & Johanson, 1992) There is always uncertainties in the relationships that are compensated by beliefs and trust that become essential for the commitment. “The development of trust is a social process typical for relationship development.” (Håkansson & Johanson, 1992) STF turnover is approximately 260 million SEK. STF has approximately 300,000 members, network of Hostels with 320 hostels, ten mountain stations and 43 mountain huts along the trails in the Swedish mountains. Internationally STF is a part of the hostel organization HI Hostels.

**Members**

This is a group of people with different background and interest; belong to an organization (in our case STF). With different aims to explore nature, discover new sports, to use accommodation service, cooperate, learn, work and so on within affordable rates which STF provides them with. STF has three categories of members: adult, youth and children. Members is users of the STF service who contribute, support and develop STF activities. Members who involved in the STF network pay their membership fee annually. Sometimes act as a mediator in the development of different projects. Members are people of different professions, in the majority middle, upper middle class people.

**Managers**

“Managers are the employees responsible for coordinating organizational resources and ensuring that organization´s goals are met successfully…managers contributions are skills
and knowledge they use to plan and direct the organization`s response to pressures from the organizational environment, and to design its structure and culture.” (Gareth Jones 2010) It is necessary to make a clear distinction between “corporate managers” who are involved in the day to day running of STF as an organization and “managers” whose job is the day to day running of hostels. Therefore “managers” can be classified into two different groups, namely Franchisees Hostel owners and Franchisees Hostels Managers. Franchising – is a commercial concession -the kind of relationship between market actors, when one party (the STF in our case) transfers to another party (franchisee) for a fee (royalty) right to a certain type of business, using the developed business model as a reference. This advanced form of licensing, in which one party (the STF) grants another party (franchisee) the right to gratuitous a ct on its behalf, using the trademarks and / or brand franchisor.

- **Franchisee\ Hostels owners (managers who own the Hostels).** These are managers who owns hostels, but uses STF franchise in other to tap in to the market (members) controlled by SFT to maximize profit. This is particularly necessary during the seasons when STF has a lot of activities lined up for its members. A big distinction between these type of managers and the others is that the former is loosely bounded to STF such that STF do not have a strong hold on them, they can or has being exiting with or without STF, relationships between both parties is seen more as a corporation.

- **Franchisee\ Hostel managers (Manger who run their business but not own the Hostel).** Franchisees are manager who runs their own hostels 100% according to STF standards, on a rented hostels, other words neither of both parties owns the property, this is also very interesting as it is also the duty of the franchisee to keep the business going, even though in most cases, its STF who rents the property. There is also the opportunity for both parties to either improve on the status, or renegade on it. Typical example is where the rented property is up for sale, it then falls on both parties to make an offer. In our study, the franchisee we interviewed narrated a situation where the properties they were renting was up for sale, STF declined the offer, and he indicated his interest to buy. Having being in the business for many years, he was able to see the profitability of such move, plus the fact that it automatically upgrades his status with STF from Franchisee manager to “hostel owner”. This give him more bargaining powers in his dealings with STF.

Managers has face to face contact with the members, visitors and general public, with suppliers and with STF lending through the key area managers. In this respect Hostels
managers are the mediators between STF and STF’s target audience in the process of delivering accommodation service and information. At the time franchisee use the STF’s software for registration visitors. Get support from STF. Benefit from STF promotional activities and marketing research and minimize taxes.

Visitors and the general public

These are nonmember customers who use STF hostels, they are not entitled to discounts, but they do enjoy the same services like STF members, in fact they are not treated differently. “They are happy when organizations do well, they also them to act in a socially responsible way” (Gareth Jones 2010). Visitors and general public considered as the potential customers who can be members of STF.

Government or local communities

The role of government is encourage people to form different types of organization in order to people with different and same come together. “Local communities have a stake in the performance of organizations because employment, housing, and the general economic well-being of a community are strongly affected by the success or failure of a local business” (Gareth Jones 2010). This definition according to Gareth Jones is quite accurate in the sense that it supported our findings in the case study of one of the franchisee we interviewed. At the inception of the hostel, the local authorities leased out the property to STF at zero price for a period of 20 years. The rationale behind such action was to encourage the organization to grow, as its success or failure will invariably affects the local community. Besides, the government also contributes by standardizing rules and regulations which applies to all organizations in order to avoid any organization having an undue competitive advantage. The power to persecute and punish offenders also rests with the government through legal actions. This is necessary if a level playing ground is to be ensured.

As was mentioned above, STF govern, manage and support by people of different professions and background. These can be people who are members of the political parties, workers, managers or chiefs of any governmental agencies or local authorities. Who more or less can lobby the interests of the STF. At the same time STF and governmental agencies collaborate in gathering statistical information.

Hostelling International
Hostelling International (HI) formerly known as *International Youth Hostel Federation (IYHF)* STF joined in 1946; it is a global organization with more than 90 affiliated youth hostel associations in more than 80 countries with a total of 4000 residences. The movement was founded on 20 October 1932. HI provides STF with access to foreign visitors and members with access to the hostels in other countries and to international market.

**Competitors, other associations and organizations.**

STF competitors are Scandic Hotels, Swedish Hotels and Restaurants Association’s (SHR), SVIF Sveriges Vandrarhem i Förening (SVIF), Kiruna Lapland.


All of these organizations engaged in certain activities that facilitate STF to provide competitive service (tourism, transport, insurance, sport etc.) In Sweden STF arranged activities in 84 associations (networks).

**5.2 STF Networking perspective**

*Transaction cost research traditions start from the assumptions that the actors involved in the relationships tend to take advantage of each other to the extent where it is possible, while the interaction-network approach sees relationships as involving mutual problem solving, commitment, adaptation and a long-term orientation.* (Järvelin 2001).

**5.2.1 First Paradigm**

According to the first paradigm Self-interest, paradigm Katz, et. al. (2004) argued that people form dyadic and group ties in order to maximize their personal preferences and desires, in addition creation of ties and formation of Network considered by individuals as an investment in the accumulation of social resources or “social capital” and from a self-interest
perspective, individuals expect to deploy this social capital and reap returns on their investment in the form of opportunities from which they can profit.

Membership enabled STF attract 300,000 members who found benefits’ which STF offer corresponding with their personal preferences and desires. For instance members receive from STF information support (different publishing that make it easier for people to search for the next destination, new knowledge), at the same time members get access to affordable well organized, according to the STF standard destinations, mountains station or huts, accommodation service, different sport, eco, travel and educational activities and so on. STF in turn get loyal customers, membership fees annually and fulfill their central idea of spreading information about the country and people, and exploring Sweden.

Developments of Hostels Network enable STF widely expands and get accesses to the masses and provide service and information about STF. Affordable accommodation service and price reductions attract people and facilitate to development of mixing capacity of people across the country, networking, sharing experiences, communication, travel, employment, training, and so on. Through governmental prospective such network organizations as STF contribute to the development of infrastructure, communication between companies, spread knowledge about country nationally and internationally, development of cultural live, political, education, communication, business, tourism environment etc. From the formation of STF, government has supported the STF’s activity, Starting in 1887 from Swedish King who create the tradition for the next rulers, because originally the activity of STF correspond with the governmental perspective of national, economic and cultural development. Through encouraging and support of such organizations as STF government lobbing and distribute information about current and future governmental perspective. In turn STF receiving the attention of the masses, as because social and political lives are closely related. Cooperation with exchange of statistical data between government and companies develops transparency of individual market entities and the industry in general and ability to recognize possible new directions of development. Cooperation with other organizations contributes to the development of less developed areas and expansion of other companies and organizations nationally and internationally. Nowadays in the current Swedish tax system STF has formed franchising Network of Hostels which allow STF reduce the difficulties associated with a number of expenses as - training and selection of personnel, quality control, and so on. In addition, the development of the franchising network is a great brand advertising that do not require financial investment. Nowadays franchisees as the separate entities of market, including into the STF network, get access to STF’s and Hostelling International members. STF advertise hostels activity nationally and internationally increasing access of visitors, that in turn increase Franchisees activity and profitability. STF get access to
the people through the Franchisees and spread information about STF Network, attracting new members. Thus Franchisee having face to face contact with the visitors has ability represent their service and provide information about STF. In short franchisees providing a good service will increase popularity, activity and profitability of his Hostel at the same time developing STF Network. So the relationship STF has built with franchisees has been found a part of an effective way to manage the Network, as the successful way to have access to new customers. At the same time cooperation STF, Governmental organization and other companies raise the awareness of the changes within the country, new trends, environment, and development. From this point of view STF has built Network that accumulates social resources.

5.2.2 Second Paradigm

Some members respond that during traveling they meet people who support STF idea as well and have even the same point of view and attitude. In this case members join the STF Network using services that enable them have access to others members who has other resources. At the same time STF negotiate and develop relationships with those companies who has access to people who are the potentially new customers (or members) for instance franchisee, governmental organizations, hotels, travel agencies and so on. It can be considered as advertising activity - in particular distributing information and attraction of customers. So increasing the dependence of those actors STF advertises their activity, products and service. At the same time franchising model STF applied to the Hostels Network itself represent motivation of STF to increase the dependence of Franchisee who need resources they offer as marketing technology, brand, facilities and business system.

5.2.3 Third Paradigm

STF for their work invest in infrastructure, education, tourism, cultural, social, business and network development. STF has built and maintained roads, Hostels, different travel destinations. STF used to have Travel agency even. It has contributed to development of ease access to far undeveloped regions; develop and expand communication, national and international networks. STF activity has been considered as a movement that many people support. At the same time STF has contributed to development of tourism as a hole, by developing new direction of activities, as camping recreation, rowing boats activities, mountains stations, educational activities, working activities. Development of STF Hostels Network contribute to the mixing capacity of population, business and social life, facilitate to development of education. STF develop national capital, focused people attention and investments to the specific tourist destinations, institute different funds, stipendiums, publishing
maps and journals, books. At the same time STF representing the Swedish Hospitality industry internationally on the international forums, exhibitions, fairs, conferences, courses.

5.2.4 Forth paradigms

The relationships with key economic players such as big organizations (different funds, educational organizations, Vattenfall, Ikea), Associations (Hosteling International), Government has impact on the people’s perception, acceptance and involvement to the activity that STF organized. Different companies and organizations cooperating create different projects that STF has initiated or supported.

Government develops economic, social, political life of the country instituting and setting the definite trends, strategies of the future development. Operating with the national statistical data government represent information and focus business and people’s attention to the industries that needs of development. Such a long-term trend initiated and supported by different governmental programs, enable business and social audience observing similarity and create communication ties and Networks in our case STF network. In colloquial terms, “birds of a feather flock together.” (Katz, et al., 2004)

STF activity partly has impact on the people’s perception, and values that has been developed through years. In 2010 STF had anniversary 125 years STF has gone through several generations. There are members who has began to use STF service as a small child because parents were members of the STF and even to date being already in retirement they are remaining loyal to STF association.

At the same time it is important to notice that communication between members during traveling, working tours or conferences as well as the different STF projects facilitate to exchange of experience and knowledge. Getting new contacts, research activities they has a big impact on the development of STF.

STF by building Hostels network has created a huge communication channel through which STF got access to the people and favorably conveys information and publications about the organization to members of STF and general public.

5.3 Franchising

“At one extreme, relationships management, enable company to choose its relationship partners and control and direct the way the relationship operates. This may arise when a monopolist, such as a government utility provider, deals with its customers and distributors or when a franchisor controls and directs its franchisees. But more typically, there is
some degree of mutual interdependence, such as each party has some ability to influence the other”. (Ritter, 2004)

Searching for deeper understanding franchising model, outsourcing theory was considered as an alternative and compared. There is some difference between franchising and outsourcing approaches in the sense of the competence and power. Franchising relationships gives the company with more bargaining power on the franchisee and enable it to maintain its competence. That in the case of outsourcing relationships the company loses its competence and has less bargaining power on the outsourcing company.

Comparison of outsourcing perspective with franchising model can be considered crucial, but the fact that some of the franchisees are hostel owners, who can easily in and the same way easily out off the STF network, the relationships can be considered more as en outsourcing. Eventually interviewing the STF competitor the SVIF Swedish Youth Hostels Association, confirm that some Hostels managers in SVIF are former members of STF network. At the same time the respondent from STF argued that there are some differences in the franchising contract to different franchisee depending on the amount of tourists and their status.

Priority to the STF benefits of franchising is that it gets a small, but stable, guaranteed sales of their products and service, as the franchisees are required to pay certain amount of money his contract specified. If the income is stable, it enable successfully plan for the future and, therefore, develop new areas. At the same time STF get additional income from renting out facilities to franchisee, increase sales volume and the territorial expansion, reduce the costs related to the management of the hostels and amount of employees. Get additional access to finance. Increase recognitions of the organizations and prestige. To reduced the time of turnover.
6. **Comments/conclusions**

6.1 **Conclusion**

STF as an organization was basically out to market the Swedish culture through tourism. Researchers believe that the application of the STF model in the emergent markets could be a success.

Quite interesting also is the fact that people with diverse interest could come together to forge a common goal where there is something for everyone no matter how different, this is the core motto of STF. There are activities for all: children, young and old etc.

This research work was set out to investigate the relationships that have been built by STF (with its franchisees, members, government and other key actors) that is focal for the success in building its network? Through findings, Researchers were able to see that STF as a non-profit oriented organization was able to build and promote what could and still be regarded as one of the tourist promoting organization through its memberships network, franchising, cooperation, and outsourcing different companies, organizations, hostels, hotels and members towards the sole aim of findings the best prices, low and affordable accommodation and interesting tourist destinations and sites.

Researchers found that STF does not really have much relationship with the government and general public, but rather there exits what could be regarded as a close relationship with its members; people are encouraged to be members in order to enjoy a host of benefits ranging from discounts, promises of interesting holiday sites, cheap accommodations, family or group activities, communications and education etc. Members supporting STF pays an annual fee, and receives different publications annually about current trends, activities and destinations. Members’ loyalty is as well achieved by encouraging people to explore the nature, tourism and Sweden and investment to the social capital. Local tourism was and is the popular movement that supported by population and other organizations in the long-term perspective. The government on its part tries to support and encourage tourism by supporting STF and other organizations through subventions, logistics and provision of information and statistic.

Relationship with members- this is one of the relationship that STF has built, according to findings, this type of relationship is regarded as one of the main and focal relationship, its symbiotic and symbolic but non-contractual in the sense that both parties has mutual interest in the relationship, STF on its part needs its members to exist as an organization, in other words “no members no STF” and vice verse. Members are regarded as the life line of the organization, improvement in services, facilities, affordable low prices and new and interesting
holiday sites and activities, discounts etc are all parts of the incentives that STF always strives to improve and offer to its members worldwide to retain their loyalty. These in the long run create such a strong bond between STF and its members. Members are the resources SFT needs to stay in business which is why continuous effort on the part of STF is necessary to retain members’ loyalty. Lost members on the other hand could be seen as a negative trend, which affects not just the income base of STF but also its corporate existence. This type of relationship is very strong because both parties need each other to survive.

One native trend that was noticed in the course of the research, according to one of the interviewee is the illusion by some member believing that being members of STF automatically means that they owe the hostel which in some cases leads to members acting out of place. In such occasions, SFT always acts as a mediator between the franchisee and the member by informing and educating both parties to the limits of their rights and benefits as the case maybe. This position is very important for STF as it cannot afford to lose its member, at the same it tries to keep and maintain a good and cordial relationship with its franchisee.

Relationship with Hostel managers-This type of relationship is in two folds, franchisee managers are people who manage hostels open to the general public but cooperate with STF through franchising by allowing members to use their facilities at a discount and spread STF information and publications.

And hostel managers who manage hostels either owned or rented by STF, interestingly STF is making concerted efforts to discard, sell its hostel in order to focus more on franchising. The reason and profitability of this kind of venture is beyond the scope of this work, we therefore recommend further work on this area.

This type of relationship between STF and Hostel managers is contractual and also focal in the sense that both parties needs each other to maximizes the benefits that may arise in their contractual relationship. In order to know the strength and weakness of this type of relationship, a broader look on the franchising and contractual model is necessary, which is beyond the scope of this work; we therefore recommend it for future work.

Relationship with the general public- this type of relationship is neither contractual nor symbiotic. But that exist a relationship in the sense that STF activities are also targeted to the general public, this important for STF as one its goal is to increase its members which has the direct effect of increasing its profit, capital and resource base. STF facilities are not limited to members alone, they are open to the general public but not with the same benefits as members. People are therefore encourage to become members thereby creating a bond that will lead to stronger relationship.
Relationship with Government and local authorities- STF has also built a relationship with the government, this type of relationship is could be described as loose, neither binding, contractual or reciprocal, but could be seen as a goodwill relationship that could lead to future benefit to all and sundry. Government always tries to encourage the creations and development such organization as STF because of its belief in the economic and development impacts on the micro and macro level of the economic and the derivations principles in the global market.

The gains in globalization and cooperation could be seen in the benefits and ways in which STF cooperate with other Scandinavian hostel associations and agencies, Hostels international worldwide for mutual benefits.

Relationship with Hostelling International- STF has also build a relationship with (HI) an international organization whose business strategy is basically aim at outsourcing, they corporate with STF internationally to allow STF member to enjoy the same benefits accruable to them internationally. This type of relationship is reciprocal and contractual in nature. Both parties cooperates to maximize benefits.

Relationship with competitors and other organizations- STF competites with Scandic Hotels, Swedish Hotels and Restaurants Association's (SHR), SVIF Sveriges Vandrarhem i Förening (SVIF), Kiruna Lapland, and many more. This type of relationship is very competitive in nature and helps STF to develop ways and means and ideas to stay in business. But at the same time cooperate in some regions as a way of coopetition, for the accumulations of social capital.

Other associations and organizations-On the other hand STF collaborates with the following organizations: Insurance company “IF”, EF International Language Centers, Swebus, Veolia transport, Öresundbron, Holiday Club Åre, Sverigefiskekortet, Inlandsbanan, Falu Gruva, Sleep in Silk, Naturens Bästa, Jamtli historieland i Östersund, Världskultur museet i Göteborg, Skansen i Stockholm, Maritiman i Göteborg, ICEHOTEL, Nordens Ark i Bohuslän, Strömma Turism & Sjöfart. This type of relationship is cooperative in nature and allows STF to engage in certain activities that facilitate the provision competitive service (tourism, transport, insurance, sport etc.)

In Sweden STF arranged activities in 84 associations (networks).

From the activities of STF, it could be seen that when people value and are proud of their cultural heritages despite differences in taste and other things, they could come together to protect it. In makes it a tourist attraction and money generating venture explains why governments encourage organization like STF in form of provision of information, regulations, quality and standardization of products and markets.
Culture plays an important role in tourism promotion and enhance, looking at the Chinese way of doing business, which is inculcated in the Guanxi, one could see the role culture played in the Chinese economic boom. Guanxi literally means "relationships". It is fundamental principle, faith, and a system of rules, based on the idea that personal connection between people - the basis for success in any business. The Chinese Guanxi bears no negative connotations. It means help, support, kindness, favor. It is social capital, capital of relationships. Guanxi - is a value that is created slowly, long cultivated, but rough handling rapidly devalued. Guanxi principle is very similar to the principle of reciprocity and redistribution described by Karl Polanyi.

Companies involved in the business of networks, are simultaneously involves in the process of management of network’s activities and network’s structure. Ongoing development of relationships management strategy is the core competence of companies that creates and maintains its competitive advantages. Moreover an organization’s livelihood depends on a its ability to develop mutual relationships (network threads). This requires understanding of the company’s network and abilities to form network.

In conclusion, looking at all the relationship that STF has built, it could be said that all have being focal to its network building but to a varying degree. The nature and degree of focal deepness is beyond the scope of this work. We therefore recommend for future work in this direction.

6.2 Implications and limitations

Theoretical

As earlier stated, this work was set out to investigate the how STF has built its network of relationship between various actors that was enabling to its growth and success. At the earlier stage of the work, relationship theories was considered as the one relevant theories necessary for analyzing relevant data and a deeper understanding of the subject matter. But due the broad and wide nature of relationship theories, the inability of not using this theory is considered a limitation which may have affected the outcome of overall of the subject matter in review.

It was considered too large for a work of this nature. Reference is therefore made for future work in this area for a more and deeper understanding of the subject matter.

STF concept in its pure form is not intended for the export into emerging markets, and in principle not possible, but discussed issues in this survey raised some thoughts and ideas
of transformation of the existing networks in other countries as well as the formation of new associations and networks.

Managerial
Some of the hostel managers interviewed expressed what they called lack of proper communication between them and STF and their inability to positive contribute in the development of the quality of services given to members, some reasons advanced for this includes standardization of services and prices, still there exits some group of customers willing to pay more above the standard prices if certain requirements are meet. These groups of customers are considered relevant by hostel manager but do not have the backing of STF to upgrade services. Therefore we recommend that more work should be done in this area.

Societal
STF plays an important role in the exporting and promotion of the Swedish culture and tourism industry, the society in general is an important factor that could boost the membership structure of the organization. One of the interviewee was formally a member of STF but due to other engagements, could no longer engage in STF activities. Our recommendation is that more research work should be done to educate people on the relevancy of boosting its membership.

Language problem could be considered as a major limitation in the course this work, some of the interviewee expressed their willingness for the interview to be conducted in Swedish, sometimes they could not find the relevant word in English, so a lot of translations were made which may have affected the outcome of the results obtained.

Being able to fix a suitable was also one of the limitations encountered; this was due to the fact that Hostel is sometimes not manned by any personnel in order to reduce overhead cost.

The loose relationship that exists between the various actors is not good for the development of the industry, future in these areas will go a long way in encouraging and building strong communication channels that will foster growth and development. Looking at the way STF has evolved its self from the conservative old fashioned reciprocal economy to a more relevant market economy in order to continue to be relevant is an area that needs more work. Findings in this area will help not just STF but other non-profit, non-governmental organization to stay up to date locally and globally.
6.3 Critical reflection

In the course of this work, researchers were faced with many obstacles, ranging from choice of language in the interview process to what model of theory that is suitable and compatible with the research questions.

The effects of this obstacle may have affect the outcome and results obtained. This in some way may also have affected the validity of the work.

Due to the huge amount of empirical data it has been found difficult to analyze and time-consuming. Networking approach enables to present data and has been found as the most appropriate approach in this case. The data was analyzed and generalized base on the personal experience and background of researchers. As was mentioned earlier triangulation is a strategy that increases the validity and reliability of research. That it is possible to consider for further researches. Used sampling cluster sampling enable researchers conduct interviews cheaply and quickly and choose sampling size, but this technique has its disadvantages as possible of high sampling error and the population is represented in last-place by this technique.
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Appendix 1


Interview Questions.

General questions
1. What is your name, position within the STF organization?
2. How long you are with STF?
3. Experience within the industry?

Target questions
1. What type of organization STF is?
2. What does STF offer? STF Concept (Idea, Goals)?
3. Who is the STFs target audience?
4. What kind of accommodation service provided by Hostels?
5. What kinds of relationships exist between STF and Members, STF and Hostels, STF and Government, STF and Competitors, STF and Hostelling International? What is the key factors that affecting motivations to build these relationships?
6. How STF has been developing during the time you are with STF?
7. What you can say about STF movement if it is possible to name it like that?
8. Form your point of view what are the STF, STF Members, Hostels owners, Hostels managers, and general public expectations?
9. Does the type of franchisee determine the type of relationships?
10. Who are the STF competitors and how STF compete with them?
11. How does the STF do investigations and monitoring of Hostels?
12. What does Tilvaxverket do and offer?
13. What kinds of collaborations exist between STF and governmental organizations?
14. Does the government stimulate the work of such Associations as STF, if yes how?
15. What are the positive aspects of the existence of such organizations as STF and its cooperation’s with government?
16. What are the benefits that STF and STF members has being connected to Hostelling Internationals?